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West Europe Report

(FOUO 14/82)



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WEST EUROPE REPORT

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ENERGY ECONOMICS

ITALY

ENEL LOSSES FOR REDUCING ELECTRICITY RATES

Milan IL SOLE-24 ORE in Italian 23 Jan 82 pp 1, 2

[Article by Franco Vergnano: "User 'Discounts' Put ENEL into the Red"]

[Text] Two trillion lost in 1981 due to rate reductions; monthly bills reduced for 90 percent of families.

Milan--Without the numerous rate reductions for users under various headings, the ENEL [National Electric Power Agency] would practically have closed the year with a balanced record. Although the final audit has not yet been completed, the electric power agency in 1981 lost about 2 trillion, the shortfall due to the thousands of "discounts" granted on monthly utility bills by the CIP [Interministerial Price Committee] to various groups of users. On the basis of actual consumption and comparing the situation to full-rate schedules, we find that the ENEL last year lost a total of 1.96 trillion, including 1.12 trillion due to various reductions in rate levels and 840 billion because of discounts on the heat surcharge.

The biggest increment (1,142 billion) is due to the now famous reductions granted for domestic uses through the mechanism of the social slices--a phenomenon which involves almost all Italian families; as a matter of fact, because of the reduction in monthly fixed rates, the "discount" for the first 75 kilowatt-hours consumed, plus other reductions on the heat surcharge, the social group assisted by the ENEL came to add up to as much as 90 percent of the domestic users.

The State Railways for various reasons got a discount of a little less than 200 billion per year while the aluminum industry was able to "save" 150 and the steel industry about 160. The Terni Company by itself managed to obtain a reduction of about 50 billion. Next we have the various reductions for the South, for craftsmen, for farmers, etc.

As we said earlier, these figures were obtained by working out the differences between the prices actually charged to the privileged users (based on the laws and the CIP directives) and those of the "normal" consumers.

All of these reductions together, adding up to 1.12 trillions for 1981, generally are granted without any provision for a compensatory counterpart and can be considered one of the main causes of the fact that the ENEL's accounts are not balanced.

This revenue shortfall, added on top of the 840 billion that can be charged to a reduction in the heat surcharge, in substance are responsible for the deficit in the entire ENEL balance sheet and this is not even in part compensated for by the rate-schedule yield coming from users who did not get any reductions.

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In a situation of this kind one can say that all of the categories are getting reductions in the sense that, overall, through the monthly bills, we are paying less for electricity than what it costs the ENEL to produce.

If these deficits are somehow made up, we would only enormously increase the financial costs of the ENEL which is forced to go into debt way out of proportion.

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ECONOMIC

FRANCE

COMPANY SET UP FOR MARKETING, DISTRIBUTION OF SATELLITE DATA

Paris AIR ET COSMOS in French 7 Nov 81 pp 52-53

[Article by Pierre Langereux: "Establishment of 'Spot-Image' Company on 1 January 1982"]

[Text] The French Spot Image Company (see AIR ET COSMOS, No 852), to be in charge of the dissemination and marketing of data from the French Spot observation satellites of the CNES [National Economic and Social Council], will be set up on 1 January 1982. Its president will be Gerard Brachet, head of the applications division of the CNES, who delivered a report on the subject on 12 October 1981, at a Space Club dinner presided over by Michel Bignier of the ESA [expansion unknown].

Spot-Image will be a limited liability company and a subsidiary of the CNES, which will have the blocking minority (36 percent of all shares). The other shareholders will be the other four public establishments that are members of the Group for Development of Aerospace Teledetection (GDTA): the National Geographic Institute (IGN), the French Petroleum Institute (IFP), the Bureau of Geological and Mining Exploration (BRGM) and the Agricultural Production Development Bureau (BDPA). Each one will have 10 percent of the Spot-Image shares, as will the main manufacturers involved in the building and operation of the Spot system: Matra (satellites) and SEP [European Propellant Company] (stations), companies in which the government is the majority shareholder. Spot-Image will therefore be mainly under the control of the French Government. The only foreign shareholder now accepted is the Swedish Space Corporation (Sweden), which will have 4 percent of the Spot-Image stock. Like the Belgian industry, this Swedish company will have minority participation in the construction of the first Spot 1 satellite, which will be launched in mid 1984. Spot 1 will be the first civilian satellite to take both visible and infrared photographs with high resolution (20 and 10 meters) and in stereoscope.

Spot-Image will have a vast commercial network for the distribution of Spot images on a world scale because 80 percent of the market for data from the French observation satellites is abroad.

Depending on the case, Brachet says, Spot-Image will set up either: distribution subsidiaries, mainly in the United States, given the large share of the American market; or franchising agreements with certain foreign receiver stations that will

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not be able to have all the means needed to define the products (images, tapes, and so on), manufacture them and market them; or distribution agreements with representatives of local agents, relying on the facilities of shareholders abroad.

The Spot-Image Company will take over the system of earth stations that receive and process images from Spot satellites. The central French station will be set up at Aussaguel, near Toulouse, to receive data in real and deferred (recorded) time. The direct reception stations located in several countries will receive images from regions included in a circle with a radius of 2,500 kilometers, centered on the station. This network will make it possible to receive a large part of the data obtained by the satellites: 25 percent at Toulouse and the rest at direct reception stations. The amount of data directly accessible to French authorities can even go as high as 50 percent if negotiations underway are successful in integrating the Swedish station at Kiruna into the French system.

Already, several countries equipped with Landsat receiving stations have manifested their intention of also receiving Spot data: Sweden, Canada, Australia, Brazil, the Regional Center of Ouagadougou in West Africa, and recently, Kenya, where the CNES is making a feasibility study. By 1985-1986, there should be some 20 Spot stations in service in the world.

Spot-Image will begin promotion operations and the negotiation of data distribution agreements with foreign stations able to provide direct data reception, in 1982. It will enter into negotiations with national or regional distributors as well. Both 1982 and 1983 will be used to set up the commercial network so as to have an experienced, effective organization by mid 1984, when the first satellite will be in orbit.

The company will have a monopoly over the dissemination and marketing of Spot data received by French stations or stations controlled by France, Brachet says. Standard products will be manufactured by the CRIS image preprocessing center in Toulouse, based on the demands of Spot-Image, which will ensure their reproduction and adapt them to the demands of customers, making "special" products (special processing) itself. Spot-Image will set up a file of original photographic products and a file of products on tape, based on commercial needs. Spot-Image will pay the CNES directly for the supplying of data received at Toulouse and filed with CRIS, so as to gradually make it possible to finance the construction of the successive operational satellites (starting with the second satellite, Spot 2), as well as their launching and operation. For the CNES, the additional receipts will come from contracts signed with foreign stations.

Estimating the portion of the world market that might belong to the Spot system was already part of a series of studies made at the request of the CNES in 1979 and 1980: a market study of cartographic applications by Eurosat (Switzerland), studies of applications on the American market by Earthsat (United States), overall evaluation of the world market in over 100 countries for each field of application, with the aid of the ministries of Foreign Affairs and Foreign Commerce. The studies were also compared with those done in the United States by the Federal Government or by American professional organizations such as Geosat, whose members are the major American oil and mining companies.

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Results are in agreement in the main and especially encouraging, Brachet thinks, because they give an estimate of the overall market potential for the Spot system of 60,000 to 100,000 scenes a year. The distribution by sector of application is spread out over oil and mining exploration (35 percent), cartography (20 percent), agriculture and forests (18 percent), development of the territory and hydrology (12 percent) and research (15 percent).

