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# West Europe Report

(FOUO 51/80)



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WEST EUROPE REPORT

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THEATER NUCLEAR FORCES

FRANCE

THOUSANDTH EXOCET MM-38 DELIVERY NOTED

Paris AIR & COSMOS in French 1 Nov 80 p 45

[Article: "Delivery of Thousandth Exocet MM-38 Missile"]

[Text] On 28 October, Aerospatiale celebrated the delivery of its thousandth Exocet MM-38 antiship missile.

More than 180 warships of all types and tonnages are now or will be armed with the MM-38. As now scheduled, it will be 1986 before the last ship is equipped with this missile.

The very high success rate of the more than 110 launches conducted since 1974 by the various navies that have purchased the system has demonstrated that its reliability is much greater than the initial specifications. Periodic checks have also confirmed this high reliability. As a result, navies have been able to lengthen to 18 months the period between scheduled periodic maintenance inspections.

The Exocet antiship missile family also includes:

- a. The AM-39 naval air-to-surface version which has been operational since 1978. It has been or is currently being adapted for use with six types of aircraft or helicopters for the five countries that have already ordered the system, including France for the Super Etendard [naval strike fighter] and the Atlantic ANG [antisubmarine warfare aircraft]. The AM-39 is now being proposed as armament for Aerospatiale's AS-322 Super Puma helicopter.
- b. The MM-40 naval surface-to-surface version which has been ordered by eight countries, including France for the French Navy. Aerospatiale believes that the MM-40's range and accuracy will remain optimal until introduction of the future supersonic ASSM naval surface-to-surface missile. Development of the MM-40 has now been completed and regular production has begun. Delivery of production missiles will begin in early 1981.
- c. The SM-39 version is under development for the French Navy as armament for attack nuclear submarines.

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THEATER NUCLEAR FORCES

FRANCE

MATRA PRESENTS NAVAL VERSION OF SURFACE-TO-AIR MISSILES

Paris AIR & COSMOS in French 1 Nov 80 p 45

[Article by Pierre Langereux: "MATRA Introduces Naval Version of SATCP"]

[Text] At the recent Naval Show (Salon Naval), MATRA unveiled plans for a naval version of the new very short-range surface-to-air missile (SATCP). The French Ministry of Defense recently selected MATRA to develop this missile.

The SATCP is to be developed in three versions for the army, navy and air force. In its basic version for delivery to the army and air force, the SATCP will be a light--about 20 kilograms--man-portable weapon to be carried in two loads, namely missile and launch unit. The SATCP can also be turret-mounted on a vehicle for army use or on ships for naval use. In its naval version, this weapon system will provide local air defense for ships of all sizes and particularly for small craft.

The SATCP will be guided to the target by an infrared seeker developed by SAT [Telecommunications Corporation]. It will thus have the capability of intercepting any aircraft approaching at very low altitude and maneuvering sharply, and likewise any attack helicopter even when masked behind a hill or screen of trees. The missile's cooled infrared seeker has very great sensitivity--much greater than, for example, the Magic air-to-air missile-- thereby giving it an extensive sphere of action while still shielding it from interference (blinded by the sun). The missile has been aerodynamically designed especially to optimize its operational employment against aircraft and helicopters. The missile's rocket motor--developed by SNPE [National Propellants and Explosives Company]--has the design capability of intercepting supersonic targets. The 3-kilogram warhead equipped with a proximity fuze is capable of destroying an aircraft. An identification friend or foe (IFF) capability can also be added to the weapon system. When delivery of production SATCP's begins in 1986, the missile will be unmatched in its field. Its performance characteristics will be clearly superior to those of the Soviet SA-7 missile and American Stinger missile.

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THEATER NUCLEAR FORCES

FRANCE

DEFENSE BUDGET FOR 1981 VOTED BY NATIONAL ASSEMBLY

Paris AIR & COSMOS in French 1 Nov 80 p 11

[Article: "National Assembly Passes 1981 Defense Budget"]

[Text] After deliberating for three sessions, the National Assembly adopted the defense budget for next year on 23 October. The approved budget was unchanged from the draft budget presented earlier by former Defense Minister Yvon Bourges to the Assembly's finance and national defense committees.

Joel Le Theule who has been defense minister for the past month, upheld the proposed budget prepared by his predecessor.

The morning session and a good part of the afternoon session were devoted to hearing various committee rapporteurs whose principal critical comments are reported in full below.

Mr Cressard, special rapporteur for the finance committee, made the following observations:

"First of all, the defense 'blueprint' becomes a bit more illegible every year. As a result, this year, in order to enable us to make objective analyses, we had to recast the budget in its 1980 format.

"Secondly, ...there was no need to indulge in bookkeeping manipulations in an effort to make credulous persons believe a better job was being done than possible. Why were the funds for pay raises transferred this year to the defense section of the budget instead of leaving them in the common funds section?"

Cressard considered the increase in capital spending to be less than planned, and he warned that "next year, the government will have to make an effort to abide by the programming law."

Cressard concluded: "The finance committee will closely observe the preparation of the next programming law and hopes the government will inform the Assembly of that law on a priority basis. Indeed it is not normal for Parliament to learn of important decisions through the press."

Mr. Rossi, special rapporteur for Title 3 [operations and maintenance], confirmed the "transfer" mentioned by Cressard: "A change in the appropriation of programmed

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maintenance funds totaling some 900 million francs for the procurement of spare parts, transfers to Title 5 [equipment] expenditures which up to now have always come under Title 3." Speaking for the finance committee, Rossi called particular attention to the fact that "if increases in the price of petroleum products should happen to exceed the estimates used in computing allocations, supplementary funds would then prove necessary to prevent a reduction in the activity of the forces because of a lack of fuel."

