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West Europe Report

(FOUO 46/81)



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WEST EUROPE REPORT

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THEATER FORCES

FRANCE

BRIEFS

NUCLEAR SUBMARINE BASE--The nuclear submarine base at L'Ile Longue, in the Brest roadstead, will not be expanded as the preceding government planned to do. After abandoning the civil construction site at Plogoff, it would have been [politically] delicate to increase the surface of a military nuclear base in the same department. The existing base, however, will be enlarged so as to create a new drydock, the third one. This is made necessary by the decision to launch a seventh missile-launching nuclear submarine so as to permit keeping, on a permanent basis, three submarines at sea (as opposed to two at present), as ordered by President Mitterrand. [Text] [Paris VALEURS ACTUELLES in French 24 Aug 81 p 7]

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ECONOMIC

ITALY

TREASURY MINISTER'S PROPOSAL FOR CUTTING PUBLIC DEFICIT

Andreatta: Cut Now, Pay Later

Milan IL MONDO in Italian 17 Jul 81 pp 13-14

[Article by Nicola Forti]

[Text] In an attempt to whittle the budget deficit down to manageable size, Treasury Minister Beniamino Andreatta would like to postpone 10 trillion lire in payments until 1982. He has three more ideas, though, for getting at the root of the problem.

"Andreatta beats Pandolfi 24,000 to 0." This is the latest comment at the Treasury Ministry anent the difference (in billions of lire) between what the present minister, Beniamino Andreatta, is doing and what his predecessor, Filippo Maria Pandolfi did in the summer of 1980, which ended in a substantial worsening of the budget deficit. Reappointed at the last possible moment by Prime Minister Giovanni Spadolini, Andreatta has done everything he could to hold the 1981 budget within statutory limits, to the point where people are already talking about a treasury gone wild.

Just what does his maneuver amount to, actually? And will he really succeed in his announced intention to get the deficit back into reasonable dimensions?

Andreatta has drafted an extremely severe proposal in his bill for balancing the budget. This performance, which theoretically was to have been approved by Parliament before 30 June, is the act under which the government updates its costs and authorizes payments called for under the budget bill. Last year Andreatta's predecessor, Filippo Maria Pandolfi, overran the budget figures by a whopping 14 trillion lire, thereby concentrating all the overrun in the last quarter of 1980 and the beginning of 1981.

This year Andreatta wants to do just the opposite: cut back appropriations funding far below the figure approved in the budget act -- by

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9.890 trillion lire. This means in essence that close to 10 trillion lire in spending already approved by Parliament will go unspent this year, and must await settlement next year.

From a financial point of view, this operation is important indeed: it will bring the deficit down to 41.8 trillion, and when payments on bonds and foreign loans are deducted, the public-sector borrowing need will be pared down to 36.5 trillion, which is the figure somewhat optimistically pencilled in in September 1980. All this notwithstanding four staggering facts: 1. the 5 trillion in additional spending approved by Parliament at the time; 2. the extra interest the government will have to pay as a result of the rise in money costs; 3. increased government spending for goods and services triggered by the avalanche of emergency payments authorized in 1980; and 4. the breakneck rush by local governments, the independent agencies, and Social Security (INPS) to draw funds out of the Treasury.

What do they plan to do with the cash? Slap it all in the bank, that's what, thereby increasing the grossly swollen 21 trillion lire sums already on deposit at the close of 1980. Or again, and even more bizarre, invest it in BOTs (T-bills), as reported in the latest PROMETEIA release (see box, below) to ear more interest and to avoid a possible mandatory call for return of funds. On top of all this comes the fact that, as usual when credit is tight, a great many companies are systematically withholding payment of their INPS contributions, despite the very heavy penalties assessed for late payments.

To offset the huge hole gouged out by these four dodges, it is surely going to take more than cuts in Phase 2, which will reduce the 1981 budget -- provided, of course, that Parliament approves them by the end of July -- by a scant 2 trillion.

So, with 10 trillion lire in payments postponed and with public agencies required to have no more than 12 percent of their revenues in the bank (which ought to bring more than 2 trillion lire into the Treasury), the people responsible for the public-sector books can heave a sigh of relief.

That relief, though, will have all too short a lease: next year all the unpaid bills -- all accounts payable, that is, which together will come to a record 75 trillion lire -- will start coming in again. By lae, those accounts payable can be written off for keeps only by special act of Parliament, certainly not by any decision of the Treasury Minister. The one exception is current expenditures (wages and salaries, pensions, income transfers, interest payments) which fo to peremption, meaning that they lapse after every 2 years, but, because they are what they are, are almost never allowed to carry over.

So how do you go about making temporary relief permanent? Andreatta has three ideas. First of all, do away with the seven built-in distortions that make public spending intractable: unauthorized recourse to the money market, lack of coverage for multi-year expenditures, approval of appropriations in the course of the fiscal year, utilization

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for miscellaneous measures, allowing the INPS unlimited access to the postal system, settling accounts with intra-agency operating funds, and indexing payments due to local governments.

Without these modifications, the Treasury Minister's role is merely that of a bookkeeper. "It's as if a bank director wanted to keep his depositors from withdrawing their funds," says one of Andreatta's aides; "He can hold out for a few days by pleading technicalities and raising pretexts, but eventually -- pretty soon -- there is nothing more he can do." For right now, though, there are two other ideas that just might work: the first, which also has support from the Socialists and Republicans, is to establish an inheritance tax that would give local governments some revenues, centering on real estate. The second one, though, has to do with the IRPEF [expansion unknown].

"Fiscal policy," Andreotti has said, "must encourage the emergence of spontaneous balancing or offset mechanisms which would allow revenues to grow with greater elasticity than expenditures." Translated, that means that the planned cut in the IRPEF tax will have to be a little or it will have to be minimal. On this score, though, the new socialist Finance Minister Rino Formica is of a very different opinion.

The Miracle According to PROMETEIA

Either a Brazilian-style devaluation of the lira, or the old carrot-and-club ploy. The latter is the only feasible way to bring inflation down, as the economists at PROMETEIA have been saying for the past 2 months with great patience and equally admirable discretion; just a few days ago they released their quarterly report. The club, they say, is for anybody who makes his income outpace the rate of inflation. The carrot, on the contrary, is to reward anyone who agrees or is forced to accept a reduction in his own real income. The system is simple: use higher taxes to punish those who fuel inflation and use tax incentives and exemptions to reward those who have helped us hold down inflation.

The idea, born years ago in America where it was known as TIP (tax-based income policy) has now emerged full-blown upon the Italian scene, with enthusiastic backing from economists like Lucio Izzo and Vincenzo Visco of the PROMETEIA staff (among the many others are Angelo Tantazzi, Paolo Onofri, and Filippo Cavazzuti), and, most important of all, from Beniamino Andreatta. In Italy, the club-and-carrot policy has one primary objective: to keep businessmen, and the service sector in general, which is mainly parasitic and snugly sheltered from international competition, from devouring all the advantages of a slowdown in inflation achieved by reducing the cost of labor. So what do we do? Prevent any increase in prices to the consumer caused by retailers through preventive action which would ease the taxes and costs that are most important to retailers (light, rent, and employee fringe benefits); if, in spite of all this, retailers boost their prices to consumers by more than the increase in their wholesale costs, then the club comes into action, in the form of painful tax bites to transgressors.

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The same rationale applies to workers: they must not look solely at the escalator clause, but bargain for the whole wage increase, including increases built into the contract (a position not too distant from that of the CGIL). What would the result of this policy be? Remarkable, according to PROMETEIA: with a practically stable exchange rate, rates going up by only 13 percent, an escalator clause pegged at 10 points per quarter for a year and at 9 points in the succeeding year, contract increases of 3.5 percent in 1982 and 6 percent in 1983, and stable retail profit margins, inflation would drop to 16.5 percent by mid-1982 and to 12 percent in 1983, while the workers would stand to lose nothing at all (+ 17 and + 14 percent) and by 1982 industrial prices would already have dropped below 13 percent.

Opposition to Proposal

Milan IL MONDO in Italian 7 Aug 81 p 25

[Article by Maurizio Valentini]

[Text] Once recovered from the initial shock, the critics of the pruning proposal show no signs of tapering off: on the contrary, in many instances the initial opposition on the merits of the proposal are now being shored up with a healthy dose of skepticism.

"I've been a deputy for far too long to pin any faith in the high-sounding figures one treasury minister after another claims he is going to trim," was what communist Pietro Gambolato, a member of the parliamentary commission on the budget and planning. "Before voicing any opinion, I should rather wait until the shears begin to prune public spending in earnest.

And yet, despite the prevailing skepticism, the revolution triggered by the massive spending cuts Treasury Minister Beniamino Andreatta ordered at the cabinet meeting on Saturday 18 July is still very much the topic of discussion.

"Last year," huffed Paolo Ciofi, vice president of the Lazio Region, not to mention its councillor for the budget, "the minister accused local governments of inefficiency. The basis for that charge? the high levels of our debt carryover. Now he has turned a complete somersault, and is forcing us to increase them."

And in fact the motivation behind the opposition that has sprung up on many sides has to do precisely with the economic policy measures proposed for reducing the State deficit. Critics tend to concentrate mainly on four points -- two of them technical, two of them political.

Timetable for Spending Distribution

At the close of 1980 the sum of carried-over debt came to something on the order of 48 trillion lire. Even if you subtract the year's carried-over funds (which are State revenues attributed to a particular fiscal year without actually having been collected), amounting to around 18

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trillion lire, you come up with a negative figure of around 30 trillion lire. Then when you go over the record of carryover settlements of recent years you find that this figure tends to increase geometrically. And according to the experts, cutting back on authorizations without cutting back on that item in the budget would constitute a fearsome incentive to just that sort of behavior. In view of the fact that these remainders are not really idle liquid funds, but are rather firmly committed to spending, there will have to be an increase in the deficit for the next fiscal year in order to finance those items. And at the General Accounting Office they point out that, quite apart from any considerations of economic policy, to concentrate increases in spending in the generally limited period of time available to government agencies can give rise not only to problems with economic stability, but would in all likelihood swamp an already badly winded bureaucracy and put it completely out of action. Remembering the fact that spending authorizations usually get to offices anytime from August to October of the year the money is to be spent, there is always the risk that when a double load (twice that of 81 and 82) hits them, the whole system will light up and say "tilt."