This market actually appears to be dominated by the very important weight of the American market (nearly 50 percent), either directly or indirectly (local subsidiaries of the big American companies). Use in developing countries -- potentially very great -- essentially depends on bilateral or multilateral aid and is therefore under the indirect control of the ruling countries.

The sensitivity of the market to the data sales price appears to be very low, however, with the exception of customers in research sectors and universities. According to Brachet, this appears to be due to the still minimal share represented by the cost of the images compared with processing and interpretation efforts. In this connection, American and French intentions of practicing a price policy reflecting the real cost of the data would therefore not tend to substantially reduce prospects of developing uses of space teledetection images, the future president of Spot-Image concludes.

In addition, market estimates must take into account the market created for French industry by the sale of equipment and services relating to the Spot system. A survey done in 1980 by the minister of industry shows that the figure for turnover corresponding to materials for using observation satellite images would quadruple in 10 years, from 1980 to 1990. An induced effect of about the same dimension is also foreseeable for the service industry (photo processing, interpretation aids, and so on).

The establishment of the Spot-Image Company is destined to ensure French penetration of a market that is diffuse, both sectorially and geographically, G. Brachet believes.

However, the success of the operation also depends on two other factors: operational pursuit of the Spot program beyond the first satellite in order to assure users of continuous service for at least 10 years. In this connection, the recent decision by the French Government (see AIR ET COSMOS, No 878) to finance the construction of a second satellite, Spot 2, for 1986 is an important phase that already manifests the French determination to ensure continuity of service.

Second, development of the market by training and promotion activities aimed at preparing users to take data available beginning in 1984 into account is important. In 1982, the launching of the American Landsat D satellite, which will supply images with a resolution of 30 meters on the ground, will play an important role in this development. At the same time, the CNES launched a Spot data simulation program based on air photos made by the Group for Development of Aerospace Teledetection. This simulation program, for which a campaign is now underway in West Africa (AIR ET COSMOS, No 877), makes it possible to give users images close to those that will be provided by the satellite, enabling them to evaluate precisely what they can expect.

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ECONOMIC

FRANCE

FINANCIAL CIRCLES REACT TO COMPENSATIONS UNDER NEW LAW

Paris VALEURS ACTUELLES in French 25-31 Jan 82 pp 48-49

[Article by Philippe Durupt: "The Government's Prices"]

[Text] Financial circles could scarcely believe it. At most, they expected a restoration of the 1981 dividend, as provided by the initial bill on nationalizations, although absent from the final version.

The Constitutional Council went much further. It suggests payment of that dividend or an equivalent counterpart and it subjects the bases for calculation of the exchange price to double criticism.

First of all, it believes that the technique of the 3-year average (1978-1980) used to figure Stock Exchange prices (50 percent of the multicriteria base) and profits (25 percent), does not take the direction of the trend (up or down) into account. "It leads to considerable distortions."

To be convinced of this, one has but to compare the prices of securities on 31 March 1981 (first column of table below) with the exchange prices offered (second column).

Shareholders in the CCF [Commercial Credit of France] were to receive a 30-percent lower indemnification at that price, while those in Rhone-Poulenc would receive compensation over 50 percent higher.

Companies whose strength (rising results) was recognized by the Stock Exchange (highest prices) were penalized, as in the case of the CCF, the CGE [General Electric (Equipment) Company] or the Paribas Financial Company.

On the other hand, companies in difficulty, such as Rhone-Poulenc and Rothschild, received better treatment. The effects of the crisis reflected by the 1980 results and their latest quotations were partially wiped away thanks to the 3-year average.

The second basic criticism of the Council had to do with the underestimation of assets, which represented 25 percent in the multicriteria basis serving to figure the indemnification.

New Indemnifications

	<u>Rate on</u> <u>31 Mar 81</u>	<u>Orig. Exchange</u> <u>Price</u>	<u>New Exchange</u> <u>Price</u>	<u>Diff.</u>	<u>Rate on</u> <u>15 Jan 82</u>
CGE	400	334.15	492	+ 47%	333.60
Puk	102	104.65	124	+ 19%	101.70
Rhone-Poulenc	88	136	121	- 11%	123.60
Saint-Gobain	141	156.18	175	+ 12%	152.50
Thomson-Brandt	280	255.71	307	+ 20%	252
Paribas	261	218.70	303 ²	+ 39%	210
Suez	334	327.35	423	+ 29%	331
CCF	210	163.76	254	+ 55%	163
Rothschild Bank	175	240.97	197	- 18%	218.60

¹ Best average monthly rate, increased by 14 percent, plus the 1980 dividend, itself increased by 14 percent (to represent the 1981 dividend).

² Former coupon of 13.50 francs (installment).

Actually, the government went by the net accounting situation of the companies quoted. The operating companies, which have no subsidiaries, watched as all their assets were taken into account. On the other hand, the financial holding companies, which control numerous subsidiaries, were at a disadvantage because the assets of the latter entered into the calculations only to the extent of their stocktaking value.

Depending on whether an activity was developed within a company by a department or by a subsidiary specially set up for the purpose, the shareholders were or were not compensated for assets.

However legitimate the practical considerations of speed and simplicity evoked by the government may have been, they could not justify such serious inequalities in treatment.

From the very beginning of the parliamentary discussion, VALEURS ACTUELLES brought up each of the points that led the Constitutional Council to reject the articles of the law concerning compensation, a coincidence stemming only from the obviousness of the rules in use.

The president of COB [expansion unknown], Bernard Tricot, had also presented them at the time of his hearing before the special committee. And yet, in a letter sent to Jacques Delors a week later, he added: "On the whole, despite these reservations...I believe that, contrary to what has sometimes been said, the compensation provisions are in no way spoliatory...."

His position, confirmed by the State Council, strengthened the intransigence of the government in the face of the criticism. It consisted of judging the compensation provisions to be spoliatory in specific areas but generous on the whole.

For its part, the Constitutional Council deemed that the spoliatory details formed a whole that was unacceptable in view of Article 17 of the Declaration of Human Rights (on the just nature of compensation).

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The government was able to present a new text, after "mobilizing all its brains," starting on Sunday. The nationalization of the unregistered companies, which will be the subject of a case-by-case examination, is postponed until 1983.

For the registered companies, the new exchange price will be established by reference to the prices of the Stock Exchange alone, between 1 October 1980 and 31 March 1981. From the six monthly averages obtained, the best will be retained for each company. Finally, this average will be increased by 14 percent, a rate representing the monetary depreciation for the past year.

Furthermore, shareholders will receive an additional sum as a dividend for 1981, equal to the dividend collected for the 1980 fiscal year, increased by 14 percent.

The formula chosen, which is extremely simple, is not open to any question on technical grounds.

But is this true with respect to substance?

The government followed the Constitutional Council for the 1981 remuneration.

It was also sensitive to the criticism on the arbitrary and unjust nature of the average prices and profits. Reference to recent prices does more justice to the diversity of actual situations.

Nevertheless, by failing to take into account the value of the assets, which is far higher than the Stock Exchange rate, the government leaves itself open to the second major criticism of the Constitutional Council: the excessive underestimation of the real value of shares.

It is as if it was not able to decide between the two possible options: either a multicriteria basis, which would respect the methods of calculation in use -- and therefore, the taking into account of consolidated assets -- or reference to Stock Exchange rates alone, but in this case, agreeing to follow rules in use for the OPE (public exchange bids).

The practice of the last 5 years in France shows that these public bids have been an average of 54 percent higher than the latest quote. But the average price used in the new proposal is (with only a few minor variations) identical to the last price quoted on 31 March 1981.

Therefore, no purchase bonus.