Pierre Mauger, the national defense committee's special rapporteur for the common section and the budget supplement for the Armed Forces Fuels Service, made the following important statement about the latter: "The budget supplement for the Fuels Service will amount to 4.1093 billion francs, an increase of 66 percent over this year's figure. This exceptional increase is obviously related to higher fuel prices. It should enable all services to accomplish the missions assigned them by the government. We do, of course, note a slight reduction in the amount of fuel allocated to the air force. Nevertheless, the latter has stated that with the fuel resources allocated to it, it considers itself capable of fully achieving the objectives that had been assigned it for the coming year."

Such was not the opinion of Jean-Pierre Bechter, the national defense committee's special rapporteur for regular expenditures [operating and personnel costs]. He expressed his and also the committee's reservations in the following terms: "What gives defense committee members and this rapporteur the most concern is unquestionably the problem of the activity of the forces which depends on both the quality of training ammunition and the amount of fuel allocated...."

In concluding his report, Bechter requested that fuel procurement be expressed in quantitative terms and not in budgetary terms "Fuels must be separated from Title 3. The various services must define their fuel requirements and, each year, the government should, for its part, schedule the corresponding budgetary resources."

Mr Cabanel, the national defense committee's special rapporteur for capital expenditures, said that "the proposed defense budget for 1981 is satisfactory but must be assessed with caution."

"Analysis of the distribution of capital investment funds among the three services shows that the navy section has the greatest increase in program obligational authority, namely + 29.8 percent.

"The army section comes next with an increase of +22.1 percent, followed by the common section: +19.4 percent, the gendarmerie: +15.7 percent, and lastly, the air force section with +14.0 percent. The latter may be reason for some concern."

"The breakdown for outlays is nearly comparable. The army section has the greatest increase with +28.9 percent, followed by the navy section with +24.65 percent, the gendarmerie with +18.4 percent, the air force section with +17.25 percent and the common section with +11.84 percent.

"If we make a detailed analysis of funds allocated to the different services, we note that the air force has a budget which barely meets its requirements but is, nevertheless, sufficient for 1981."

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Loic Bouvard, the national defense committee's special rapporteur for the air force section, commented harshly: "This proposed budget is barely acceptable."

"It marks a definite pause in Title 5 program obligational authority for equipment, and may be fraught with consequences for the future. As a matter of fact, the air force has never been able to hold the position among the armed forces which the programming law had financially reserved for it. It continues to receive 21.2 percent of defense funds instead of 22.2 percent. Even more serious is the fact that Title 5 program obligational authority is increased only 15 percent from 1980 to 1981, compared with 35 percent from 1979 to 1980 and with 22.5 percent for the armed forces as a whole from 1980 to 1981. The financial effort in support of the nuclear forces and the increased support of the navy undoubtedly explain why the air force has been comparatively sacrificed. But will the shortage, as it were, of 2 billion francs in program obligational authority ever be retrieved?"

Jean Bozzi, the national defense committee's special rapporteur for the army, commented as follows on Titles 3 and 5 funds: "The problem is whether the army will be able to improve the combat readiness of all its units in the next few years." On the other hand, "the increase in funds allocated in Title 5 for armament research, development, and production is satisfactory: [words illegible] armed, jointly with the FRG; development of the Hades tactical nuclear [missile] system to replace the Pluton system; Milan missiles for antitank units and HOT missiles to equip seven helicopter flights; equipping four regiments with Roland [surface-to-air] missiles; and development of the SATCP [very short-range surface-to-air missiles] scheduled to go into production in 1984."

Minister of Defense Joel Le Theule spoke at length in an explanatory vein about all of the points mentioned by the different speakers. In his opening statement, he gave the National Assembly the following assurance: "The problem of information and of Parliament's analysis of budget data is a very real problem. I will give my most careful attention to any suggestions offered me on this subject, because information is one field I intend to treat as a priority. For that matter, I have asked my staff director and my special assistants to assume responsibility for information matters in the Ministry of Defense."

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THEATER NUCLEAR FORCES

FRANCE

BRIEFS

TACTICAL, STRATEGIC MISSILE DISTRIBUTION--The Technical Directorate for Missiles (DTEa), which is responsible for study and development of French strategic and tactical missiles, this year will present antisurface vessel missiles of the "Exocet" (MM 38, MM 40 and AM 39) family and the "C22" homing missile [engin-cible] developed by AEROSPATIALE [National Industrial Aerospace Agency], as well as "Magic," the Matra air-air missile and the Thomson-CSF "Crotale naval" weapons system which employs a Matra missile. Thomson-CSF is continuing mass production of the sea-air weapons system, "Crotale naval" whose tests and validation were conducted in the spring of 1980 and produced a dozen consecutive successful firings. Two production line consignments are earmarked for the National Navy. The first consignment, already half completed, has nine firing units (each equipped with eight ramp-mounted missiles) destined for eight surface vessels and the Saint-Mandrier Naval Instruction Center. Several foreign navies are now considering adoption of the "Croton naval," Thomson-CSF has announced. [Text] [Paris AIR ET COSMOS in French 25 Oct 80 p 55] 8143

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COUNTRY SECTION

INTERNATIONAL AFFAIRS

EUROPEAN AEROSPACE INDUSTRY'S 1978 ACTIVITY ANALYZED

Paris AIR ET COSMOS in French 25 Oct 80 p 11

[Article: "EEC Analysis of European Aerospace Industry"]

[Text] The "domestic market and industrial affairs" directorate of the European Community Commission recently released its annual statistical analysis--Ref. SEC (80) 1287--of the European aerospace industry. It describes the aerospace sector's status as of 31 December 1978.

This EEC analysis highlights the following trends in volume of business and in employment.

Volume of Business

While the European aerospace industry's 1977 volume of business dropped below the comparable 1976 figure, at constant prices and exchange rates, the year 1978, in contrast, was marked by a resurging growth of about 3.3 percent over 1977 and 1.6 percent over 1976. The American aerospace industry's growth was more rapid, however: 8.7 percent in 1978 over 1977 and 9.2 percent over 1976. Export sales increased their share of the volume of business done in 1978 (41 percent) at the expense of governmental procurement's share (49.6 percent) and the domestic civil market's share (9.6 percent). Hence in 1978 there was a reversal of the trend observed in 1977 when government purchases accounted for 64.9 percent of the volume of business and exports for merely 21.7 percent.