Quality of Spending. This is the second point that has evoked criticism from many economists. By this they mean the real relevance of these measures. Since Andreatta's proposal is a buffer measure, and hence cannot affect the volume of the outflow, the cuts would be made not on the basis of a political decision, but on the basis of the ease with which the various items in public spending can be reduced. And this will inevitably mean a decline in the quality of that spending. But, in view of the fact that the present makeup of the outflow already favors current expenditures (by 32 trillion lire as against 16 trillion for capital expenditures), and that it is a great deal easier to cut investment spending than spending for provision of services or for salaries and wages, the inflationary potential of public spending will come through the restrictive maneuver stronger than ever.

Compatibility Between Government and Parliament Decisions. In the view of the legal experts, sliding some expenditures already proposed by Parliament (for example, postponing implementation of the middle-school teachers' contract or the health system reform), while it is not an illegitimate decision on the part of the treasury minister, is nevertheless perplexing: substantially, the government is not sticking to the scale of spending priorities jointly adopted by both houses of Parliament.

"The truth is that the government's anti-inflation commitment is a rigorous one. We cannot say as much for Parliament's commitment: the blame for this really cannot be laid at the executive's door," argued several staff advisers to Prime Minister Giovanni Spadolini.

The 1982 Finance Bill. Everybody agrees: if the government does not take steps to cut spending when the budget is being put together the economic situation will really get tough. To do this, though, the government will have to manage to force revision of a lot of decisions

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Parliament has already made. The areas where the experts and economists say the cuts must be made are health, welfare, local government, and State Participations. The job will be an exceedingly difficult one, partly because a number of parties have already voiced their intention of fighting the maneuver, tooth and nail. The stakes are high: if the government loses this fight, the result will be doom for the slow-down policy it announced in July. And the result of that would be a huge torrent of highly inflationary spending crashing down on the Italian economy.

"What it all boils down to," as somebody wrote, "is whether or not a fight against inflation and Parliament are actually compatible."

State Finances

Milan IL MONDO in Italian 17 Jul 81 pp 130-131

[Article by Bruno Siracusano of the Studies Office of the Italian Trade Bank (COMIT), headed: "Perils of the Divorce"]

There are two possible approaches to an analysis of the interrelations between the public sector and the rest of the Italian economy: you can do it by scrutinizing the effects of budget policy (State revenues and expenditures) on the real economic variables; or you can do it by examining the effects of government deficit financing policy on the money and credit markets. In striving for an impartial evaluation of the economic consequences that may be imputed to the behavior of public corporations it is a good idea to use both approaches; proceeding in this fashion lets you assess the amount of influence the public sector actually exercises over the economy as a whole.

From the real-world point of view, we all know that Italian public corporations are beset by serious structural problems. One need only cite the abnormal proportions of current expenditures, which now account for more than four-fifths of their total spending. the resulting laggard levels of capital expenditure (public investments), which in most cases boils down to mere welfare-style handouts; and the inflationary boost that can be traced to their revenue structures. In the last analysis, the behavior of the State fuels the process of rising prices, both directly by current spending and tax revenues, and indirectly, in that it does not contribute to improvement of the nation's productive potential through a sound investment policy.

Beyond the aspects of practical reality, though, we find extreme importance, too, in analysis of the constraints imposed by public-sector deficit financing policy on the behavior of financial variables. We are referring, for instance, to the massive drain of available credit to cover the deficit; of its influence on the interest rate structure; of the market effects of the monetary base; of its impact on the way the banking system reacts. Given the importance of the variables involved, it is clearly evident that it is overall management of monetary policy (and hence the allocation of financial resources) that is inhibited by the presence of high public-sector borrowing needs.

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Moving on now to look at the quantitative evidence, we note at once that the public-sector debt reached 220 trillion lire by the end of 1980, a level better than double that of 1976. More recently, we have also been witness to a profound alteration in the structure of that indebtedness. To sum up, we might say that: a. short-term indebtedness now clearly prevails throughout the system (about two-thirds of the indebtedness shows a high level of liquidity); b. the role of the market has expanded markedly (pervading the whole family and corporate credit system) as purveyor of funds to the public sector. The underlying causes of the first of these changes can be found either in the explosive growth of T-bill issues, or in the worsening of the short-term picture which has sharply eroded the traditional investor preference for longer-term government bonds. Increasingly routine resort to the market for funds to cover the private-sector deficit is the result partly of the unusual competition, in terms of return, risk, and liquidity, from government securities by comparison with alternative investments for savings; and partly that of increasingly stringent administrative measures (such as the ceiling on loans) designed to hold the activities of the banking sector in check.

The growing readiness of the market to accept government securities has, furthermore, allowed the Bank of Italy to reduce its own portion of the public-sector deficit financing burden, and hence to contain its monetary coverage.

The recent boom atmosphere in financing for the public sector has, however, raised a whole string of problems, both in terms of debt management and in terms of controlling the monetary and credit variables. As to the first aspect, we should note the exceptional rise in interest costs, whose annual rate of increase over the 1975-1980 period reached 32.4 percent.

Disregarding interest, the current balance for the public sector is in the black by an astonishing margin: better than 8 trillion lire in 1980). The practical impossibility of sustaining the present debt-servicing cost (more than 21 trillion lire in 1980) becomes apparent when you stop to think that public spending on interest is far greater than spending on either acquisition of goods and services or capital outlays -- although the latter is far more healthy and productive. The problem thus becomes one of breaking the vicious circle that has come into being: increasing public-sector deficit, stepped-up issuance of securities, rising interest costs, and another round of deficit growth.

In recent times, as a consequence of the accelerating inflationary process, we have also witnessed a considerable shortening of the average term of public-sector indebtedness. Analysis of a few data clearly reveals a worrisome situation: considering the total circulating debt as of the end of May, we find in fact that 88.8 percent (around 120 trillion lire) of the securities issued will mature within the next 2 years, and that 77.3 percent (about 105 trillion lire worth) will actually fall due within a year. A debt structure like that makes it more than a little difficult to keep a rein on liquidity, poses a dangerous threat of

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further inflation, and severely hampers orderly growth in activity on the financial market.

This last, furthermore, is clearly increasingly dominated by the pervasive presence of the public sector, whose issues now total more than 70 percent of all securities in circulation. This one datum is of itself enough to underscore the public sector's insatiable appetite for resources and the consequent steady expulsion of the private sector from the securities market. If you accept the view that financial resources soaked up by the public sector are less productive, the increasingly pervasive presence of government securities on the market can only result in an inefficient allocation of resources. Furthermore, given the features of this paper, it becomes clear how difficult and costly it is for the other operators (most of them companies and special credit institutes) to find funds on the financial market when their paper must compete with public-sector issues.

Finally, it should not be forgotten that coverage of the public-sector debt fuels a continuous process of edging out the banking system, both from the cash-flow side, as a consequence of its gradual withdrawal from financing productive businesses (bear in mind that the lending agencies right now are channeling almost 60 percent of their assets for investment into public-sector securities), and from the deficit side, as a result of the massive shift of savings away from savings accounts and into public securities.

From all the foregoing we can clearly discern the need for an economic policy program that would give top priority to containment of the public sector presence in the money market, not only by reducing the public deficit, but also by readjusting the coverage procedures.

One first step might be for the Treasury to call in funds transferred by the State to the decentralized governments (primarily the regions and comunes) and deposited by them in the banking system. We are talking about more than 20 trillion lire which, were they put back into the treasury, would make it possible to bring down both the deficit and interest costs. A regulation was recently approved that calls for a gradual recall of bank deposits: however, since similar measures in the past have been ignored, rigid enforcement procedures must be implemented and, at the same time, the recall -- estimated at only 2 trillion lire for this year -- should be speeded up.

In 1980 the postal savings operation, which has traditionally been the channel for financing public-sector requirements, touched the lowest level in 6 years. That was the direct consequence of the gap between returns on postal savings (frozen at 9 percent since 1976) and the return offered by alternatives, particularly bank savings accounts and T-bills. Even without trying to get back to the capital formation levels of the early Seventies glory years, when the postal savings provided coverage for about a quarter of the public requirement, an increase -- even a modest one -- in yield might once more lure back idle funds from marginal investors.

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Still with an eye to cutting interest costs, it might be helpful to broaden the treasury's access to overdrafts on the current account it has with the Bank of Italy. That sort of financing, limited by law to 14 percent of the annual expenditure estimate, is in fact the least costly to the State, since remuneration is fixed at 1 percent. Of course, more frequent utilization of the drawing account will expand the monetary coverage of the requirement: it would be up to those in charge of economic policy to make the unenviable choice between expanding the monetary base (which might be rendered innocuous by various means) and an uncontrolled rise in interest costs (which today are running at more than half the public-sector's borrowing needs).

Speaking of monetary financing for the public-sector deficit, it is worth noting in any case that recent experience would seem to indicate that there is no direct correlation with inflation there. Averages for the past 4 years show in fact that 18 percent of public-sector borrowing needs were met by the Bank of Italy. This observation provides an opening for a brief comment against the now-notorious suggestion of a divorce between the Bank of Italy and the Treasury. That proposal would abrogate the rule that requires the Bank of Italy to buy and hold in its own portfolio all T-bills not absorbed by the market, the rationale being that this will allow the Bank to retain its autonomy in controlling the money supply. It needs pointing out, though, that T-bills represent only one of the three components of the monetary base generated by the Treasury, the other two being subscriptions to government bonds -- both medium- and long-term -- by the Bank of Italy, and the Treasury's current account. If we look at the figures for the past 4 years we find that additions to the money supply from the Treasury have come through the two sources other than T-bills. In other words, the Bank of Italy has managed to dump all its unwanted T-bills back on the market by means of auction sales. In the future, after the divorce, should the market be asked to buy more enthusiastically before the auction mark-downs, it is obvious that the additional drain on liquidity would leave very little room to market longer-term issues. That means that the long-term bonds would have to be underwritten by the Bank of Italy, and that would be tantamount to creating still more liquidity.

There are, however, two other factors that would caution prudence in entertaining the notion of divorce. In the first place, under present conditions, further expansion of the public-sector share of available credit which would derive from the necessity of placing a greater volume of government securities on the market does not look very desirable. In the second place, one side-effect of the divorce might be the introduction of elements of instability into the rate structure, or in any case a further rise in rates. This would increase government interest costs, thus swelling the operating deficit, at a time when the government has been pushing for mandatory balance.