The government intends to use its power of coercion in a case where any moral person, whether private or public, should have acted by persuasion. The 14-percent increase in value because of the monetary depreciation can scarcely be compared with a bonus. It is justified by the length of a procedure (9 months have already gone by) that does not exceed 2 months in the case of an OPA [takeover bid].

The response of the shareholders will vary, depending on the case. Those receiving a readjustment upward, the largest group, will be relieved. The others will be greatly disappointed, but these two reactions are not symmetrical.

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The former had serious reasons to be dissatisfied because the original exchange prices, lower than the latest prices quoted in March 1981, made the injustice suffered flagrant.

The latter benefited from a sometimes unexpected treatment. The most typical case is that of personnel of the Credit Lyonnais, who had received shares from the bank: Were they not given 765 francs for shares quoted at 287? The net situation and the average profits of 1978-1980 only had been used, excluding the quotes: They were representative of the value of the assets and the operation because the subsidiaries of the Credit Lyonnais are of insignificant weight.

The Rothschild Bank shareholders were not mistreated either. The unintegrated subsidiaries had a deficit and, lacking an adequate reference period, the prices were not used.

The price of their shares leaped immediately in the wake of these offers, but with a small aftereffect manifested by a Stock Exchange deduction of some 10 percent (that is not found in the other cases).

These shareholders were right to be cautious. They would have been well advised to sell because the new rates will mark the end of their dreams: They are down 56 percent for the Credit Lyonnais and 18 percent for the Rothschild Bank.

Disappointment on one side; relief on the other, but the nationalization will not leave a good taste in anyone's mouth. Unless it be in the mouths of speculators.

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ECONOMIC

FRANCE

THREE BANKS ADDED TO NATIONALIZATION LIST

Paris VALEURS ACTUELLES in French 25-31 Jan 82 p 50

[Article by Alain Margaron: "The Surprise of the Mutual Insurance Companies"]

[Text] Three new names are on the list of banks to be nationalized, three establishments most of whose capital belongs directly to mutual or cooperative companies: the Federative Mutual Credit Bank for Alsace and Lorraine, the Central Cooperative and Mutual Insurance Bank and the French Cooperative Credit Bank. Their total deposits (2.9, 1.65 and 1.1 billion francs respectively) are over the threshold of 1 billion francs making nationalization applicable.

As in the case of the other unclassified banks, their nationalization does not become effective until January 1983, allowing time to set their indemnification. The only remaining hope, albeit fragile, is to be able to use that time to modify their status so as to escape the nationalization.

Despite its repeated promises of not touching the cooperative sector, Elysee has confirmed the ruling of the Constitutional Council, which deems that the three banks cannot be treated differently from the other nationalizable establishments. "This derogation cannot be justified by the specific nature of their status or by the nature of their activities," the Constitutional Council writes.

In fact, they fit into the same category as the other nationalizable companies: that of the so-called "registered" firms, those subject to the National Credit Council and the banking control commission.

On the other hand, the other cooperative banks such as the Agricultural Loan Bank, the People's Banks and, what is even more curious, the other regional Mutual Credit banks, escape the nationalization because they have remained establishments with "special legal status."

This rather formal distinction is explained by the partitioning of the banking system. A whole series of parallel establishments of a cooperative nature have special operating rules, often with tax privileges to offset limitations of jurisdiction.

However, the three "registered" banks in the cooperative sector have no more traditional banking activity than the other establishments in the sector that were spared. For example, the regional Agricultural Loan banks, whose standardization if well underway, have jurisdictions at least as broad as the Federative Mutual Credit Bank.

The only one of the 19 regional Mutual Credit banks to be registered, the latter handles 900 million in deposits of enterprises in which it sometimes holds shares. But two-thirds of its activities are those of the other regional Mutual Credit banks: management of the funds of local banks, loans to local collectives. Its capital belongs to the local banks (over 1,000) and, like all the cooperative establishments, it can distribute dividends of over 6 percent of the corporate shares.

The French Cooperative Credit Bank has the legal status of a cooperative. Its capital is divided between the Central Cooperative Credit Fund (55 percent) and its company members (45 percent), which give it 95 percent of its deposits and to whom it grants short-term credits.

Practically nothing in its activities distinguishes it from the Central Fund, which grants long-term loans to the same company members. It assumed the status of a "registered" bank in 1969 after the absorption of another cooperative bank at the request of the monetary authorities, but without anyone foreseeing major consequences at the time.

The Central Cooperative and Mutual Insurance Bank has as its customers the supporters of its two shareholders: civil servants belonging to the Civil Servants Mutual Guarantee (GMF) and cooperatives in the Coop group. It thus has a network of 25 agencies and outlets in the GMF agencies.

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ECONOMIC

ITALY

PARTIES' ECONOMIC THINK-TANK ORGANIZATIONS

PSI's CESEC

Milan IL SOLE-24 ORE in Italian 23 Jan 82 p 3

[Article by Riccardo Chiaberge: "Where the Italian Socialist Party's New Deal Is Being Manufactured"]

[Text] Franco Reviglio: "We must change the entire economic system in depth, aiming at the advanced tertiary sector and promoting job mobility. But the indispensable premise for attaining these objectives is to have a government machinery that really works."

Turin--The windows face toward one of the most suggestive corners of the Baroque Turin of Filippo Juvarra, just a couple of steps from the very centrally located San Carlo Square. Franco Reviglio paces up and down through the big bare rooms, on the as yet unwaxed floors, followed by a retinue of aides. "Now, here we can have our meeting room and over there the library. And the telephones--where are we going to put them when we get them?" All the janitor knows is that the CESEC [Economic Study Center]--the Economic Study Center of which Reviglio is president--has opened an office in Turin. In the same building, but in a different wing, is the CIPES [expansion unknown], the "Carlo Rosselli" Center, the headquarters of Giuseppe La Ganga, the socialist deputy and Craxi's lieutenant in Piedmont. Walls covered with huge carnations, telephones that jingle, and superefficient secretaries. "But the CESEC is something else. It is an area center, not a party center," Reviglio notes.

But it is to this "area center," to this gathering of intellectuals who are to work in a climate of Franciscan austerity, that Bettino Craxi in person wanted to assign a task of the utmost importance: drafting the economic portion of the 1982 socialist program, a kind of Magna Charta which the PSI [Italian Socialist Party] leader proposed to present to the country during the next elections (early or not) to make clear what he intends to do the day he manages (assuming that he does) to plant the red carnation on the roof of Chigi Palace.

This is why we decided to start from this point here, from this old portal at 101 Roma Street in Turin to begin our survey of the economic activities of the party.

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This trip will not take us far because, although there are many parties in Italy, the economic centers directly or indirectly tied to the parties can be counted, so to speak, on the fingers of one hand: apart from the CESEC (and the CEPEC [expansion unknown], founded at the time by Fabrizio Cicchitto but currently almost deactivated) for the PSI, there is the AREL [Research and Legislative Agency] of the DC [Christian Democratic Party], the CESPE [Center for Studies in Economic Policy] of the PCI [Italian Communist Party], the CEEP [Economic Policy Studies Center] of the Republicans, and the Torre Argentina Center for the independent left.

The rather liberal Einaudi Foundation does have an economic section but covers a broader range of cultural interests. That in practice is the end of the list. Scores of other abbreviations can be found in the Yellow Pages of the Rome Telephone Directory; but many of them will only lead to a telephone answering service. They are for the most part just window dressing, little cubicles opened for one or the other politician, where there is no research going on and where there never has been any, except research for easy money and just passing the time of day.