The French aerospace industry pulled ahead of the field from the volume of business standpoint: 4.22 billion UCE (European units of account) at constant prices and 3.482 billion UCE at 1975 prices and exchange rates. The French industry's volume of business represented 1.14 percent of the gross domestic product versus 1.6 percent for British industry and 1.45 percent for American industry. It is noted that France was the country that exported the least to industrial firms in other EEC member states.

Employment

The EEC notes that annual fluctuations in employment within the Community precluded determination of a definite trend. By and large, however, the aerospace sector can be considered to have a certain stability which compared to the increase in volume of business is an indication of increased productivity. According to the EEC, the number of persons employed within the aerospace industry in 1978 was 421,176 compared with 967,000 in the United States, 33,800 in Canada, and 25,398 in Japan.

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This report also includes data on public financing of research and development conducted by civil aerospace activities.

An appendix to the report contains information about the Spanish aerospace industry.

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COUNTRY SECTION

INTERNATIONAL AFFAIRS

FINANCING, PARTICIPANTS OF INTERNATIONAL TERRORISM

Paris LE NOUVEL OBSERVATEUR in French 13-19 Oct 80 p 51

[Article by Marcelle Padovani "Terrorism's Great Financiers"]

[Text] The destabilization of Europe is of interest both for the power behind it, and the abundance of capital flowing from all sides into the coffers of the "reds" and the "blacks."

"Black Internationals," "Euronazism," this secret organization was spoken of in Italy a long time ago, and it was believed that the organization wanted to destabilize the peninsula democracy. It must be said that 10 long years of terrorism, both "black" (1969-1974), and "red" (1974-1980), and then "black" again with the murder attempt of Bologna (2 August 1980, 84 dead), provides Italian terrorist experts and sociologists with a long history to analyze. Another "privilege" in Italy should also be pointed out: that of being the favorite territory of European secret services and a necessary turntable for all those who are traveling to the Middle East. For a long time, Rome has been an "open city" for all sorts of international plots.

Here, the Libyans have 1,000 spies (they may have 100 flats available for their assassins). It is said that here the Israeli secret services make contact with the Americans who would also like to destabilize Europe so as to avoid playing the role of wet-blanket in the wholesale partition of the world between Moscow and Washington. Here, the Palestinians are kings. Just think about it: all of the Palestinian terrorists arrested in Italy for various murder attempts have been expelled within a very short period of time through the intervention of the Italian secret service, the SID, either by paying the bonds necessary for their release, or by directly accompanying these terrorists, in military planes, to the country of their choice.

Fresh news of international terrorism? It is contained in a document that the right arm of Yasser 'Arafat, Abou Ayad, may have--if we believe the revelations of the weekly PANORAMA 15 September issue--had distributed to the magistrates investigating the Bologna attempt. In this text, Abou Ayad may have told how he was informed, about a year ago, of the presence of foreigners in the Aqoura training camp, in Libya, which is held by the phalangists. Ayad may have made contact with two Germans who were being trained in this camp, and forced them to talk. They may have revealed that in November 1979, from 30 to 35 young European fascists (Italians, Spanish,

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Germans, French) were in training in Aqoura. PANORAMA continues its revelations by stating that a neo-Nazi camp may have been organized this summer at La Roche, in Belgium, with Frenchmen, Flemings and Germans, including the famous Karl Heinz Hoffmann.

Some idea of how Italy approaches the international aspect of the "black" and "red" factions of terrorism, from conversations with the authorities in some police bureaus, and with some expert observers. The first point in their reasoning is simple: where is the money coming from which permits these organizations to exist underground and to procure arms and munitions on demand, unless there are a great many financiers? The policy association magazine prepared an estimate. In the city of Turin alone, 22 "red" terrorist hideaways have been found. This type of organization requires considerable investments for the purchase of flats, arms (one machine gun costs 8,000 lire on the black market), and equipment for falsifying identification papers. The police association estimates the cost of a single cache at 200 million lire. Multiplying by 22, we arrive at 4 billion 400 million lire for the city of Turin alone. To this must be added the cost of some 300 other caches discovered elsewhere, and the pay of the underground members.

These estimates are only for "red" terrorism, but the Italian experts are becoming increasingly convinced that although the men and the organizations of the two terrorist factions are profoundly different, the financing may well have something in common.

Don't the "reds" and the "blacks" have the same goals: to cause the downfall of this democracy which is only a cover for authoritarianism in the eyes of the former, and is not authoritarian enough for the taste of the latter? Members of Sismi (the Italian secret service responsible for national defense) states that there are many powerful groups in the world--in Europe, the Mideast, Africa and the United States--capable of financing both the red brigades and the neo-Nazis.

Sometimes, there is a tendency, at least in leftist circles, to think that Israel and Libya could be the intermediaries for American financing, while Czechoslovakia and South Yemen may be the great financiers who are dealing in the name of the USSR.

#### The Automobile Channel

The Minister of the Interior, Virginio Rognoni, has given the parliament a specific example: a group of "independents" from Milan may have received a sum of 70 million lire, which may have come to them through the Czech automobile firm, Skoda, which also manufactures arms. Other information: in East Germany, there may be training camps for "red" terrorists.

As for the "blacks," the connections may be more traditional: the neo-fascist Italians may be closely allied with their counterparts in Spain, who are still active. Fascists from the Guerrilleros del Cristo Rey may still be used today by the Spanish secret service in hunting for Basque separatists, as well as former members of the OAS, and some members of the local population. The reform of the Italian secret service in 1977, and that of the Portuguese secret services after the 1978 revolution, have sent hundreds of right-wing extremists "back to nature," and it is not known exactly how they have been "reclassified": do they make up the reserve army of "black" terrorism today?

