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West Europe Report

(FOUO 49/81)

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ENERGY ECONOMICS ITALY

PSI VIEWS ON SOVIET, ALGERIAN GAS PIPELINES

Milan IL MONDO in Italian 31 Jul 81 p 21

[Article by Franco Mimmi: "The PSI Has Two Gas Lobbies"]

[Text] It was already apparent in the economic plan that the PSI submitted a few hours before the government crisis to Arnaldo Forlani and right afterwards to Giovanni Spadolini that the two pipelines create a problem. Item 9, under the title "Energy Top Priority," stated: "Algerian methane in the South. Diversify supplies. Look into USSR pipeline." Thus, ever since a request arrived from Algiers approximately 20 days ago for a review of the price of methane which it is to supply to Italy starting at the end of the year (the request was rejected by ENI,) one fears that quite a bundle was spent (about 3,000 billion lire) for the construction of a pipeline from the Sahara to Italy, to be faced in the end with the purchase of gas at unsuitable prices.

With regard to the USSR pipeline (it is to carry methane from Siberia to various European countries, including Italy,) there are some who believe that Moscow, through these additional supplies, (however not yet quantitatively identified) would eventually place a rope around Europe's neck. Thus the agreement shifts from economical to political and is furthermore complicated by a suspicion of payoffs made by SNAM (ENI's affiliate in charge of natural gas) to persons unknown and for unknown reasons for a 20-year methane contract stipulated with the USSR in 1973.

The events concerning the Algerian pipeline began in the 1960's, and then evolved in 1973 into a contract between ENI and SNAM on one side and Sonatrach (ENI's Algerian counterpart) on the other. In 1977 the contract was updated and, as far as we know, the price of methane (12 billion cubic meters a year from the end of 1981 when the pipeline is completed, destined to become 18 and perhaps more when the pipeline is doubled,) was set at approximately two dollars per BTU, depending on oil prices. A BTU is equivalent to 27.69 cubic meters. Today, according to some reports, the price requested is around seven dollars, which means an expense of approximately 3,500 billion lire a year. ENI does not feel it is a fair price, because it does not take into account the costs that must be met after the delivery. Some torpedoes already have been fired from Algiers to exert pressure by blocking some huge contracts with Italian firms and favoring others with competing countries.

Also the Siberian pipeline, a gigantic undertaking of 4,500 kilometers, costing about 15,000 billion lire, already has an ancient history, but is at a standstill.

A few days ago an Italian delegation went to Moscow. "We have further clarified our respective viewpoints," declared Giuseppe Borga, head of the office for economic affairs of the foreign ministry," but surely we are not yet close. "The Farnesina [foreign ministry] expert summarized the aspects of the negotiations as follows: "The first aspect is the supply on the part of our industries, and here all is well: we are qualified. Then there is the financial aspect, and it is a huge problem. We should lend the money, and Moscow is asking for a highly privileged rate compared to the current cost of money. Finally, there is the technical-energy aspect. The quantity and price of gas are still to be defined. They are asking much more than we can pay. Certainly it is an interesting project--for us, as a diversification of source and for them, as recipients of foreign currency."

How and why have two economic problems become a political problem? The answer can be found, above all, speaking to representatives of the PSI, the only party that, at this time, seems willing to handle the matter (and their commitment to this is also demonstrated by the government choices made: the PSI has the ministry of foreign trade with Nicola Capria, the presidency of the committee for industry with Enrico Manca, and has requested that Roberto Palleschi, undersecretary for foreign affairs, be given the responsibility for the department of cooperation and development). But within the PSI too, not all the voices are in accord. The most reliable one should be that of Frencesco Forte, who is the new person responsible for the party's economic sector. And Forte, discussing the argument, comes up with Manzoni-like statements such as: "The Russian pipeline should not be done." According to him, there is at ENI "a group in favor of the USSR which has always adopted an unbalanced policy."

The Algerian position can be discussed. A refusal to discuss it would mean pushing forward the USSR. Forte does not steop here. "It must not be forgotten," he warns, that Enrico Mattei died because of a screwdriver in the engine of his plane four day days before a trip to Algeria for a global agreement. It was the strategy of diversification for balancing three sectors: Iran-Iraq, Libya, Algeria. We do not today need the USSR which, in four years, will be dependent on foreign countries for oil." Palleschi agrees: "The Siberian pipeline is a political choice for which the reasons cannot be seen. It is not an undertaking for peace: When you hand your house keys to the enemy you do not establish peace."

Nicola Cacace, president of the Institute for the Study of Industrial Relations and Manca's economic consultant when the latter was at foreign trade, is of a different opinion. "With respect to Algeria, it is only a question of price which has been dramatized. As far as Russia is concerned, instead, the contract is still up in the air, but the Italian firms are very interested: because the offer involves works for 2,000 billion lire. Moscow's reliability? In 20 years the Soviets have always kept their commitments. As far as dependence on Moscow is concerned, it must not be forgotten that a pipeline has two faucets: the Russians have that for the gas and we have that of the dollars they need. The financial cost? One can discuss with socialist countries the way to do business, but all data must be accounted for: also the cost of keeping our plants underutilized and that of unemployment compensation for the workers in factories without orders. Not even Manca believes that the Siberian pipeline could choke Europe. "Among other things," he affirms, "Italy has an advantage over other European countries, just because it can "gamble on the Algerian gas. Caution is needed, not fear. What must be achieved is that European countries be united in the negotiations."

While the discussion goes on, a weekly magazine published a document according to which, as said before, SNAM is making large payoffs for methane it purchases from the USSR. Some right-wing Christian Democratic deputies have questioned the government on the subject. "But is it possible," says Palleschi, that the Italian government lacks the means to find out who are the recipients of the payoffs?" And Forte: "Recently someone sent me, in a sealed envelope, a document requesting that the money be paid. It was signed by ENI's Carlo Sarchi. I don't know if it is genuine or forged. It seems highly unlikely that the payoffs have been collected by the PCI: it is not possible that the PCI would get involved in a matter as naive as payoffs over a 20-year period."

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ENERGY ECONOMICS ITALY

ROUNDTABLE ON INFRASTRUCTURAL PROBLEMS OF COAL INDUSTRY

Milan IL SOLE-24 ORE in Italian 24 Jul 81 pp 15-16

[Article: "Untying the Infrastructure Knot"]

[Text] The results of a roundtable held in Rome by IL SOLE-24 ORE concerning implementation of the coal report. Difficulties have begun since the political phase of the "energy choice": ports of debarkation (all to be named) and distribution of coal to users.

The choice of coal in the search for an alternative energy strategy brings with it not only general planning problems but also that of the infrastructures necessary for the receiving, transport and use of coal.

To discuss infrastructure problems, IL SOLE-24 ORE held a roundtable recently in Rome with the participation of the Honorable Francesco Compagna, then minister of the Merchant Marine. With him were the general director of the Energy Sources bureau of the ministry of Industry, Giuseppi Ammassari; the supply director of ENEL [National Electric Power Agency], Marco Gatti; Gian Ranieri Cuturi, representing CONFINDUSTRIA [General Confederation of Italian Industry]; the president of the coal division of AGIP [National Italian Oil Company], Francesco Coffrini; the vice-president of CONFITARMA [Italian Confederation of Free Shipbuilders], Eraldo Valle; FINMARE [Shipping Finance Corporation] President Luciano Paolicchi; Silvio Bobbi, president of AGI-CARBONI [National Italian Coal Company]; and attorney Giuseppe Perasso, director of CONFITARMA.

The moderator of the roundtable was the public relations director of IL SOLE-24 ORE, Salvatore Toriello. Also participating were the newspaper's editors in chief Desiderio Tedeschi and Claudio Alo, as well as journalists Roberto Piraino and Piero Antonio Toma. The discussions were held at the Eden hotel.

Ammassari: Let me state one premise concerning the world scene so that we may evaluate the credibility of the coal option.

Energy growth in the next 10 years is forecast as going from about 7 million TEP [equivalent in tons of petroleum] to 11 million TEP. With income growth estimated at about 30 percent, the increase in energy demand is only about 2.4 percent.

Oil will remain essentially stable, becuase it is difficult to go beyond 3.1-3.2 million TEP, quantities that will tend to reduce present production and consumption capacity. Energy demand may therefore be met by substituting traditional energy sources (atomic energy, coal and natural gas) and, to a much lesser extent, renewable energy sources (hydroelectric power and geothermal energy).