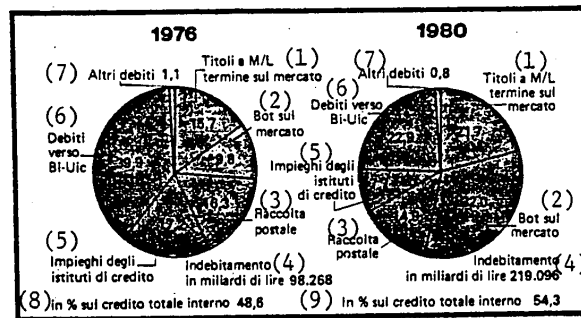
It must be noted, though, that announcement of the Bank of Italy's respectfully declining from now on to finance whatever volume of expenditures may come its way is an event of major importance, and that there is room for hope that this announcement will beget a little more responsibility in the quarters that manage public spending. But to avoid

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uptoward distortions in the market, somebody should first get control over the public-sector deficit by disarming the mechanisms that perversely fuel spending. This is the only way to straighten out the current process of resource allocation.

In conclusion, above and beyond possible and certainly helpful changes in financing procedures for the public sector, the change of course must involve primarily the level, the quality, and the reliable predictability of public-sector spending. If the new government demonstrates its capacity to control this variable and hence to rein in the inflationary thrusts it generates, directly or indirectly, then it will be possible to restore investor confidence and thus to lay the foundations for a lasting restoration of balance in public-sector finance policy, which is a condition sine qua non for more efficient operation of the money markets.

Comparison of Debt Structure, 1976 and 1980



Key:

1. Medium- and long-term securities on the market
2. BOTs (Treasury bills) on the market
3. Postal Savings deposits
4. Indebtedness in billions of lire (1976: 98,268; 1980: 219,096)
5. Lending institutions' commitments
6. Debts to BI-UIC
7. Other debts
8. In % of total internal credit, 48.6
9. In % of total internal credit, 54.3

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Public-Sector Indebtedness (currency % based on supply data)

	1976	1977	1978	1979	1980
Titoli a M/L termine sul mercato (1)	15,7	19,8	24,9	27,2	21,7
Bot sul mercato (2)	9,8	21,0	22,5	24,1	32,0
Raccolta postale (3)	16,3	16,3	15,9	16,8	14,9
Impleghi degli istituti di credito (4)	17,2	12,2	9,3	8,9	7,7
Debiti versc BI-Uic (5)	39,9	29,7	26,5	22,1	22,9
Altri debiti (6)	1,1	1,0	0,9	0,9	0,8
TOTAL	100,0	100,0	100,0	100,0	100,0
Indebitamento in miliardi di lire (7)	98.268	117.758	151.139	182.387	219.085
in % sul credito totale interno (8)	48,6	49,4	52,6	53,6	54,3
Fonte: Banca d'Italia, relazione annuale. (9)					

Key:

1. Medium- and long-term paper on the market
2. BOTs (Treasury bills) on the market
3. Postal Savings deposits
4. Lending institutions' commitments
5. Debts owed BI-UIC
6. Other debts
7. Indebtedness in billions of lire
8. Indebtedness in % of total internal credit
9. Source: Bank of Italy, annual report

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ECONOMIC

ITALY

PROBLEMS FACING GENOA'S PORT FACILITIES DESCRIBED

[Milan IL SOLE-24 ORE in Italian 21, 24, 29, 31 Jul, 2 Aug 81

[Articles by Dante Ferrari]

[21 Jul 81 p 4]

[Text] Genoa in Pursuit of Rich Merchandise.

Genoa--In jargon, they are called "bulk," but to the user they are essential raw materials: scrap, pre-reduced metals, pig iron, ores, coal, sulfur, kaolin, etc. It is poor merchandise, hauled by special-purpose ships or by tramp ships, but sometimes it arrives aboard the most modern of vessels. It must be unloaded by traditional methods: elevators, crane, buckets and so forth. A good fourth of the piers of the Port of Genoa have from time immemorial been equipped to handle this type of cargo.

There is, however, little liking for this "bulk" on the part of the Port authorities and much less on that of the members of the sole dock workers Company. It is the "mangy" sector. Lots of traffic, lots of movement, lots of work, and little yield for everyone. The management of the port neglects this part of the facilities because "it produces nothing but problems," say some of the officials.

The dock workers Company considers this zone as a sort of "lazaretto": poorly paid, tiring, hard work, hence--the union leaders maintain--always subject to negotiation.

If the Port of Genoa could in one fell swoop rid itself of all its "bulk" sector traffic, the general feeling is that it would do so without a single moment's hesitation. Even though tradition has from time immemorial assigned to Genoa a fundamental role with regard to this activity, the new concept that prompts the strategists of our largest maritime port of call is that the scrap, the pig iron, the coal and everything that is part of the "bulk" family--the space occupied by its piers, the technical facilities it ties up, the railway movements, the customs clearance procedures--could all be eliminated to the benefit of "clean" traffic. In sum, the ideal, it seems, would be to replace all "bulk" facilities with container-handling facilities: all clean work, in all the space needed, and all highly lucrative to both the Port administration and the dock workers Company.

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It has even been proposed quite recently that "bulk" operations be moved out of Genoa and assigned to a distant, sort of special-purpose port, to be suitably equipped, beyond Voltri, in a zone that would have to be entirely restructured from the standpoint of roads and railroad facilities. In short, the "bulk" is unwanted in the Port of Genoa.

The Port's administrative authorities of course indignantly deny these charges and insist that "everything has now been done that could be done."

But the fact remains that the "bulk" sector is one of the most chaotic and disastrous of the entire Genoese port of call: Extremely high costs, low productivity, throughput times double or triple those of northern European ports, obsolete facilities, excess personnel, absurd regulations and loading and unloading schedules (suffice it to consider that a few raindrops halt all work, that there are only two shifts a day, and that nothing moves on Saturday and Sunday).

The "bulk" scene harks back to the port of a century ago. By contrast with the container sector, the "bulk" sector conveys the impression of a past world, that of the "boss of the ironworks," when scrap and coal was being delivered to an industrial system (the one just outside the Port of Genoa) that has in fact stood still in terms of time.

No one, however, seems to have considered the fact that "bulk" does not necessarily signify an activity that should be rejected or abandoned; that "bulk" means instead, for the Po valley's productive system, the flywheel that keeps it supplied with a flow of essential raw materials, for its steel industry first and foremost, and for other activities that are basic to the production of energy, industrial transformation, construction and so on.

But Genoa does not welcome this way of thinking. There is a long-standing grudge, a perpetual protest, and even a copious body of controversy, involving accusations on the one hand (the users) and promises and proposals (never maintained, say the users) on the other.

The fact is that dissatisfaction on the part of the "bulk" users in the Po valley has now reached the point where exasperation characterizes their informal "gripes" as well as their formal protests against the entire in-out operation of the Port of Genoa, whose "service on the whole is extremely costly and is not even minimally comparable--in the judgement of its users in almost every other category--as regards efficiency, processing times and productivity, with that of the other Mediterranean and northern European ports.

The complaints have now taken on the character of a controversy that is involving other institutional organizations as well, such as Chambers of Commerce. The protest by Enrico Salza, president of the Turin Chamber of Commerce, dates back only a few days; and, over the past few days, a number of meetings have been held in other zones of Northern Italy to examine the problem of difficult relations with the Port of Genoa.

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But let us return now to "bulk." To begin with, this reopening of the "bulk" issue seems to flabbergast the authorities of the Port of Genoa. "But what are the Po valley steelmakers complaining about at this moment?," is being asked at the Port. "Imports of scrap have been at a standstill for months because of the steel industry crisis. Not a single carload of scrap is being sent through the Port of Genoa."

The Po valley steelmakers respond: "There are spelled-out commitments on the part of the Port to improve its service, to replace its facilities, to streamline its procedures, to review its rules and regulations. Nothing is being done. True, the steel industry is now in crisis and is not using scrap imported via ocean freight. But this is not a valid excuse for letting everything go to the dogs. Genoa has formally undertaken commitments: Genoa must respect those commitments and there is no better time to do so than now. If imports are resumed, the crisis of deliveries is certain to follow. It is unthinkable," says Marco Formentini, deputy general manager of Assider in Milan, "that a system as chaotic as that can continue to be left unchanged. A year ago, when imports via Genoa were current, the Po valley steel plants were receiving the trains of carloaded cargo 100-120 days after the arrival in the Genoa roadstead of the ships carrying that scrap or other 'bulk' cargo.

"Thirty days of anchorage, on average, outside the port; one month and sometimes 40 days docked at a pier to unload the ship; and 40-60 days to put the cargo train on the tracks from Genoa, via Arquata, that is, over the Ligurian Appennines, to the plants in Lombardy, Piedmont and the lower Veneto."

"We have protested this situation repeatedly. No one has yet remedied it. Now there is time to do something about it; the dock facilities are empty, it is true; the steel industry is in crisis; but this is certainly a transitory situation."

Scrap, therefore, is a raw material: True, less of it is being imported today, but resupply planning cannot possibly avoid consideration of the Port of Genoa as one of the cardinal points of the system.

In any case, let us consider the traffic volumes involved. For its normal needs (not those of this particular moment) Italy's steel industry must process 13 million tons of scrap annually, particularly to feed half of its plants consisting of electric furnaces.

About half of this, or around 6 million tons, is recovered from within the confines of the domestic market by the steelmakers. This leaves some 7 million tons, of which 3 million come from Germany, 2 million from France, and the rest, or over 2 million tons, must necessarily be imported from countries outside the European Community.

The imported scrap is predominantly destined for Northern Italy where 90 percent of Italy's electric furnaces are installed. Almost half the raw material, that is, the scrap, needed to feed these furnaces is imported from countries outside the Community, and more specifically the United States and the Soviet Union. The destination of all ships carrying scrap to Italy is Genoa.

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The relationship between the Po valley steel mills and the Port of Genoa is therefore one of strict dependency. Today, this relationship is interrupted for well-known reasons. But tomorrow, it will be resumed and it is not certain that the importation of scrap from overseas, and even from sources other than the present ones, will not be more substantial.

"But in Genoa," Formentini continues, "everyone thinks that scrap will no longer be arriving by sea. No maintenance work whatever is being done in the 'bulk' area. This is the reason for our protest. We have offered our utmost cooperation, having gone so far as to set aside the funds for the procurement of two large cranes. Well, Genoa's response has been: 'You pick out the model, we will install it.'"

"We ask ourselves 'How can this be? Does the port not have technical people qualified to judge what would be the best hoisting equipment for the purpose?.' We are the users. We want to pay more for service in order to obtain a more efficient one. And they respond: 'If you want new cranes, buy them yourselves.' Is that not an absurdity...?"

[24 Jul 81 p 4]

[Text] Port of Genoa Criticized: High Rates, Low Productivity.

Genoa--At Genoa, discontent is expressed unequivocally through "griping." In Milan, Turin and other cities, if one speaks of the Ligurian port one hears colorful, pungent expressions that convey disappointment.

