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West Europe Report

(FOUO 31/82)



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WEST EUROPE REPORT

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ENERGY ECONOMICS

FEDERAL REPUBLIC OF GERMANY

PROSPECTS, ADVANTAGES OF NATIONWIDE DISTRICT HEATING WEIGHED

Hamburg STERN in German 18 Mar 82 pp 90, 92, 94

[Article by Sebastian Knauer: "Wasted Energy for Millions; Apartments, not the Countryside, Should Be Heated"]

[Text] It is possible to tap heat for the living room from power stations and industrial plants. Almost half of the FRG could be supplied in this way. Is district heating a magic weapon against increased oil bills and greater pollution of the environment?

From the depths comes a hissing whistling. Brightly shining cylinders push 3.60-meter-diameter concrete pipes into the soil hydraulically. Centimeter by centimeter the giant worm eats its way horizontally under the railroad yards of Mannheim's main railroad station. After 350 meters the pipe hits the target shaft with the accuracy of a hand's breadth.

The engineers' brilliant coup is not for a subway line but for construction of district heating. Steel pipes are laid through the underground tunnel to conduct heat to apartments. The 130° Centigrade hot water for the radiators comes from a large power plant. By the mid-1980s the coal colossus on the Mannheim Rhine bank, together with an additional 800 megawatt unit, is to become the largest power plant in the Western world. The new plant will produce 50 percent electric current and 50 percent district heat.

And what the operators of nuclear power plants can only dream about actually happened here: the giant program was approved in three-quarters of a year without major protests from the population.

As in hardly any other area of energy policy, politicians, ecologists and economists are equally in favor of heat from the pipes. According to Federal Research Minister Andreas von Buelow, it is to be "built up massively." The Environmental Council of Experts terms it a "decisive opportunity." And even the Association of Electric Current Producers assigns "a large significance to district heating through coupling heat and power as well as industrial waste heat."

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Up to now, energy with which millions of households could be heated has been wasted from the stacks of power stations and factories. In a conventional power plant, coal is utilized to only one-third, and in a nuclear power plant uranium to only 1 percent. The remainder goes as "waste heat" into the atmosphere or into rivers. Each year, a cooling water stream with the median water level of the Moselle flows through a 1,300 megawatt nuclear plant like the one in Biblis. Federal Transportation Minister Volker Hauff says: "Apartments, not the countryside, should be heated."

District heating is considered a hot tip not only for a sure energy supply but also for increased prosperity and economic growth:

--The FRG's dependence on petroleum would be reduced through construction of a district heating grid. Each year, 27 million metric tons of petroleum and thus DM 13 billion in foreign exchange could be saved. In no other area is it possible to save as much petroleum as in heating, where the black gold can be exchanged for hot water.

--The environment benefits from district heating, and not only because of the lower temperature load exerted by the power plants. By taking individual heating installations which fire oil or coal out of service, the smog over the cities will be reduced. With the introduction of district heating in Cologne, poisonous sulfur dioxide was reduced 27 percent; in Munich, 30 percent. In the Ruhr area 100,000 metric tons less of harmful substances will probably trickle down after construction of the district heating grid. Renewed environmental pollution by additional coal heat power plants is avoided by modern filtration processes.

--Employment will receive a strong impetus. More than 200,000 jobs for steel construction workers, sheet metal workers, erectors, engineers and construction workers are supposed to be assured for 15 years. Nevertheless, in the employment program currently being passed by the Federal Government, district heating is not taken into account.

The security of supply for coal power plants is assured until well beyond the year 2000. Worldwide, 83 percent of fuel reserves are coal, 14 percent are petroleum and only 3 percent are gas. Europe has the largest amount of coal after the United States, the Soviet Union and China.

Is district heating a magic weapon? Not entirely. Up to now, extension of the 6,385-kilometer-long heat coil throughout the FRG has been economical only for short distances. However, the drastically increased prices of oil and gas in the meantime have made district heating in conurbations attractive for distances greater than 30 kilometers, too.

Only in the countryside does the construction of expensive supply lines meet an obstacle. A kilometer of pipe grid in the FRG costs half a million, and every connection to a house costs DM 4,000. The fact that it can be different is shown by the Scandinavians, world champions of district heating: By means of simple, inexpensive piping systems even thinly settled belts of land are supplied with district heat.

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In 1977, the Federal Government sounded out future possibilities for district heating in a 12-volume report. According to the report, up to the year 1990 at most 33 percent (today it is 7 percent) of "low temperature heat" is to come from the pipe: for space heat, hot water supply in apartments, schools, administration buildings and factory buildings.

However, the figures are already out of date. Through increased construction of small, decentralized heat power plants it is possible to form so-called supply islands with their own grids. By tying these grids together, 40 percent of all energy users can receive heat.

No other fuel--neither gas from Siberia nor oil from the Emirates nor electric current from domestic nuclear plants--is cheaper than recovered energy. Industry has shown for a long time how money can be made from hot steam. Excess waste heat is reutilized in their own heat recirculation loops by chemical plants and refineries, steel plants and smelters. Moreover, industry produces as much electricity in heat power plants each year as is produced in five large nuclear power plants.

On the lower Rhine, the district heating track for 150,000 apartments is supplied by industrial enterprises. In Duisburg, a Thyssen blast furnace supplies heat for 9,000, a sulfuric acid plant for 15,000 and a steel plant for 26,000 apartments of 70 square meters each.

In Mannheim, the inhabitants also heat apartments with their own trash. More than 180,000 tons of trash a year are converted to heat energy in a trash incineration plant. Even at Ochsenfurt on the Main, far from the large power plants, a sugar plant sells waste heat. And in Stade on the lower Elbe, a nuclear power station is expected to supply its excess steam to a commercial enterprise 2 years from now, for the first time.

The petroleum age is approaching its end. Although even today almost one-half of all apartments are heated with expensive petroleum, wherever rickety oil burners have to be scrapped, district heating is particularly indicated. According to Hans Peter Winkens of the Frankfurt District Heating Association, "It took only 20 years for oil to be accented in the heating market, and its rejection will not take any longer."

A hard fight is on over the 100-billion market for heating the living room. With the concept "heat 2000," electric current producers want to make night-storage heating and electrically operated heat pumps palatable. During recessions, it is thus possible to sell excess electric current to consumers at high prices, including current from nuclear power plants. However, heat from the wall outlet is a wasteful solution because three times as much energy has to be made available to produce 1 kilowatt of electric current. Valuable electric current is necessary above all for illumination and for driving machinery.

The strongest competitor for the lucrative heat market, however, is gas, because where natural gas lines already go to the consumer, the chances for district heating are slight.

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And this is particularly the case of the conurbations suited for district heating. The gas lobby is shooting full blast at the expensive duplication of supply lines; it argues that "the present wave of enthusiasm for district heating will give way to a more sober way of looking at things."

The street fight among heat vendors is most often decided in local government offices. According to Manfred Rommel, president of the German Association of Municipalities, "The rivalry between district heating and gas should be brought to an end as soon as possible."

However, municipal supply enterprises show little imagination in converting to the coming energy supply.

No wonder, because the manager of a gas plant jeopardizes his own job by deciding on district heating. In Flensburg, after rapid construction of district heating in April of this year, the gas plant will be shut down. Today more than 90 percent of all households are connected to the district heating grid, although as recently as 1970 the city was classified by the Federal Government as "unsuited" for district heating. City plant manager Wolfgang Prinz comments: "At that time they laughed at us."

In the meantime, consumers have stopped laughing wherever district heating fell by the wayside and gas was propagated. Shocked by the price increases for oil, and lured by the sales slogans of natural gas vendors ("convenient energy"), hundreds of thousands of households have converted to gas heat in the past decade. The gas share of heat energy rose from 1 percent in 1964 to 17 percent today. However, once the gas burners were installed prices also rose--since 1978 alone, by more than 100 percent. And the gas monopoly enterprises regularly send polite letters asking that price increases be agreed to or supply contracts will be canceled.

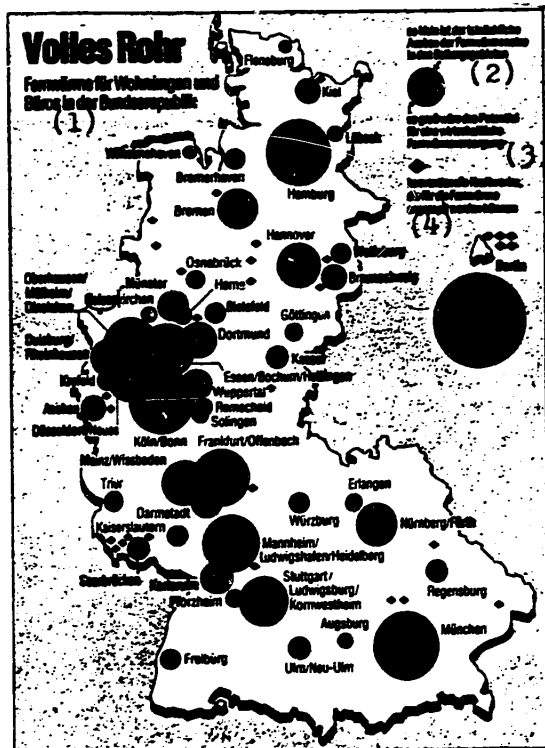
Nothing will change the price dictate because natural gas is still scarcer than petroleum. Exploitation of the colorless fuel, which since the recent natural gas pipeline deal with Russia, also has a political price, is controlled by the same raw-material multinationals as petroleum--Mobile, Esso, Shell and BP. The hoodwinked natural gas consumer now hesitates from bitter experience to change course to the district heating extolled. As Hans Neuffer of the Association for District Heating says, "Who wants to be taken advantage of twice?"

Price will decide the race of the heating systems in the end. In the strongholds of district heating, the Steag AG [Hard Coal, Inc] of Essen calculated a clear lead for pipe heat. Annual heating costs per square meter in a multifamily house are: for heating oil DM 23.82, for electric current DM 21.69, for gas DM 19.51 and for district heating DM 17.91.

For the present, however, local residents will have to put up with the dirt and noise of underground construction at their front doors. In Cologne, to be sure, laying the heat pipe below ground was combined with construction of the subway. And in order to break down opposition to district heating, according to the SUDDEUTSCHE ZEITUNG, cables for the controversial cable television can be laid at the same time.

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District heating will bring bad luck only to the luck-bringing chimney sweeps, because millions of private chimneys will have stopped smoking.