At the world level, according to international sources, the demand for coal will go up from about 2 billion TEP to 3.5 billion TEP in 1990. In the countries of the OECE [Organization for European Economic Cooperation [OECD]], which is among the industrialized countries, energy demand will go from 4 billion to about 5.5 billion TEP. Energy demand is expected to grow about 1.4 percent, less than world demand.

This increased demand will be met mainly by greater demand for coal, natural gas and atomic power. As for coal, an increase from 840 million to 1.5 billion TEP is expected.

In 1980, Italy consumed about 12 million TEP, and it is proposed to bring it to 36 million TEP in 1990. In physical terms, it means going from 17 million to about 55 million TEP; reaching this objective means solving large organizational problems.

An initial problem involves the possibility of bringing in coal at stable prices and secure quantities. Serious questions have already arisen in recent years on these two aspects: prices have shown a certain tendency to rise, while the most easily extractable and transportable are being looked at by big international operators, including the oil people.

A second problem is that of supply infrastructures. This is one of the most difficult problems, and it must be faced in the next 3 or 4 years. Indeed, the existent infrastructures of the traditional market, through which Italy has been receiving its supplies and which it is counting on in the future, outside of Poland, the United States, South Africa, Latin America and Australia, will certainly have to be brought up to date and reorganized. It may even be necessary to have Italian operators present at extraction sites to assure the possibility of exporting coal to this country. A third kind of problem is debarkation infrastructures.

The plan provides for three coal terminals: the first at Trieste, the second at Gioia Tauro, and a third at Alto Tirreno, which will supply a power plant, perhaps the one at Bastia Pancarana.

I have omitted Taranto, not because it does not now have the only port presently in existence that can unload ships larger than those presently in use but because the pollution in that area has already aroused a series of objections that are being considered and may disadvise use of the presently existing infrastructure.

Even if a fourth terminal has to be built at Taranto, it would have to be adjoined to a coal-powered plant, but this plan seems adventuristic and premature to me, because the Puglia region is already going to pursue a double nuclear and coal option.

The fourth and last problem--really the most difficult one--is the distribution of coal within the country. Once it has arrived and the crushable parts have been separated out and sent to the power plants, the rest must be sent to the end consumers. A fleet of smaller ships must be readied to transport the coal to other ENEL plants located in shallow-draft zones (about 20,000 tons), and a logistics system must be mounted to enable considerable quantities to be unloaded and shipped.

If we consider these problems realistically, I do not think that coal consumption for civilian use will increase very much. I don't see doorkeepers unloading coal for condominiums and carrying out ashes (5 tons of coal produce a ton of ashes). Rather, small coal-plant projects will have to be started up in residential neighborhoods; these plants would supply energy and heat. They might also supply small industries.

IL SOLE-24 ORE: Now that we have set forth for us the four big problems likely to shape the future of energy from coal, we would like to ask Mr Gatti, as an engineer, to tell us about ENEL's role in all this, especially considering the plans for building coal plants.

Gatti: The use of coal was given a new start with the energy crisis of October 1973. Before then, coal had been on its way out; countries that did not produce coal had almost ceased to use it. ENEL was the only coal user in Italy, consuming about a million metric tons a year. Actually, the only coal-producing country that had coal heating competitive with oil heat was Poland, an Eastern Bloc country where the economy is sometimes a bit different from ours.

From October 1973 on, coal attracted renewed interest; thus ENEL's first step was to convert to coal or to complement with coal facilities those plants built with double coal-oil burners.

Here are the figures: in 1976, we used 1.2 million metric tons; 1.6 in 1977; 2.0 in 1978; 3.2 in 1979, and 5 million metric tons in 1980.

The problem of receiving facilities for this coal has concerned us a great deal because the plants in which the coal is used--there are presently 7 of them--have different means of access, especially in regard to channel depths in the ports. A plant like Monfalcone has a channel depth of only 22 feet; La Spezia has the most with almost twice that.

If we sent a fully loaded ship to each of these plants, Monfalcone could take a ship of 6,000 metric tons, and La Spezia could take 55,000-ton ships. To get around this inconvenience, the first step has been to adopt a system of double ports of call whereby the ship unloads first at the deeper harbor and goes on to the second, shallower one.

The next step was to enlarge ship capacity when the South African market opened up. We import half of our needs from there.

We use 80,000-ton ships exclusively on the South Africa run. They are loaded with 71,000 metric tons of coal and go directly to La Spezia or else they are loaded full (in actuality they take a maximum of 79,000 metric tons) and go to Marseilles, where 9-10,000 metric tons are unloaded so they can dock at La Spezia.

The next step we took last year with an 80.000-ton ship from SIDEMAP [Maritiue Demolition and Repair Company] which was to bring the same size ship into Venice as well.

In 1976, the average cargo of ships on the ENEL circuit was 20,000 metric tons brought into the country; in 1980, it was 44,000 metric tons. I think it will be over 50,000 metric tons this year.

Increasing ship size is an indispensable technical and economic condition for supplying large quantities of coal; it also involves the large technical problem of increasing the unloading capacity of our coal plants.

We have rebuilt and brought up to date the Fusina traveling cranes, whose size and height would not have allowed them to unload such large ships. We also expect to modify the derricks at La Spezia.

Compagna: There is some argument about this use of Fusina.

Ammassari: The Fusina problems do not concern the port but the use of coal in the plant. The start-up of coal plants and the conversion of oil-fired plants to coal are taking place according to agreements between ENEL, the commune and the region; smoke emissions are under the control of local authorities.

Gatti: As for sulfur, we are burning coal with only 1.1 percent sulfur. At Fusina, there is the problem of sulfur dioxide and also that of thermal pollution of the water. There is a rule that requires the plant to shut down if the temperature in the coolant discharge zone reaches certain levels, but the problem is not due to coal: the problem would be the same if the plant were run on oil.

As for future consumption, we plan to finish converting the coastal plants to coal that are already planned and built for either coal or oil, at least as far as the boilers are concerned, especially in Brindisi and Milazzo.

It will probably take longer than planned, particularly in Milazzo, where there is some local opposition to the transformation. We should have the first groups in Brindisi in 1983. With the conversion of these two plants, we think we will use more than 10 million metric tons in 1985.

There is another question we have been following, one that might yield not inconsiderable results in the short term. It is the use of coal-oil, i.e. a mixture of coal and oil. The coal is ground very fine and atomically linked to oil by a stabilizer. I would like to dwell a bit on the supply problems brought up by Prof Ammassari.

We make long-term contracts with the most dependable world suppliers. In 1973-76, the only world exporter of coal for steam generation was Poland. Since 1976, South Africa has burst onto the world scene as an exporter of steam coal. To be a world coal exporter, you have to have adequate port facilities. China produces 600 million metric tons but exports only 2 million because it does not have the terminals; it can load ships only up to 25,000 metric tons.

To be an exporter, you have to have the terminals, but the countries that have or are developing them are few and far between.

South Africa began exporting in 1976 and by autumn 1979 had already reached its maximum because the Richard Bay terminal was operating at full capacity. It now exports 28 million metric tons a year, and a third phase is being planned for this terminal to bring its capacity to 44 million metric tons in 1985; but at the moment it is stuck at the maximum quota of 28 million metric tons a year

This has had an influence on the level of prices. As long as South Africa could supply the international market, prices were linked to South African production costs, which are rather low. When South Africa reached the saturation point, we and everybody else as world consumers had to turn to the only market that could immediately meet our additional needs, the United States.

Right away the Americans, as always happens, realized there was money to be made in the coal business and have been taking specific action to export coal. At various times in recent years, the Americans have gotten all fired up about metallurgical coal, but they have approached it carefully because they thought at first that the boom demand in coal for energy might be a flash in the pan. Now, however, everybody is convinced that the business wave of the future will be in coal for energy. Plans have been mushrooming each more interesting than the last for modern terminals designed to handle coal, terminals with large dumpsites and deep-draft docks. In America at present, harbor depths vary from 46 feet in Hampton Roads to 39-40 feet in New Orleans, Mobile and Baltimore. Now, according to the study made by the Interagency Task Force, four terminals in America should be brought up to date: Baltimore, Hampton Roads (Norfolk and Newport News), Mobile and New Orleans.

The Americans are said to be planning 55-foot depths for these four harbors. An intermediate stage at 50 feet might be sufficient for the moment because it would admit ships of more than 100,000 metric tons. Besides, America is not as far away as Australia or South Africa, so there is no need to increase the size of the ships too much.