Most recently, relations between the Port and the Po hinterland, that is, between the users and the providers of the service have greatly worsened. The coup de grace was administered with the recent substantial increase in rates.

During the past several months, the tension has not risen because the movement of merchandise has diminished. June seems to have been a "disastrous" month: The figures on port operations--not yet officially published--show a heavy drop in traffic.

The reason? Certainly the crisis, the difficult economic situation, exchange obstacles, the drop in imports, the diversion of certain export trends. But from behind this leading array of objective causes, the serious consequences of poor service, high operating costs and low productivity are beginning to emerge; and above all, there is evident a deep sense of no-confidence in the future of relations between the users in the Po hinterland and the Italy's principal port.

Enrico Salza, president of the Turin Chamber of Commerce, is very explicit:

"We had expected of the Port of Genoa a decided developmental program of its own. It is to blame for major current problems: An entire industrial system--the

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Lombard-Piedmontese one--is not only suffering the consequences of the high costs of its services but is also paying, in terms of lost competitiveness, for the poor organization of its work. It is never possible to base a calculation on the arrival or departure of a shipment, a container, or a 'bulk' cargo. Every shipment and every arrival becomes a venture. We continue to hear talk of the drawing up of a port developmental model: In reality, almost everything continues at a standstill. Not even a problem as simple as the governing of a crane is able to be resolved. The so highly ballyhooed teaming up of Consortium and sole workers Company, instead of paving the way for an improvement of the situation, is only continuing to exacerbate it.

"We have always expressed confidence in regard to the Port of Genoa, adding to this attitude on our part an abundant dose of patience. Now, we have lost both our confidence and our patience. Things cannot go on this way."

Turin is complaining about the same things that Milan for a long time now has also been protesting: The Port of Genoa is pursuing a policy entirely unglued from any consideration of Po valley industrial growth. It is not merely by chance that the most severe criticisms are being leveled first and foremost against that part of the Port's services which should be the best organized and most efficient.

"Genoa," Northern Italy's production circles affirm, "boasts of its leadership in the field of containers. True, its service in this field is costly and not always efficient, but it has decidedly improved. However, a large productive economic system also needs to feed its productive installations with poor merchandise, which is, after all, crude, raw material, the cost of which at its origin is very low but can become prohibitive when the shipping costs and delivery times exceed certain limits. In the case of scrap, for example, the chaos that exists in the Port of Genoa results in an increase of 10-12 percent in the delivered cost; without taking into consideration the effects on cost resulting from missed work schedules in the steel plants."

Antonio Chiurco, general manager of Campsider, the consortium that handles combined procurement of the scrap, says: "At Genoa, poor merchandise has always been treated with indifference. Yet, for our industries, this source of work is extremely important. Over the past 10 years, the situation has grown worse. As of last year, when the steel production crisis had not yet brought about a suspension of scrap imports, the Port's handling capacity was 80,000-100,000 tons a month, as compared with 200,000 tons a month during the 1960's."

[Question] In your opinion, what is the cause of this drop in productivity?

[Answer] "Disorganization and the total absence of a desire to actualize a restructuring plan."

[Question] Is it true then that Genoa subjects "bulk" cargo to a sort of torture treatment to discourage the traffic?

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[Answer] "The figures would seem to point in that direction. I do not believe, however, that this precise intention exists on the part of the port authorities; that would be the last straw."

FIGURES OF THE DECLINE
(Steel Scrap Tonnages Handled)

Ports	1979	1980	Percent Difference	1981 Jan-May
Total traffic	1,554,000	1,319,000	-15.12	
Ligurian ports	1,159,000	798,000	-31.15	
Genoa	984,000	576,000	-41.46	11,000
Savona	98,000	130,000	+32.65	59,000
La Spezia	77,000	92,000	+19.48	22,000
Other ports	395,000	521,000	+31.90	35,000

Scrap, therefore, means poor merchandise. True, total traffic has dropped; but the steel industry could suddenly recover. The Port of Genoa was at one time handling close to 1 million tons, or the equivalent of 50,000 carloads, of scrap annually.

"That is exactly the point," Chiurco affirms further. "The Port of Genoa's facilities for receiving and forwarding these cargoes date back 40 or 50 years. The connecting railroad network has deteriorated; the transfer of a load of merchandise from a pier to customs, then to the Arquata switching yard at the top of the Appennines, before forwarding it to the Po valley, is an ordeal. In no port in the world is there such a badly arranged service."

Today, it is scrap and other bulk cargo; but tomorrow, another major problem could emerge: The supplying of coal-fired thermoelectric generating plants in the Po valley. This is not just an idle hypothesis. The plans are complete, the funding is on its way, and the energy plan could be put into operation within a very short time.

"That would be a disaster. The Port of Genoa is not even able to handle 1 million tons of scrap now; heaven knows what would happen if coal ships were to arrive with millions more of tons of cargo to unload and forward rapidly to the electric power plants. This is the point that must be addressed: A major port cannot abandon poor merchandise. It is precisely the handling of these large quantities of material that speaks for productivity."

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An example? The unloading of a bulk shipload of scrap at Rotterdam costs between 3,000 and 4,000 lire per ton; at Genoa, the same operation costs not less than 11,000 lire per ton. Competitiveness under these conditions is now a mirage. The "bulk" sector is an extremely sensitive indicator of the situation. And the fact is that during a period in which its most important traffic, that of scrap, is down in volume, Genoa has lost even more ground: The other Ligurian ports, with their lower rates and better services, are taking away Genoa's clients and traffic.

[29 Jul 81 p 4]

[Text] High Costs and Low Productivity Port of Genoa's Major Faults

Genoa--A port is a business. And like every business, it must accept, not elude, the laws of the marketplace. A port produces a service; its product must therefore be sold, advertised, marketed. What is its service worth? That must be determined by the market of its users. Are its tariffs (the equivalent of the price of a product) competitive? Once again, the response must come from the marketplace.

A port is thus a business. Now, let us ask: "At Genoa, does this rule apply? To judge from the results of its operation, from the degree of "acceptability" of its service on the part of the users, from the condition of its installations, from the state of relations between the independent Consortium (3,500 employees, with a budget of 180 billion lire) and the sole dock workers Company (around 6,000 members), from the inadequacy of its investments, from its loss of prestige in some areas of its traditional activities, it seems clear that its business has entered a phase of crisis which some consider to be irreversible.

A crisis of concept, of structure and of management, a crisis that without even yet having found a serious cause in the hegemony and in the "public" control that is in fact being exercised by the dock workers Company (which monopolizes virtually in total the ground sector of loading and unloading operations) has spread its roots in a terrain devoid of entrepreneurial and management humus.

The Port of Genoa, in substance, has rested on its laurels and has neither moved to promote its image nor to study a revision of its marketing policy. Many freight traffic specialists who are users of port facilities say: "Genoa is the same as ever. It simply sits back waiting for clients, without going after them; it imposes term and conditions the same as in the past when it was the only easily reachable port of call and, above all, a highly functional and economical one.

These conditions no longer exist. Genoa is a most important port of call, perhaps the Mediterranean's most functional one from the standpoint of structure and underlying concept, but it is being run based on outmoded criteria that take into account solely a need first and foremost to guarantee the survival of its work force, and within constraints of autonomy deriving from a misguided attachment to antiquated norms and laws that regulate the management and administration of the Port.

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These are clearly dependable, well-thought-out criticisms having no basis in resentful polemics. Criticisms, be it said again, without the least intent to pull to pieces or to divest of value the efforts, the dedication of those who, especially over the past few years, have applied themselves with the utmost devotion and diligence to the governing of the Port.

Enveloping this problem is a veil of indifference and skepticism that probably had its origin in the disappointment experienced during the past several years by every force or organized voice (operators associations) that has tried, without success, to take part in the drawing up of proposals for change.

What are the main criticisms gathered from among the users of the port? They come under three headings: The first heading concerns commercial policy, that is, its commercial operation strictly speaking; the second brings into question its technical operation, which for more than a decade, according to some technical experts, has been deteriorating for lack of a coordinated and innovational overall technical policy; the third concerns the relations between CAP [Independent Port Consortium] and the sole dock workers Company, which have deteriorated over the past several years.

Let us consider the aspects of these criticisms. First, the commercial operation. The users say: Genoa is not yet cognizant of the fact that the structure of ships has changed, that for each type of cargo there is a specialized transportation facility with productivity standards and requirements that in turn necessitate modern ports with installations designed to carry out loading and unloading operations with maximum speed.

They add: At Genoa, almost everything has remained at a standstill: The composition of the dock workers crews has not changed, just as there has been no change in their rate of output (the amount of work per member of the crew). Shifts are rigid; there is no flexibility. Movement is slow. Specialized shortcuts to speed up the loading or unloading of a ship are out of the question.

They cite further the increasingly higher costs of ships, that must be amortized in shorter times, faster running speeds, cargoes of increasingly higher technological content or market value. The capital turnover involved is enormous. And the risks of loss are a function of transportation times, the meeting of delivery schedules, the prompt use of an asset ordered months in advance to be put into use or installed.

All of this translates into unused money or superfluous expenditures, then into net losses that prevent maximized use of ships, port facilities and labor.

A vicious cycle, in sum, originates with the fact that the truncheon of the system, namely, the organization and work methods of the port have not changed. Not even in the most modern area of the Genoese port, that of the "containers," is the work sufficiently rationalized for the application of the rules of maximum efficiency.

In this regard, users of the Port of Genoa state: Genoa owes the growth of its container port mostly to its strategic position, and very little to the efficiency of its services.

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The proof: The Port of Livorno, much smaller and decentralized with respect to Genoa, has had an incredible growth, proportionately, in this field. Lower costs, higher efficiencies, willingness of the port operating company to make changes in shifts, crews, output rates, tariffs and so forth. Work methods are changed there in accordance with the work requirements.

At Genoa, instead--according to the complaints of many users--the exact opposite occurs: fixed rules, with extremely few exceptions, insofar as concerns organization of work, and consequently the obligation on the part of the user, or compulsion by force of circumstances, to accept them. At this point, however, Genoa can no longer fall back on a predominant position (it is not the sole port monopolizing traffic) and is losing new clients.

The Port's fundamental undertaking must therefore be to review and rethink the organization of its work.

As for technical operations: Is the port antiquated? Let us not exaggerate, say the users themselves. First of all, the port has little space; this is the fundamental problem. This is what conditions its overall growth.