A 6,385-Kilometer Long Heat Coil Today Supplies 7 Percent of FRG Citizens

The FRG as a district heating country. At Mannheim the largest coal-fired heat power plant of the Western world is coming into being. Conduits with hot water are brought above ground to the consumers. As shown on the map, about 40 percent of the population could be supplied with heat from the pipe. Construction of the district heating network often falls through because gas line laying has just been completed at great expense. Natural gas, however, is scarcer than petroleum and almost as expensive.

- Key:
1. Full pipe. District heating for apartments and offices in the FRG.
 2. The actual extent of district heating grids in conurbations is this small.
 3. The potential for an economical district heat supply is this large.
 4. Conventional power stations which can be tapped for district heating.

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ECONOMIC

FRANCE

ARON, SENATOR DISCUSS ECONOMY VERSUS SOCIAL BENEFITS

Aron Sees Contradiction

Paris L'EXPRESS in French 19-25 Feb 82 pp 96-97

[Article by Raymond Aron: "France in the Crisis"]

[Text] The day after the elections, in keeping with his campaign promises, Francois Mitterrand created a committee to draw up an assessment of the preceding 7-year term, an inventory of France on the eve of the Socialist experiment. The new majority did not use the outline of the report which was presented in September. I shall not use the whole report, which too often appears to be indictment.

Between 1970 and 1980, individual purchasing power continued to rise. In 1970, some 57 percent of all households had a washing machine; in 1980, it was 79.4 percent; and the percentages for automobiles rose from 57.6 to 70 percent. During that same period the average workweek (for workers and employees) declined from 44.7 to 40.7 hours. In other words, without any action by the public authorities the workweek declined by about 10 percent. However, these figures can be interpreted in various ways. Although the rise in purchasing power has slowed down since 1973, purchasing power has nevertheless continued to rise. This is enough to contradict the critics who inveigh against austerity and seek to find the secret of prosperity in the increase in individual incomes. On the other hand, one might wonder if inflation and unemployment are not at least the partial consequences of an incomes policy (or a lack thereof) which, in the last analysis, favored consumption at the expense of investment.

In the publication ECONOMIE ET STATISTIQUE by Insee [National Institute of Statistics and Economic Studies] I read about the trend in rates of annual volume growth of the Gross Domestic Product [GDP]. The French rate was 5.3 between 1960 and 1973, and 2.9 between 1973 and 1980. The two rates are higher than the United Kingdom's (2.9 and 1); close to the rates for Italy (5.3 and 2.6) and for the FRG (4.3 for 1960-1970; 3.9 for 1970-1973; and 2.6 for 1973-1980). They are less than the corresponding rates for Japan (10.3 for 1960-1970; 7.9 for 1970-1973; and 4.5 for 1973-1980).

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Other statistics bring out France's relative successes and failures during these recent years. The GDP grew by 21.1 percent between 1970 and 1980, compared with 19.7 for Italy, 17.2 for the FRG, 14.7 for the United States, 5.2 for the United Kingdom, but 33 for Japan. The dislocations following the oil crisis have brought the rate of GDP growth down to 1.3 in 1980. The 1981 elections coincide with a recession combined with the decline in growth rate which characterizes the whole period.

At the same time France followed a very conservative policy in public expenditures. The budget deficit was barely more than 1 percent of the GDP, while the deficit reached 11 percent in Italy, 4.8 percent in the Netherlands, and 3.5 percent in the United Kingdom. As a result, the burden of the public debt (in percentage of GDP) reached 16.7 percent at the end of 1980, as opposed to 58.1 percent in Italy, 28.6 in Japan and 22.6 in the FRG.

On the other hand, from March 1980 to March 1981, the retail price index rose by an average of 12.5 [points] compared to 20.1 for Italy, 5.5 for the FRG, 6.6 for the Netherlands and 7.6 for Belgium. It is striking that there appears to be no correlation between the rate of price increases and the strictness of budgetary or monetary control. Despite enormous budgetary deficits (9 percent of the GDP), Belgium keeps its prices in check better than France.

As for unemployment, France occupies an in-between position: 7.4 percent of its labor force at the end of March 1981; less than Belgium (10.5) and the United Kingdom (9.5), yet considerably more than the FRG. However, between 1980 and 1981 the increase in unemployment was faster in the countries that had previously been spared, namely, the FRG and the Netherlands.

Before 1973 the government did not comprehend the signs heralding a change in the economic climate--many signs (slowdown in growth, beginning of unemployment, and acceleration of inflation). Valéry Giscard d'Estaing, after his election in 1974, immediately took the initiative of preparing a stabilization plan, which was obviously needed, and which caused the 1975 recession. It appears that those in charge did not become aware of the gravity of the crisis, or rather of the deep causes of a prolonged phase of slackening of the economy. From the end of 1975, a revival plan was applied which aggravated inflation and brought about a deficit in current accounts. Raymond Barre replaced Jacques Chirac in the fall of 1976 and defined the principles of his administration. These were maintained, along general lines, until the Socialist victory in May-June 1981.

Raymond Barre had reestablished equilibrium in the current accounts by 1978-1979, before the second oil crisis. The latter crisis brought about a new deficit in current accounts; a surplus of Fr 19.208 billion on account of invisible transactions, reducing the trade deficit by Fr 52.310 billion.

Taking only these overall figures into account, and stopping at the spring of 1981, an overall judgment could be formed along the following lines: A prudent management left the Socialist government considerable foreign exchange holdings (Fr 363.401 billion), a small internal public debt and a positive

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balance in foreign credits and debts. But the positive balance is somewhat illusory since a certain number of our outstanding credits are uncertain, to say the least. The picture is darkened by inflation continuing at around 10 percent during the good years, and increasing to around 14-15 percent after the second oil crisis.

Of course, in the eyes of the public, the rise in unemployment is much more important than the rate of inflation. But Raymond Barre was, or so I believe, even more disappointed by the inflation figures than by the unemployment figures. The latter almost inevitably resulted from the recession and the international situation. But the budgetary and monetary stringency could and should have produced better results. He himself is wondering about the causes: the French people's inflationary reactions? Commercial trade networks? Or excessive wage increases?

Stagnation in investment also characterized this period. That is easily explained. The gross added value of private enterprises increased less than wages. From 1974 to 1980 it increased (in volume) at the rate of 3.3 percent, while wages rose at the rate of 4.6 percent; employer social insurance contributions rose at the rate of 7.9 percent; and salaries, at the rate of 4.6 percent. Companies' gross disposable income (undistributed profits and reserves for depreciation) only increased at the annual rate of 0.3 percent. In 1973 the gross disposable income of companies, on which investments are drawn, constituted 12.7 percent of the value added; in 1980, only 10.3. The financial situation of companies improved in 1978 and 1979 (11.2 and 11.8 percent); it worsened anew in 1980, following the second oil crisis. The greatest increase was in social insurance contributions. In 7 years they rose from 14.6 percent to 18.3 percent of the value added.

Overall statistics show us only one part of the picture. One's judgment of the strength of the French economy in a changed international economic climate depends on the place of French production and exports in the world.

Let us begin with a success. Anyone glancing over the statistics on current accounts cannot help being struck by the size of the surplus under "services," sometimes called "invisibles." The positive balance under services reaches more than Fr 35 billion for the year 1980, and more than 22 billion for the first three quarters of 1981. The amount is the more surprising since the balance under invisibles [services] shows a deficit from 1970 to 1976. The change can be attributed to services, since in the meantime the amount for unilateral transfers (foreign workers' remittances) increased. Research and development projects, large-scale construction work, and services connected with exports occupy top positions under services. OECD economists have calculated various countries' share in the world market for services. France's share rose from 7.7 percent in 1970 to 10 percent in 1979. This is a recent market conquest; if maintained, it could make a substantial contribution to balancing current accounts.

On the other hand, the foreign trade figures are not satisfactory, above all those for the last 2 years, 1980 and 1981. Surplus sectors show diminishing

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surpluses. Deficit sectors show increased deficits, with the exception of agriculture and foodstuffs which continued their growth in 1980. The reserve ratio of 97.7 percent in 1979 dropped to 89 in 1980. One can conclude that as a normal consequence of an inflation rate that is higher than most of our competitors, French products have become less competitive.

Commentators note that we have trade deficits with the principal industrialized countries (FRG, United States, Belgium, the Netherlands), with the exception of Italy and Great Britain. It would, in fact, be preferable if our products were able to compete where competition is strongest, but market selection [l'effort de la differentiation des marches] also responds to needs.

The relatively large contribution made by two sectors, automobile and agricultural and food products, which contributed around two-thirds of the total surplus in all surplus sectors, can be interpreted in various ways. Specialization responds to constraints that no industrial country can elude. Agriculture and food products industries should find an expanding market. On the other hand, the automobile industry will probably come up against the so-called newly industrialized countries.

Until 1978-1979 it appeared that France had kept its place in the world. The results of 1980-1981, following after the second oil crisis and too much inflation, cause concern. Trade surpluses in the electricity materials sector have diminished. Has France fallen behind in the various forms of the electronics sector, the sector which sets the pace of the new industrial revolution? Can it catch up? The trade deficit for the whole of the year 1981 scarcely differs from that of 1980 (Fr 59 billion against 62) but the deficit in December (8 billion) demonstrates the effects of the French recovery, which lags behind the economic situation in other countries of the EEC. Once again the GDP growth seems to have caused a stronger rise in imports, and hence a trade deficit.

The high dollar exchange rate offers France an advantage for 1982: American products become less competitive. It also offers a disadvantage: Imports purchased in dollars cost more. The deficit in current accounts is likely to become worse during the course of the next year without a recovery in the Mark bloc.

Whatever the responses to these problems may be, one cannot help noting the contradiction between the dominant ideas of the Socialist government and the conclusions suggested by the statistics. The former, so-called rightist government wished to spare the French people the consequences of the increase in prices of petroleum products. Consumption increased, company resources for investment diminished. However, the men in power today promise to raise salaries through a fifth week of vacation, by reduction in hours of work, and to increase employer social insurance contributions. These measures are obviously contrary to the needs of the French economy, since it is involved in a formidable competition. Once more the economy must pay the price of good intentions in the social field.

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Senator Urges Defense of Franc

Paris LE FIGARO in French 22 Feb 82 p 2

[Article by Michel Maurice-Bokanowski, Senator-Mayor of Asnieres: "The Franc in Danger"]

[Text] The history of the principal Western countries is linked to the ups and downs of their currencies. No great country has escaped monetary problems. France, no more than any other. On the contrary, the fragility of our industrial fabric, the special character of our savings, and our dependence on foreign energy force us to participate in the international monetary world.

Since taking power the Socialists have constantly leaned toward, and now seem to have been taken in by, the monetary pitfall of devaluations, excessive taxes, considerable increases in unproductive public expenditures and promises of utopian social measures that cannot be fulfilled. Moreover, the European monetary system presupposes a minimum of convergence of the economic policies of the different member countries. However, France is practically at an impasse over inflation, stimulating budgetary activity and increasing public expenditures while Germany is doing just the opposite.