However, movement in this area seems to be mostly backwards, as the Reagan administration seems to have no intention of financing the operations; thus, they will have to be funded through a tax on ships.

Cuturi: CONFINDUSTRIA made a recent study in which we attempted to measure possible consumption, to see what shape it would take in the future, and to shed some light on the legal, financial and administrative aspects that might delay the movement of coal in some industrial sectors.

Industry is likely to make a notable contribution to coal consumption; our overall figures for the next decade (and this fits into the energy plan forecasts) call for 6 million metric tons in 1985 and 9 million in 1990. If we compare this with the latest drafts of the energy plan, I would say this is consistent with the maximum levels of consumption for industry.

We are a little above this, because the target maximum is 5 million in 1985 and 8 million in 1990.

It is interesting to note how this consumption will take shape in the future. If we take as an example the largest consumer, ENEL, we see that in 1985 according to energy plan estimates ENEL will be consuming about 8-9 million metric tons, while industry is consuming about 6 million metric tons, or about 70 percent as much as ENEL.

It is clear that in the next 5-year period things will change notably, because ENEL's new coal plants will come on line.

To conclude our consumption forecasts, I would say that two aspects stand out. The first is the large increase in consumption that will take place as the decade goes on. The second, which seems more interesting to me, is that most of this consumption increase will take place in the next 5 years while ENEL's has yet to take off.

I think if we look at things in the context of an energy strategy designed to reduce dependence on oil, industry's contribution will be important in terms of both quantity and location in the next few years.

The most important sectors will be cement, clay-based building materials and, in the last 5 years of the decade, the combined production of steam and electricity for industrial uses.

The development in cement will take place in the shorter term. In Italy, cement is based on coal. Up to the 1950's, coal was the most prevalent energy source in cement production. Many of the present plants are based on coal but were converted to fuel oil. Only those built after 1960 run on fuel oil alone.

From the standpoint of technology and efficiency, it is possible to return to coal with a generally reduced output from plants initially designed for coal. It involves not just boilers and coal crushers but also infrastructures, railroad connections, depots and dumpsites.

Ammassari: And there is another very important fact: the cement industry can use fuel with a higher sulfur content. And the ashes are used, too.

Cuturi: Indeed, as an industrial sector, the cement industry seems ready made for coal. The problem is complicated by plants designed for fuel oil because it obviously presupposes for each individual case not only the conversion of the plant but also seeing whether the plant areas will allow building infrastructures, railways, etc. We estimate that about 70 percent of cement production will convert to coal by 1985.

All this is having various consequences: first, ecological; second, infrastructural. Cement-making products are located not far from the coast and small ports, but they are located in the interior; thus, it will be necessary to watch out that infrastructures in areas affected by industrial consumption and ENEL plants (I am referring to the Bastida da Pancarana zone, Chiasso and, especially, the whole Savona area) do not develop shipping, unloading and road bottlenecks.

IL SOLE-24 ORE: Thus Italian industry will ask ENEL to avoid bottlenecks by planning terminals for unloading, stockpiling and distribution by taking into consideration their possible use by industry. But ENEL does not seem to be considering the problem of equipping terminals because it won't talk about who might have to build them.

Gatti: Our receiving point is not a terminal. We like to call it that because it is a fashionable word, but if we do, then we have 7 terminals, as many as there are coal plants.

And you have to keep in mind that the receiving points of our future coal plants on the coast will have to be able to unload 30,000 metric tons a day and have infrastructural dimensions capable of taking 150,000-ton ships.

Ammassari: This corporate view in depth should be taken in light of the possible needs of both other Italian coal consumers and those relatively in the hinterlands. When you think of a large terminal in Trieste, for example, which the region, commune and, probably, the operators will agree to, there is no doubt that at least 3 or 4 needs will have to be met. The first is an ENEL plant capable of taking in up to 5 million metric tons. The second is the need in the hinterland.

The third point concerns the Padana valley. Sooner or later, some of the ENEL plants now operating entirely on fuel oil will go over to coal, which means there will have to be a supply line up the Po valley to these coal plants. In that case, Trieste will need infrastructures for ships or barges to sail up the Po river.

Nor should industry's needs be forgotten: cement and brick factories and other industrial consumers in the Padana valley can be supplied from an axis along the Po.

I may be mistaken, but I think the infrastructure serving ENEL should also allow for these other uses.

Compagna: I am thinking of very small terminals from which coal would be shipped coastwise to smaller terminals according to national use, along the peninsula and in the interior.

Cuturi: Industry does have a high general consumption figure (9 million metric tons), but it does not justify in itself the construction of a terminal and a coal center.

On the other hand, since our use is spread pretty well throughout the country, what Dr Ammassari foresees for the Po river can be extended to the surrounding seas: the Mediterranean is a river running around the country.

Industry need not necessarily benefit from a national terminal, because there could conceivably be something else some day, a terminal located abroad, where industry could supply itself, at least in part.

Gatti: We have a problem locating terminals. When we build a power plant along the coast, we have to support it with an infrastructure that will supply the necessary amount of coal, i.e. infrastructures on the order of what we now call terminals. And these infrastructures could then be used by other operators.

Compagna: One thing should be made clear at this point: you had better decide first where you are going to put the coal plants and then let us decide where to build the terminals or else let us decide first where to put the terminals and then you decide where to build the plants. Which do you want? We have to find out first where plants are to be converted, where they are to be built and once we've done that then study the surrounding waterways.

Gatti: But it is not up to ENEL to say where the plants should be built; we build them where they have to be built. But I would like to undramatize this business of terminals; our experience is making more than satisfactory progress even without the biggest terminals.

Compagna: Do I have to wait for you or you for me? Who's on first? That's what I'm asking. I have been wondering about this because I am responsible for ports. I think you have to wait for me, even though you don't realize it. That's the way I've got it figured out.

Gatti: At all the plants along the coast where we are planning to use coal (Taranto, Gioia Tauro, Brindisi, etc.) we have also been studying the possibility of taking 150,000-ton ships.

Compagna: At this point we can take for granted the three big terminals that Ammassari indicated. There is still time to see if a fourth need be built. But let's say we'll build those three. Let's take a look at them. Immediately afterwards, we will have to consider the problem of the series B terminals. These are the ones (obviously not 17 meters deep) somehow affected by your choice of location to be built after the choice that Ammassari announced first and that I am repeating. Then I think we can begin to put the first pins in the coal map of Italy.

Ammassari: I agree completely with what Compagna has been saying. Supposing these are the three areas, some problems immediately arise. It is not enough to plan; we have to construct and manage a system that will make it possible to reconcile diverse interests. We have to consider how Austro-Hungarian interests might go together with CONFINDUSTRIA's, with ENEL's and with the use of the Po.

IL SOLE-24 ORE: One of the big problems with coal is finding it and getting it. The projected consumption for Italy in 1990 comes to about 20 percent of all the coal shipped by sea in the world. This is a very important percentage. Will we be able to get all that coal? Which is the most effective system: to buy mines or to make long-term contracts? Is it better to have a large national supplier, in this case ENI [National Hydrocarbons Agency] or a lot of operators? How does it fit in with security of supply and convenience of acquisition?

Coffrini: ENI is basically used for purposes assigned to it by the state, but it is also used commercially to meet economic needs.

I think we can guarantee a supply to this country, though we have come on the scene a little later than others, although a lot less late than with the oil problem.

The difficulties with logistics, infrastructures and transportation can all be overcome if all goes well.

IL SOLE-24 ORE: Isn't ENI active on the international market in buying and distributing coal? Is this something new?

Coffrini: No, it's not new; let's say the object is now to rationalize it and make it more incisive. ENI has already taken an interest in coal, but a bit sporadically. More than one company in the ENI group has been interested in coal; we now want to create a company to manage all aspects of coal.

Ammassari: All this can be done only by political consensus at the top and at decentralized levels of government (regions and communes). Thus, it is necessary to take a moment for political reflection.

The time is yet long, but a substantial domestic consensus is forming with the approval of ENEL's 10-year plan by the Interregional Commission and the CIPE [Interministerial Committee for Economic Planning].

All that has been done under the energy plan presently being put into effect, and it will certainly require a decision from the Council of Ministers or CIPE and a debate in parliament, but it won't prevent progress from being made on some fundamental points.