But, getting back to the real economic centers: how did they spring up, how do they exist, whom do they serve, and what are their relations with the respective political employers and bosses? Are they only little flowers that will simply die in the course of the big events of the day (such as elections), to wither away once the party is in power? Do they serve as springboards for technicians in search of fame or power or, viceversa, are they rest homes for politicians in disgrace? Are they simple branch offices of the economic sections of the various parties or do they have an autonomous status of their own in terms of research and in making proposals of their own?

In the case of the CESEC, the autonomy aspect is beyond discussion because it is written into its charter. When it was baptized in a little room in the Turati Club in Milan in July 1978, none of the big shots from Corso Street were present. At that time Franco Reviglio was only a professor of finance at the University of Turin and he was not even remotely thinking of becoming a minister. ("It was a tough job convincing him to take over the job of president," one of his students tells us. "By family tradition, he had never even joined a social club.") The other founding partners (Carlo Mario Guerici, Franco Momigliano, Bruno Colle, and Franco Morganti) certainly cannot call themselves "apparatchiks."

"This is a group of persons with a socialist and lay orientation," explains Aldo Vannini, the center's secretary. "They felt the need for providing a place where they can get together and think. It is half-way between a French-style club and the Fabian Society, capable of blending diverse experiences and professional backgrounds (economists, urban affairs experts, sociologists, labor unionists, entrepreneurs) to draft a reformist economic policy."

In a little more than 3 years of existence--and with limited funds (a budget of 100 million, just one part-time secretary)--the CESEC has made good headway; it has promoted important research undertakings, such as the one on workers in small and medium industry, coordinated by the historian Valerio Castronovo, the study on society balance sheets, and the Fourth EEC Directive (later on compiled in a volume put out by Franco Angeli), in addition to conferences and study groups on industrial and labor policy; it added new and famous names to its roster; it opened offices

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in Genoa, Florence, Venice, and Bologna. But above all it has become a kind of cultural lobby (with a heavily "northern-oriented" connotation) which has growing influence among the party's top leadership which puts its own men on the governing boards and among the brain trust of the socialist ministers, from De Michelis to Signorile, from Manca to Formica (Forte himself--the PSI's economic affairs chief at this time--is a member of the CESEC). And now, as we said before, the lobby has managed to get a good piece of the Craxian government program for the eighties allocated to itself.

What are the ingredients and what are the proposals that will go into this effort? For the time being, Reviglio does not have much to say about that. "We are working fast," he says, "and the general thrust has been outlined but we do not as yet have any details." The CESEC study group (in addition to Reviglio himself, it consists of Castronovo, Colle, and Antonio Pedone) operates in close conjunction with the centers to which program coordinator Luigi Covatta has assigned the other sections (international, institutions, society, party); the document will have to be ready during March to be submitted to review by a national conference of PSI cadres.

"In addition to discussing the situation amongst ourselves," adds Castronovo, "we are looking into the experiences of other countries. We began with the Germans of the SPD [German Socialist Party] and it was said that we wound up quarreling over Poland. But in committee we also took an in-depth look at economic issues. Soon it will be the turn of the French socialists and then of the Greek socialists.

Like the PCI, the PSI is also looking for its own road to socialism or to social democracy. Where does this road lead? To the Paris of Mitterrand, to Bonn, to Stockholm (the one of Olaf Palme, of course)? Reviglio shakes his head: "None of those models can be imported to Italy just as they are. We have two types of democratic systems in the West: the neocorporative ones, such as in Germany or Austria, and the conflict-oriented ones. We belong to the second type, such as in France. But in France, the institutional reform has provided the instrument for a change in administration. In Italy, this is not yet possible and this is why we continue to switch back and forth between periods of conflict and tendencies toward association. No, here we are not dealing with the idea of borrowing somebody else's experience. Here we must find a more solid anchorage in the grand harbor of Western reformism."

But Western reformism, as launched by Keynes and by the Rooseveltian New Deal and as completed by the European social democracies, has never before been so deep in crisis. This will not be the catastrophic crisis of the societies of the East; the welfare state is also under accusation. "There is no doubt," replies Reviglio. "But we want to do away with it. The sirens of Reaganomics and of Thatcher-style monetarism do not entice us. You cannot shift the entire cost of the crisis to the weakest segments. We cannot get along without government intervention in the economy because the market does not by itself solve all problems. In a society such as Italian society, where 12 percent of the families hold more than half of all the wealth, trusting in the market would only mean accentuating the injustices."

To get out of the deadend street of inflation and stagnation, the economists at the CESEC are thinking of a big production conversion effort: "Employment in industry is shrinking," explains Reviglio, "and to continue to grow and maintain current

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levels of prosperity, we must develop the advanced services and the public administration. We need great social mobility and for that we are thinking of a kind of employment agency. We have had enough of the unemployment service. The industrial machinery must remain competitive, obsolete sectors must yield to new sectors such as energy, biotechnology, and data processing. But above all we need a government machine that will work." That will take 10 or 20 years, Professor Reviglio. "That is not a good reason for not beginning to think of what we are going to do right now. By the way, what we are writing now is an administration program and that administration is going to have to last a long time."

PCI's CESPE

Milan IL SOLE-24 ORE in Italian 27 Jan 82 p 3

[Article on interview with Silvano Andriani by Riccardo Chiaberge: "And the Brains of the Italian Communist Party Are Thinking about Stockholm"]

[Text] Andriani: "We cannot nationalize the enterprises as they did in France. The alternative is Swedish-style worker control."

Rome -- The orthodox men on Botteghe Oscure Street always viewed him with a mixture of repugnance and diffidence. Just 2 years ago, they brought down upon themselves the anathema of half of the PCI and the entire labor union vanguard when, in collaboration with the Piedmont Gramsci Institute, they came up with that famous survey on Fiat workers that shattered the traditional stereotype of the Gramscian worker. "Those fellows at the CESPE," was the comment of the more obtuse communist cadres, "have betrayed Marx and have become the bedfellows of American sociology." There is reason to think that the stumbling block, the man in charge of research, was Aris Accornero himself whom all of the comrades in Turin recall very well: a man persecuted since the fifties, a man who had earned his spurs in action in the "penal detachments."

After that, as we know, the facts proved Accornero's "Americans" to have been correct. If the party and the labor union had in time understood the message that came out of the questionnaires, perhaps they could have spared themselves some ugly moments and a searing defeat.

But that is not the only item on the agenda for the CESPE activity review. Between 1977 and 1979, in the midst of a climate of national solidarity, while Franco Rodano himself, Berlinguer's closest advisor, preached austerity as a revolutionary sackcloth against the temptations of consumerism, and while the entire general staff of the PCI was in a body fighting for 675, the sector plans, and the new law for the South, the researchers at the center of Eugenio Peggio (although quite a bit later as compared to other studies) discovered that the situation in Italy was changing due to the crisis, that industry was spontaneously reorganizing itself and that finally the deep South was experimenting with its own road to development in spite of unequal odds.

While the party's bureaucrats insisted on looking at the country through the reversed field glasses of ideology, the "Americans" in the CESPE, due to their more sensitive instruments of investigation, managed to see the situation more clearly. One can

however reprove them for a certain timidity in defending their own viewpoints. But it is true that the recent, belated and partial course corrections by Berlinguer are to some extent also to be credited to them. And that encouraged them to demand ever greater autonomy from the leadership on Botteghe Oscure Street.

"We are not an appendix of the party," said CESPE Secretary Silvano Andriani, a 48'er who came up in the CGIL [Italy General Confederation of Labor] along with Accornero and Bruno Trentin. "It is true that our research has a political purpose but the method is strictly scientific. This is a guarantee which we do not intend to renounce."