Public expenditures of the German Government have increased 4 percent over 1981; those of the French Government, 28 percent.

Also, since the last devaluation, the health of our money has not improved. Our energy, paid for in dollars, will be more expensive, and as a result our production costs will increase, canceling the early effects of devaluation on our competitiveness.

Let us look around us. Which countries have thus far best weathered the crisis? Germany, Japan, Switzerland, and, for the present, the United States--the countries with strong currencies. Which are the countries that have experienced the most difficulties? Italy, Great Britain--the countries with weak currencies.

Until May 1981, France had succeeded in remaining competitive and in even improving its record, thanks to a strong currency which held down inflation and the energy bill. But in a few months our country has experienced a serious monetary setback which is going to increase inflation yet further, and, in consequence, unemployment.

How can the Bank of France reserves designed to support our threatened currency, reserves which have melted away by more than 70 billion since the beginning of this 7-year administration, be reconstituted?

The Political Climate

The real solution to our problems, at least those of an economic nature, would nevertheless be quite classic since they take into account the requirements of our times and the material and moral interests of the French people.

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The real solution is to produce in order to assure expansion and full employment in order and stability. Thus the currency can be strengthened by restoring confidence.

Let the state show great discipline in managing itself; let it strive to promote generous but realistic reforms, let it methodically inform the citizenry about economic and social problems, then worry would disappear before clearly expressed truth and clearly defined objectives.

Behind the economic programs and the best financial formulas there is the social and political climate which always determines success or failure. The battle of the franc will take place above all on this terrain. It has begun badly.

There, to remind us, is the "scenario" of the Popular Front: After Laval's and Flandin's stringent austerity and deflation policy, unemployment increased, production stagnated, borders were closed to merchandise and capital, taxes rained down.... And on 3 May 1936, the Popular Front won the elections.

Then strikes and factory occupations broke out from 11 May. Renault came on the scene on 28 May. Leon Blum called in the CGT and the General Confederation of French Production on 7 June. Talks resulted in the Matignon accord: It provided for collective agreements, trade union rights, a 12 percent increase in wages and a 40-hour week instead of a 48-hour week. Little by little, calm was restored.

But the blow was too heavy for the French economy.... In a few months wages once more lost the benefit of the raises which had been gained. The wage-price spiral began, prices roared upward, capital fled. Leon Blum was forced to devalue. It was to be 25 percent on 25 September 1936. But that rate was not enough and the Popular Front did not inspire confidence, quite the contrary. Prices continued to climb. They increased 28 percent from September 1936 to January 1937. The rest is well known. History never repeats itself, but, in the months to come, how can our franc, shaken so badly since 10 May 1936, not risk a collapse as a result of economic causes that are difficult to analyze?

Toward the Social Explosion

As of now, all French persons should be concerned about defending the franc, the national symbol of independence and prosperity.

Such a union for the franc was an action undertaken by a small group of clear-sighted Frenchmen in 1924, following the policies of the "Cartel des Gauches" [cartel of leftist groups] and it aroused the conscience of many citizens sufficiently to bring back Raymond Poincare, in 1926, and save the country from bankruptcy.

Let us face it! Confronted with the discontent of all categories of the population, its own incapacity to satisfy both its electoral base and the demands

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of a modern economy, in the coming months the government will see a social explosion which will make May 1968 look like a joke.

- As of now we must again reunite, outside of political parties, to save our franc, the instrument of our strength and our influence in the world.

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ECONOMIC

ITALY

TEXT OF BILL ON SEVERANCE PAY

Milan IL SOLE-24 ORE in Italian 13 Mar 82 p 13

[Text of the outline for a bill concerning the regulation of severance pay approved yesterday by the Council of Ministers which will be presented to Parliament for approval]

[Text] Title 1

Regulation of Severance Pay

Article 1 (Severance Pay)

In every case of cessation of employment, the employee has the right to severance pay. This severance pay is calculated by adding, for each year of employment, 1 month's salary, equal to, and in any case not more than, the amount of payment owed for the year divided by 13.5.

The above-mentioned month's compensation is proportionately reduced for fractions of a year; fractions of a month over 15 days are counted as an entire month.

Seniority compensation that would be owed to single employees in case of cessation of employment at the moment that this law goes into effect is calculated according to the present regulations up to that moment, and all its provisions are owed to the new regulations outlined in this law.

Article 2 (Yearly Earnings)

Except for different provision in collective contracts, yearly earnings, for use in the preceding Article 1, include provisions, production bonuses, sharing in profits or products, the equivalent of room and board owed to an employee, and of any other compensation of a continuative nature with the exclusion of the amount corresponding to reimbursement for expenses.

Article 3 (Reevaluation Index)

Severance pay referred to in Article 1, with the exclusion of the month's pay accruing each year, is increased according to the following composite basis:

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on 31 December, of each year, through the application of an index that consists of a 1.5 percent fixed rate and of 75 percent of the increase in the consumer price index [CPI] for blue- and white-collar families, certified by the Central Statistics Institute, with respect to the month of December of the preceding year.

When the reevaluation index explained in the preceding paragraph is applied to fractions of a year, the increase of the Central Statistics Institute Index is that which is certified for the month of cessation of work with respect to the month of December of the preceding year. Fractions of more than 15 days are computed as an entire month.

Article 4 (Advances)

An employee with at least 8 years of service may ask, if the work relationship is continuous, for an advance of not more than 60 percent of the severance pay to which he would be entitled in the case of cessation of work on the date of the request.

The request must be justified by the necessity for:

- (a) possible health-related expenses for extraordinary therapies and surgery recognized by competent public structures;
- (b) acquisition of a first home for residence of the employee or the employee's children, documented by a notarized statement.

The advance may be obtained only once during employment, and is subtracted, with no exceptions, from the severance pay.

The hypothesis referred to in Article 2122 of the Civil Code, the same advance is subtracted from the compensation foreseen by the same norm.

More favorable conditions may be granted in collective contracts or in individual agreements.

The provisions of this article are not applicable to companies declared in crisis by the law of 12 August, 1977, No 675, and its successive modifications.

Article 5 (Secondary Claims on Fixed Property)

Article 2776 of the Civil Code is replaced by the following:

"Debts relative to severance pay, as well as the compensation referred to in Article 2118 of the Civil Code, are claimed secondarily, in the case of non-payment, on the price of fixed property, with preference given to unsecured debts.

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"Debts indicated by Articles 2751 and 2751a of the Civil Code, and successive modifications, for the execution of those indicated in the preceding paragraph, and debts for contributions owed to institutes, agencies or special funds, including those which are substitutive or integrative, which control forms of obligatory disability, old age, and survivor insurance, referred to in Article 2753 of the Civil Code, are claimed secondarily in the case of nonpayment, on the price of fixed property, with preference given to unsecured debts, but after the debts indicated in the preceding paragraph.

In case of failure to repay, government credits referred to in Paragraph 3 of Article 2752 of the Civil Code are based on personal property or real estate, with preference given to unsecured credits, with the exception of those profits indicated in the preceding paragraph.

Article 6 (Computation of Compensation Without Prior Notice)

Article 2121 of the Civil Code is replaced by the following:

"The compensation referred to in Article 2118 of the Civil Code must be calculated by computing the provisions, production bonuses, sharing in profits or products, or other compensation of a continuous nature, with the exclusion of reimbursement for expenses.

"If the employee is paid totally or in part through commissions or profit-sharing, the aforementioned compensation is determined by the average of the earnings of the last 3 years of employment or of the least amount of time of services rendered.

"The equivalent for room and board owed to the employee is also part of this compensation."

Article 7 (Seamen)

Compensation referred to in Articles 351, 352, 919, and 920 of the Navigation Code approved with Royal Decree 30 March 1942, No 327, are replaced by the severance pay regulations indicated in the present law.

When, according to Part IV of Title IV of the Navigation Code approved with Royal Decree 30 March 1942, No 327, severance pay or other compensation is proportional to earnings, this is intended as being determined and regulated by collective labor contracts.

Article 8 (Applicability)

The provisions of the present law apply to all relationships involving subordinate work for which forms of seniority pay, severance pay, severance pay delineated in any fashion and from any source legally considered responsible under the law are applied.

Laws regarding severance pay for civil service employees remain the same.

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Title II

Final and Transitory Regulations

Article 9 (Computation for the Earning of Acquired Contingency Points)

In partial abrogation of Article 2 of the present law, increases in the contingency compensation or earnings of like nature, accrued from 1 February 1977 through 1 May 1982, are computed in the annual real earnings in the following manner and with the following due dates:

- 25 points beginning from 1 January 1983
- 25 more points beginning from 1 July 1983
- 25 more points beginning from 1 January 1984
- 25 more points beginning from 1 July 1984
- 25 more points beginning from 1 January 1985
- 25 more points beginning from 1 July 1985
- remaining points beginning from 1 January 1986

Article 10 (Parity)

Until 31 December 1989, and except for more favorable collective contracts, for employees who, at the moment that the present law goes into effect have the right to seniority pay that is less than that indicated in the law of 18 December 1960, No 1561, the measures expressed in hours or days indicated by the collective contracts for seniority pay are evaluated proportionately to the amount of earnings for each year divided by 13.5.

By that date, all categories of workers must be guaranteed the right to the treatment outlined in the present law.

Article 11 (Abolition of the Fund for Employee Compensation)

The fund referred to in Article 3 of the Royal Draft Bill of 8 January 1942, No 5, converted, with modifications to the law of 2 October 1942, No 1251, is declared null and void.

The assets of the fund referred to in the preceding paragraph are passed on to the employers who have this right proportionate to the reserves put aside according to the law. The modalities for the liquidation of the aforesaid assets are established by decree of the Labor Ministry and Social Security together with the Treasury Ministry.

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Article 12 (Norms for Abrogation)

Articles 1 and 1a of the Draft Law of 1 February 1977 No 12, converted, with modifications to the law of 31 March 1977, No 91, and Article 2120 of the Civil Code are abrogated.

All other norms of laws or norms having the force of law which concern the forms of seniority pay, severance pay, and severance pay delineated in any fashion, are abrogated.

All clauses of collective contracts regulating the aforementioned subjects are null, and are replaced legally by the norms of the present law.

In cases in which the norms of law or norms having the force of law or clauses of collective contracts which refer to institutes indicated in the second paragraph or to their regulatory funds, the referral must be considered as a referral to severance pay indicated in the present law.