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And no one is forgetting Qadhafi, either: in any case, hundreds of trained terrorists may have passed through the camps at Ras Ilal, Ain Zara, and Bir el-Ghanem.

According to one authority in the police association, Franco Fedeli, editor of the NEW POLICE review, 56 years old, and a socialist, "the goal of international terrorism is to weaken Europe in the world, and to prevent her from playing an important role. Ireland has created so much tension in Great Britain that the latter country finds itself in a politically inferior situation. In Italy, terrorism has kept the Communist Party from power. In France, it will undoubtedly cause an authoritarian hard line in political."

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(for which a 70 percent funding increase had to be allocated, in terms of the 1980 Budget), the increase in Title III is 13.9 percent, which is less than the average increase (up 16.3 percent for operating expenses of the civilian budget.

These two tables (Title III, ordinary expenses; and Titles V and VI, capital spending) can be used to make quick comparisons.

SERVICES	(1) AUTORISATIONS de programme		(2) CREDITS de PAIEMENT				(3) Total
	1980	1981	1980	1981		Total	
				(4) Services	(5) Titres		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
(6) Section commune			26 691 627 500	28 682 776 000	- 2 021 062 000	31 203 858 000	
Section A (7)	1 289 500 000	1 378 000 000	8 439 100 000	9 876 072 000	- 1 422 061 000	10 238 373 000	
Section (8) Titres titres	573 500 000	774 000 000	16 274 698 000	16 194 061 000	- 807 928 000	16 924 229 000	
Section (9)	2 023 970 000	2 588 800 000	7 803 274 000	8 273 393 000	- 469 958 000	8 903 248 000	
Section (10) Services			7 801 407 000	8 111 307 000	- 469 898 000	8 676 886 000	
(11) Total des services de la section	4 896 970 000	6 874 800 000	38 591 269 000	43 377 442 000	- 6 884 011 000	75 525 452 000	
Difference	- 21 400 000			- 3 992 493 500			

SERVICES	(1) AUTORISATIONS de programme		(2) CREDITS de PAIEMENT				(3) Total
	1980	1981	1980	1981		Total	
				(4) Services	(5) Titres		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
(6) Section commune			26 691 627 500	28 682 776 000	- 2 021 062 000	31 203 858 000	
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COUNTRY SECTION

FRANCE

DRAFT 1981 DEFENSE BUDGET INCREASES OUTLINED

Paris AIR & COSMOS in French 11 Oct 80 p 12

[Text] Mr Yvon Bourges, a few hours before the official announcement of his retirement from the government and replacement as minister of defense by Mr Joel Le Theule, spoke to the press about the draft 1981 defense budget.

The major outlines of the budget are given in the following tables. It will be observed, for the program authorizations scheduled in the 1981 budget for the various sections, that the increase in relation to 1980 is quite substantial for ground forces (30.1 percent) and the navy (30.4 percent), modest for the gendarmerie (15.7 percent), reasonable for the joint section (19.6 percent), and low for the air section (14.8 percent).

Mr Bourges spoke of the 1981 budget, using these terms.

It amounts to 123.210 billion francs, including pensions, or to 104.443 billion, not including pensions. The latter figure, in relation to the 1981 budget (not including pensions), represents an increase of 17.9 percent. This growth (up 16.4 percent) for Title III and up 19.7 percent for Title V) is definitely larger than the increases in the resources being granted to the civilian ministries, whose funding has only been increased by an average of 14.5 percent.

For the fifth consecutive time, the decision made in 1976 to increase the financial commitment made by the nation to ensure its defense has been continued; in this respect, the 1981 budget is "a good budget" which will represent 3.65 percent of the PIBM [Gross Commercial Domestic Product], while it was only 3.39 percent of this product in 1976 and 3.65 percent in 1980.

Operating expenses for Title III make up 54.3 percent of the defense budget in the present draft. The total increase in funding, in relation to the 1980 budget, is 16.4 percent, but if we exclude fuels

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Key:

1. Program authorizations
2. Funding allocations
3. In francs
4. Services approved
5. New measures
6. Joint section
7. Air section
8. Ground forces section
9. Naval section
10. Gendarmerie section
11. Totals for defense budget

The amount allocated for equipment expenditures, which comes to 45.7 percent of the planned budget, in 1976 was only 40.7 percent of the total amount of the defense budget.

For the air force, the commitment made to renovate its combat aircraft is being continued; the 1981 budget includes an order for a supplemental group (the last) of 21 Mirage F1 and a new group of 22 Mirage 2000. In addition, five Transall aircraft in the new version will be ordered.

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COUNTRY SECTION

FRANCE

DECISIONS EXPECTED SHORTLY ON ARIANES 3, 4

Paris AIR & COSMOS in French 11 Oct 80 pp 47-48

[Article by Pierre Langereux]

[Text] The development of future versions of the new European launch vehicle is continuing, while the first version, Ariane 1, is still being perfected. In July 1980 the member states of the European Space Agency approved an increase in performances for the launch vehicles which will lead to the new and more powerful versions, Ariane 2 and 3. This increased power will be obtained by raising the capacity of the cryogenic propellant tanks of the third stage (10.5 tons), along with an increase in thrust (+9 percent) of the first and second stage engines, plus the addition of two solid fuel boosters (7 tons each) for the first stage. The Ariane 2 version will be able to launch a 2,000-kilo satellite or two satellites with a total mass of 1,850 kilos (taking into consideration the mass of the double launch system), while the Ariane 3 version will be able to launch a 2,420-kilo satellite or two satellites with a total mass of 2,270 kilos.