Founded in 1966 by Giorgio Amendola, when the PCI was isolated in the opposition and when the cream of the Italian economists, from Saraceno to Sylos Labini, was gravitating around the parties of the center-left (PSI and DC in particular), the Economic Policy Study Center really took off only around the middle of the seventies, when the time seemed to be right also for the communists also to get into the control room. Today it has an annual budget of around 300 million (partly with in-house financing); it has about a score of collaborators, subdivided among the two sections --economics and social research (the latter under the direction of Accornero) and it publishes the monthly magazine POLITICA ED ECONOMIA.

In addition to President Eugenio Peggio, the umbilical cord with the party is taken care of by the presence on the board of directors of such men as Gerardo Chiaromonte, the PCI's economic chief, and Gianfranco Borghini. This body recently (for the time being only consultative but soon to become deliberative) was enlarged to include "area" personalities such as the left-wing independents Luigi Spaventa and Claudio Napoleoni, the economists Augusto Graziani, Vincenzo Visco, and Salvatore Biasco, the constitutionalist Sabin Cassese, and finally an outstanding exponent of socialist culture, such as Giorgio Ruffolo.

In spite of this overcoat of pluralism, as it were, the preferential relationship between the CESPE and the Communist party is beyond discussion. This is so true that, when the time came to draft a new economic policy manifesto for the PCI, Berlinguer asked help from the experts at the center on Vite Street; four of them (Andriani, Peggio, Accornero, and Laura Pennacchi) worked in the drafting group together with Chiaromonte and the other "technicians" of the party.

"Our imprint can be seen right away," says Andriani. "In this document there is no longer any trace of the old stagnation-oriented interpretations of the crisis. The point of departure, on the contrary, is the recognition of a noteworthy dynamism in Italian society, the fact that the economic structure has changed profoundly and that the class makeup is changing with it: less workers, more technicians, less employees in industry, more employees in the tertiary sector. A series of transformations, now accelerated by the microelectronic revolution, upsetting some of the basic postulates of the traditional Marxist concept."

[Question] All of this is true, Andriana, but it is a shame that, in moving on from diagnosis to therapy, you slipped back again into some of the old schemes such as statism, planning from the bottom up, labor union control over investments. Does that not seem somewhat contradictory to you?

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[Answer] Not at all. Recognizing the vitality of the market does not mean marrying up with neoliberalism or underestimating the central nature of the role of the state in the economy. On the contrary. The other side of the coin of this crisis, which involves just about all of the Western democracies, is the inability of the governments to regulate economic processes, to reconcile the conflicting interests involved. This is the zero sum society of Thurow, the block of decision-making processes analyzed by Offe, O'Connor, and the other political science experts and economists."

[Question] All of them are Americans.

[Answer] But all of them, more or less, have a Marxist background. The central problem for all and also for us is how to give the welfare state to make sure that a satisfactory social setup will develop parallel to technological progress.

[Question] What is your prescription?

[Answer] There are two alternatives today: French-style nationalization or socialization, Swedish-style worker control. In a country such as Italy, where the decline in government credibility has reached a humiliating point, talking about nationalization is pure folly; hence, the Mitterrandian way must be discarded. That leaves us with the Swedish way.

[Question] Would that be that famous third way? Are you turning your back on Moscow and has the PCI decided to look to Stockholm?

[Answer] It is too early to tell. The discussion among us has just begun. But it is true that the Italian communists are not alone in this search and that confrontation with the experiences of other left-wing forces in Europe is decisive.

[Question] In Sweden, social democracy was defeated on a specific bill, the Meidner plan, which was designed to turn the labor unions into the stockholders of the enterprises. In Italy we have not yet arrived at that point but the powers of the worker organizations in the enterprises are very penetrating. Does it seem to you that they are spreading further, with the risk of paralyzing the decisions on investment?

[Answer] We believe that it is necessary to think of new forms of industrial democracy. During the seventies we perhaps looked too much to participation, to the betterment of management and the responsibility of management. The limit of labor union culture was precisely this: it did not address itself to the problem of enterprise management which must remain an autonomous, technical, and specialized function which cannot be drowned in participationism. The idea of the enterprise plan, drafted by the IRES [expansion unknown]-CGIL, which the PCI has now adopted as its own, is supposed to overcome that limitation, restoring to the manager responsibility for market decisions, provided they are within the outlines of economic planning.

[Question] The Italian enterprises must be reorganized and, when necessary, they must lay people off. The unemployment fund cannot go on forever. What do you propose?

[Answer] A national employment agency. A public agency which should register and find jobs for workers who lost their jobs due to reorganization. In this way the

enterprises would be freer. But at the same time, the management of the labor market would be in the hands of the political authorities. For us, employment is a political problem and you cannot leave it to the private sector.

DC's AREL

Milan IL SOLE-24 ORE in Italian 29 Jan 82 p 3

[Article on interview with Franco Grassini by Riccardo Chiaberge: "In Adreatta's Nursery"]

[Text] Grassini: "We managed to transmit the agency's spirit to the entire DC."

Milan. And what about the AREL [Research and Legislation Agency]? What has the AREL accomplished so far? Ever since its founding father, Nino Andreatta, took over the treasury, setting himself up behind a group of prestigious collaborators, the Christian Democratic intelligentsia seems to have fallen into disrepair. There is less and less conversation and a kind of organizational lethargy seems to have taken hold. The new president, Mino Martinazzoli, a bigshot from Brescia in the Zaccagnini area, is a politician who knows nothing about economics and who, although having played a by no means secondary part in the so-called reorganization meeting of last November, has rather little in common with the association's original spirit.

When it was born in 1976, as a result of an initiative by a group of DC senators (in addition to Andreatta, there were Umberto Agnelli, Urbano Aletti, Franco Grassini, Siro Lombardini, Raffaele Girotti, Gaetano Stammati), the AREL (Research and Legislation Agency) had a specific objective and that was to supply the independent technicians, elected on the slates of the Crossed Shield, with an instrument of union and pressure so that they would not wind up being swept away by the various currents or being caught in the gears of the various pressure groups and to inject into the majority party a good dose of "liberal" ideas of Anglo-Saxon pragmatism. "In other words, a service outfit to restore contact between members of parliament and the country's active forces and to end the monopoly of the flow of economic information to the government lobby organizations, the IRI [Industrial Reconstruction Institute] and the ENI [National Hydrocarbons Agency]" explains Professor Scognamiglio, an AREL staff member.

Half-way along, it turned out the basic design was much more ambitious: the idea was to turn the DC into the party of the bourgeoisie, of the more modern production segments, those strata which in the 1975 and 1976 elections, especially in the big cities, had noticeably shifted toward the PCI (and partly also toward the PSI), attracted by the image of efficiency of local left-wing administrations.

"When the AREL was born, the objective seemed within reach," continued Scognamiglio. "It was the magic moment of men such as Prodi and men such as Pandolfi and the technicians were riding the crest of the wave. Zac's [Zaccagnini's] DC seemed to want to adopt a more credible image, an image of competence and moral cleanliness. But then came the delusions of 1979: Andreotti decided that the technical ministries were discoloring the single-party administration and abruptly showed them the door; Grassini, Girotti, and Agnelli retired while Aletti lost his senate seat. The only

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one to remain in place and to get ahead was Andreatta but the AREL as such slipped into a state of lethargy also because many of us are now consultants of the minister and no longer have any time to concern themselves with the association.