It is also true, however, that many of its structures are obsolete, no longer responsive. The Consortium has jealously defended its autonomy of management (this is evident from its balance sheets), but has not dared to go beyond the limits set by absurd laws in search of additional capital and financing. Thus, what has been done from a technical standpoint and that of its structures is somewhat the result of a good but modest management effort (ordinary financings) and of the application of rules and regulations deriving from legislative provisions, plans, etc.

But there has not been on the part of the Port an independent choice of financing methods capable of attracting influxes of capital or loans commensurate with the drawing power and intrinsic worth of the Ligurian port.

A policy of "governance from a choir stall," sealed in like a sea urchin, in sum, impervious to the outside world. The result has thus been, according to this view, a "leopard-skin" pattern of renewals of port facilities. An installation today, another one later, a project started, another one halted, all as a function of the starts and stops of public financings, appropriations, and so forth. In short, there has not been a plan coupled with coordinated funding and phased in accordance with a predetermined timetable.

As for relations between the Port and dock workers: Recently, despite the ongoing drumbeating in this regard by both parties, their relations have worsened. At the last meeting of the Consortium, the outgoing president, Giuseppe Dagnino, who for more than a decade has actually been the champion of the policy of mediation with the dock workers, accused the sole dock workers Company of hegemony, shouldering it, in fact, with the blame for the drop in work management efficiency.

Constrainment by the dock workers has always been strong; indeed, it is institutional. What is occurring at Genoa, however, has ceased occurring in other ports throughout the world: The dock workers refuse to accept any change in their concept

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of work management; their attitude is more corporative; they reject out of hand any innovative proposal that would bring into question their "composition of crews and work output coefficients" dyad.

They react about like industry management association leaders when, with respect to labor costs, they say: "The indexed wage scale cannot be touched; the organization of work is not negotiable." The corporative mold is identical; the ideological one at Genoa is perhaps different; that is, it is more radical and hence harder to change.

So much for the three capital flaws of the Port of Genoa.

[31 Jul 81 p 5]

[Text] A Long List of Uncompleted Programs in Recent History of Port of Genoa.

Genoa--In the traditional oleograph illustrating the hundred sailor's knots and indicating the procedures for releasing them, one is missing: The one that interlaces the authorities (and the responsibilities) shared by the CAP [Independent Port Consortium] and the sole dock workers Company.

The two ends of the ropes disclose the diverse origins of the strands that compose them. The CAP is an economic agency, but by law it must operate in strict accordance with independent management criteria; the sole dock workers Company, on the other hand, is at one and the same time a cooperative (all the workers are members) and a labor union.

Those holding the opposite ends of the ropes seek to apply each his own force to the knot, and in this way the knot closes with viselike tightness and becomes inextricable. But the applied force relationships are unequal: The sole Company's rope is pulled with greater force and perseverance; that of the CAP, instead, is frequently slackened. Thus, the sole Company is becoming the manager of the Port and is imposing its policy--its traditional policy, the same one as always. No one has ever succeeded in changing it. The sole dock workers Company, secure in its monopoly, dictates the law, decrees prohibitions, exerts pressures and erects massive protective walls. Its policy guidelines are two: The first is of a clearly political nature; the second is unionistic.

That policy is enforced by a vast organizational apparatus that interweaves the exercising of shareholders rights (in the valorization of participating shares, hence in the ordering of individual earnings) with the exercising of union action: protection of employment, strict application of the rules, imposition of methods of determining service charges.

In the Port of Genoa--as the old proverbial saying goes--"not a leaf stirs but the Company wills it." Over the years just past, the authority of the Consortium has gradually been voided of all content and meaning. The pro-public, that is,

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anti-private, wave that translated into a progressive dismantling and subsequent absorption of many highly specialized functions exercised by private service enterprises has borne bitter fruits.

Entrepreneurial levels, management criteria, efficiency standards, have all, little by little, been lowered, modified, eroded. Bureaucratization has become the rule. The private entities having been eliminated (for debatable, although in some cases also historically acceptable, reasons), the technical and managerial leadership having been dismantled, the Consortium identified itself with a sort of conciliar governance of the Port.

This situation did not weigh heavily in strategic terms during the early years of the "era of the 1970's," because Genoa, like other major ports, continued to avail itself of the natural advantage of its strategic position. Genoa was an obligatory and only landing place. Anyone having to receive or ship merchandise, raw materials or goods by sea was compelled to depend upon the Ligurian port. That is the way it was.

During the decade of change, of renovation, and of bold choices of new strategic directions in the administration and management of port operations in which the major Mediterranean, North Sea and Atlantic and Pacific coast ports were taken up in the search for new solutions (redimensionings, renewals of plant and personnel, automation of operations, functional autonomy concessions, construction of specialized port sections to handle specialized ships and cargoes), Genoa--say many of the experts in maritime matters--was afraid and declined to take the risk.

The Consortium used up a large part of its energies seeking a formula that would conciliate the management of the Port with that of the union.

During the 1960's--these circles claim--Genoa with its port had a well-worked-out growth plan: Renewal of the old but still highly worthy port; opening of a third Apennine railway crossing-point; construction of the Voltri-Ovada superhighway, roads linking it to the main Po Valley superhighway and an interconnection with the Sempione route; and lastly--considered a winning card--construction of the new port at Voltri.

Ten years later, how much of this grand design had been actualized? The port had been partially renovated, but without a city-planning scheme based on a long-term financing plan.

Genoa built its container port with intuitive insight, but this idea was less ascribable to originality or boldness on Genoa's part than to its essentiality within a minimal approach to the planning of growth. Today, in Consortium circles, this accomplishment continues to be ballyhooed; for Genoa, however, the choice was a forced one. Without a container port, Genoa would have become a second-rate port.

The third railway crossing was not built. Railway freight car operations inside the port are a disaster: The waiting times involved in loading and unloading and

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TARIFF SCALES
(Lire per Container)

<u>Genoa</u>		
20'		315,000
40'	Full, lower hold to terminal	394,000
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20'		204,000
40'	Empty, lower hold to terminal	236,000
<u>Livorno</u>		
20'/40'	Full, lower hold to terminal	167,000
20'/40'	Empty, lower hold to terminal	83,819
<u>Venice</u>		
20'		139,400
40'	Full, lower hold to terminal	198,700
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20'		108,000
40'	Empty, lower hold to terminal	147,900
<u>Naples</u>		
20'		210,000
	Full, lower hold to terminal	
20' [as published]		256,000
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20'		118,000
40'	Empty, lower hold to terminal	134,000
<u>Marina di Carrara</u>		
20'		156,000
40'	Full, lower hold to terminal	240,000
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20'		71,500
40'	Empty, lower hold to terminal	110,000

[continued on facing page]

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TARIFF SCALES [cont'd]
(lire per Container)

<u>Palermo</u>		
20'	Full/empty, lower hold to terminal and return	99,000
40'	Full/empty, lower hold to terminal and return	129,000
<u>Marseille</u>		
20'	French francs 67 per ton with minimum of French francs 450 per container	
40'	French francs 67 per ton with minimum of French francs 900 per container	

(Lump sum rate obtained by shipping companies from time to time:		
20'	Shipboard to terminal	French francs 700,800 [as published]

* Figures given in this table are taken from a comparative study of the principal Italian ports, using as a basis the unloading charges for 20' and 40' containers. Source: IL PORTO - June.

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in the sending of loaded cars on their way to the switching yards on the other side of the Apennine barrier are double, and in any case longer than, those of the other international ports.

An organic plan for developmental funding has never been studied together with the State Railways: The Port Consortium has preferred to safeguard its autonomy (the movements of convoys are regulated by internal rules and regulations, and effected by personnel and locomotives belonging to the Consortium or to the sole Company); and the Railways have never addressed the study of a binding plan for the renovation of connecting routes.

As for the superhighway, true, the Voltri-Ovada section over the Apennines was completed, but the planned idea of linking Genoa with the Sempione trunk was left on paper. It may indeed be asked in this case, "But what could the Consortium have done?".

But the real unaccomplished project is the port of Voltri. Its construction was programed 25 years ago. Dozens of laws and by-laws have provided for its construction, but its financing has never been approached on a sound, organic set of criteria.

To date, for work already done, 63 billion lire--the appropriations under all of three laws (1200, 492 and 843)--have been spent. For 1982, only 43 billion lire will be available; in 1983, another 43 billion will become available to spend on the project. To complete the first installment of the project, that is, to render ready for use a first part of the works now under construction, enabling the retrieval of 220 hectares (three berths for roll-on/roll-off ships, and three for container ships), will require another 150 billion lire. But the port of Voltri will require another mountain of billions: For its completion, projected for 1987, 491 billion lire of overall costs have been calculated, inclusive of project costs at 1981 prices, price revisions and incidental IVA [value-added tax] costs.

But who can guarantee continuity of funding to the Port of Genoa? An overall ports plan does not exist; the bills that reach Parliament benches always address the port network as a whole; and in this way appropriations are parceled out, fragmented. Genoa never manages to obtain in substantial measure the capital funds needed for its development.

Again in this case, one might ask, "But how can the port Consortium or the dock workers Company be blamed for this?". And this is the big question to be clarified.

Administrative blame? None, to be sure. But blame with respect to policy? Very much. The Consortium has always administered its autonomy with absolute exactness: Its accounts always balance correctly. But no dash, no elan, no challenge of the status quo--say many critics--have contradistinguished the decadal managements.

The dock workers Company has operated likewise, fully occupied with safeguarding corporatively its monopoly on labor services, and--let us be quite frank about it--its high earnings levels (especially if compared with those of the dock workers of

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other cities, in relation to actual hours worked). Outside the port enclosure no one has gained much from this situation. But outside, many changes have taken place.

Thus, Genoa has a future full of promise and it is not even true that the competition now coming from other Ligurian and Tuscan ports (today, very pressing indeed but quantitatively still of minor relevance, owing to their obvious lack of adequate basic structures) will be successful.

Clearly, if the Port does not take on a new entrepreneurial mentality, if the organization of work does not change, if the financing concept does not surpass the strict limits of the "autonomous" Consortium's budget in an imaginative search for more substantive underpinning than is provided by funding from state budgeting alone, the knot that binds Consortium and port Company will never be loosened.

But a few signs that changed times may be in the offing are already being perceived. One in particular has attracted Genoese public opinion and that of economic circles: The resigned tone that pervaded the proceedings of the Consortium's annual meeting.

Traffic in a downtrend, clientele abandoning port calls, confirmation of its high costs and low productivity, denouncement of the dock workers Company hegemony (by President Dagnino): All explosive issues.

There was no debate. The proceedings concluded in a general consensus. Why this acquiescence?