Compagna: Waiting for the energy program may create a state of inertia in public administration. But as concerns harbor infrastructures--in our case receiving ports--what worries me more is that, while Ammassari and I have already decided on the three ports and even if we easily convinced the entire parliament of the necessity of equipping these three ports as series A terminals for unloading coal, we still do not know when parliament will give us a law on procedures for maritime work or whether it will give us these procedures expeditiously, e.g. not only for Vado but also for Voltri.

The 3-year Stammati plan has proved very satisfactory for the Public Works ministers who have succeeded Stammati. But it has also caused some concern about maritime operations, which I think are due to their being more difficult than military ones. We have made much more rapid progress in organizing a defense program, albeit well-intentioned for civilian construction, than we have in maritime construction.

I was worried about this at one time. There was this committee of all the groups that were to plan the notorious freeway rerouting--there was a bus that made the trip in what was supposed to be satisfactory time--and I thought I would sneak one more passenger aboard the bus, a stowaway if you want to call it that, so as to get there first. The parliamentary commission agreed on rivers and harbors works. Anyhow, the bus broke down, obviously taking the side of the highway people. When I realized this and was no longer responsible for rivers and harbors works, I was still concerned about the time it took to complete rivers and harbors projects in my new job, so I proposed for short routes to make an exception and throw out the three articles on rivers and harbors procedures and have them taken care of independently of freeway arguments.

If we have to build coal ports under the procedures presently in force, which are dominated by the fear that somebody might steal something, they're going to steal anyway, and we won't have the ports. To get the ports, I'll run the risk that somebody might steal. But we can't live under the kind of obsession typified by that article in REPUBBLICA. It can't be done. That is worse than environmentalism.

Ammassari: Minister Compagna has gone too far in his provocative remarks; he's going to get himself beaten up saying that kind of thing. Even the energy plan, once it has been approved, may need some guidelines. Let's consider just the institutional aspects, the choice of sites. The choice of sites, for example, is one of the things for which legal approval is not enough. The 1977 plan had a consensus of all the central constitutional political groups but was stopped when it went from the regional to the communal government.

Then things went differently. It does no good to come up with a different, prettier, more perfect plan; some of the problems have to be solved that halt the country's decision-making process.

IL SOLE-24 ORE: We have come to a crucial point, i.e. the transportation of coal, which has to be done mainly on high-tonnage ships. Taking part in this roundtable discussion are representatives of CONFITARMA and FINMARE, who can tell us something about this.

Valle: Coal transportation has a bleak side that has not been noted for all the other problems, from supply to infrastructure construction.

Dry cargo transportation involves the whole fleet: 70 percent private and 30 percent public. Shipbuilders have improvement capability much more rapid than what the market demands relative to infrastructure construction or supply.

To give some figures, the private fleet has available now 3.8 million metric tons of combined shipping, i.e. ships that now carry oil but could be partly converted to carry coal if need be.

I can say that there could now be available in an emergency 6 million metric tons capacity of coal. But it is clear that the availability of ships, i.e. the availability of holds, depends on where they will be going to fetch the cargo and on the time it will take to load and unload their cargoes.

Both ENEL and ENI have talked about long-term supply contracts, i.e. they have emphasized the necessity either to acquire mines or to assure long-term supplies. To get a positive solution to a transport problem with Italian shipping, it would be necessary to reserve some shipping to the flag of the nation selling us the coal, probably, and to put an FOB [free on board] clause in the contracts so it could specify the carriers and ships to be used.

Market conditions permitting, Italian transport can assure supply.

Ammassari: I want to verify what is written on page 102 of the plan draft. When we were referring to the quantity to be shipped in 1990, we were supposing ships of about 120,000 metric tons capacity coming from South Africa, Australia and the United States. We also supposed an average round trip of about 60 days, or a cargo of about 750,000 metric tons a ship a year.

Considering a coal shipment increase of about 25-30 million metric tons, about 40 ships were supposed to be needed for ocean transportation, plus smaller ships.

Valle: When I spoke of 6 million holds available, I was talking about holds that are now being used abroad because we do not need them in Italy, obviously. Putting this fleet to work on the Italian coal traffic, including 2 months at sea, which I think is the maximum, means 6 trips a year. Six trips a year means multiplying the 6 million by 6, or 36 million metric tons shipped. Thus we now have 36 million metric tons of shipping ready.

Compagna: The coal question fed the illusion of shipbuilding activity. I think it rather obvious that we should not have too many illusions about that, because hold capacity is amply available, and there won't be a bonanza for the shipyards.

For short hauls, shipyards might be asked to build barges to carry coal from series A to series B terminals.

Paolicchi: For steam coal consumption in 1980, it is clear to everybody that we did it with the present fleet under national management. However, the present fleet probably will not be sufficient any more for the consumption forecast for 1985. Some more ships will have to be planned. It remains to be seen whether they should be leased or bought and, if bought, whether new or used.

As for consumption after 1990, we will need more ships. Not, of course, those in the national energy plan, which have generated expectations at the shipyards that it would be wise to cool off.

Besides the already existing dry-cargo ships, we have to consider the possibility of converting oil tankers into bulk carriers.

Bobbio: Particular attention will have to be paid to "shipping contracts," which will have to be readied with the understanding that they will be continually brought up to date, especially in light of port conditions, the contract market, the availability and cost of bunker fuel, etc.

Shipping will have to be planned for maximum economy (appropriate ships will have to be found and positioned for loading and unloading according to the needs of ENEL plants, coke mills and industry; other cargoes will have to be found to avoid deadheading and thus keep down the cost of the ship rental, etc.).

It is of capital importance to verify and evaluate constantly the cost of shipping, which cannot be limited to the numbers in the contracts but must also include port costs, congestion and, therefore, idle time; financial exposure, money problems (exchange risks, etc.) and other attendant costs (e.g. unloading costs, rising costs for the crew and bunker fuel, etc.).

The cost of shipping will have to be reduced by using bigger ships or ships adapted to a specific use, by reducing waiting time with suitable loading-unloading structures and equipment in port, and, finally, by assuring the coordinate, safe and punctual movement of coal in the ports of embarkation.

These objectives require substantial changes in port structure and organization. I can think of three, at least:

[1] Modifying the traditional multipurpose port and converting one large Italian port to coal traffic.

[2] The ports intended for unloading coal should be treated as mixed public-private companies to increase production and get positive management results.

[3] Conflicts should be reduced among the elements working in ports chosen for coal traffic (businesses, shipfitters, shippers, agents, users, port companies, etc.).

Perasso: A large part of the Italian bulk fleet is used in cross-trade traffic. Now, foreign transport traffic is more burdensome for the Italian shipper, for obvious reasons (personnel turnover, repairs, natural and physcial reasons, etc.).

Thus, traffic to and from Italy would undoubtedly get priority from the Italian shipper, who would naturally and easily turn to meet domestic needs, with more satisfaction, once his generally short-term foreign contracts are up. It is a pity that this does not always happen. The lament is frequent that foreign flags are given precedence.

It is interesting to note that the Italian shipper does tend to give precedence in his contracts to supplying Italy with raw materials.

The Italian bulk fleet is especially well-developed compared to those of other EEC countries. It is equal to France's and West Germany's put together. The trend to bigger tankers in the years preceding the 1973 oil crisis left much bigger ships.

It takes 4 months to build a ship in a shipyard and one day to sell it on the international market. The shippers can do their job when the time comes, but it is important to face the problem of infrastructures.

The solution outlined by Minister Compagna is agreeable, I think, to almost all the major concerns affected: make three big terminals and then pose the problem of choosing the type of ships.

Obviously, if there are 3 big terminals, the ships will be of more than 150,000 metric tons, and there will be all the time in the world to consider this option. On the other hand, if the choice of terminals is different, then the kinds of ships will be different, too.

Compagna: The return to coal is not compressible relative to the measures outlined in the various editions of the energy plan that we have seen. However the energy plan is modified, the nation's need for coal will be much higher than the need for oil was in the preceding age.

Today, coal lies over the ocean, not over the Alps. This might give us to think that the cost of returning to coal will not be such as to unite us, especially in the South, which suffers from conditions of geographical as well as energy inferiority. The discussion has brought out two points: there is a general consensus on the need to limit shipping of coal by land and to push the virtues of shipping coal by sea and river.

The second point concerns the three ports of debarkation. On the basis of a series of criteria checked by ASSOPORTI [expansion unknown] and Ammassari, we have identified these three ports.