But some major decisions must still be made before the end of this year concerning the development of the future Ariane 3 and 4 versions, remarked Messrs Jean-Claude Bouillot of the CNES [National Center for Space Studies] and Walter G. Naumann of the ESA [European Space Agency] in their report to the International Congress on Astronautics held in Tokyo. These decisions concern the following aspects:

a. The development of a large nose cone 4 meters in external diameter for the Ariane 3 and 4 rockets. This nose cone is planned in three versions: a short version (7.8 meters in height) for single launches with Ariane 3 (2.35-ton satellite); a long version (10.2 meters) for single launches with Ariane 4 (satellite of the Ariane 3 class plus another of the SSUS-D class); and an even longer version (11.2 meters) to house a dual launch system on Ariane 4.

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b. The recovery of the first stage of the launch vehicle, starting with the Ariane 3 version. This study should be decided on before the end of 1980 so that the development of the recovery facilities can be begun starting in 1982. The first stage will be recovered at sea after descending in a parachute. Some parts of the stage--such as the engines--will then be reconditioned so that they can be reused on the following rockets.

c. The development of a second launch pad at Kourou. This is to be ready by 1984 and it will definitely increase the rate of launches at the facility. Less than a month (20 to 25 days, and even just 15 days) is planned between launches. This launch pad, whose definition study should begin at the end of 1980 with construction to start in 1981, will be needed for the Ariane 4 version, which can not use the present launch pad.

Année (1)	(2) Tir	(3) Fusée	(4) Satellites	(5) Etat	(6) Responsable
1981	L 03	AR 1	Apple (ISRO) + Meteosat 2 (ESA)	(7) Confirmé	CNES
	L 12	AR 1	Meteosat A (ESA)	Confirme	CNES
	L 05	AR 1	Meteosat B (ESA) + S 1 (ESA)	Confirme	ESA
	L 06	AR 1	Exosat (ESA)	Confirme	ESA
1982	L 7	AR 1	ECS 1 (ESA) + ?	Confirme	ESA
	L 8	AR 1	Intelsat S - F6 (Intelsat)	Confirme	ESA
	L 9	AR 1	Intelsat S - F7 (Intelsat)	Confirme	ESA
	L 10	AR 1	ECS 2 (ESA) + ?	Confirme	Arianeespace
1983	L 11	AR 1	Intelsat S - F8 (Intelsat)	Confirme	Arianeespace
	---	AR 1	Intelsat S - F9 (Intelsat) (8)	Potentiel	Arianeespace
	L 12	AR 3	Telecom 1 A (France)	Confirme	ESA
	---	AR 1	Arabsat 1 + ?	Potentiel	Arianeespace
1984	L 13	AR 3	Telecom 1 B (France) + ?	Confirme	Arianeespace
	L 14	AR 3	TVSAT (Allemagne)	Confirme	Arianeespace
	---	AR 1	Arabsat 2 + ?	Potentiel	Arianeespace
	L 15	AR 2	Spot (CNES)	Confirme	Arianeespace
1985	L 16	AR 3	TDP-1 (France)	Confirme	Arianeespace
	---	---	DOMSAT + BADG (G.B.)	Possible	Arianeespace
	---	---	L-SAT (ESA)	Potentiel	Arianeespace
	---	---	Intelsat S - F13 (Intelsat) (9)	Possible	Arianeespace
1985	---	---	OPMTT (ESA) + ?	Potentiel	Arianeespace
	---	---	GIOTTO (ESA)	Confirme	Arianeespace
	---	---	ECS 3 (ESA) + ?	Confirme	Arianeespace
	---	---	ECS 4 (ESA) + ?	Confirme	Arianeespace

Ariane Mission Model, 1980-1985

Source: ESA, September 1980

Key:

- |                |                         |
|----------------|-------------------------|
| 1. Year        | 7. Confirme: confirmed  |
| 2. Launch      | 8. Potentiel: potential |
| 3. Rocket      | 9. Possible             |
| 4. Satellites  |                         |
| 5. Status      |                         |
| 6. Responsible |                         |

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Ariane 4 will be the main European launch vehicle at the end of this decade, announced Messrs Bouillot and Naumann. The new launch vehicle will have a larger nose cone and a heavier payload. Its launch costs will be lower, and operations will be simplified. Starting with the Ariane 3 version, there are plans to integrate the payload and the nose cone on the ground, and then assemble the entire unit in the rocket which will already have been erected on the launch pad. Ariane 4 will be able to launch a payload twice the size of the Ariane 1 rocket (1,737 kilos). At present the CNES guarantees a payload of 3,300 kilos in an earth-synchronous transfer orbit with Ariane 4, but they plan to reach a payload of 3,500 kilos by reducing the margins of the launch vehicle. The cost of this Ariane 4 version, which has not yet been officially set, will be on the order of \$50 million (compared with \$40 million for Ariane 1), said Mr Bouillot. Using as a base the price per kilo placed in orbit with the present Ariane 1 launch vehicle (100 percent), the price per kilo with the improved versions will be cut by 15 percent (Ariane 2), 25 percent (Ariane 3), and 45 percent (Ariane 4), for payloads placed in an earth-synchronous orbit, ranging from 1 to 2 tons.

An even more powerful version, the Ariane 5, is now being studied. This rocket will be usable in a three-stage version (70 meters in height) with a first stage, the L210, with storable propellants from the Ariane 4 version, a new cryogenic second stage, the H45, equipped with a new high thrust engine, the HM 60, whose development has already begun, and a third stage, the H10, which is taken from the preceding launch vehicle. But Ariane 5 will also be able to be used in a two-stage version (the L210 + H 45) to launch a reusable manned vehicle such as the hypersonic glider, Hermes, or an automatic orbital station.

The mission model of the European launch vehicle Ariane, presented in Tokyo by Walter Naumann from the ESA, now lists 17 confirmed operational shots, including two satellite launches during the final qualification shots in 1981.

To these are added five potential shots (to be confirmed) and two other possible shots. In all this is a total of 24 shots during the next 5 years, which means on the average five shots a year. This is almost the maximum capacity with the single launch pad now existing (six shots a year, one of which is in principle to be held in reserve in case of a failure). Mr Naumann also said that 12 Ariane rockets were now being produced.