But is it true that the AREL no longer has a future? Franco Grassini, for example, does not think that this is so. We went to meet him at Ponte San Pietro, a little town near Bergamo, where he has been running the Legler textile group for a year (before that he was deputy manager of Fiat Brazil for 2 years). "It is not the AREL which was undermined by the DC; instead, the DC developed in harmony with the spirit of the AREL," he told us. "And this in a certain way makes our original function as a pressure group superfluous. Hence the decision by a president, such as Martinazzoli who is an officer of the party and therefore can perform the graft much better. As for the rest, the DC today has an economic affairs officer such as Riccardo Misasi who represents a considerable quality improvement compared to his predecessor Ferrari Aggradi; our group has a very close cooperative relationship with him. Just recently, together with Pandolfi, who is a member of the AREL, they have been launching a big initiative?"

[Question] And what is that?

[Answer] A big economic conference which should come before or coincide with the party congress. In 1972, 10 years ago, a similar conference was held in Perugia which marked a turn in DC economic policy. We thought of commemorating this anniversary in a worthy fashion with a kind of "Perugia II."

[Question] This is an official party initiative. But what is the AREL doing as such and what does it have on its program?

[Answer] We are not just standing around with our hands in our pockets. Research on "the state and industry in Europe" will soon be enhanced with new chapters. Il Mulino Publishers have just finished printing a study we did; it was coordinated by Professor Cesarini of Catholic [University] on the recapitalization of the banks, an extremely timely topic. Senator Romei and others submitted a bill of ours on investments funds for workers. As you can see, we are still in existence. We no longer have that continuing presence we had once upon a time but we are conducting vast studies and we take action when necessary.

[Question] But you have not produced any echo in parliament. The group as such broke up after you and the others abandoned active politics.

[Answer] By way of compensation we gained a minister of the treasury. And I assure you that Andreatta can do more from his current job than we can do together.

[Question] You say that the DC has developed in the sense you want it. But where do you see that development? The new levies are integralist, the establishment remains tied to the welfare concept and to the logic of the pressure groups. There is very little "liberal" here.

[Answer] The DC has many spirits and it would be unrealistic to think that a single one could be made to prevail over all the others. As for the rest, just look around. Are the "liberal" parties of the West, from the American Democrats to the German

SPD, so different? They too have coexisting but conflicting tendencies and interests. They are also up to their necks in the welfare state and they have made it their standard.

[Question] Apart from the treasury ministry, what else has AREL accomplished in these past years? What battles have you won?

[Answer] I would say that our biggest victory was the way in which the EGAM [Agency for the Management of Mineral and Metallurgical Concerns] case ended. Francesco Merloni, in the Chamber, and I, in the Senate, managed to get a resolution passed which heavily penalized banks that had exposed themselves too much in dealing with the dissolved government agency. From then on, the EGAM effect changed the attitudes of the credit institutes and has made them much more cautious. Then we had [resolution] 675, the law on industrial conversion.

[Question] This is a tough law, the result of a compromise between you and the communists.

[Answer] That is true but the balance of power during that phase did not permit a better result. But we at the AREL nevertheless did manage to get something out of all this; for example, the introduction of standards which make the grant of public financing dependent upon a situation where the differences as compared to the initial budget would not be excessive. This has put an end to the bad habit of submitting bogus projects and bills to get government funds. The criterion--which has now been introduced for participations to the effect that they must now make reference to the gross operating margin rather than to the profit-loss ration to get an increase in fund allocations--was not invented by Minister De Michelis but rather by us at the AREL.

PRI's CEEP

Milan IL SOLE-24 ORE in Italian 5 Feb 82 p 3

[Article by Riccardo Chiaberge: "The Engineers of the Ivy"]

[Text] La Malfa: "The Western democracies cannot afford a two-digit unemployment rate."

Rome... Deep down, the Republicans feel that they are engineers, to some extent. Although not all of them are graduates of the Polytechnical School and although not all of them run around with the slide rule in their pockets and although their leader and current board president is a historian, all of the men of the Ivy more or less are engineering-minded; they look down upon abstract theorizing, they pursue pragmatism, the cult of efficiency, and careful as well as sometimes even pedantic attention to technical problems.

It is therefore quite natural that the study centers, directly or indirectly linked to the PRI [Italian Republican Party] should adopt this mentality. Let us take the CEEP, the Economic Policy Studies Center created by Giorgio La Malfa; during 8 years of operation (its birthday goes back to December 1973), it has not come out with any high theology, no major program for social transformation. No "New Deal,"

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no review or reorganization, no third way. On the other hand however it has turned out stacks of documents and research projects on petroleum, on nonferrous metals, on the chemical industry, on the GEPI [Industrial Participations and Management Company], on inflation, and on urban development.

Today, the CEEP secretary is an ENEL [National Electric Power Agency] engineer by the name of Pasquale Pappacoda, a man whose eyes shine happily when he talks about nuclear energy. Engineer Pappacoda is also Minister La Malfa's private secretary and has almost become his shadow, especially now that Spadolini has thrown him the hot potato of the Piedmont case and he therefore must continually shuttle back and forth between Rome and Turin.

This superposition of roles arouses the suspicion that the CEEP has become a kind of branch of the Ministry of the Budget which has lost all scientific and cultural autonomy.

But La Malfa assures us that this is not so. "Ever since I took over there," he says, "the autonomy of the CEEP has grown; it did not decline. I have sort of stepped into the background because as president I had become a little bit burdensome. But the center has not failed to function properly. In 1981 alone, it organized at least three conferences on planning with reporters such as Francesco Forte, Onorato Castellino, and Bruno Trentin."

If there is one thing which La Malfa is particularly concerned with it is the independence of "his" center from the party. "This is not just another one of the agencies of the PRI," he says. The CEEP sprang up and grew as a point of reference for a very broad political-cultural area. This is proved by the fact that the technical-scientific committee includes personalities such as Marcello de Cecco and Felice Ippolito who certainly are not Republicans.

If it has been and still is a transmission belt with the party, it has if anything revolved in the opposite direction; it is not the PRI which orders the research projects from the CEEP, in keeping with its own objectives, but instead the CEEP develops certain topics in depth, elaborates certain ideas which the party can take into account in its political action, if it can."

As a matter of fact, the issues which for many years have been the main concerns of young La Malfa (the EGAM case, the GEPI, the energy plan, public finance) were forged in the furnace of the CEEP. The main idea behind the medium-range plan (control of public deficit, soft recovery from inflation) came out of the brain trust which every year, until 1979, worked on the CEEP report dealing with the Italian economy: Paolo Savona, now planning secretary, Marcello de Cecco, Bruno Trezza, Giuseppe Basevi, and that Michele Fratianni who then flew across the Atlantic to enter the Gotha of Reagan's consultants.

But to understand what the CEEP meant during the political and economic debate of these years, we must go back to the beginnings, to 1974-1975, when the center took its first steps.

This was the moment of the great change: austerity, no driving on Sundays had abruptly brought the energy program to the fore again; inflation had crossed the magic

two-digit line; the center-left no longer looked like a formula for putting together an administration capable of handling the emergency. The red boards and Berlinguer's historical compromise came up on the political horizon.

In that climate, the quiet little room at 17 San Francesco da Poalo Street in Turin, where the CEEP held its debates, soon became a mandatory meeting point for all lay and democratic culture. During those evenings, the eggheads of the new communist course--Napoleone Colajanni, Luciano Barca, Claudio Napoleoni, and Eugenio Peggio--came to confront Republican, Socialist, and Christian Democratic politicians and economists (from Forte to Armani, from Prodi to Ruffolo), with public managers and private business operators; they discussed, they just about came to blows but they gradually found a common language, a more realistic and less factious approach to the country's specific problems.