But we are wondering whether they can all handle 150,000-ton gross tonnage. We will have to watch carefully a gigantism regresses, and it is well that it is regressing, because the Mediterranean is not well-adapted to gigantism. The Mediterranean can be more traveled in the next decade if gigantism is contained.

I feel that at present the ports are not vainly contending for the coal trade. Every port transports different goods, and some are more interesting than others. The model of Leghorn is most interesting: Genoa is more jealous of Leghorn, which is equipped for containerization, than it is of Savona, which is equipped for coal.

If we can take these two points for granted, the other problems we have to work on relate to rivers and harbors procedures and the need for greater coordination with the ministry of Public Works, because construction projects have to go through that ministry.

We will meet again at the Sea Conference in Naples in October, where Vallega and I will give you more precise information than we can today on the issue of the terminals. We will seek to be more precise than we now can on the series B terminals. At the moment, we are generally agreed on the series A terminals.

8782
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ECONOMIC ITALY

NEGOTIATIONS FOR LABOR CONTRACTS GET UNDERWAY

Milan IL MONDO in Italian 31 Jul 81 pp 18-19

[Article by Lorenzo Scheggi]

[Text] Ottaviano Del Turco, secretary general adjunct of FIOM, has no doubts: "Perhaps not everybody is aware of it, but we are at the eve of the most important negotiations in the history of Italy's industrial relations, and perhaps not only Italy's." As a matter of fact, when the government and the unions, having completed the preliminary phases, will meet Monday, 27 July at palazzo Chigi to tackle the core of the negotiations for defining the contents of the measures against inflation, this will signal the beginning of long and complex labor negotiations that will be developing in three successive stages. The first stage, as said, will be the meetings between the government and the unions, then those between the confederations and business representatives, and last the renewal of labor contracts for the major categories of industry. Maxi-negotiations, therefore, are characterized by the interdependence of the three stages on which Giovanni Spadolini's government gambles for its survival, but on which a good deal of Italy's economic future also depends.

But which are the major issues of these negotiations? And how, above all, are they connected with each other? How will the outcome of each stage influence the solution of the others?

Government-Unions. It is the first and most delicate issue, because failure on this front will most unavoidably block the successive negotiations between unions and Confindustria [the body of industry representatives] and would prematurely poison the renewal climate of the contracts. The chapters of this confrontation are essentially five. The first is the nine-point package submitted by the union (from the reconstruction of earthquake-damaged areas, to the employment plan, to reform public administration reform, to the use of Algerian methane) which Spadolini seems to be inclined to consider most favorably. The second and third concern controlled prices, tariffs and some indexations such as rent control and industrial prices. The unions are making two demands of the government: A commitment to block prices and tariffs under its control on the one hand (here, too, Spadolini met the union's requests on sugar and medicines) and, on the other hand, the commitment to exercise pressure on business operators to make them agree to contain industrial price increases. Only if they obtain guarantees on these points will the unions take under consideration the indexation of the cost of labor, including automative wage indexation.

SALARY INCREASES UNTIL 1984

(Necessary Increases in Salary for the Period 1982-84 to Maintain Current Purchasing Power)

The table shows data pertinent to the projections made for the period 1982-1984. Salaries of three categories of the manufacturing industry have been examined, starting from an estimate made for 1981 (by CREL with data from Assolombarda).

Starting with the 1981 net salary, gross contractual increases necessary to reintegrate the purchasing power of the salaries have been calculated, after having accounted for the increases due to the cost-of-living adjustments. Two hypotheses of inflation have been made: The first, decreasing (+ 18.5 in 1981, + 15 in 1982, + 13 in 1983, + 12 in 1984), the second, constant (+ 20 each year). Also two hypotheses of taxation have been made: One according to the percentage system established by the bill under approval which should, already in 1981, offset fiscal pressures; the second joining this last provision to the separate taxation (a fixed 15 percent on all levels of income) of the cost-of-living adjustment matured as of January 1982. The amounts thus obtained represent the average figure each year (referred to 1981) which should be necessary in order to maintain the real value of net salaries unaltered (these amounts, therefore, include also the increases due to seniority, industry negotiations, etc.). If inflation decreases and no fiscal remedies are found, gross salaries would have to be increased by 54 percent in order to protect the purchasing power of salaries between 1982 and 1984, in the event of a 45.4 percent price increase.

1) Hypothesis of Decreasing Inflation
(1981 = +18.5; 1982 = +15; 1983 = +13; 1984 = +12)

Taxation according to bill under approval

	Mechanics	Chemists	Textile Workers
1982	58.184	73.580	49.088
1983	111.854	145.341	93.868
1984	181.735	233.291	153.277
Average	117.254	150.737	98.744
Taxation according to bill under approval			
1982	41.469	56.013	33.121
1983	76.659	106.519	60.245
1984	124.693	170.471	99.423
Average	80.940	111.001	64.263

2) Hypothesis of Constant Inflation
(+ 20% a year)

Taxation according to bill under approval

	Mechanics	Chemists	Textile Workers
1982	76.457	97.849	64.354
1983	182.612	232.621	155.178
1984	308.580	394.077	262.365
Average	189.216	241.516	160.632
Taxation in the amount of 15% on the cost-of-living increases matured as of 1/1/1982			
1982	53.721	73.543	42.723
1983	128.639	173.072	104.214
1984	206.500	280.994	165.853
Average	129.620	175.870	104.263

(Source UIL)

The fourth point concerns taxation. The union's demands on this point are also twofold: The implementation in 1981 of what was already established by the bill under parliament's examination, namely deductions for spouses and the increase in the exemptions from taxable income, with a year-end allowance in the adjusted balance between 80,000 and 110,000 lire. And for 1982 the union is, in fact, requesting a drastic reduction of the fiscal drag. If they obtain positive results on these points, salary demands in new contracts will be contained. Otherwise, as the calculations made by UIL show (see box), they will be decisively higher. The last point concerns taxation of the amounts covering social benefits. In negotiating with the government the unions will push in favor of such taxation. In effect, industry will benefit from it, as will also the unions indirectly, since it will create a more favorable climate for the direct negotiations scheduled for September.

Unions--Business Operators. Undoubtedly, the subjects to be discussed will be two: The controversy concerning severance pay and general aspects of productivity that will not be examined later in the renewal of the contracts. The unions want to tie in severance pay somehow with automatic tax indexation, as decided at the Montecatini meeting. They are, however, divided on a fundamental choice which is entwined with the strategy of contract renewal. CISL, in fact, declares itself available to a slow down of the automatic wage indexation, but it expects immediate action as far as severance pay is concerned (estimated increase in the cost of labor approximately 5 percent); CGIL and UIL, on the other hand, are prepared to make some concessions on severance pay in exchange for other things. Then there is productivity which depends on three factors. Relocation: An agreement should be reached on the basis of the previous contracts for steel-mechanic workers without waiting for the bill on relocation.

The staggering of vacations: The unions are prepared to accept a greater utilization of facilities by staggering vacations through July and August and do not exclude the possibility of further lengthening the vacation period by extending it to June and September, provided that the government modifies the school year accordingly. Absenteeism: The unions seem prepared to make some concession with regard to public controls in the case of absences due to illness.

The stumbling block remains automatic wage indexation. Business operators want to discuss it at any cost. But the union wants to see first what they can obtain from the government on prices and tariffs, and must still, above all, find internal accord.

Renewal of Contracts. In relation to the past, the delay in the elaboration of the platform is considerable. The platform's contents began to be outlined only a few weeks ago for the major categories whose contracts will be renegotiated within the next few months (first the steel workers, and then the chemists, construction workers, textile, graphic arts, food industries). The confederations began looking into it only a few weeks ago (under the leadership of Enzo Ceremigna and Sergio Garavini for CGIL, Cesare Del Piano for CISL and Enzo Mattina for UIL), studying the possible salary demands. The main points of the contracts will be five.

1. The so-called first part of the contracts concerning the right of information (however, further requests to widen the contents and the topics of information are not foreseen).

2. Organization of labor. The main request will be the extension of the Alfa Romeo experience, namely the formation of study groups, and the restructuring of job descriptions, easing compulsory work.