Production, sales, and launches of the Ariane rockets when in normal production will be handled by the Arianespace firm, after the first 10 rockets which were developed under the responsibility of the CNES (four qualification shots), then by the ESA (six "promotion"

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shots). The French firm Arianespace, which was established in March 1980, has already begun to work, but the agreement with the ESA covering the transfer of responsibility still remains to be concluded. There was, however, no representative of Arianespace in Tokyo, although, on the contrary, American manufacturers such as McDonnell Douglas were conducting an intensive sales campaign for their launch vehicles.

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COUNTRY SECTION

FRANCE

NEW SATELLITE CONTROL CENTER UNDER CONSTRUCTION IN AUSSAGUEL

Paris AIR ET COSMOS in French 18 Oct 80 p 75

[Passages enclosed in slantlines originally printed in boldface]

[Text] /The new center for the control and exploitation of French satellites/ which will be /common to the CNES [National Center for Space Studies] and the PTT [Posts and Telecommunications]/ (Directorate of Telecommunications from External Networks [DTRE] is now under construction in /Assaguei/ (a commune in Issus), about 15 km south of Toulouse. This site, which is located near the CNES technical center, has been set aside since 1978 as a place capable of protecting the center from the radioelectric environment (hertzian waves and industrial interference of the city). This new center will, therefore, service the CNES and PTT which are to install new stations to control future satellites.

The Aussequei center will thus combine the VHF-SHF [very high frequency-super-high frequency] station of the space center in Toulouse/ (the Jean-Bernard Dementhon station), which will be relocated in 1981, and /the new CNES tracking network/ which operates in the 2 GHz [gigahertz] frequency, /the 4-6 GHz stations of the "Telecom 1" telecommunications satellites and the receiving station for images from the "SPOT" [Earth Observation Probe System] observation satellite/ (compatible with the American "LANDSAT D") operating at 8 GHz. All of these stations, with the exception of the first one cited above (which will then give its name to the 2 GHz station) are to be placed /in operational service around 1983-1984./

The DTRE has also provided for the later installation of equipment for telecommunications via satellite the configuration and implementation schedule of which are still under study.

All the common installations are being now constructed under the supervision of the DTRE, as are several buildings which will be CNES property and for which the DTRE has received a mandate making it responsible for construction.

The principal enterprise responsible for infrastructures and buildings is the /Bisseuil/ company. Several technical installations will be built by DTRE services, while the 2 GHz station is under the supervision of the Belgian company, /Bell Telephone Manufacturing Company, ' and the 8 GHz station (SPOT images) will be under the supervision of the SEP [expansion unknown]/.

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With this Center, which will cover a total area of about 15 hectares, France will have a system which is unique in Europe for controlling satellites and receiving data in the 2, 4,6 and 8 GHz frequencies and in the future in the higher frequencies which lend themselves to space activities.

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COUNTRY SECTION

FRANCE

BRIEFS

DEFENSE CABINET APPOINTMENTS--The following appointments have been made to Defense Minister Joel Le Theule's cabinet: Marc Buchet, director; Pierre David, charge de mission for the Minister; Noel Forgeard, technical counselor for industrial problems, assisted by Mr de Rosen, charge de mission; Jean Deygout, technical counselor for problems of natural resources [domaniaux], environment and pollution; Francois Fillon is charge de mission. Let us recall that Mr Ride is charge de mission and General Lerche is chief of the military cabinet. Bertrand Landieu is chief of the civilian cabinet. Patrice Kreis is responsible for the press service. [Text] [Paris AIR ET COSMOS in French 14-18 Oct 80 p 14] 8143

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COUNTRY SECTION

ITALY

FINANCE MINISTER'S BILL ON FISCAL REFORM

Milan IL SOLE-24 ORE in Italian 4, 7, 8, 9, 10 Oct 80

[4 Oct 80, p 2]

[Text] Title I--Delegation of legislative drafting power to the government.

Article 1 (Delegation)

The Government of the Republic is hereby empowered to issue, within 18 months of the effectiveness of the present law, with one or more decrees having the force of law and according to the criteria and the guidelines set forth in the following articles, standards designed to:

1. render the agencies and central and outlying offices of the Finance Ministry adequate to deal with the new tax system and with the requirements connected with the other missions assigned it under the standards of the state and of the European Economic Community, with particular reference to customs business;
2. make the ordering of the legal status and of the roles of finance ministry personnel consonant with the new arrangement of agencies and offices referred to in n<sup>o</sup> 1, above, in compliance with the Act of 11 July 1980, PL 312;
3. simplify and streamline administrative procedures and complete computerization of all services connected with finance ministry operations.

Article 2 (Authorized Decrees)

The decrees authorized in the preceding article shall be issued, at the instance of the prime minister's office in concert with

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the ministers for finance, the treasury, and the budget and economic planning, upon consultation with the commission referred to in paragraph 1 of article 17 of PL 825, dated 9 October 1971.

Should the aforesaid commission fail to express an opinion within 45 days of the date of delivery of the draft decree, the government shall proceed as if it had, so informing the parliament.

The effectiveness of authorized decrees or of individual regulations appertaining thereto may be set at any time within 1 year from the date of their publication in the GAZZETTA UFFICIALE of the Republic insofar as they concern the central agencies referred to in articles 5 and 6 hereunder and the combination of missions referred to in Title III hereunder, within 18 months insofar as they concern the regional finance offices referred to in article 8 hereunder, within 3 years insofar as they concern unification of tax offices and audit facilities, and within 5 years insofar as they concern complete implementation of any and all other arrangements called for under the present Act.

Article 3 (Integration and amendments to authorized decrees)

Within 5 years of expiration of the terms referred to in article 1 there may be issuance, usually once a year, via decrees having the force of law and under the procedures referred to in article 2, of supplementary and amending provisions to authorized decrees in conformity with the criteria and guidelines referred to in the preceding articles.