Perhaps there is an explanation: All things considered, it appears quite clear from the outcome of that meeting that the moment has come to turn the page.

The 1970's are now behind even the Port of Genoa--as they are now remote in the memories of other sectors that are beginning to consider again, with new ideas and new principles, the restoral of universally acceptable rules of good governance, of sound economy and of bold management. In short, one may now speak again of entrepreneurship.

[2 Aug 81 p 14]

[Text] A Talk With Giacomo Clerici, head of one of the Port of Genoa's Major Operating Groups.

Indeed, there is the danger that the choice of the new presidency and the identifying of the criteria on which the management of the Port and the relations between the autonomous Consortium and the port Company are to be based will be a long-drawn-out affair, in keeping with the way of doing things that characterizes the current Italian record in this field.

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But that the page must be turned there is no longer any doubt; if for no other reason than because the serious crisis that is taking shape imposes it. What approach is to be taken, then? The problem is a complex one, but an initial response at least might be based on some comments gathered from within Genoese maritime circles and from among the spokesmen for the users in Lombardy and Piedmont.

Not more should be bitten off than can be chewed. So, the first thing to be done is to come to an agreement on who is to run the Port, with what powers, authority and degree of autonomy; next, a detailed recovery program must be put together. To debate beforehand on a program of change, without having previously chosen who is to manage it, is tantamount to creating in advance the conditions that will lead the Port of Genoa into total paralysis.

At Genoa, on one front, and at Milan and Turin, on another, that is, between the direct operators of the Port and its users, an endeavor is being made not to draw up a case against any particular individual; nor is it desired to rehash the record of 10 years of difficult management of the Port system.

For greater clarity, therefore, it may be said that one aspect of Dagnino's management has definitely characterized it: He succeeded in achieving, within the ambit of the Port of Genoa, a minimum of harmony in the relations between the management structure (Consortium) and the sole workers Company.

Dagnino got his operancy under way with an initial act of delimitation, as patient as it was difficult, of the boundaries of operability: He staked out, that is, the limits of the ambit of his operance and of his powers, accepting de facto, however, the change of a number of management functions within the Port from a privately controlled to a publicly controlled status. He then proceeded to construct the CAP [Autonomous Port Consortium]-sole Company dyad, that is, a sort of "Port pact." The understanding, proposed in 1975 and agreed to in 1978, was never implemented. "The dyad," someone has noted, "became a wedlock that turned out badly." Badly to the point where one of the matchmakers, none other than President Dagnino, at the Consortium's most recent meeting, proposed abandoning it, accusing the dock workers Company of hegemony.

We have thus reached a point of no return. Forget any ideas then, some will say, since to talk at this point of a sole Agency, confronted as we are by the Ligurian ports and by other plans, is absolutely out of place.

What is to be done? Opinions in this respect, as we have said, are many; but the urgency of deciding is pressing. Well--as a first proposal--why not choose a new presidency, coupling it with a general management of operations (nonexistent today) capable, first and foremost, of overcoming the emergency, and having thus gained breathing space, of drawing up a plan for revival and revitalization of the Port.

To subject this idea to a "qualifying" test, we have talked with Giacomo Clerici, president of Coe & Clerici, the operating group that deals, in practice and within its ambit, with all the activities having a connection with the Port: shipping

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companies, maritime agents, carriers, warehousing operations, and so forth. Giacomo Clerici does not like interviews, expresses his opinions laconically, and refuses to discuss the operance of persons. He adheres to certain rules and speaks with extreme clarity.

"First objective: Waste no energy in absurd polemics. Let us not get into idle case-building. This is one of our flaws: While the case is being stitched up, the accused escapes. The Port is in crisis, I agree; everyone knows it. But let us not yet celebrate its funeral services. Genoa can again sparkle with its former splendor; a climate of surrender is unacceptable."

[Question] Agreed, polemics are out. But who must resolve the problem?

[Answer] First and foremost, the political forces; they must find a way to resolve the problem. Balancing acts, administrative power plays, negotiation of agreements; the whole works; on condition that it be soon done and without adhering to the rule of compromise, which always mediates the solution at the lowest possible level.

[Question] Your professional opinion, please: Why this crisis?

[Answer] The reasons are known. At its base there is unquestionably a gap between management objectives and strategic traffic patterns. Genoa is no longer an obligatory port of call: Other routes have been opened to the sea. Secondly, the nature of traffic operations has changed and the trend is toward specialization at breakneck speed.

Conventional ships are constantly decreasing in number. For each type of transport there must be a corresponding type of organization, unloading facility and unloading method.

Some ships are now equipped to load and unload merchandise and materials using their own on-board equipment; a minimal assistance from the port suffices to resolve everything. At Genoa, however, this sense of adaptability, in terms of pier facilities, installations, composition of dock worker crews, flexibility of tariffs, working hours and shifts, has not yet penetrated fully into its operations mentality. This must therefore change absolutely and uncompromisingly.

[Question] Is it true that Genoa is a high-priced port?

[Answer] In certain respects: definitely; in others: less. In some cases it is still extremely competitive. But regarding tariffs, let me make one point clear: The impact of the tariff itself may be minor or nil if the operation as a whole is economical. But if a ship must remain at anchor in the roadsteads for 10 days, then remains berthed longer than necessary; and if then the onward forwarding of the cargo to the hinterland is delayed owing to a lack of railway connections or to traffic bottlenecks on the roads, then the overall cost becomes prohibitive.

[Question] May we now talk of innovation, of reorganization?

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[Answer] I see no reason, speaking of the future, why consideration should not be given to the reinsertion of private initiative within the leadership. What has been the sense of having excluded it over the past decade? In some cases, perhaps--let us recognize it--there were activities that could not be left in the hands of the private sector. But those were the exception. Today, however, the private sector must be viewed as a provider of capital, of technology, of modern work methods.

Private enterprise, today, must be seen as a scion of initiative, of capital funds, to be grafted on in accordance with precise rules and ironbound norms that must be rigorously respected. The complex of Port activities needing to be renewed today requires financial resources on such a vast scale that it is impossible to pretend that the public sector, through management, can find them and make them available.

[Question] For example, could an undertaking for the new presidency be the resumption of the port of Voltri?

[Answer] Certainly. Voltri, with public financing as it has been planned, will never see the light of day: What is needed is a plan that includes the grafting on of private capital. Ways and terms and conditions can be found: It is the concept that requires acceptance. Otherwise, with the lack of space at Genoa, everything dies.

[Question] As regards the presidency of the Consortium, future relations with the dock workers Company, and funding: What can be done?

[Answer] First, it must be understood that the right person must be found. It is not true that the Port is ungovernable: A person must be found having the necessary firmness, credibility, know-how and managerial ability to govern it. Genoa has always had in its port the best labor in the Mediterranean basin; well, this characteristic must again manifest itself.

The president of the Port of Genoa is a prime minister (Clerici continued); he has all the powers he can want to exercise. The important thing is that the one selected be himself convinced of this. The future president must move around, travel, build business relations; his world must not be confined to a choir stall in Genoa.

Traffic is captured today in the marketplace like any other merchandise, at its source. In the case of containers, for example, the clients are in Milan and in Turin: Agencies of the Port must be opened in those cities.

[Question] A managerial characterization shed of political influences, as one might say today?

[Answer] The political label could even not have a determinant value; in fact, it should not have any for purposes of a selection. What must count instead is experience, not uncoupled from a middle age, responsive to today's mentality; and if the

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future manager of Italy's most important port could claim successes as a public administrator, as a manager of public interests, so much the better. But he need not be a Genoese. What is important is that the one who will go to Palazzo San Giorgio shall have the ability and the will to govern a large-scale system.

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POLITICAL

FRANCE

MAUROY ON PCF MINISTERS, NATIONALIZATION, DECENTRALIZATION

Milan IL MONDO in Italian 17 Jul 81 pp 28-30

[Interview with Pierre Mauroy: "The State Can Wait"]

[Text] For the moment, nationalization is in abeyance. The new French government is now stressing mainly administrative and social reforms: decentralization, a 35-hour week, and unemployment. But the economic crisis. . .

His government is the first since the war to be led by the socialist party, with the participation of communist [cabinet] ministers. Formerly mayor of Lille, a prominent socialist, and leader of the party's centrist current, Pierre Mauroy goes this week (8 July) before the national assembly to win the chamber's confidence. The result is fairly assured, since the socialists have emerged triumphant from the recent legislative elections, and are eagerly awaiting a detailed review of the government's long-term commitments. Will anything be nationalized? What? How? When? In foreign policy, what innovations will PCF participation in the government introduce? In this interview, Mauroy anticipates his government's political program.

Question: For some months, the communists have bitterly attacked the socialists; suddenly their mood has mellowed. Why? Only because you included them in the government?

Answer: I think the validity of our decision is incontestable. So many people ask: why communist ministers? But we reverse the question: why not communist ministers? To omit them would be discriminating [against them] if you consider the recent electoral results. We did not create the new majority; the French people did that. Certainly we have imposed conditions on their participation; first of all, they must support Francois Mitterand's program. You only need to peruse the text of the PS-PCF agreement to realize that such conditions have been fully met.

Question: Will it be a long-lasting participation?

Answer: It's not up to me to answer that. I can only say that an agreement has been concluded between us. After 3 years in limbo, with what results we know, the communists have agreed to join with us on the left. The voters even anticipated the PCF, which has come around to ratifying the will of the French electorate.

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Question: What would you do if during a very crucial strike, a communist minister should declare the strikers' objectives legitimate?

Answer: Although we foresee some difficulties, the government is honoring this single logic: respect for the directives given by President Mitterand. The communist ministers have accepted this logic. There is also another rule: government solidarity--and they have made commitments in this area. When an official position has been adopted, the communist ministers will support it, like everyone else. Likewise respected will be the secret methods by which decisions will be made.

Question: The communist party continues to proclaim its revolutionary goals; furthermore, its bonds with Moscow are well known. Don't you think you will have problems in keeping secrets, especially in the cabinet?

Answer: No, I think not. Look at the ministries entrusted to the communists. I see no problem of secrecy.

Question: The first parliamentary session of the new legislature opens this week. What will the government's first demands be?

Answer: We will begin by asking for an examination of the budget, the amnesty law, the proposal to abolish the state security court, and the question of administrative decentralization. All these matters will be taken up in an extraordinary session, which cannot end before 25 July. Perhaps there will not be enough time to approve our proposal for decentralization, however I hope that the assembly will get through most of its agenda.

Question: Why are you beginning with decentralization instead of nationalization?