3. Work schedule and Part or Full-Time Work. CISL will push for an almost general reduction in the work schedule. Del Piano projects the following: Two hours less work immediately for everybody, 35 hours a week as a long-range objective. CGIL and UIL are backing different solutions according to sectors, type of work etc., yet are in agreement on the introduction of part-time work, which should also allow a greater flexibility in the utilization of plants. All agree about trying to ease unemployment compensation through a reduction in the work schedule. The results relating to the work schedule will influence salary demands.

4. Contractual Structure. UIL and CGIL are prepared this time to introduce a new concept: To separate the part of the contract concerning rules that are likely to remain valid for three of four years from the part concerning salary which, according to Enzo Ceremigna could, for instance, be taken up in alternate years. Namely, one year salary is negotiated at a national level by category and the other year at the industry level. CISL, as well as some representatives of FLM such as Tonino Lettieri, are opposed to this solution: "It's the end of articulated negotiations," they sustain.

5. The Salary. The total amount of the requests will be determined only after the conclusion of the negotiations with the government and business operators. The requests, in fact, will be in conjunction with the results obtained in the areas of taxation and tariffs, but also with the concessions made in the area of productivity: "Part of productivity," say the unions, "must be translated into additional salary." On salary, the salient problems, besides that concerning the total amount, are two. The first involves apportionment among the various items: Namely, how much must go for the recovery of severance pay, how much for the reduction in the work schedule, how much, ultimately, in the payroll. The unions' divergent positions are evident in what has been said so far. The second problem, instead, concerns professionalism. All agree that looking for equal increases for everybody is no longer valid, and that higher standards of performance will have to draw more money than lower standards. But how? Two are the ways. Either through a new salary scale (but after the agreement has been reached, contract by contract, on the new organization of labor), or through a differentiation in the value assigned to each cost-of-living increase point. Even CGIL, who was opposed to such a model, is beginning to work in this direction.

9758
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ECONOMIC ITALY

FERALPI STEEL 1980 BALANCE SHEET; LIBYAN PURCHASE

Milan IL MONDO in Italian 31 Jul 81 p 107

[Text] They certainly won a record in 1980; that of the clearest budget in Italy. The unusual merit goes to a medium-sized steel company from Brescia, Feralpi from Lonato, with a capital of 5 billion lire, 73 percent of which is controlled by Nicola Carlino Pasini, who is its president and chairman. Feralpi's almost entire balance sheets for 1980 are published in 142 pages of tables, statements and tabulation sheets. One can check, for example, in detail the amount of credits for loans to employees, equal to 113 million lire, or the accounts receivable from each client up to 31 December of last year, or the financial transactions with each bank and also the list of goods stocked in warehouses at year end with the pertinent assessed value. To satisfy further curiosity, there is even the book listing the stockholders, which names five people besides Pasini.

Feralpi is perhaps alone among the large industries of the area, doing better than Luigi Lucchini himself, in that it has felt almost none of the 1980 economic squeeze. Its steel production increased 4.7 percent (280,000 tons) and that of laminated material 12 percent, with sales totaling 126 billion lire, up 7.4 percent. In spite of greater financial pressure, measured by an increase in taxes and other federal payments (6.9 billion lire) from 4 percent to 5.4 percent of gross sales in 1980, the net profit was 1.1 billion lire, only 112 million lire lower than that of the previous year. And, moreover, the prospects are bright. On the horizon there is the rise of the dollar which, according to the financial statement, has made interesting some contracts entered during the first few months of 1981 at essentially low prices expressed in dollars. And above all there is the Libyan leader Qadhdhafi, whose representatives signed with Feralpi at the end of June a very advantageous purchasing contract. The order, which will be paid for in dollars, is for approximately 250,000 tons, almost the firm's entire yearly production.

9758
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POLITICAL | FEDERAL REPUBLIC OF GERMANY

POLLS INDICATE BELIEF COALITION CANNOT PREVAIL

Hamburg CAPITAL in German Sep 81 pp 139-148

/Text/ Is the coalition crumbling? Seventy percent of the public do not believe that the SPD and FDP are still firmly united. The hopes of federal citizens are shifting to the Union.

Emphasis

At a press conference held on 30 July in Bonn, Elisabeth Noelle-Neumann, head of the Allensbach Institute for Opinion Polls and professor of journalism at Mainz University, explained the results of the first part of this year's CAPITAL poll. The effect on the media was resounding, that on politicians split. SPD federal executive secretary Peter Glotz disputed the most outstanding result--that the SPD would obtain only 34 percent of the vote if an election for the Bundestag were to be held next Sunday. No discordant echo this time from the CDU, though. Nor is that surprising: The poll had given the CDU/CSU an overwhelming lead: 50.7 percent.

From 9 May through 1 June 1981 the Allensbach Institute for Opinion Polls, on behalf of CAPITAL, polled a representative sample of the public (16 years and older), a total of 1,281 persons in the federal territory and West Berlin.

It is significant for this poll that those questioned were members of a so-called panel, in other words exactly the same people who are regularly asked for responses to the same issues.

In the following report Elisabeth Noelle-Neumann analyzes the present dwindling of SPD support--25 percent of the party's voters have changed their minds since the Bundestag elections--and the shifts of voters among the parties. Evidently more has changed in the consciousness of federal citizens than predilection for one party. Political tasks considered urgent last fall are now felt to be even more pressing; the ordinary citizen obviously does not think that any of these problems have been brought closer to resolution by the election results of 5 October last. The CAPITAL poll ascertained which party the citizens consider competent to deal with which issue. Here also the opposition enjoyed a considerable advance in confidence.-- The table on this page confirms that claim: Regardless of which party they themselves would vote for, 54 percent of those polled now believe that the Union parties would do better than the coalition if elections were held now.

Changing Trend

In September 1980, shortly before the last Bundestag election, Allensbach asked:

"Of course nobody really knows, but who do you believe will win the forthcoming Bundestag election, who will get most votes--the CDU/CSU or the SPD and FDP jointly? At that time the response was as follows:

	Union	Coalition
Most votes would go to	13	62

The figures represent percentages

In May 1981, half a year after the last Bundestag election, the same people were asked on behalf of CAPITAL:

"Of course nobody really knows, but what do you believe would happen if the Bundestag election were to take place now: Who would get most votes, the CDU/CSU or the SPD and FDP jointly?"

The response this time was as follows:

	Union	Coalition
Most votes would go to	54	20

The figures represent percentages

Chancellor's Party

Loss of Voters

> More than 25 percent of voters who had chosen the SPD in October 1980 changed their allegiance by early summer 1981. Elisabeth Noelle-Neumann investigates the voter turnover which took place not least between SPD, FDP and the Greens.

Less than a year after the Bundestag election the CDU/CSU is able once again to count on half the electorate, roughtly those 50 percent who gave a definite response to the opinion poll question: "If Bundestag elections were to be held next Sunday..." At the last Bundestag election in October 1980 the CDU/CSU obtained 44.5 percent of second preferences. By contrast the SPD returned to the long abandoned prison of 33 percent of the electorate; only 34 percent professed themselves SPD followers in the early summer of 1981. At the Bundestag election the SPD had gotten 42.9 percent of second preferences. Where have last fall's SPD voters gone, and what are the groups from which the CDU/CSU reclaimed voters?

The CAPITAL poll of May 1981 asked a representative sample--the same people who were polled immediately after the Bundestag election how they had distributed their first and second preferences--how they would vote now. The aim was to track the migration of voters, Last fall's CDU/CSU voters represented something like the solid core. Almost all of them, 96.8 percent to be exact, had retained their allegiance to the CDU/CSU in mid-1981. Only a few isolated CDU/CSU voters changed their party allegiance since last fall--2 percent went to the SPD, 0.4 percent to the FDP, 0.8 percent to the Greens.

Most of the followers of the Social Democratic Party lost by early summer--more than every fourth SPD voter at the Bundestag election (about 27 percent)--had changed their mind in the meantime and migrated to the CDU/CSU. In early summer 1981 11.7 percent of SPD Bundestag voters intended to vote for the CDU/CSU, 7.8 percent for the FDP, 6.7 percent for the Greens, and 0.9 percent for other parties.

As far as numbers are concerned the FDP preserved its record following at the time of the Bundestag election. In May 1981 about 10 percent intended to vote for the FDP. But, as usual in the case of the FDP, its electorate had turned over by almost 50 percent: Rougly 54 percent of 1980 FDP voters only still proclaimed themselves ready to vote for the FDP in the early summer of 1981.