Article 13 (Application Date)

The present law will be valid the day after its publication in the OFFICIAL GAZETTE and will be applied from 1 June 1982.

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ECONOMIC

ITALY

OUTLOOK FOR INFLATION, BALANCE OF PAYMENTS, UNEMPLOYMENT

Milan IL SOLE-24 ORE in Italian 14 Mar 82 p 13

[Article by E. J.: "Three Alternative Scenarios for the Italian Economy 1982-1983"]

[Text] The beginning of 1982 finds the Italian economy in the midst of a recessive cycle that has lasted for a year and a half, even if the situation has improved during the most recent period. For the first time in 3 years here, external factors are operating favorably, attenuating inflationary pressures. Increases in oil and raw-material prices are not expected, nor are exchange movements equal to those of preceding years. For the Italian economy, therefore, 1982 is a year of possibilities and risks.

Possibilities and risks, prospects and alternative involutions are clearly seen in the first of six annual reports from the European Center for Research, edited by Maurizio Pala, Antonino Pedone, Giorgio Ruffolo, Luigi Spaventa, Franco Sartori, Nicola Scalzini, Salvatore Tutino.

The year 1982 is one in which inflation will depend almost exclusively on internal behavior, without the possibility for shifting responsibility to international factors beyond our control. The results of analyses carried out indicate the difficulty of bringing the inflationary process under control rapidly and eliminating the internal and external imbalances without suffering too much damage in terms of income and inflation. The writers of the report have, therefore, put three scenarios before us, one inertial, one governmental, one trade union.

The conclusions reached by the group of experts from Europe Research are outlined in a well-articulated, international framework of the economy. For the OECD countries, the gross product growth rate should be 1.5 percent in the second half of 1982, and rise to 3 percent in the first half of 1983. Only Japan would consolidate higher development rates (5 percent in the first part of 1983). Unemployment will continue to rise to 8 percent in the first half of 1982, involving particularly the young labor force. Inflation will tend to decrease on the international level, reflecting the decrease in the price of basic raw materials and foodstuffs, as well as the prospect of more contained salary raises due to more widespread unemployment. The current deficit of the OECD countries should remain the same, though there will be great

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disparities from country to country. Economic policies will continue to have a tendentially restrictive character, while monetary policies will consent to narrow paths toward recovery.

The following hypotheses were made concerning world demand and prices for the construction of the three scenarios. World demand expressed by the weighed index of products manufactured in the principle industrialized nations competing with Italy will increase by 4.5 percent in 1983 and by 7 percent in 1983. Exports of OPEC will increase more than 10 percent. The price of crude oil will increase 5 percent in 1982 and 8 percent in 1983. The prices of other raw materials and foodstuffs should show a slow recovery in 1982, more consistent in 1983. Prices of manufactured products in dollars should increase 8.6 percent in 1982 and 8 percent in 1983. The lira-dollar exchange rate should remain at about the level of the end of 1981 (1,200 lira), while the exchange rate with the mark should register a devaluation of the lira of 13 percent in 1982 and 5 percent in 1983.

The aspect which differentiates the basic scenario from the other two discussed in this report is represented by the hypotheses pertaining to the behavior of state enterprise concerning income taxes and salary dynamics. The basic assumptions are: the inflation-adjustment scale will continue unmodified, and salary increases are such as to conserve after-tax buying power for salaried workers in 1982 and 1983; thus fiscal drainage which weighs on salaried workers will operate totally on the basis of progressivity. These hypotheses mark an inertial picture in the sense that each of the principle economic agents goes its own way: the government is allied with the dictates of financial laws, union leaders attempt to maintain after-tax salaries. Stagnation is predicted in this basic scenario: the PIL [Gross Domestic Product] remains practically on the same level as that of 1982 (+0.3 percent), and registers a less than moderate increase in 1983 (+1.5 percent). Total employment would decline slightly during the 3-year period 1981-83, but given the predictable increase in the labor force, the unemployment rate would rise rapidly, going from 7.6 percent in 1980 to 11 percent in 1983. Private consumption would undergo a decrease of 1 percent and slight recovery in 1983 (+0.4 percent). The increase in nominal earnings, (slightly less than 24 and 20 percent in 1982 and 1983), would allow, in the 2 years a gross increase of 3.3 and 2.7 percent, which, because of the effect of fiscal drainage, would set net earnings at the same values as those of 1981. The available "real" income would undergo a decrease of 0.8 percent in 1982 and an increase of 1.8 percent in 1983. Investments would show negative rates in both years with a drastic decrease (-12.7 percent) in real terms in 1982.

Exports will continue to represent the most dynamic part of the combined demand in the presence, as well, of a reduction in the market quota. A negative sign would be the influence of the evolution of prices with respect to those of competitors. Because of reports on the predictions concerning exchange relations of the lira and the still heavy inflation, a gradual deterioration of our competitiveness would occur, causing a loss in market quota, increased importations, with an increasing quantity from 1.5 to 3.5 percent, a drastic change of the parity of the lira in the SME. The current debt would be reduced to about 2.7 trillion liras, then transformed into a positive balance of

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about 3 trillion liras in 1983. We are dealing with a fragile and costly equilibrium, because it would be the expression of adjustments despite the worsening in competitiveness of our products. Prices in liras would rise, in this scenario, to a rate over 19 percent and 16 percent in 1983. The quota of available income from dependent work on the added value of the private sector would increase again by 1 percent in 1982, to decrease by 0.4 percent in 1983, so that the gross margins of companies would decrease.

The quota of the net debt on the gross domestic product should be about 2 points less than that of 1981. A more marked improvement should take place concerning the currency deficit, whose quota on the PIL should fall from 5.0 to 3.4 percent. The quota on the PIL of the total need of the widened public sector, finally, should be reduced to 10.3 percent for 1983 (compared to 12.8 percent for 1981).

With respect to imports, first of all, a further increase in fiscal pressure should be registered, which, in 1983, should be about 40.3 percent, with an increase of about 2 points with respect to 1981. The most dynamic component would continue to be represented by direct taxes, and, in this sense, by the IRPEF [tax on family income]. The withholding at the source for salaried workers should show, from 1981 to 1983 a total increase near 80 percent despite the hypothesis adopted concerning tax deductions.

Current expenditures for the PIL should remain at about 45.5 percent.

The scenario that we now outline clarifies the consequences that would come about in reaching the objective of a 16 percent inflation rate fixed by the government, without paying any price to obtain it. Thus, a hypothetical scenario. The PIL could grow by 1.8 percent in 1982 and by 3 percent in 1983, and total employment would register a modest total growth only in 1983. Total demand would increase by only 2.1 percent in 1982 and 3.7 percent in 1983, with a large contribution coming from inventories for both years, consumption would increase less than 1 percent. Real income would increase 1 percent and 2.4 percent. Gross fixed investments would register a modest increase. The current balance of payments deficit would settle at about 5.5 trillion liras in 1982, to show a positive balance of 1.7 trillion liras in 1983. The nominal increment in earnings after indexing would be 16 percent, with a net decrease of 2.2 percent in 1982 and an increase of 0.5 percent in 1983. In terms of public financing, a worsening of the deficit in 1982, but a net increase in 1983: the present deficit would be lowered from 20 to 15 trillion liras. In real terms, the reversal results as still more sharp, with a half point reduction in 1983. Fiscal pressure increases by a small amount in relation to the PIL (+0.6 percent for 1981-83). Current expenditures are reduced with respect to the PIL by 1.8 percent from 1981-83 thanks, chiefly, to the reduction of interest on the national debt.

The recovery outlined in this scenario is not ephemeral because it is based on the renewal of the demand for investments and the increased competitiveness of exports. There would, in any case, be an increased cost in terms of compression of real after-tax earnings and stagnation of employment.

FOR OFFICIAL USE ONLY**Three Scenarios for the Italian Economy Compared**

	Scenario A		Scenario B		Scenario C	
	1982	1983	1982	1983	1982	1983
PIL	0.3	1.5	1.8	3.3	1.8	3.0
Imports	1.5	3.5	3.4	5.4	3.5	5.4
Consumption	-0.3	0.8	0.7	0.9	1.2	1.6
Gross Investments	-6.4	-1.7	-4.6	1.9	-5.7	-0.2
Exports	4.2	5.2	7.0	11.0	5.9	8.9
Current Balance*	-2,700	3,035	-5,430	1,731	-6,206	-1,570
Current P.A. Deficit*	-18,466	-19,104	-20,506	-14,838	-23,785	-25,190
Consumer Prices	19.3	17.0	16.0	13.0	17.2	13.2
Gross average earnings (indexed)	23.7	19.9	16.2	16.1	18.5	14.7
Real gross average earnings (indexed)	3.4	2.7	0.1	2.8	1.1	1.3
Real after-tax earnings (indexed)	-0.1	-0.2	-2.2	0.4	1.1	1.3
Cost of labor per unit	21.6	16.2	11.4	10.2	14.2	10.0
Total employment	-0.4	0.1	-0.3	0.5	-0.2	0.6

*Value in billions of current liras

Scenario A = "Inertial" hypotheses

Scenario B = Government line

Scenario C = The union proposal

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The third scenario is that of the unions; it is based on two directives: union acceptance of the moderation of real after-tax earning requests, and governmental elimination of the fiscal drain on incomes. In terms of employment and growth, the results would not be dissimilar to those comprised in the government scenario, and the social cost of a reduction in real income of workers would be eliminated. Yet other costs would be seen: a worsening of the national debt and a worsening in the balance of payments that would signify imbalances in exchange and higher inflation. In this scenario, the GNP would increase appreciably, from 1.8 percent in 1982 to 3 percent in 1983, with an increase in industrial production of 2.8 and 5.4 percent. Global demand would register an expansion of 2 and 3.4 percent, sustained significantly by foreign components. Private consumption would grow 0.9 percent in 1982 and 1.6 percent in 1983. Investments would diminish by 6.7 percent, and would remain more or less unchanged in 1983.

The balance of payments would go into the red by 6.2 trillion liras in 1982 and 1.6 trillion liras in 1983. Inflation, though decelerating, would be at higher levels than those of the government (17.2 percent in 1982 and 13.2 percent in 1983). Earnings increase would be 18.5 and 14 percent. Earnings increase after the inflation adjustment scale would be 13.2 and 10.1 percent. The cost of labor per unit produced would grow 14.2 percent in 1982 and 10 percent in 1983. Industrial productivity would register an increase of 4.3 percent in 1982 and 4.7 percent in 1983. Gross margins pushed by industry on the costs of work per unit produced would grow by about 2 points in 1982 and 3.8 points in 1983. With a change unfavorable to dependent workers, a certain recovery in conditions of profitability in industrial enterprises could be indicated. The union proposal, aside from the reduction of input due to declining prices, will bring about a further reduction of imports due to the elimination of fiscal drain. The deceleration of expenditures does not, however, evade the strong increase in the present deficit of the P.A. [Public Administration] order of 4 trillion liras in 1982 and of another 2 trillion liras in 1983. The present expense for the PIL decreases from 45.5 to 44.5 percent because interest payments increase by only 6.5 points, contributing halfway to the reduction of the quota on the gross product of the total current expenditure.