Then, along with the advancement of its founder, the CEEP gradually broadened its horizons and its ambitions. Big conferences on foreign trade, on the South, on industrial policy, on the labor market, on inflation, with ever more famous names, both Italian and foreign, sometimes out of too much snobbism, and finally the topic of the debate in English ("Papers on the Italian Economy," "Workshop of Oil Prospects Today").

The office in Turin was joined by another one in Rome, on Tritone Street, and recently another office in Verona. The biweekly CEEP-NOTIZIE, always full of facts on the Italian and international economy, has become a valuable instrument for the staff members.

In a pertinent series, editor Angeli published 25 volumes containing the results of as many research projects conducted by the CEEP (on topics ranging from the GEPI and the state participations to problems of energy and monetary policy).

And now? What are the engineers of La Malfa working on for 1982? The first gathering will be a big conference on planning and on the government budget; this will be followed by another two on more specific topics such as air transportation (it will probably be held in Turin where the minister has his voter base and where the bitter debate is still raging on the new Caselle runway) as well as health spending in Italy.

But the main point involves a research project on new professional figures connected with technological development and this is being worked on by Luisa Calogero La Malfa, Giorgio's sister, and Professor Bruno Contini, of the University of Turin.

The choice of the topic is not an accident because the problem of employment some time ago became the main thread of the speeches by the minister of the budget: "The process of deindustrialization is radically and very rapidly changing the panorama of the Western economies," says La Malfa. "This is a phenomenon which has extremely serious repercussions on employment. We must absolutely find a way to cope with this. While 40 or 50 years ago, the social systems were able to tolerate conditions of collective malaise without causing any insurrectional stirrings, this is no longer true today; the margins of tolerance are considerably narrower. Under the conditions

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of the Western democracies, a two-digit unemployment rate of 10 percent is something we cannot allow. In Italy we therefore are dangerously close to..."

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POLITICAL

SPAIN

POLL SHOWS POSITIVE ATTITUDE TOWARD ENTRY INTO EC

Madrid CAMBIO 16 in Spanish 25 Jan 82 pp 32-33

[Article by Jose Manuel Arija]

[Text] Inhabitants of the Old Continent are looking at the future seriously, but undramatically. Europeans are slightly more optimistic than last year about prospects for 1982. In spite of the events in Poland, they believe that the danger of another world war has decreased considerably. In 1980, 34 percent of the Europeans polled considered war likely; at the end of 1981 the percentage of pessimists had decreased to 24 percent.

Every year the European Economic Community (EEC), using a barometer of questions and percentages, measures public opinion in its respective countries concerning the most pressing problems. Now, for the first time, it has included the two new candidates for entry into the Common Market: Spain and Portugal.

The community is interested in sounding out the attitude of the Spanish and Portuguese people toward their upcoming entry. And the first conclusion to be drawn from the results of the survey proved that the Spanish view entry into the Common Market more favorably than the Portuguese and, particularly, that we are much more interested in the European Economic Community than our neighbors. Only 24 percent of the Spanish people responded "don't know, no answer," while 62 percent of the Portuguese people did not respond.

Sixty-one percent of the Spaniards expressed interest in questions of the European Community, and 52 percent believe that our joining it is "a good thing," while 6 percent feel it is "a bad thing."

And why do they think it is right to join the community? The pollsters showed the interviewees a card with 10 questions written on it, so that they might express their opinions about the positive or negative effects of joining. It was thought thus to measure the advantages and disadvantages as seen by the citizens of this country.

The most positive replies were for exports (51 percent), agriculture (50 percent) and products which are available in the stores (48 percent). But the Spanish people also emphasized another point: entry into the European Community will have positive effects on the functioning of our democracy. Forty-six percent believed this, while only 6 percent, the lowest figure of all the replies, did not.

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The least unanimity was registered concerning the question of our entry as a positive advantage for reducing the risk of war. Only 27 percent believe it is, while 19 percent see negative effects.

On this point the interviewees must have felt that this business of everybody being in the same European boat also has its disadvantages. They are the same fears which are always caused by our coming out of isolation.

Similar Concerns

Perhaps for that reason, Spain is one of the countries which reveals more fear of the possibility of another world war. Thirty percent believe such a conflagration is possible within the next 10 years. Only the Belgians and Germans (both with 32 percent) surpass us in pessimism. And it is just as well that this percentage be pessimistic rather than imprudent.

In general, Spanish concerns are very much in tone with those of other European countries. Only the Greeks display an optimism bordering on euphoria. The new socialist government must have given them a big dose of confidence. At the other extreme, the Belgians see the blackest picture for the next few months, which agrees with another recent survey published by this magazine. (See CAMBIO 16, number 527).

Among the larger European countries--Italy, Germany, France and the United Kingdom--France is the most optimistic with regard to our domestic problems. Our neighbor to the north sees fewer indications of increased unemployment and of social conflicts. On the other hand, the Italians are fearful about the future.

The survey reveals that increased unemployment is the chief fear of all the countries: 64 percent of the European Community interviewees are sure that unemployment will increase even more.

After studying in detail the favorable response of the Spanish people to the community, European experts made the following commentary: "The community appears to the Spanish people as a means of safeguarding democracy, of developing the country economically and of ensuring Spain's greater participation in world affairs."

However, in the rest of the European countries, attitudes toward the community advantages are very different.

In the United Kingdom those opposed to the Common Market are in the majority; the Germans emphasized that thanks to the Common Market, the European consumer has more products to choose from.

The French, who never forget their "grandeur," see the community as an organization which enlarges the role their country can play in the world. The Greeks, respond much like the Spanish, mixing economic benefits, agriculture and democracy.

Nearly 10,000 persons were interviewed at their homes to obtain reliable results in the survey, which was carried out by national institutes associated with the "European Omnibus Survey."

TABLES

1.

Interest in Problems of the European Community

	<u>Spain</u>	<u>Portugal</u>	<u>All Common Market Countries</u>
	(percent)		
Much	31	13	22
A little	30	19	53
None	20	14	22
No answer	19	54	3

2.

In favor of or Against Unification of Western Europe

	<u>Spain</u>	<u>Portugal</u>	<u>All Common Market Countries</u>
	(percent)		
Very much in favor	36	20	31
Somewhat in favor	23	9	43
Very much against	4	2	4
Somewhat against	5	2	9
No Answer	32	67	13

3.

Spain's Entry into European Community

	<u>Spain</u>	<u>Portugal</u>
	(percent)	
Good	52	19
Neigher good nor bad	18	13

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Bad	6	6
No answer	24	62

4.

European's Concerns for 1982

(percent)

	Belg.	Italy	Ger.	Fr.	Ire.	Lux.	Holl.	U.K.	Greece	All European Community Countries	Spain
1982 will not be as good	62	49	28	32	53	51	41	44	6	38	39
Number of unemployed will increase	79	70	69	46	64	62	86	69	15	64	70
There will be more strikes and social conflicts	61	53	43	37	52	29	55	42	10	44	46
1982 will be a year of economic difficulties	68	66	49	52	64	59	69	58	18	56	58
A year marked by many international wars	61	48	54	50	46	61	57	50	24	50	47
World war probable within next 10 years	32	18	32	25	28	27	20	21	8	24	30

Note: Does not include Denmark, a European Community country where no survey was taken.

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5.