Answer: Because it is very important. With this law we can turn back to our history; remember, the left has always been Jacobin. We want to recast the citizen's condition so that we will have more freedom and more responsibility. Everything we do, including nationalization, will bear the stamp of decentralization.

Question: Your program calls for direct elections of the regional assemblies. When will these elections be held?

Answer: The people cannot keep going back to the voting urns. That would present serious difficulties, especially in the economic sector. Therefore we will study the possibility of combining elections, for example regional and district elections to be held at the same time.

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Question: Some of your supporters contend that if you delay your nationalization projects, you will run the risk of finding empty shells.

Answer: I cannot believe that the great industries which come under the nationalization program would act against the nation's interests, and take advantage of the time lapse to find ways of stripping nationalization of its purpose. In any case, let us not delude ourselves: they will be nationalized anyway. We have said it and we will say it again when we present our program before the national assembly.

Question: Will these industries be put under state control on the basis of their status on 10 May?

Answer: Certainly.

Question: Can you say how extensive the nationalization of credit will be?

Answer: We have already announced this: we will nationalize the banks, although we must, of course, fix limits on our intervention in every sense--including the prevention of foreign banks from taking over the role hitherto played by the French banks.

Question: How do you foresee the buying power of salaries over the next few months?

Answer: The policy of social progress and the rise in buying power will go hand-in-hand with our policy of economic expansion. Abiding by our electoral commitments, we want to increase the minimum guaranteed wage by 10 percent as well as the principal social taxes. The rest will follow with a progressive relaunching of the economy.

Question: Aren't you in fact following Raymond Barre's line?

Answer: Absolutely not. We are doing the opposite. Barre tried to tighten belts; we hope at least to stabilize buying power and, if possible, increase it, particularly among the less favored classes. Of course we will encounter difficulties, especially where credits are concerned. Interest rates are too high, and we must find a solution to the problem both on the national and international levels.

Question: You have made the 35-hour week a priority to be achieved by 1985, but management refuses to back you up. What do you plan to do in the fall if this stalemate continues?

Answer: The industrialists' attitude is nothing new, but they know that we are determined to win. Negotiations are being resumed, but so far no one has expressed any definitive proposals. Employers say that they alone cannot sustain reduced working hours, and that some industries will face serious problems. We must find ways of assisting them, and I have declared by availability to help. If the employers will go along with us on the right road, we will work to overcome the various obstacles by degrees.

Question: The rate of unemployment is climbing, yet the first decisions taken by the government seem inadequate. How are you planning to contain and reduce the rising tide?

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Answer: It is true the employment rate is accelerating, chiefly resulting from the closing down of companies to which the preceding government granted credits for election purposes. Many of these companies are now making public their balance sheets, which a special commission will study. To combat this unemployment, we are moving on two levels--first, stepping up the creation of new jobs, renewing economic expansion, and undertaking large-scale works, of which I will submit a detailed list to the chamber. Secondly, we must enact social measures, such as lowering the age limit of pensioners to 60 years, opposing the practice of individuals working at 2 jobs, and reducing working hours. Then we will create 210 thousand new jobs within 18 months. The country is acutely in need of more workers, especially in the health sector, which is short of nurses, paramedics, and so on.

Question: All these programs will require sound financing. How will you manage that?

Answer: Economic expansion will facilitate the task of raising funds. Furthermore, we want to reduce class inequities by means of a fiscal reform.

Question: Since 10 May you have run into mounting difficulties in reorganizing the radio-television network, which has been falling into administrative and directorial chaos. What do you think of doing about it?

Answer: The television crisis is a very delicate one. We avoided any direct intervention in the television sector before the June legislative assembly to head off futile controversies. We have succeeded all the same, and no one can accuse us of manipulating the news in our own favor.

Question: Despite everything, the pressures and interventions you denounced in the past are with us again, even though they are coming from different directions. . .

Answer: You will not find a single journalist who can say that the prime minister has exerted any pressure on him. I would never do that! Indeed, I have given my collaborators strict orders on this count. The law we are now drawing up for reforming television expressly provides for the network's independence.

Question: Some television directors close to Giscard have already resigned. Do you hope others will follow suit?

Answer: We are not holding anyone back nor are we asking anyone to leave. I must also say that just as behaviors differ from individual to individual, we will deal with each case on its own merits. When Claude Contamine resigned from the first channel, we accepted his decision immediately, and appointed his successor. But when Maurice Ulrich asked to leave his television post, I urged him to stay on until we could find a substitute. As for the others, we do not want to let loose a witch hunt. Every man is responsible first of all to himself, but on the understanding that his primary responsibility is to work in a public service.

Question: Do you or do you not favor private television networks competing with the public monopoly?

Answer: I do not foresee a wave of pioneering or an eruption of improvised radio and television stations.

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POLITICAL

FRANCE

HERNU QUERIED ON CHANGES IN MILITARY SERVICE

Paris PARIS MATCH in French 14 Aug 81 p 90

[Interview with Minister of Defense Charles Hernu by Laurence Masurel; date and place not given]

[Text] [Question] Many French people were shocked when you stated that the army should serve "France and socialism." Do you still think that?

[Answer] I did not say exactly that. I said that it should serve France and I added, speaking of the national service, that I was speaking as a socialist and not as a minister, that in certain circles of young people, one could serve it all the better under a leftist government. It is very obvious -- one has but to re-read all the books I have written in 23 years -- that for me, the role of the armed forces consists above all of defending the republic and the nation -- that is, France as a whole.

[Question] Imagine if Bourges or Galley had said that the army should serve "advanced liberalism." How would you have reacted?

[Answer] Galley has not deprived himself of such an opportunity because in the National Assembly, he stated that the army was "the last rampart of the liberal society." This set off a reply from Alain Savary, socialist deputy, who protested that assimilation of the army with the defense of an ideology.

[Question] In your opinion, should the army be, as you have said, an army of "deterrence by the people"?

[Answer] I did not say that even if this theme of "nuclear and people's deterrence" has been used by my colleague, Jean-Pierre Chevenement. As for myself, I prefer the theme of "people's mobilization."

[Question] Which means?

[Answer] My concept is that of an overall defense. In the society in crisis in which we live, we must fight on all fronts: when our agricultural and food industry threatens to collapse, when the data processing industry weakens, when we risk losing our aeronautics industry, in short, when we risk losing our vital industries, it is as if we were losing military battles. They are true defeats. What would France's military defense be if its entire industry were multinationalized, or if

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it lost its brains? My ministry, a unique case, employs 750,000 persons. It participates and will participate in the fight against unemployment by the creation of jobs. In the same way, my minister colleagues are in posts where they defend France.

[Question] It is said that there is in the army and its staffs a certain malaise due to the many changes that have taken place (in a year, four ministers and three chiefs of staff). Is that true?

[Answer] If several ministers have succeeded one another, I have had nothing to do with it. At any rate, since I have been in this post, no chief of staff has been changed. Everyone has remained where he was. When I submit appointments or changes to the Council of Ministers, my criteria are quite simply aptitude and the promotion index. The military leaders have applied the mottos they received from the current government and consequently, one cannot make them responsible. Is there some malaise? I do not believe so. That information is spread about by a bitter right that would like such to be the case. How nice it would be if such and such a military leader resigned! How nice it would be if movements of disobedience emerged in the armed forces! But that is not happening!

[Question] And yet, it is said that general or higher officers fear a politicization of the armed forces?

[Answer] If some officers believe that, let them write to me and tell me so!

[Question] Are you going, as some have understood, to reduce the length of military service?

[Answer] We must improve the content and effectiveness of military service. For the young men involved, doing their time must not mean wasting their time. Their service must be useful and responsible and therefore, we must anticipate a number of restructuration measures. This cannot be done in a week. By autumn, I shall go myself to open a session of the "Army-Youth" commission in which trade union organizations, conscientious objectors, the League of Human Rights, Scout organizations and, naturally, military men will participate. There will consequently be a great debate on the subject, in the course of which there will be important concertation between the military men and the young people.

I am convinced that this can help things along.

Nine months later, we shall report on our hypotheses and reflections to the head of the armed forces: the president of the republic.

[Question] What about military service for women?

[Answer] I believe, and this is but my personal opinion, that there must be more female volunteers. There is great demand. When we have recruited 100 women for gendarme positions, we have received over 10,000 letters from young girls.

[Question] With respect to training for the draftees, you said: "One cannot expect everything of the officers and junior officers. One must come into the army trained

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by the elementary school, lycee and university. There must be a symbiosis with national education. What are your ideas on this symbiosis?

[Answer] There must be a symbiosis, not only with the Ministry of National Education, but also with the ministries of Labor, Youth and Sports, National Solidarity and the Interior. How can you expect young people to want to defend their country if they have no historic awareness of it? One must therefore teach history in the schools, just as one must try to be in good health and just as it is important to develop civic education. The army cannot do everything. On both sides of it, efforts must be made to train young people.

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POLITICAL

ITALY

ANALYSIS OF PSDI ELECTION RESULTS

Milan IL MONDO in Italian 17 Jul 81 pp 16-17

[Article by Paolo Passerini: "Longo's Second Appeal"]

[Text] A more careful analysis of the administrative election returns of 21 June shows that, compared with the regional elections of 1980, the headlong social democratic advance that in the heat of the moment had caused surprise among political commentators actually did not take place. The PSDI [Italian Social Democratic Party] despite its image as a party interested in power for the sake of power, involved in various scandals, confirmed that it was substantially stable in the Italian political panorama. In other words, during every election there is a tendency toward recreating a band that goes from 4 to 5 percent of the voters (a large part of whom are nomads traveling from one party to the other). They gravitate toward the party of Pietro Longo, despite the fact that this political force does not express an original strategy, that it has almost completely lost the function for which it was founded in 1947 (to break the united front of the left on the eve of the clash of 18 April 1948), and sees its political area contested by other more powerful forces such as, for example, the PSI [Italian Socialist Party]. To what extent does a social democratic phenomenon exist? What were its origins? To answer these questions IL MONDO asked Bologna's Carlo Cattaneo Institute of Historical and Political Research to develop an analysis. Here are the results.

Arturo Parisi, head of the Cattaneo Institute, says, "For some time we have been observing an entirely predictable minuet: Opinion makers reduce voting behavior to a simple opinion and exchange voter opinion for their own, considering the PSDI dead or dying. The returns confirm that, despite everything, there is some difference between opinion and opinion makers. Between the surprise of the commentators and the exultation of the ex-dying who have survived, there has developed a virtuous circle that transforms any sign of improvement into an overwhelming victory." But aside from the electoral prize that goes to the PSDI from the sense of sufficiency with which it is normally considered, an explanation of its holding power is necessary.