The union proposal would attain positive results both in terms of the reduction of the inflation rate and in the creation of conditions for moderating earnings requests in nominal terms. However, it would aggravate inequalities in the balance of payments and in public financing. In this sense, conditions for a new devaluation which would raise inflation would be created.

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POLITICAL

NETHERLANDS

ACTIVITIES OF EXTREME RIGHTIST PARTIES VIEWED

Amsterdam VRIJ NEDERLAND in Dutch 3 Apr 82 p 17

[Article by correspondent Hans Smits: "Extreme Right in the Large Cities"]

[Text] One out of three qualified voters stayed home during the States elections. That is a national average. For in some districts in the large cities more than half stayed at home--sometimes two out of three qualified voters.

What is striking is that those figures were recorded precisely in districts where extreme rightist parties such as the Center Party ("crime is continually more widespread") and the Peoples Union usually score high in their campaigns: The Schilder District in The Hague and the Indonesian neighborhood in Amsterdam. This is a study of the extreme Right's propaganda and provocation.

On 12 November 1981, the Second Chamber approved a number of constitutional amendments. Among these was the article which regulates foreigners' right to vote for city councils and the like. Yet, we expect and we actually have a government of Ali Baba and the Forty Thieves.

A report from the winter issue of WIJ NEDERLAND, a publication of the NVU [Dutch People's Union] declares:

"If all goes according to plan, foreigners will soon get the right to vote. You begin to think like this: The politicians in The Hague are neglecting nothing to set their own population against each other. If they are so fond of foreigners, the solution is simple: bring 14 million of them in and vote the Netherlands away! They are already nicely busy with that: for the minorities have almost four times as many children as the Dutch."

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This is a quotation from a pamphlet with which the Center Party announces itself for the coming city council elections of 2 June.

And still both parties seem to strike a somewhat moderate tone to try to benefit all the more in the council elections from the dormant and here and there even obvious racism in cities where many ethnic minorities are housed. No bloodcurdling exaggeration, as, for example, in the pamphlet which the Viking Youth distributed in Amsterdam as a reaction to the peace demonstration of 21 November 1981: "However, do you know that we have a bacteriological bomb in our midst, which is much more dangerous than all nuclear weapons together? This bacteriological bomb is contamination with Mussulmanitis." That pamphlet asserted that the Musselmen have only one goal, to avenge the defeat which their ancestors had to swallow before the gates of Vienna: "Consequently, they like to doll themselves up to pick up western women in cafes, discos, yes even on the street, and convert them to Islam."

The Center Party is now appealing to "Tom, Dick and Harry" who must pay for the Dutch government's population and immigration policy with their goods and chattels, and with their enjoyment of life: "In the ordinary neighborhoods, the situation is becoming intolerable. Different people with separate cultures are packed close together. That leads to tensions and conflicts. But the Dutch must adjust and swallow everything, for otherwise they are discriminating. A dispersion policy only means that it is now the turn of the next neighborhoods."

The Center Party emphasizes that you do not recognize our country anymore, because the Netherlands is no longer only for the Dutch. While the government really should have, in the first place, the obligation of standing up for its own population.

Such texts, in combination with facile slogans about energy policy ("the government sells gas at a ridiculously low price abroad. We must pay high for gas in our own country, while it comes out of the ground in Groningen"), income policy ("We must save everything we have, while the government throws money around"), security ("Crime increases continually, the punishments for criminals are less and less") and social benefits ("Even there the government wants to continue to meddle. We have certainly paid premiums for them, but that is nothing to it) are characteristic of the way in which Hans Janmaat, the chairman of the Center Party, former KVP /Catholic People's Party/ member, exploits fear and insecurity.

Imitators

In the December issue of the party newspaper MIDDENWEG, Janmaat emphasized especially the neglect of the average Dutchmen. The present cabinet allegedly favors the "other population groups" in housing,

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education, employment and social benefits. A form of racism which aims at "the discrimination against its own people."

The NVU is also seeking a course which is less offensive than in recent years, when Joop Glimmerveen set the tone. Glimmerveen, who will participate in the city council elections in The Hague with his own slate, left the NVU last year, after he first resigned as chairman. In an interview with the HAAGSE POST (12 Sept 1981) he connected his resignation with the election result ("if we had succeeded, then I would not have resigned") and with quarrels about Mrs Rost van Tonningen (the widow of the NSB National Socialist Movement leader), who as a NVU member could have been extremely useful to the Center Party: "Imitators who are trying in an underhanded way to exploit what we have tried to achieve in 10 years by making sacrifices." His third reason for resigning from the NVU was, according to Glimmerveen: "Someone, who is married to a Jewess, is now on the NVU Executive Committee."

On that occasion, Glimmerveen displayed even more antisemitism with his statement that the head of a city such as Amsterdam should not be a Jewish mayor, "for they can never feel attached to our people." The fact that the Amsterdam Public Prosecutor, doctor of laws, W.G.C. Mijnsen refused to bring an action against Glimmerveen requested by the Amsterdam Initiative Against Fascism, Racism and Antisemitism, is a very questionable decision. Mijnsen considered the statements were discriminating enough to bring a criminal action, but thought that an interview is somewhat different than "public statements."

The NVU Executive Committee member, whom Glimmerveen had referred to, is the present chairman, H.J. Barendregt, Glimmerveen's successor since 17 October 1981. This geneologist (family tree investigator) appeared to be also at the time of his appointment a member of the VVD People's Party of Freedom and Democracy and a sponsor of the Former Combatants Legion. He considers himself "a moderate conservative with an appreciation of social needs which exist in spite of the welfare state." During his introduction in his own circle, Barendregt expressly declared that he disassociates himself from every form of racial discrimination: "We condemn dictatorship in any form whatsoever." The question was brought up in the NVU whether the Odal runic letter as an identification, formerly also used as such by a SS section, still should be preserved from a tactical standpoint, "in view of the more moderate course."

We in the Netherlands speak about the growth of the VVD and the CDA Christian Democratic Appeal: "The great advantage of this development is that we now have been able to strengthen the intelligentsia in the party. We were looked down upon because we were only a group of dumb workers." Moreover, the NVU Executive Committee has decided that exchanges of abusive language must be a thing of the past:

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"When we reject a multiracial or multicultural society, this is because of the fact that diverse cultures, far apart from each other, cannot go forward without creating tension. We have a Dutch culture in our country, which has proved its value through the centuries. That culture is to be preserved for us."

An Atmosphere

The Center Party and the NVU have both chosen as their main goal: the Netherlands for the Dutchmen. It is a definite effort to prevent a repetition of a ban or exclusion because of public racism or fascism. There is all the more reason to keep a close check on these parties. In the past, the question could be asked if it made any sense to pay attention to neo-Nazi and neo-Fascist groups which did not succeed in gaining a foothold, now other factors play a role. The economic recession, rapidly increasing unemployment, the increase of relative poverty, the threat of more economies at the expense of the lowest paid and benefit recipients and the growing criticism of the presence of Surinamers, Netherlands Antilleans, Turks and Moroccans create an atmosphere in which the Center Party and the NVU should be able to thrive.

In the book "Old and New Fascism" published by the Anne Frank Foundation at Van Gennep, Joke Kniesmeyer writes that the danger of the NVU and the Center Party does not lie in the large number of people which they can recruit: "The truth forces us to say that both have a difficult life as an organization. They have not managed in recent years to hold a public meeting undisturbed."

According to Joke Kniesmeyer it is more dangerous that many ideas which the neo-Nazis are spreading are getting a hearing among broader strata of the the population: "perhaps isolated, and not in the same ideological context, but they exist: The idea of a strong leader who makes an end to all that colossal blundering in The Hague, the idea that it is a shame for a woman to work when a man is unemployed, the idea that everything would be better if large groups of foreigners, could be removed from the Netherlands, if not willingly, then unwillingly." To that is added, writes Joke Kniesmeyer, that with an increasing deterioration of future prospects, many will be ready to advocate more radical solutions for social problems, "something which the extreme right will try to take advantage of."

The NVU and the Center Party will participate in the city council elections in many cities. Both parties also participated in the chamber elections last year. There appeared then no alternative for the Farmer's Party, which was completely swept away and which this time was called the Rightist People's Party. The NVU obtained 10,522 votes (0.12 percent) and the Center Party 12,189 votes (0.14 percent). This scant success was influenced to a great extent by the fact that

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both parties could not compete in all electoral districts. The NVU was not allowed to participate in North and South Holland, Zeeland and Drenthe. The Center Party was excluded in the Haarlem, Leiden, Dordrecht and Rotterdam electoral districts. In South Holland and Drenthe the NVU lists were declared invalid because a number of the 25 signatures required per voter were obtained under false pretenses. In the provinces of North Holland and Zeeland objections to the NVU and the Center Party were declared to be based on an appeal to the European Treaty for the Protection of Human Rights.

The Center Party obtained the best results in Amsterdam (1 percent) and The Hague (1 percent), the NVU obtained 0.7 percent in Utrecht.

In the 1977 Chamber elections, the NVU obtained over 33,000 votes (0.4 percent) with exceptions in some reconstructed districts in the urban circle. Where the NVU had appealed to the original residents of old working class districts with problems about relations with Surinamers, Netherlands Antilleans and foreign workers, there the percentages were the highest. The Station Neighborhood (3.2 percent) and the Schilder District (3.1 percent) in The Hague stood at the top. The Rotterdam Kruiskade and environs gave the NVU 2.1 percent, in Amsterdam, this party obtained 1.7 percent in Old East.

The cities of The Hague (1.35 percent), Amsterdam (1.24 percent) and Rotterdam (1.06 percent) showed a rather limited but still alarming tendency to honor racist propaganda. That had already appeared in The Hague in the city council elections of 1974 when the NVU leader, Glimmerveen, with 4,000 votes, lost for the city council by the very narrowest margin. Shortly before the 1978 city council elections, the NVU was declared a banned organization and consequently excluded from participation. But after a Supreme Court decision in 1979 the way was clear for the NVU, although with the competition of the Center Party.