The governance of each of the agencies or offices referred to in para 1 of article 1 may be viewed as experimental for a period of 2 years, including territorial boundaries. When the 2 years shall have elapsed and the performance records for the period shall have been evaluated, a decree issued under the preceding para shall order permanent application of the planned governance or shall make the necessary adjustments thereto.

Absent the issuance of said decree the experimental governance shall lapse and cease to exist for all intents and purposes.

[7 Oct 80, p 14]

[Text] Title II -- Financial Administration System

Article 4 (Administrative Decentralization)

The system of agencies and of central and outlying offices shall be established on the basis of the greatest possible decentralization of administrative authority and responsibility, aside from retention of such controls over outlying offices as the central or superior agencies shall deem necessary.

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All administrative functions of the Financial Administration, with the exception of those involving matters of general interest or entailing major commitments of expenditure, shall be vested in the outlying offices, along with the necessary decision-making powers.

The provisions of article 3 of presidential decree n<sup>o</sup> 748, dated 30 June 1972, remaining in full force and effect, the instances and circumstances in which the higher agencies may exercise proxy control must be specified.

There shall be supervision and discipline in the abolition and consequent gradual closure of all agencies and offices not called for under the present Act and by the decrees referred to under article 2 thereof, timed to coincide with the establishment of the agencies and offices provided thereunder, to which shall be attributed the functions performed by the same, coordinating them with the existing system of all the other state agencies and outlying offices, as well as with those of the regions and of the other local jurisdictions.

Article 5 (General Secretary)

There shall be provision for a general secretary reporting directly to the minister, with whom he shall collaborate in the coordination of activities of the various offices of the civil service and of those offices with the general command of the customs service, insofar as its tax collecting duties are concerned, and with the autonomous state monopoly administration, and with the responsibility for keeping watch over the efficiency and performance of the individual central and outlying services and of making provision for the management of the indivisible services, as well as for the governance of their utilization by the central headquarters.

The office of general secretary shall be conferred, as a rule, upon a ranking director of the finance ministry or civil servants not belonging to the financial administration and having responsibilities or qualifications of equal or greater weight such as to warrant their transfer out of grade, or upon persons not in the civil service in cases in which such persons are generally recognized as having special competence in matters economic and financial. The appointment may be withdrawn upon the same criteria as it was bestowed.

The following shall be established as indivisible services under the aegis of the general secretary's office:

- a. the office for study of tax policy and fiscal analyses, including those designed for overall planning of tax evasion control;

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- b. the office for planning and coordinating data processing activities and for monitoring their implementation;
- c. the service for utilization of productivity indices (performance standards) to improve utilization of central and outlying offices;
- d. the planning service, control of the autonomous state monopoly administration;
- e. the service for training and advanced professional skills upgrading for personnel, and the central tax school;
- f. the service for developing civic consciousness and taxpayer information.

There shall be a legislative office established, reporting directly to the minister and coordinated with the secretary general's office.

In cases where the post is not conferred upon persons not part of the finance ministry staff, the services listed under para 3, as well as the legislative office, shall as a rule be headed by employees of the said ministry in the grades of senior director or first director and director general, respectively.

The central tax inspector's office, established under PL 146 of 24 April 1980, shall be made part of the general secretary's office; additional and complementary regulations may be issued in connection with the jurisdiction and agencies of the said service, and the legal status of tax inspectors and their staffs.

There shall be established within the general secretary's office a detached section of the government stationery office, which shall exercise direct and unlimited authority of the GSO over all commitments to expenditures, according to the instructions of the finance minister, in matters of purchase, storage, and distribution of blank and letterhead paper, printed matter, forms, furniture and all technical instrumental, and advertising media, as well as whatsoever else may be required for the operation of central and outlying offices, utilizing the spending appropriations stipulated in the appropriate portion of the budget for the treasury. Provision shall be made for direct access as well to sundry suppliers of the government printing office or the mint, in cases of emergency certified by decree from the finance minister, upon approval by the government stationery office, for purchase of blank and letterhead paper, printed matter, forms, and file folders, as an exception to article 14 of PL 1140 of 28 September 1942.

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Printing services for documentation and media information purposes shall report directly to the minister.

Unaffected by any of these provisions are those now in effect in relation to the minister's staff and to the minister's special secretariats and undersecretaries of state.

Article 6 (General Orders)

The central administration shall be subdivided into general directorates in such a way as to group together under each of them similar functions now distributed through sundry similar agencies, according to the following criteria:

- a. services dealing with income tax, value-added tax, indirect taxes and levies on business, local taxes, and special revenues;
- b. services dealing with customs duties and manufacturing and consumer taxes;
- c. services dealing with real estate taxes, technical consultation, the keeping of property deeds and records, and real estate assessments;
- d. services having to do with the administration of government property or the national estate;
- e. services dealing with personnel administration and general business.

Within the compass of the matters entrusted to them and aside from the general coordination exercised by the general secretary, the general directorates shall also have suitable authority in:

- a. services for the implementation and management of computer and data processing facilities;
- b. international relations;
- c. study, planning, and control activities pertaining to the effects of administrative action;
- d. legal departments.

General directorates shall, within the scope of their respective jurisdictions, exercise functions of guidance, planning, and coordination of the activities of outlying agencies as well as direct operational functions in specific sectors where the need may arise.

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The general directorates resulting from the aforesaid consolidations may be fitted together by presidential decree, at the suggestion of the finance minister, into central directorates, each of which shall contain unified or homogeneous or interconnected services. The central directorates, no more than eight in number, shall be subdivided into divisions by decree of the finance minister.

Computerized systems shall be utilized to regulate and manage the lottery, which may be turned over by concession, though still under the supervision and control of the finance ministry, or entrusted to the autonomous state monopoly company.