Advantages and Disadvantages of Spain's
Entry into the European Community

	<u>Positive Effects</u>	<u>Negative Effects</u>	<u>No Answer</u>
	(percent)		
To diminish the threat of war	27	19	54
To have a choice of products in shops and stores	48	7	45
For Spain's future role in the world	43	8	49
To be better able to confront the world economic crisis	43	6	51
For a better energy supply	40	9	51
For the better functioning of democracy in our country	46	6	48
For our exports	51	11	38
For better prices of pro- ducts in shops and stores	41	11	48
For our agriculture	50	13	37
For the labor market and em- ployment	<u>45</u>	<u>10</u>	<u>45</u>
Average	43	10	47

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MILITARY

FRANCE

DEFENSE BUDGET APPROVED, 7TH SNLE TO APPEAR IN 1994

Paris AIR ET COSMOS in French 12 Dec 81 p 12

Text At the close of its second session of 4 December 1981, the Senate unanimously approved the proposed 1982 defense budget. We summarize below the essential portions of the defense minister's preliminary statement:

Program authorizations planned for the FOST Strategic Oceanic Nuclear Force come to Fr 3.6 billion, a 30 percent increase over 1981. The increase reflects ongoing construction of the 6th SNLE nuclear missile launching submarine L'INFLEXIBLE, which will become operational in 1985 equipped with the new multiple warhead M4 missile. FOST is also to prepare for refitting of SNLE's to receive new M4 missiles starting in 1987;

The SNLE to be commissioned in 1994, the 7th in the series, will be a new generation vessel equipped with an optimized weapons system. Fr 100 million in program authorizations are planned for this purpose in the 1982 budget;

For the initial phase of the new strategic weapons system program consisting of mobile ground to ground ballistic missiles of the SX type, Fr 170 million is included in the budget. This system will succeed the Mirage IV equipped with medium range air to ground missiles;

Fr 50 million in program authorizations will be devoted in 1982 to the first studies to be carried out on Hades, the successor to Pluto. Thanks to its increased range, this missile will offer greater flexibility in employment decisions;

The communications net linking the various components of the FNS Strategic Nuclear Force will be hardened to cope with what specialists call electromagnetic impulsion arising from explosions of nuclear weapons;

The Air Force will order 25 Mirage 2000 in 1982, and in 1983 at least 30 orders for that aircraft will be budgeted;

Tactical nuclear weapons programs have reached maturity. The five regiments equipped with Pluto are operational. "I would be lying, however," the min-

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ister pointed out, "if I denied that a number of problems present themselves, in connection with the tactical weapons program, which are linked to political choices. We must study very closely the theory of the forward battle-- forward of the Rhine, that is, on the soil of the Federal Republic of Germany--before committing ourselves politically." The two aircraft carriers are now equipped to receive the ANT expansion unknown;

Purchase of the Mirage 4000 is not now contemplated by the Air Force. If foreign markets opened for this aircraft, "I do not exclude the possibility that the government might study, with possible buyers, ways in which a Mirage 4000 program might be successfully carried out, providing everyone pays his share and France alone does not bear all expenses."

In the discussion, M Yvon Bourges emphasized that "the 7th SNLE would be the successor and replacement for the REDOUTABLE, but that the impression should not be given that FOST will have a seventh submarine." He obtained no answer to his question as to adherence to or rejection of the policy decision made in September 1980 to provide a successor to each of the two aircraft carriers FOCH and CLEMENCEAU.

M Albert Voilquin insisted on the principle that the neutron bomb "must be perfected and built."

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GENERAL

INTERNATIONAL AFFAIRS

FRENCH, BRITISH REVIEW POSSIBLE FUTURE SPACE COOPERATION

Paris AIR ET COSMOS in French 24 Oct 81 p 41

[Pierre Langereux: "New Prospects of French-British Space Cooperation"]

[Text] The strengthening of French-British space cooperation was on the agenda of an important meeting of high officials from the two countries held this week in Paris.

In particular, France wants Great Britain to participate in the development of the new Ariane 4 launcher, whose construction the government of Francois Mitterrand has just launched. Great Britain is in fact already involved in the program to develop the current Ariane 1 launcher, through a bilateral agreement with France. But above all, France hopes to interest its British partner in participation in preliminary development of the new technologies needed for the future heavy European launcher, Ariane 5 (or the equivalent).

For its part, Great Britain is interested in improving the Telecom 1 telecommunications satellite platform in order to make it more competitive on the international market, as well as access to information from the French teledetection satellite known as Spot. France is also willing to negotiate British industry's participation in the building of future French teledetection satellites based on the Spot 3.

Another meeting of high French and British officials is to take place soon on prospects of cooperating on Telecom 1 and Spot.

The French and British positions disagree, however, on the European experimental satellite telecommunications project and on the L-SAT direct television. This satellite would in fact use a heavy platform competing with the one now being developed through French-German cooperation by the Eurosatellite group for the future French (TDF 1) and German (TV-SAT) direct television satellites. France, which is not involved in the L-SAT project (nor is Germany), hopes to be able to reconcile French and British interests, while avoiding a futile and costly duplication of developments with respect to the European heavy platform. For example, France proposes to review the L-SAT project with a view to planning for the platform for the future Ariane 4 launcher.

French-British negotiations will continue in the hope of reaching an agreement by the end of the year, an agreement ratified by a meeting of ministers from both countries.

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GENERAL

FRANCE

GAMMA RADIATION PROJECT WITH SOVIETS TO BEGIN IN 1984

Paris AIR ET COSMOS in French 14 Nov 81 p 47

[Article by Pierre Langereux: "French-Soviet 'Gamma 1' Experiment"]

[Text] The French-Soviet "Gamma 1" experiment, designed to study gamma rays, will be launched at the beginning of 1984, 4 years behind schedule (see AIR ET COSMOS, No 894). The Gamma 1 machine, which weighs about 1.5 tons, will be the main experiment of the future big Soviet gamma astronomy satellite that will follow a circular orbit at an altitude of 350 kilometers, with an expected life span of 1 year. This experiment was conducted with the participation of six French and Soviet laboratories: the Moscow Space Research Institute, the Moscow Physicists Training Institute, the PN Lebedev Physics Institute in Moscow, the AF Ioffe Physical-Technical Institute in Leningrad, the AEC Physical Electronics Department at Saclay and the Space Radiation Study Center in Toulouse.

The Gamma 1 experiment will serve to observe high-energy gamma photons at several dozen MeV, of galactic and extragalactic origin, explains J.-P. Leray, of the Saclay Physical Electronics Department, in the latest CNRS [National Center for Scientific Research] information bulletin.

The gamma photons detected are visualized in broad-gap spark chambers, making better measurement of the direction of arrival of the gamma photon possible. The paths, observed in spark chambers, are recorded by two Vidicon cameras. The images obtained are digitalized, then transmitted to the ground by the satellite's telemetry. An analysis of these images and of data from the satellites themselves (altitude, dating, and so on) will make it possible to learn the direction of arrival of the photon with a precision of 2° and its time of arrival with a precision of 1 ms. Thanks to the addition of a passive collimating lens over the spark chambers, it will be possible to locate the sources detected with a precision of .1°.

Gamma 1 will mark important progress in gamma astronomy, particularly for the identification of detected sources. To date, some 30 sources have been observed (nearly all by the COS-B satellite), but only three or four have been clearly identified, the others not yet possible because of the low precision of localization (about 1°). And yet, all knowledge of the evolution of the stars, and therefore of the universe, can only be based on a study of all observations in all wave length domains. It is therefore fundamental for observed sources to be identified -- that is, associated with objects studied and known elsewhere (X-ray, radio, optics). We may then better determine the ways in which stars emit radiation and consequently, the birth and evolution of these still mysterious objects that form the universe.

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