The Center Party will certainly participate in the city council elections in Amsterdam, Rotterdam, Utrecht and The Hague and the NVU, in Rotterdam and The Hague. In the latter city, the Glimmerveen slate is also allowed. In the States elections last Wednesday in Amsterdam, Rotterdam, The Hague and Utrecht over 600,000 voters stayed at home. In the Schilder district in The Hague, the turnout was only 34 percent. The turnout was below 40 percent even in the station and Transvaal districts. In Amsterdam the turnout in the Indonesian neighborhood was less than 50 percent.

The picture was comparable in all problem districts in the large cities: a big loss for the PvdA [Labor Party], a gain for the VVD and the small leftist parties, but above all an aversion to the established political parties.

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Fear and Insecurity

Joke Kniesmeyer says: "Because confidence in the big political parties is declining, a vacuum is developing which the Center Party and the NVU are trying to fill. The Center Party especially is dangerous. Barendregt of the NVU is attempting to introduce it as a genuine rightist party. There are enough of them. The Center Party exploits much more astutely the fear of further surrender and insecurity about the future. Fascism has no chance without fear and insecurity."

Still Joke Kniesmeyer is not so pessimistic: When you see what happened in England where foreigners are harassed in organized fashion to get them to leave, when you see how many people with a Nazi past join in the discussions in the FRG about the foreign workers. When you see how many signs are displayed there in Belgium to publicly keep out foreigners, then it all is still not so bad in the Netherlands. But we must be on our guard.

Joke Kniesmeyer takes as an example, a teacher from Zeeland who had subscribed to the Center Party's newspaper MIDDENWEG. He wanted to get a lesson about neo-Fascism. The teacher received the newspaper with a mistake in his name. He received unsolicited, with the same mistake in his name, the newspaper REVOLTE of the Flemish Outpost, which also announces itself in the Netherlands as a national revolutionary movement "with the return of the foreign workers to their homeland," as its most important goal.

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GENERAL

FRANCE

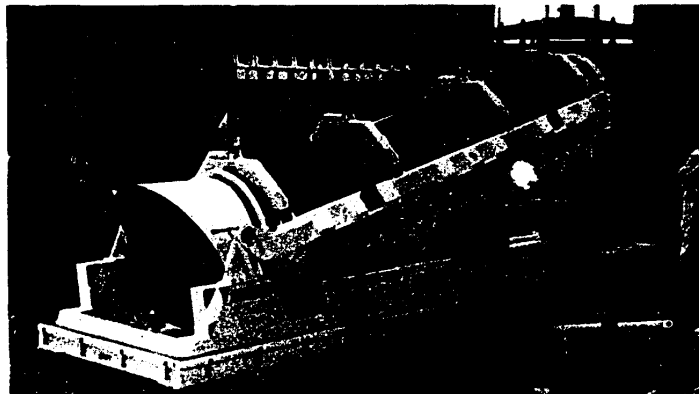
ERRATUM: The following is a corrected version of an item originally published on page 32 of JPRS L/10507 of 11 May 1982, FOUO 29/82 of this series. The photograph was omitted in the earlier version.

PHOTO OF ARIANE SOLID PROPELLANT BOOSTER RELEASED

Paris AIR ET COSMOS in French 10 Apr 82 p 43

[Article: "Ariane 3 Solid Propellant Booster"]

[Text] Aerospatiale has just published the first photo of one of the solid propellant boosters for the future European Ariane 3 launch vehicle scheduled to become operational in 1983. This booster was produced by the Italian firm Aeritalia. Its erection container was built by ACMH of France. This container will be used to raise the boosters to an upright position for their attachment to the launcher's first stage. Integration of these Ariane 3 boosters is accomplished in Aerospatiale's plant at Les Mureaux near Paris.



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GENERAL

ITALY

PROFILES OF PROMINENT COMMUNIST INDUSTRIALISTS

Milan IL MONDO in Italian 12 Mar 82 pp 98-105

[Article by Davide Paolini, "Comrade Boss"]

[Text] He has membership in both the PCI and Confindustria. At home in PCI headquarters, yet he clashes with the unions on his company premises. Who are the red industrialists? IL MONDO has drawn up a list of them.

At their most recent conference on 5 December, the agenda covered three subjects: the consequences of the credit squeeze; the reform of easy credits; and the plight of Confabi as a result of the internal split among the regional associations over the renewal of the national summit.

Although the 20 industrialists summoned to the meeting came from various regions and cities, they convened punctually at the scheduled hour on the fifth floor of PCI headquarters on the Via delle Botteghe Oscure, Rome. Awaiting them as always were the men in charge of the middle class division, Guido Cappelloni, Giambattista Podesta and deputy Federico Frini, director of ORIENTAMENTI NUOVI, a PCI monthly dedicated to small and medium business operations. During previous conferences the participants often met also with Gerardo Chiaramonte, in charge of the PCI's economics division, and Gianfranco Borghini, head of the industrial division, with whom they remain in close contact.

What do they do, these 20 captains of industry, when they convene periodically at PCI headquarters? What topics do they discuss? And do they represent a limited number of economic bigshots close to the party or possibly a widespread phenomenon of industrialists with strong communist sympathies?

How the group of 20 came into existence

The 20 are part of a working committee concerned with problems affecting small and medium businesses in the middle class sector. Set up on the Via delle Botteghe Oscure, at first the group functioned on a purely formal basis; with time, however, the number of participating members grew, and their meetings proceeded with mounting intensity. The impetus that led to the formation of

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the committee was taken up by the party's national direction after various peripheral experiments had been made, the most important in Turin. There 2 years ago, more than 50 small and medium industrialist members of the PCI--most of them unionists who had lost their jobs during the 1950s--organized an autonomous working group to concentrate exclusively on issues involving small and medium enterprises (it is the only one that exists on a federation basis).

The Turin experiment

The group's ongoing program (its leaders are the industrialists Lorenzo Bonion, Bruno Pittatore and Ettore Durbiano) is still very active, promoting discussions with bankers on credits with noncommunist industrialists, with local administrators, union officers and politicians. "Sometimes," says Bruno Pittatore, "we have managed to involve approximately 300 Turin industrialists in our efforts. Useless to deny it, we have also had some very heated arguments with those of our own colleagues whose ideas differ from ours."

The Turin committee instituted two research projects. One is a questionnaire distributed among 1,000 small operators, asking for detailed information on their businesses and their relations with the local authorities and the unions. "This undertaking was so successful," Pittatore adds, "that ORIENTAMENTI NUOVI now wants to repeat the experiment on the national scale." Together with the university, Turin's communist industrialists are currently conducting an investigation into the dynamics of the motor car industry. The group's commitments are not restricted, however, to business. During the national elections of June 1980, 14 industrialists--Valerio Avogadro, Enzo Baiardi, Secondino Boero, Lorenzo Bonino, Antonio Delucchi, Ettore Durbiano, Eugenio Gastaldo, Secondo Greganti, Giovanni Latilla, Sergio Morello, Sante Peronato, Bruno Pittatore, Gastone Scura and Cesare Valenari--ran as candidates on the PCI slate. They opened their electoral campaign by distributing a letter-program among all their industrial colleagues.

The success achieved by the Turin committee and a second effort made in Milan to draw the industrialists around ORIENTAMENTI NUOVI (located in Milan and restricted to the Lombardy region until the end of 1978) inspired the PCI leaders to establish a national group of red industrialists. But how to choose the right men for it? The criteria adopted for selecting them were: inclusion of all productive sectors (metal and chemical products, plastics, biomedics, clothing textiles, building construction and shoes); the size of each nominee's operation (no fewer than 50 employees); and geographical location (members come from almost every region of Italy). The committee has put forth various proposals subsequently endorsed by the PCI, such as organizing special regional agencies to supply aid to small and medium businesses (financing, marketing, studies, research and promotion abroad). It was this committee, too, that conceived the idea for a bill to compensate credits between the state and business.

A map of communist industrialism

Although the 20 committee members chosen by communist headquarters (see box) and the numerous Turin PCI industrialists represent the elite of left

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industrialism, they are by no means an isolated phenomenon. Indeed, in almost every region of Italy one will find a healthy group of communist industrialists or simply PCI constituents, as demonstrated in an appeal signed by some 70 of them, which was published in UNITA after the electoral returns of 3-4 June 1980.

The foremost nuclei of red industrialists are located in Tuscany (among the best known are Mauro Paolanti, Mauro Puliti, Luciano Cungi, Guido Galli, Alessandro Cecchini and Piero Bianchini, in Florence, and Oddino Mancini della Vittoria in Castelfiorentini), but even more prominent are those in Emilia-Romagna (Monica Ferrante, of Salise in Parma; Carlo Villani, of Anderson, Parma; Gianfranco Dacci, Marri, Sasso Marconi; Franco Farina, Zola, Presalgrande; Vando Veroni, Missdeanna; Luciano Bertolini, Pontecchiele, Montecchio; Carlo Tamburini, River and Rocca, Lugo di Romagna; Sergio and Giampaola Bonetti, Fias, Bologna, Ferdiano Bortolotti, Comba, Sasso Marconi, Sergio and Carlo Fortuzzi, Calderara). In Emilia, moreover, some of these industrialists campaigned for public office on the PCI platform. Such was the case of Livio Fornaciari, proprietor of Comet in Reggio Emilia, who ran for a seat in the Parliament of Europe, likewise of Luigi Cantagalli, owner of Arti grafiche reggiane (Reggio Graphic Arts), member of Confindustria and a candidate in the national elections.

Even in the South, the number of red industrialists has been rising over the past several years, particularly in the Abruzzi (in the province of Teramo and in Pescara there are Renato Saveni, Luciano Monaco, Giuseppe Aloisi, Antonio Rietti and Giovanni Stante) and in Apulia (Federico Piro (Bari), in charge of the middle class division, who has exerted every effort to close ranks with small and medium business. Probably the most unusual case in Apulia has to do with Wally Valeri, a woman building constructor of Foggia, erstwhile vice president of Confindustria's young membership group, and a candidate for the Foggia provincial council on the left independent ticket on the communist slate (she was not elected, but came in 13th). In Sicily there are others, although fewer. In Palermo, for example, apart from Amoroso, one of the 20, there is only Alcudio Frasca Polara, owner of San Lorenzo, one of the most successful technological firms in Sicily, brother of Giorgio, UNITA journalist and press office chief for Nilde Iotti, president of the Chamber.

In the South, however, the PCI has encountered both satisfactions and aversities in its relations with the local industrialists. For instance, Antonio Toma, one of the 20, was obliged to interrupt his activities because the courts pronounced his business a failure. And about one year ago, Bari saw the misfortunes of Hermanas, a textile mill in Bitonto, owned (with another firm, the Th) by Antonio Liaci, former communist deputy mayor of Bitonto. During one night, all the Hermanas firm's equipment was spirited away and 400 dependents lost their jobs. The company was declared bankrupt and Liaci, a lawyer, was expelled from the PCI as an unworthy exponent of communism.