Research by the Cattaneo Institute takes into consideration three elements. The first considers dominant opinion according to which its strength is determined by a social democratic presence in government positions and in the subgovernment.

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It has been often calculated that the PSDI is a party that presents the highest relationship between the number of members and the number of local administrators. Parisi comments, "With a power which, in political elections, is more or less one-tenth that of the DC, the PSDI captures 24 out of 100 councils, while the DC is present in only 55 (see Table 1). Certainly this presence is in general secondary, and it succeeds in capturing the post of mayor only in 2 percent of the city councils.

Nevertheless, a councillor elected from the social democratic ballot has a far greater possibility of becoming a member of a council committee [assessore] than a Christian democratic councillor." Therefore there seems to be a confirmation of the image of the PSDI as a party possessing a great ability to infiltrate the organizations of power. It could be pointed out that the fact that the obvious disproportion between electoral weight and administrative weight poses the need to seek other explanations for this imbalance that are not tied to the social democratic vocation for patronage.

A second element therefore appears which is more directly political and is tied to the central position occupied by the PSDI in the party arena. This produces a series of benefits the first of which is to be present in the most different kinds of government coalitions. In fact, Table 1 demonstrates that, if it is true that the preferential allies remain in the order of the PSI and DC, there are many administrations in which the PSDI is tied to the PCI. But the second advantage the PCI gains from its central position is still more important. The Cattaneo Institute explains: "The attraction that the social democrats exercise on the cadres and militants of the other parties," Parisi says, "The social democrats certainly are the party toward which there is the most consistent flow of transfers coming from the most diverse party sources. Only in the PSDI can there be a simultaneous home for the MSI [Italian Social Movement] and the PCI, the PSI, and the DC, without losing face and voter support."

Table 2 shows how high is the number of DC members that consider the PSDI as the party to which they would be attracted "if the DC did not exist." The hypothesis could be advanced of an electoral refuge common to the DC and the PSDI consisting of public employees, state bureaucracies, sectors of business that could vote almost indifferently for either party finally, the Cattaneo Institute researchers add, "In the few existing analyses on shifts (therefore not only on the firm ones) of voting available to us, the PSDI appears as one of the principal exchangers of flows coming simultaneously from the left and the right; from the PCI to the MSI."

Finally, there is a third element to consider in addition to the administrative weight and political centrality, and this is the survival, on the level of public image, of the identification of the PSDI and social democracy. Parisi affirms, "It is precisely this component, that which is often neglected by the opinion makers or better that which too many men of culture refuse to recognize." A study of the results of elections for the European Parliament in 1979 is indicative in this regard. Not only did the PSDI obtain more votes in the European elections than it would have obtained a week earlier in political elections, but (a more significant phenomenon) Italian workers who voted in the EEC nations caused the PSDI to advance more than any other party compared with its national following

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(see Table 3). The PCI, the party with a relative majority in emigration, gained only one point; the PSI which expected recognition from the European point of view, lost one; instead the PSDI, with an increment of 4.3 percent, doubled its quota. Parisi maintains, "The secret weapon of the PSDI is to be found in the fact that in the eyes of immigrants the corresponding party to the European social democracies is first of all the PSDI."

The research report adds to the analysis the identification of certain tendencies of transformation that can be found in the PSDI rank and file. In the first place, there emerges a shift in the baricenter of the party from the north to the south, which was seen in the last three political elections. In fact, the weight of the southern electoral rank and file of the party moves from 24 percent in 1972 to 28.5 percent in 1976 and 32.1 percent in 1979. In the second place, there was an increase in the incidence of the social democratic vote in the cities of the south and the islands and the simultaneous diminution of the weight of the cities in the center-north. Parisi concludes, "While we recall the basic stability of the presence of the PSDI and its many roots, these data cannot fail to raise a shadow of doubt concerning the stability of its following. In fact, to hypothesize for the PSDI a future characterized at the same time by a growing presence and by an increase in relative weight in the small centers of the center-north, with increasingly weaker linkage with the large industrial centers, means to evoke a tendency toward a shift in the electoral rank and file as well as a strong propensity toward fluidity of following."

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Table 1.

(1) Tabella 1 - Presenze e alleanze del Psdi nelle giunte dei comuni <i>superiori ai 5 mila abitanti (1-1-1981)</i>					
(2) Su 100 giunte	(3) Italia	(4) Nord- ovest	(5) Tri- veneto	(6) Regioni rosse (1)	(7) Mezzo- giorno (2)
(8) # Psdi è presente in	24	33	23	9	28
(9) # Psdi è alleato con					
(10) la Dc in	16	21	21	4	17
(11) # Pci in	15	23	9	6	19
(12) # Pci in	8	11	1	4	11
(13) # Pri in	7	8	3	3	12
(14)	(1) Comprendono Emilia, Toscana, Umbria, Marche.				
(15)	(2) Comprende anche il Lazio. Fonte: Istituto Cattaneo.				

Key:

- | | |
|--|---|
| <p>1. PSDI Representation and Alliances in City Councils—over 5,000 Inhabitants (1 January 1981)</p> <p>2. Out of 100 councils</p> <p>3. Italy</p> <p>4. Northwest</p> <p>5. Tri-Veneto area</p> <p>6. Red regions (1)</p> <p>7. South (2)</p> <p>8. PSDI represented in</p> | <p>9. PSDI allied with</p> <p>10. The DC in</p> <p>11. The PSI in</p> <p>12. The PCI in</p> <p>13. The PRI [Italian Republican Party] in</p> <p>14. (1) Includes Emilia, Tuscany, Umbria, the Marches</p> <p>15. (2) Includes Lazio. Source: Cattaneo Institute</p> |
|--|---|

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Table 2.

(1)

Tabella 2 - Prossimità della base dc agli altri partiti			
<i>(«Nell'ipotesi che la Dc non esistesse a quale partito si sentirebbe più vicino»)</i>			
	(2) Dirigenti	(3) Iscritti	(4) Totale
(5) Vicini al Psdi	23	18	19
(6) Psi	11	15	14
(7) Pri	19	12	13
(8) Pli	6	6	6
(9) Altri	12	17	16
(10) Non so	29	33	32
(11) Totale	100	100	100
(12) Fonte: Istituto Cattaneo.			

Key:

- | | |
|--|--------------------------------|
| 1. Closeness of DC Rank and File to Other Parties ('if the DC did not exist, which party would you feel closest to') | 6. PSI |
| 2. Leaders | 7. PRI |
| 3. Members | 8. PLI [Italian Liberal Party] |
| 4. Total | 9. Other |
| 5. Close to the PSDI | 10. Don't know |
| | 11. Total |
| | 12. Source: Cattaneo Institute |

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Table 3.

(1) Tabella 3 - Elezioni europee: risultati in % nel territorio nazionale e tra gli Italiani residenti all'estero										
	(3) Territorio nazionale	(4) Belgio	(5) Danimarca	(6) Francia	(7) Germania	(8) Gran Bret.	(9) Lussemburgo	(10) Irlanda	(11) Olanda	(12) Totale Cee
Dc	36,5	20,5	28,9	21,1	29,7	48,1	23,4	50,2	23,0	25,7
Pci	29,6	31,5	23,3	34,5	29,0	13,9	37,5	5,6	32,2	30,6
Psi	11,0	11,3	10,0	8,5	11,5	4,9	14,4	4,6	10,8	10,1
(13) Msi	5,4	2,8	3,8	2,7	3,8	2,9	1,5	4,1	4,0	3,0
Dn	0,4	2,9	2,5	3,2	2,4	6,0	1,1	2,6	1,7	3,0
Psdi	4,3	9,6	8,2	8,4	8,8	6,3	5,7	4,6	11,4	8,6
Pri	2,6	1,8	6,3	2,0	1,3	2,1	2,5	6,1	2,2	1,8
(14) Pli	3,6	2,7	6,3	2,3	2,6	3,6	4,3	5,6	3,9	2,7
(15) Pdup	1,1	6,3	—	7,4	3,1	2,5	4,6	1,5	3,3	5,3
(16) Dem. Pro.	0,7	3,9	1,9	3,9	2,8	6,9	1,8	5,6	2,3	3,7
(17) P. Rad.	3,7	4,8	8,2	4,1	1,7	1,8	2,4	2,5	3,6	3,3
(18) Ppst	0,6	0,4	—	0,3	1,9	0,1	0,3	—	0,6	0,8
(19) U.V.	0,5	1,5	0,6	1,6	1,4	0,9	0,3	—	1,0	1,4
(20) Totale	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0
(21) Fonte:	Ministero dell'Interno									

Key:

- | | |
|--|--|
| 1. European Elections: Percentage Results in Geographical Confines of Italy and among Italians Living Abroad | 12. EEC Total |
| 2. Italians living in | 13. DN [National Democratic Party] |
| 3. National territory [Italy] | 14. PLI [Italian Liberal Party] |
| 4. Belgium | 15. PDUP [Italian Democratic Party of Proletarian Unity] |
| 5. Denmark | 16. Proletarian Democracy |
| 6. France | 17. P. Rad [Italian Radical Party] |
| 7. Germany | 18. PPST [South Tyrol Popular Party] |
| 8. Great Britain | 19. UV [Aostan Union] |
| 9. Luxembourg | 20. Total |
| 10. Ireland | 21. Source: Interior Ministry |
| 11. Holland | |

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Table 4. Percentage Distribution of Votes for PSDI (By Geographical Area in 1972, 1976, 1979 elections for the Chamber of Deputies)

		<u>North West</u>	<u>North East</u>	<u>Center</u>	<u>South</u>	<u>Islands</u>	<u>Italy</u>
PSDI	1972	32.6	24.2	19.2	16.8	7.2	100.0
	1976	31.0	23.9	16.5	19.2	9.3	100.0
	1979	30.7	31.9	15.2	20.7	11.4	100.0

By Cattaneo Institute based on Interior Ministry data.

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MILITARY

FRANCE

BRIEFS

HELP FOR MILITARY--The projected national defense budget for 1982, as determined by Francois Mitterrand and Pierre Mauroy, has a ceiling of 3.9 percent of the GNP, that is, an increase limited to 15 percent compared with this year but less than what the 1977-1982 military program-law, conceived during Giscard d'Estaing's administration, provided for. This slight increase in military expenditures will probably be used mainly to create jobs (mainly in the gendarmerie, the navy and the arsenals) and raise the pay of the enlisted men, certain corporals and sergeants. [Text] [Paris VALEURS ACTUELLES in French 24 Aug 81 p 7]

CSO: 3100/930

END