Twenty-two percent had turned to the CDU/CSU, 15 percent to the SPD, 9 percent to the Greens. These losses were made good mainly by voters who had chosen the SPD in the Bundestag election. It is fairly obvious that opponents of Strauss among former CDU/CSU followers, who had shifted to the FDP in the fall of 1980, have now returned to the CDU/CSU, while on the other hand SPD followers who dislike the left wing, now feel more at home with the FDP.

The return migration of CDU/CSU followers is almost equally distributed among men and women. If we equate the fall of 1980 to 100, the CDU/CSU following among men has grown to 113, that of women to 111; young voters too have returned in about the same general proportions (index value 113). The really significant feature is the return of Protestants (index value: Protestants 123, Catholics 103) and, coupled with this factor, the strongest gain for the CDU in northern Germany.

Though the young generation, as reported earlier, has returned to the CDU/CSU after the Bundestag election in about the same average proportions, the percentage of young CDU/CSU voters remains remarkably low. By comparison with about 50 percent of the general electorate who say they will vote for the CDU/CSU, the percentage of young voters was only 35 in the early summer of 1981. However, the SPD also has ceased to be preferred by the young, or at least that preference is no longer so pronounced as in former years. Currently the under-30's tend to gather in above average dimensions around the FDP and, most of all, the Greens.

Farmers Vote CDU/CSU

Voters intentions in the Federal Republic, explored in May/June 1981, yield the following image of the current strength of the parties in the various population groups:

Population Group	Stated Voter Intention in Favor of the Union	SPD	FDP	Greens
Semiskilled workers	46.9	40.8	6.7	5.0
Skilled workers	38.8	44.7	9.7	6.3
Lower echelon white collar workers	46.4	32.6	12.7	7.2
Higher echelon white collar workers	54.5	26.8	10.7	7.3
Junior civil servants	56.9	29.9	10.0	2.1
Senior civil servants	58.9	29.7	2.3	7.9
Self-employed	65.7	17.6	13.3	2.8
Farmers	80.6	14.6	3.3	1.5
Total	49.8	33.6	10.1	5.8

The figures represent percentages

Party Competence

Question of Confidence

The citizen knows that not all major political demands can actually be realized. Elisabeth Noelle-Neumann pursues the question of what --in the opinion of the citizens--a good politician can or cannot accomplish.

The public do not think that it is possible to do everything. In fact the catalog of urgent problems always presented by public opinion polls is quite misleading if used to determine the political topics of the greatest interest to the public. The ranking is totally different when we do not restrict ourselves to asking only which political problems are currently deemed particularly important but go on to another question: "After all, in politics also some things can be accomplished more easily than others. What are the issues with regard to which, in your opinion, good politicians may accomplish something, and what are those which seem intractable in the near future?" Whenever one issue is described as important but, at the same time, as intractable, the topic is of little interest; the proposals and promises of politicians with respect to their resolution lack credibility.

For years every list of public anxieties has been headed by fear of unemployment, rising prices and the devaluation of the currency. Exactly the same held true for the CAPITAL poll of May 1981. Eighty-six percent considered it most urgent for prices to rise less, 84 percent for unemployment to be halted. However, in precisely these two evils resignation has gained most ground among the public, slightly more so in the matter of unemployment than inflation. Forty-nine percent who believe that something could be done to obviate unemployment are confronted by 35 percent who say "nobody can do anything."

The public tend to resignation most in matters of money; that includes the topic "reducing the national debt" or "get the economy to move forward again," and "reduce taxes." Large sections of the public meet such propositions with incredulity.

As regards the accomplishment of other major tasks--environmental control, unpolluted air, unpolluted water and, at the same time, the assurance that sufficient energy will be available a few decades from now--the public is not unduly concerned. The percentages with regard to energy supplies are interesting: 55 percent emphasize the importance of assuring energy supplies and believe that it can be done; 22 percent expect serious difficulties, but they represent a relatively small anxious minority. In the general sector of public order the public tend mainly to doubt the good will of politicians. If the politicians so wished, they could cope quite well with crime, disruptions of public order, the violence of demonstrations --that is the predominant attitude.

All the more odd, therefore, is public resignation concerning narcotics and drug addiction. Seventy-five percent of the public believe it important to fight this, but almost every third person concerned about the danger adds that nothing can be done about it. The ratio of optimists to fatalists is most unfavorable among young people.

It is likely that this reflects their own experiences and observations. Otherwise young people certainly do not tend to be more resigned. Though often described as apathetic,--"no future, no chance"--here, where they would have an opportunity of voicing such feelings of "nothintg can be done," here in the public opinion polls, nothing of the kind turns up.

Evidently the public do not consider the lack of consensus in society an obstacle to resolution. If it were otherwise, resignation ought to predominate in the discussion of the topic "education." However, all age groups are as optimistic here as if there had not been a long-standing tug-of-war about the educational system.

Climate of Opinion

Landslide

> The opinion is widely held that the political climate is favorable to the Union only between elections, not on election day. Elisabeth Noelle-Neumann assigns this belief to the realm of legend.

Stock exchange climate --that is a serious matter, and a great deal of effort has been expended on analyzing this phenomenon. It is quite otherwise with the climate of opinion. Nobody goes so far as to dispute that such a thing exists, but nobody is inclined, either, to waste much time on it--deemed sufficient is that which may be observed by the attentive contemporary. Opinion polls are not really necessary. Many people think they should confine themselves to ascertaining how many votes the various parties would get if a Bundestag election were to be held next Sunday.

In fact, though, the stock exchange climate and the opinion climate have a great deal in common. Both emerge from the assumptions of observations of individuals concerning trends in their surroundings: What an increasing number of people will think or do, or what more and more people will turn away from--in other words an almost statistical calculation. That explains the special nature of the questions used as criteria for the climate of opinion: We do not ask whether the person polled is for or against something, we ask for his personal observation whether most people known to him are for or against it. The person polled provides a statistical estimate. When the same questions are repeated at intervals and the statistical estimates of the 1,000 or more people polled combined, we do see how the climate of opinion is moving.

The CAPITAL opinion poll questions read as follows: "Are most people pleased with the CDU/CSU, or do you not think so?"--"Are most people pleased with the SPD, or do you not think so?"--"Are most people pleased with the FDP..."

Even the famous question: "Of course nobody really knows, but who do you believe would get most votes if the Bundestag elections were to take place now, the CDU/CSU or the SPD and FDP jointly?" is a question concerning the climate of opinion. It calls for a statistical calculation by the person asked: Who is currently stronger?

In September 1980 13 percent expected a majority of votes for the CDU/CSU. Fifty-four percent of the same persons, asked again in May 1981, thought that the CDU/CSU would emerge victorious were Bundestag elections to be held now.

In autumn 1980 62 percent considered the SPD/FDP stronger than the CDU/CSU; in May 1981 only 20 percent maintained the same opinion. In the 1950's and 1960's the assumption emerged that the SPD tended to enjoy popularity between elections, but that this popularity evaporated as soon as elections came close; now the same is being said with regard to the CDU/CSU. Upon closer scrutiny this assumption turns out to be a myth, both as regards the past and the present. In the Bundestag election year 1976 the climate of opinion was by no means unfavorable to the CDU/CSU, and we should remember that the election (Helmut Kohl was the chancellor candidate) was lost by a hair's breadth.

No election can possibly be won without a favorable climate of opinion. Insofar the climate of opinion, exactly like the stock exchange climate, represents the prerequisite for the creation of hard facts--provided a correct attitude is maintained.

Another question of the 1981 CAPITAL poll went like this: "What is your present view of the situation in the federal territory: Do you believe that the SPD and FDP continue to be firmly united in the federal territory, or that unity is no longer quite so firm? That is not a question involving the climate of opinion nor a question requiring statistical calculation. It does not ask for the opinion of other people, it asks for the opinion of the person polled only. Seventy percent indicate doubts. The public seem to be prepared for surprises.

Upbeat Mood for the Union

Question: "What do you think--are most people here in the Federal Republic pleased with the CDU/CSU, or do you not think so?

The following response was elicited in	June 1980	May 1981
Most people are pleased with the CDU/CSU	21	49
I do not think so	44	20
Don't know	35	31

The figures represent percentages

Downbeat Mood for the SPD

Question: "What do you think--are most people here in the Federal Republic pleased with the SPD now, or do you not think so?"

The following response was elicited in	June 1980	May 1981
Most people are pleased with the SPD	51	14
I do not think so	17	58
Don't know	32	28

The figures represent percentages

Will the Coalition Hold?