Identikit of the red industrialist

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In his work, what is the red industrialist like? How does he differ, if he differs at all, from his noncommunist peers? IL MONDO's enquiry shows that in point of fact, there are no substantial contrasts between them and industrialists of other political persuasions; indeed, most of the communists belong to Confindustria but are still affiliated with Confabi. Lorenzo Bonino and Bruno Pittatore, both Turinese and neither enrolled in any association, declare that "Between the two organizations we find no great differences. Actually, in Turin, Confindustria seems the more advanced, whereas Confabi clings to 19th century practices, just like men who owned iron works in the past. Remember that their ideologist is Luigi Rossi di Montelera..."

Something else is even more surprising: red business barons do not nurture the least sympathy for the unions. "Every man must fend for himself," declare all the interviewees [in substance]. "Let the unions pursue their own ends, but they may not question what we do or how we perform our functions." The result: on their premises the words "self management" and "comanagement" are never uttered. Only in isolated cases (Edoardo Elmi, Guido Vicario) does anyone speak of "informational exchanges on investments" but no more about matters which are now consecrated in national labor contracts. In fact, the red industrialists' objections to the positions taken by the unions' equalization policy, in force over the last few years. Elio Cecchini, building constructor and one of the 20, told a PCI meeting on economics, "You cannot fail to criticize the distorting effects of the wage structure law, which counters the need for professionalism in development and obstructs the expansion of productivity by penalizing individuals who make innovative contributions. Moreover, its so-called egalitarianism is debatable: it is not egalitarian because it detracts from the valorization of individual potentialities."

The complaints against the unions involve another problem, the question of mobility. "I am convinced," says Cecchini, "that mobility does not contradict real economic-industrial democracy, indeed it is an indispensable presupposition because mobility plus the acquisition of professionalism in both a hypothetical industrial order and technological development are essential."

All communist industrialists agree on still another point: the need to revise the employment statute. "The law in force," maintains the Turin committee, "constitutes one of the worst hindrances to the proper functioning of industry."

But if the red economic leaders aggressively oppose the unions, they are also openly critical of certain PCI economic policies. "On the issue of credits," says Mauro Frilli, of Siena, "my party spouts fine theories, but when it comes down to brass tacks, it accomplishes precious little. Take what is happening in Tuscany, for example. Although we now have authoritative exponents of communism on the boards of the Banca Toscana and the Banca del Monte dei Paschi, still the policies of these two institutions have not changed in the slightest."

The communist industrialists, however, are most critical of their party on still another count: the PCI's lack of any decisive opening to the middle

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class. "The labor class," says William Lugli of Emilia, "will always be numerically inferior in importance. Given the introduction of new technologies, within a few years you will have more people employed in the tertiary sector than workers in industry. The PCI must be more alert to this development and therefore follow the middle class and its problems more closely."

What the red lambs are like

Some of them are former workers who, having been fired, went on to become industrialists because they could not find jobs; other inherited their enterprises from fathers or grandfathers. All of them are savoring their success without suffering any guilt complexes, without hesitating to denounce the unions, and without entertaining any doubts about their activities conflicting with their political ideas or militancy--this is the identikit of the industrial captain who feel altogether comfortable with the PCI. IL MONDO herewith profiles 11 of them.

Agostini the turncoat

"My worst problems I've had with my bourgeois friends; many of them still consider me a traitor to my class. But perhaps this is typical of a city like Genoa, where industrialists face the fact of life with very little courage. On the other hand, I have good relations with my communist workers. None of them has ever thrown my double position, so to speak, in my face. I have made what Giorgio Amendola has called a choice of life--and within the party, which is part of it. In fact, I have participated in dozens of rallies before stevedores and other workers without any adverse consequences." This comment was made by Renata Agostini, Milanese by birth but Genoese by adoption, proprietor of a firm in Genoa which employs 40 persons to produce mechanical converters much appreciated in Italy and abroad (they are exported to Germany). She is an atypical figure in the city's restricted bourgeois industrial world. Enrolled in the PCI since 1943, Renata Agostini has held various public posts, first as provincial councillor, then communal councillor (until the last elections) in Genoa. Her company, which has hired as many as 250 hands, was founded by her father in 1935 in Cornigliano, near the Italsider works. Elpidio Agostini originally produced lathes and machinery, much in demand in Germany and still asked for, although no longer in production. With time the firm changed its orientation, but still specializes in precision instruments, a sector which had not previously existed in Genoa. With the death of her father in 1962, Renata assumed control of the company.

Amoroso the antimafioso

He has run one of the oldest building construction outfits in Palermo since 1949, the year he took his diploma in engineering. Franco Amoroso, in fact, owns the company that bears his name (50 permanent employees), founded some 80 years ago by his grandfather. By tradition his company builds private dwellings, but recently it has extended its operation to include public structures (law 25), financed by collective corporate investments or by federal or regional subsidies. Apart from construction, Amoroso also controls

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a unit of 24 dependents, which produces domestic fixtures in metal and wood for the homes he erects--an undertaking he established some 20 years ago.

One of the very few Sicilian industrialists to declare his sympathy for the PCI, he is the only one on the island summoned to join the PCI national director's working group on the problems of small and medium business. "Although I am not enrolled," he declares, "I feel close to the communist party because of the decisions it has taken on economic policies over the past several years--its policies concerning the South, for example. In fact, I fully share the PCI's preference for interventions in company structures and infrastructures over the other political parties' program of incentives and economic corner cutting. The PCI's stand is not finding many proselytes because it does not promise to pay off immediately; instead it anticipates well equipped areas and new methods of trading, whereas the majority of industrialists want easy loans."

President of the local association for small business (API), he is an implacable enemy of the mafia and its methods. When Piersanti Mattarella, Christian Democratic president of the regional council, was assassinated, he had no doubts about the perpetrators of the crime. "They murdered Mattarella," he affirms, "to intimidate others because he was different from most of the island's politicians. He never had his hand in the sack..."

The erstwhile Mayor Angelini

In 1946 at a very young age, he was called to join the central committee of FGCI (Italian Communist Youth Federation), then he was elected mayor of Bellante, a town in the province of Teramo, and thereafter became chief of the PCI provincial council for Teramo. By all indications it looked as if he would rise rapidly in his political career, but an obstacle unexpectedly blocked the way: the lure of industrialism. "My comrades didn't understand," he explains, "nor did they consider it advisable for me to be both an industrialist and a militant. All the same, I've gone on in politics but without taking on any official duties, even though I belong to a working group on the problems of small and medium business."

This latent politician is Antonio Angelini, 52, proprietor of Lian di Nereto (Teramo), a knitted goods plant, vice president of API Teramo, and formerly Abruzzi correspondent for UNITA and PAESE SERA. Following his journalistic and political commitments, for two years he represented a firm selling bar equipment, inheriting this metier from his father upon the latter's death.

"But I disliked hawking other people's wares," he says, "so after working as a clothing salesman and having acquired the necessary know-how for producing clothing, I decided to strike out on my own. In 1962 he went into business for himself and established Lian di Nereto. In 1981 his sales totaled 2.5 billion lire, 60 percent of it for export to the United States, USSR, Belgium, France, and the Ivory Coast.

Today Angelini employs 25 persons to style his products and administer the operation. His knitted goods are produced mainly (over 70 percent) by tertiary workers in the Abruzzi. This is a classical example of decentralization, many cases of which the unions know about but lack representation in

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the plants because they hire fewer than the minimum number of personnel required for unionization. Nevertheless, "I have a good relationship with the unions," Angelini declares. "You have to face up to them and collaborate with them, but always keeping the two roles clearly distinct."

Good (Bonino) but gutsy

He embarked on his industrial vocation after an abrupt dismissal from his job in 1962 because, although a section chief (in practice one of the heads of the small company where he worked), he staged a one-man strike after organizing the firm's first union.

Lorenzo Bonino was one of many Turin workers who became industrialists after the fierce union battles of the 1950s and 1960s. Like the majority of Turin's new production managers, he began his independent project selling supplies to Fiat. "It wasn't easy to find a job after my troubles with the unions," he explains, "therefore I went into a business partnership with my brother-in-law. At first ours was a typical small industry, but gradually we took on more workers, and SSL (Printing, Stamping and Laminating) now has 35 employees working in advanced technologies. The potential for such output today is considerable."

His company was still a small one when he was named national president of FNAM (National Federation of Artisan Metalworkers), allied with DNA (National Artisan Confederation).

A communist from the outset, Bonino has assumed various political duties, among them communal councillor in Turin for 10 years, concerned with decentralization and ecological problems.

Controversial and gutsy like many old unionists, Bonino has a gift for convincing others with his logic. He spares no one his barbs, including the union summits, which he rebukes especially for the obstacles they put in the way of employment. Says he, "The hiring of specialized manpower should be guaranteed to manufacturers because not only professionalism is a question of fundamental importance but also the need to trust your specialists' abilities." His discourse changes when the subject of conversation shifts to his workers and the union representation in his plant. "There are no conflicts in SSL," he points out, "because I am still looked upon not as an adversary but as one of them. In fact, whenever a worker has problems, he comes to talk them over with me and ask for my advice."

Shot by Cecchini

"The less you come around the better. I don't want any bosses here." This is how building constructor Ilio Cecchini is regularly greeted by his one-time switchboard operator, now on pension, when he shows up at the PCI federation in Pisa, of which he has been a member for decades. Son of a railroad worker, former partisan commander and renowned throughout Tuscany for his exploits during World War II, Cecchini duly accepts the man's injunction.

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"More than an industrialist," he says, "I am a party member. But evidently there are many militants in the party who cannot understand how a comrade could own an industry."

This Pisan is the owner of Edilcostruzione, with 30 permanent workers (he has hired as many as 80 in the past) specializing in prefabricated building (by private investment and government subsidies). A geometrist in a construction cooperative immediately after the war, Cecchini took his degree in business and economics, then founded his own construction company, famous in Tuscany for its output, including laboratories for the University of Pisa and, in 1968, the stadium, built in only 100 days.

The controversies over Cecchini, which are the order of the day, extend in every direction. For example, on various occasions he has fought the unions on the matter of leveling salaries. But his arrows are not reserved only for the union: he is always ready to attack local and regional administrations, which he deems woefully inept. "My protests," he explains, "are not directed only against the DC's inefficiency in local government but in some cases also against local and regional administrations run by the Left."

Despite various "ifs" and a few reservations, Cecchini still professes to be a convinced militant communist. "Some years ago," he says, "I was asked to join the Association of Constructors (ANCE) of Confindustria, but I turned down the invitation. I knew that part of Confindustria's funds were earmarked to fund parties of the Right."

Durbiano and the API

"The Turin association of industrials affiliated with Confindustria follows a political line, supported by the majority, with which I cannot agree in everything, although the positions I object to are certainly not reactionary. One thing I cannot accept, for example, is the Turin API's positions which are still anchored in the 19th century." Thus speaks Ettore Durbiano of Turin, one of the animators of the Turin communist federation's committee on small and medium industry. Member of the industrialists' association, Durbiano heads an old, established company founded by his grandfather back in 1920 to process wood and produce industrial crating supplies. His organization leads the sector with 50 employees and a gross of 2 billion lire, of which 15 percent represents exports to European countries. In the past, his major client was Fiat, but he has since lengthened his roster of clients. "To survive the crisis," he says, "we had to find customers other than mamma Fiat." Descended from a traditionally liberal family, Durbiano was politically active during his university years and then joined the PCI in 1968. "At the time, I had thought of remaining within the university (political) structure," he explains, "because I thought of industry as a negative factor that exploited labor, but then I modified my views in various respects and quit the university. Now I think I am functioning in a socially positive way as an industrialist." An attentive reader of the PCI central committee's documents, Durbiano has written several essays for ORIENTAMENTI NUOVI and won a sizeable following, particularly with an article (December 1979) on the labor hegemony and the role of industry. He contends that the industrial class is a key factor in

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planning for the reconstruction and reorganization of production structures and social relations, which the workers' movement must--and indeed wished to--further in the current stage of development.

Elmi's models

His ascent was meteoric. Hired in 1964 as a technician, after 10 years he was named to the top post in his company, which by then had become a complex manufacturing plastic materials on the European scale. This is Edoardo Elmi of Bologna, director general, administrative delegate, and shareholder in the Caleppio group of Milan.

Until 1968, Elmi was engaged in production, but after a period in the United States to study the problematics of marketing plastic materials, he moved into marketing until 1975, when he was appointed to the group's summit. "At that time, things were not going very well in our sector," he recalls, "and when the board appointed me deputy administrator, it was probably to involve me more deeply." The society heading the Caleppio group--50 billion lire in revenues and 600 employees--controls five plants: Caleppiovinili, Caleppio Gia, Caleppio Gmbh in Germany, Caleppio France, and Carrel Italiana. Its branches are located in Settali (Milan), specializing in rolled steel; Tribiano (Milan), laminated thermoplastics; Fucine di Casana, laminated thermoplastics; Sulmona, durable robox products and catering equipment; Weil am Rhein, Germany, specializing in various do-it-yourself items; and Wittenheim, France, to which all products are shipped for distribution in France. The strategy Elmi wanted was a planning center in Milan and diverse production points in various parts of Italy, with a preference for the Abruzzi. "It is an optimal area in Italy, well supplied with discreet infrastructures," he says. "Our Sulmona branch, in which FIME (Finanziaria Meridionale) owns a 20 percent participation, has already begun to pay out dividends. It is probably one of only a very few investments that has yielded FIME a profit at the end of the year."

In his dealings with the unions, his password is "clarity." "We do not ask the unions to accept impossible terms," he says, "as some industrialists persist in doing. In fact, we have stipulated a company commitment to maintain employment on the national level. You must be clear if you want to have a constructive dialogue with the unions, and to do this it is essential to keep them informed; and never confront them with an accomplished fact. And then, you must honor your agreements. If that is how you treat them, you will see your workers take their distance from the absentees--and so they do in some of our plants." Although he is not a card carrier, Elmi's political point of reference has always been the PCI; Berlinguer's document on a third way fully satisfies him.

What Frilli distills

"Profit is the due and proper remuneration for putting production facilities to good purpose. It is the unrenounceable reward in a social reality that entails risk. Having exported to countries with centralized economies for years, I am positive that the society I belong to is the best." Decisive,

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given to speaking his mind openly with his collaborators, the unions and his comrades in the PCI, in which he has been registered for many years, Mauro Frilli of Siena typifies a family which has run an industry for generations: the Frilli firm was founded by his grandfathers in 1914. At first it specialized in distilling the residue of pressed grapes and constructing copper equipment for distilling it. Today Frilli ranks among the most technologically advanced manufacturers of ready-to-use equipment for distilling and rectifying grape residue, sugar cane and whatever other matter that can be converted into alcohol.

Some of the installations developed by Frilli is exported (about 30 percent of the entire output in 1981, for a value of some 10 billion lire) to South American countries, the Sudan, Ethiopia, Angola and Libya, where a plant for extracting alcohol from dates for pharmaceutical purposes is being readied.

In this respect, however, the project closest to Mauro Frilli's heart is the production of alcohol capable of powering motor cars. "We have already developed some equipment," he says, "and we hope that very soon in Italy we will be able to realize a product called sweet sorghum, typical of the Mediterranean basin. By a process we have perfected, it will be possible to convert sweet sorghum into carburetor fuel as well as products for zootechnical uses. Moreover, from the residue, it will actually be possible to extract wood for burning in furnaces."

In addition to constructing distillation plants, Frilli has set up another enterprise to make bathroom furniture, turning out a high quality line, designed by well known names.

Loporchio the tough

He began his political career in high school as a militant in the ranks of young socialists. Then, as he likes to recount, he was persuaded to transfer his loyalties to the PCI by the logic of Beppe Vacca, communist philosopher and recognized leader of the Bari school; of Federico Pirro, currently in charge of the federation's middle class policies; and of young leftist university professors he frequented. Once in the PCI he dedicated himself unsparingly to the party. In 1975 he was elected to the communal council of Trani (and reelected in the last local elections) after a bad experience with the Republicans in 1970, a subject he prefers not to talk about. This is Paola Loporchio, 36, married with two children, proprietor of Conflevante in Trani (Bari), which manufactures shirtings and knitted wear. His firm (80 employees, mostly very young girls) racked up revenues of 3 billion lire in 1981, 2 billion in export trade mainly to Germany and the EE nations. He initiated his operation early in the 1970's, producing knitted goods in a small laboratory in Corato (Bari), but in 1975 he took over his father's plant, which was then earning hundreds of millions with a personnel of 30. The two units were then merged into Conflevante in Trani, where Loporchio turns out his own brand as well as lines for other important clothing producers, among them Cassera.

Lugli of the platform trucks

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"I am not active in PCI affairs nor do I participate in Confabi union activities although I belong to the association. The reason is very simple: they're always talking in vague, futile terms. It is just a waste of time. Anyway, an industrialist can pursue his politics through more congenial channels, that is by constant discussions with his factory unions." William Lugli, 34, is deputy administrator of the firm that bears his name and produces platform trucks with diesel or electric motors at Carpi, near Modena. Earning 21 billion, almost all in the domestic market, Lugli gives work to 230 persons. Extremely young when he was obliged to take command of the business--he was still a student in university--after his father died, William Lugli is a third generation industrialist. His paternal grandfather, a blacksmith in a town near Carpi, began manufacturing tractors after the war, equipping them with salvaged parts of English diesel motors. From rudimentary tractors to platform trucks was a short step; the idea was conceived by William's father, who sparked the family's industrial rise. Along with an industrial tradition, the Luglis have maintained a tradition of political militancy in the PCI, the father as a partisan and militant, the son as a party member from the beginning. "In my youth I took part in many Communist manifestations--the UNITA festivals in Italy, for one thing, and youth festivals abroad. I recall with pleasure the 1968 festival in Sofia. It was on that occasion that I realized the enormous difference between the really bureaucratic socialism you find in the East European countries and the socialism promoted by the Italian communists. Yes, I am still registered in the party, but with many reservations. but when I scan the electoral slates, I have no doubts..."

Vicario and ASTRU

A student of physiology at the University of Milan, he determined to become an industrialist when the means were handed to him like a gift. The means "were five test tubes, two of them broken, kept in an old wooden container. Immediately it occurred to me that in Italy it would be possible to achieve a lot in the field of scientific instruments. American firms in that sector were a thousand light years ahead of ours." And indeed, Guido Vacario, Milanese, student of the renowned physiologist Rodolfo Margaria, soon left the university to go into industry. Within a few years he became deputy administrator of the Elvi Lagos company (150 workers), with seven plants in Bari, Naples, Rome, Florence, Turin, Padua, and Bologna. Today one of the top eight Italian producers of biomedics, Elvi Lagos earns approximately 8 billion lire, including a 30 percent export trade to 46 countries. These seven Elvi establishments (Lagos is the marketing division) manufacture biomedical instruments and, analyses reagents for hospitals, pollution research centers and universities. Apart from his work, Vicario is committed to the political and associative front; in fact, he is one of the founders--and for many years president--of ASTRU, an association of biomedical production firms, which remains independent of both Confindustria and Confabi. Among other matters, the ASTRU industrialists were consulted during the preparation of Law 675 for industrial reconstruction and reconversion on the aspect of research. "It was a good provision, and the PCI made a notable contribution to it; too bad that it was boycotted politically in its development stage." According to Vicario, who often chairs PCI meetings, the communists merit high praise for being the most attentive to the problems that beset small and medium enterprises.

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In his relations with the unions, the Milanese industrialists favors utilizing the maximum information on his company's plans and combatting absenteeism. "It is important," he says, "for the unions to attack absenteeism or, at least, not to support the absentees. I must admit that our plants have always had a hard time--thanks to the unions."

All Chiaramonte's 20

The industrialists who compose the PCI direction's working group are: Renata Agostini (Agostini, Genoa); Franco Amoroso (Amoroso, Palermo); Antonio Angelini (Lian di Nerto, Teramo); Lorenzo Bonino (SSL, Borgato Torinese); Elio Cecchini (Edilcostruzioni, Pisa); Ettore Durbiano (Industria Lavorazioni Legno, Rivoli); Edoardo Elmi (Caleppio, Settala, near Milan); Lidio Fornaciari (Comet, Reggio Emilia); Mauro Frilli (Frilli, Poggibonsi, near Siena); Memo Gastaldo (Gastaldo Prefabbricati, Turin); William Lugli (Lugli Platform Trucks, Carpi, near Modena); Sergio Pianti (Gruppo Tessile, Prato); Paola Querci (Metalmeccanica Montemurlo, Florence); Guido Riva (Samo, Bologna); Ugo Sala (Fashion Clan, Carpi); Giuseppe Sardena (Scantor, Paderno Dugnano, near Milan); Aristide Staderini (Staderini, Rome); Giacomo Stradaoli (Edile, Aprilia, near Latina); Antonio Toma (Toma, Lecce); and Guido Vicario (Elvi, Milan).

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