Question: "What is your view of the situation in the federal territory: Do you believe that the SPD and FDP continue to be firmly united in the federal territory, or that unity is no longer quite so firm?"

The following response was elicited in	June 1980	May 1981
Firmly united	42	16
Not so firm	39	70
Undecided	19	14

The figures represent percentages

Voters Desires

Changing Image

> Looking at voter expectations, we quickly find the issues with regard to which one party may cause voters to desert the other. Elisabeth Noelle-Neumann notes: Our parties remain quite distinctive.

It seemed only natural that in spring 1977, half a year after the Bundestag election, all--and I mean all--political topics had lost their urgency as far as the public was concerned. Quite obviously the Bundestag election campaign had provided a surfeit of politics. We in Allensbach were just about to turn this observation into a dictum. But then, after the 1980 Bundestag election, the exact opposite happened. This time political topics, including those on which the election campaign had focused, became even more urgent in the period from autumn 1980 to May 1981.

Before the Bundestag election 77 percent of those polled considered particularly urgent the two concerns heading the list of anxieties "that prices should rise less steeply" and "that unemployment should be overcome." In May 1981 the same people were polled, and 86 percent and 84 percent respectively had the same priorities. More people than before worry in May 1981 about such issues as environmental control, education, aid for families with children, stopping socialism. Particularly pronounced was the increase in anxiety about the national debt. The result of the poll indicated a public already geared to appreciate the summertime coalition negotiations about the budget.

Presumably two circumstances combined to ensure that political anxieties did not fade in autumn 1980 but actually increased through the spring following. In fact the situation did worsen drastically, in complete contrast to the situation after the 1976 Bundestag election. Moreover, the 1980 Bundestag election was personalized to such an extent that interest in issues slackened visibly in the months before the election. It would be quite feasible to interpret the increase in the interest in political issues after the Bundestag election as the reversal following the end of the Schmidt-Strauss confrontation.

The parties are often said to have become indistinguishable from one another. They are accused of having lost their sharp image and of opportunistically promising whatever the majority of the electorate want to hear. Accusations of this type are very current in the Federal Republic. Are they justified?

The CAPITAL poll selected several political tasks to find out how competent the voters feel the CDU/CSU, SPD and FDP to be in these fields.

Consulting the answers to the questions relating to 12 of the tasks discussed in the interviews--from the sectors economics, finances, energy and social policy--and comparing the competence of CDU/CSU on the one hand and SPD on the other, we get a result very advantageous for the CDU/CSU. Everywhere and in every respect it is expected to do better.

Of course such a comparison is not altogether fair. The SPD has been governing for 12 years with its coalition partner FDP. The votes assigning special competence for a specific task to the government coalition are distributed over the two parties, and anybody who considers the FDP rather than the SPD particularly competent to carry out a specific task, still remains faithful to the coalition. When comparing the strong points of the government with those of the opposition we must therefore combine the votes favorable to the SPD and the FDP.

Considered from that aspect we find a lack of definition in many sectors. Fighting unemployment, stabilizing prices, lowering taxes, taking care that there will be sufficient energy available in future years, aiding families with children, even "eliminating housing needs"--just about as many people expect the CDU/CSU to handle these problems competently as the SPD/FDP. There are differences, though, in the level at which the parties are considered generally capable or incapable of action: There is a good deal of optimism about the parties ability to ensure sufficient energy supplies in the future (CDU/CSU: 33 percent, SPD/FDP 30 percent). On the other hand the public have little real hope of any lowering of taxation (CDU/CSU: 17 percent; SPD/FDP: 14 percent).

It is also somewhat disappointing that the CDU/CSU enjoys very little advance over the SPD/FDP with regard to its ability to get going an upswing in business (CDU/CSU: 29 percent, SPD/FDP: 23 percent). On the other hand there is one spectacular advance for the CDU/CSU and its 1980 election campaign topic--the national debt.

Twenty-nine percent of the electorate emphasize their belief in the CDU/CSU's ability to do something about the national debt, only 12 percent expect the SPD and FDP to be able or willing to act in this matter.

A prize example of how a party may gain recognition is offered by the chief concern of the electorate: "Pensions must be guaranteed." Eighty-five percent said last May that this was an urgent matter. Actually it should fall within the specific competence of the SPD: From its earliest days on the SPD has been the champion of the weak. All political tasks involving the word "social" tend to be classified with its sphere of competence, and not only because the word "social" is part of the party's name.

In the election campaign and after the 1976 Bundestag election the CDU/CSU gained the advance as to its competence for guaranteeing pensions, as a result of the so-called "pension fraud." (In may 1981 38 percent said that the guarantee of pensions is the CDU/CSU's strong point, compared to 33 percent for the SPD/FDP.)

The image of any party emerges from many impressions gained by the electorate in the course of many years, relative to political decisions, programs, campaign slogans. The example of the pension guarantee clearly shows why it is so rewarding to claim greater competence on the stamping ground of the opposing party.

Who Is Able To Do What?

The following emerged in answer to the question of what are the strong points of the various parties, and which party is better equipped to deal with what task:

Issue	That is a Strong Point of the	
	Union	Coalition
Coping with unemployment	25	22
Having prices rise less steeply	22	20
Ensuring an economic upswing	29	23
Reducing the national debt	29	12
Greater cuts in public administration	28	20
Reducing taxes	17	14
Ensuring sufficient energy fir the future	33	30
Expanding nuclear power plants	21	13
Ceasing the construction of nuclear power plants	3	7
Guaranteeing pensions	38	33
Aiding and protecting families with children	31	32
Eliminating housing needs	21	23

The figures represent percentages

Up to now we have spoken only of the electorate as such. The most important results of the poll are those involving party followers.

First of all a party must be successful in convincing a large percentage of its followers of its competence to deal with some important issues, and at the same time ensure that other parties are left well behind. In the matter pension insurance 53 percent of CDU/CSU followers think that they could rely on the CDU/CSU; only 17 percent expressed confidence in the competence of the SPD and another 17 percent in that of the FDP. That is a real link. It is at least as important to impress the followers of other parties also.

In May 1981 only 45 percent of SPD followers were convinced of the SPD's ability to do something about guaranteeing pensions. Twenty-six percent--and also 26 percent of FDP followers--praised the CDU/CSU in this same context.

These are the issues where party strategy may move to attract the floating voter.

The image presented here has so far lacked the most important trump cards of the CDU/CSU, such as its firmness on Eastern policy: "No further concessions to the East without some return" (strong point of the CDU/CSU: 31 percent; strong point of the SPD/FDP: 11 percent). Here even those SPD and FDP followers who desire firmness --just about 50 percent--consider the CDU/CSU more competent than their own preferred party.

The question of whether the parties really have any distinguishing features turns out to be most unrealistic in relation to the topic internal security. This is one of the top priorities for the public. Followers of all parties (excepting only the Greens) consider "effective anti-crime measures" particularly desirable (CDU/CSU: 85 percent, SPD: 75 percent, FDP: 75 percent, Greens: 38 percent). "Better laws against violent demonstrations" are considered to be urgently needed by 72 percent of CDU/CSU followers, 52 percent of SPD followers, 54 percent of FDP followers and 11 percent of Greens. In the abstract also, expressed as "for more law and order" --however formulated--majorities consider the matter urgent (CDU/CSU: 68 percent, SPD: 54 percent, FDP: 53 percent, Greens: 12 percent). For CDU/CSU followers this is an indisputable strong point of their preferred party, but SPD and FDP followers also cast a clear majority of their votes for the CDU/CSU as more competent in matters internal security.

Not every such advance is desirable. The CDU/CSU might fear that this particular image of a party capable of maintaining law and order could damage it among the young. Consequently the CDU/CSU's law and order image is kept under wraps. Still, there is definitely such a thing as a party image. The parties have certainly not become indistinguishable.

List of Demands

Many political problems up for resolution are a more urgent concern for the public now than before the Bundestag election. That emerges from the responses of last May:

Political Task (considered an urgent concern)	Before the Bundestag Election	May 1981
For prices to rise less steeply	77	86
For unemployment to be overcome	77	84
Environmental control, clean air and water	70	78
More cuts in the public service	63	76
Lowering the national debt	58	73
Good educational system	59	63
Aid and protect families with children	55	63
Preventing socialism from prevailing	36	42

The figures represent percentages

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END