Article 7 (Central Tax School)

Standards and regulations shall be issued for the reordering and expansion of the central tax school, providing, among other matters, for:

- a. the possibility of establishing decentralized facilities;
- b. establishment of an in-house cafeteria for civil servants attending courses;
- c. affiliation of the central tax school and its decentralized branches with the services for professional personnel training.

The director of the central tax school shall be chosen from among tenured university professors, the ordinary or administrative magistracy, and state attorneys with ranks at least equivalent to that of magistrate of the court of cassation, or among finance ministry personnel with grades of director general, level C.

Article 8 (Regional Finance Directorates)

There shall be established, as a rule, in every regional capital a regional finance directorate, to which shall be assigned, in addition to specific operational functions, decentralized functions for planning, coordinating, and guiding activities performed by all subordinate finance offices within the region, as well as for coordinating the activities of the same with the operational services of the Customs Guard, with particular care for avoiding duplication of functions.

It may be ruled that the jurisdiction of a regional directorate be extended to other regions for the purpose of distributing the services in whole or in part on the most homogeneous possible territorial bases.

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[8 October 1980, p 11]

[Text] Article 8 (Regional Finance Directorates, contd.)

The regional finance directorate shall constitute the direct channel for connections and communication between all the subordinate finance offices and the central administration, and shall be subdivided, by decree of the finance minister, into services corresponding as a rule, in number and responsibility, to the general directorates.

There shall be established, under the regional directorate, an inspection service with the following missions:

- a. to perform audits and controls, directly or at the request of the tax inspectors, in all subordinate outlying finance offices;
- b. to perform audits and controls, including those requested by the central tax inspector's office, on taxpayers for purposes of stopping violations of the tax laws and to provide the appropriate offices with facts helpful in ascertaining proper tax payments;
- c. to perform audits and controls on the shipment of goods into and out of the country, on the production of goods subject to customs and sales tax, and on the granting of funds from the European Economic Community.

There shall be established under the regional directorate a service for professional training of staff, a bursar service, and an accounting service with powers stipulated in article 13, second para, of presidential decree n° 1544 of 30 June 1955.

There shall also be vested in the regional finance directorate those powers now exercised by the financial superintendency by virtue of PL 7, of 7 January 1929, as well as those exercised in matters of administrative recourse and administrative appeal of cases involving infractions punishable only by a fine.

The powers now vested in the financial superintendency in matters of managing general affairs shall be vested in the regional finance directorates or in the outlying offices mentioned in article 9.

#### Article 9 (Outlying Offices)

The outlying offices, to be placed under the jurisdiction of the regional finance directorate in which each office is located, and to be ordered in observance of the criteria hereinafter stipulated, shall be classified as:

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- a. tax offices to be established in numbers no greater than those of the present district direct tax offices in each of the districts into which the country shall be subdivided on the basis of the number of taxpayers, of the tax yield handled, and of the business and industry facilities with which they must deal; there shall be provision that each commune be contained in a single district, whose tax office may if advisable be subdivided into several local services; the tax offices shall perform the functions currently handled by the district direct tax offices, the registry offices, and the value-added tax offices, as well as the finance intendencies in matters of direct taxes, taxes direct and indirect on business, excluding the authority vested in the regional directorate and service centers; in the exercise of the said functions assigned them the tax offices shall perform all operational activities directed at the assessment of taxes and at the direct and enforced collection of all tax revenues; consolidation of the services in tax offices shall be provided in such a way as to achieve gradually the consolidation of all assessment and verification activities for the individual taxpayer into a single operation and to replace collection offices; the tax office located in the provincial capital shall be responsible, in addition to the aforementioned matters, for the defense and representation of the finance administration before the tax commissions, for itself and for all other tax offices in the province and all functions currently performed by the tax intendencies and not attributed to other agencies and offices;
- b. service centers, to which shall be assigned the missions provided for under PL 146 of 24 April 1980, to include the value-added tax, as well as the services now provided by the general securities register; the said centers shall further assist in the receipt and processing of communications to the tax rolls as stipulated in article 7 of presidential decree n° 605, of 29 September 1973, replaced by PD n° 784 of 2 November 1976 and subsequent amendments thereto; the centers shall also work with the tax offices listed in under section a. above, in verification where required by the results of computerized controls; the centers may, finally, oversee the data processing and decentralized data banks in connection with the operations of the said centers and of the tax offices;
- c. technical revenue offices, the survey office for the new property register and archives for deeds with their current respective jurisdictions, powers and authority, apart from such modifications as may be required for possible cutbacks in the number of deeds registries;
- d. customs districts, customs offices, technical offices for the manufacturing tax and chemical laboratories for the customs and indirect taxes with their current specific powers and authority as provided by the customs laws now in force; the customs districts and the technical offices for the manufacturing tax may

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be reorganized, territorially and otherwise, and shall furthermore perform the functions now assigned to the finance intendency in matters of customs duties, and in relation to the manufacturing and sales taxes, except for those functions assigned to the regional finance directorates; provision shall be made, in connection with possible developments in the manufacturing tax, for closing the technical manufacturing tax offices and transferring their services to the customs offices; the hierarchical and operational chains of command within the customs districts shall be set forth together with their relations with other outlying agencies and offices.

The general depository for official stamped paper, which shall be operated by the Lazio regional finance directorate, and the departmental stamped paper depositories, which shall report to the regional directorates within whose jurisdiction they lie, shall retain their present powers and authority.

Article 10 (Regional Tax Committee)

There shall be established, for each regional finance directorate, by decree of the finance minister, a regional tax committee to assist on an advisory basis in:

analyzing the region's economic structures so as to determine and update indices and objective data on tax yield potential, taking due account of the traffic, including the flow of exports and imports;

- b. analyzing the revenue yields by sector and overall with an eye to identifying areas of tax evasion;
- c. suggesting planning guidelines for tax assessment activities.

The regional finance directorate shall forward the findings of the regional tax committee together with its own observations to the finance ministry as well as to the government commissioner for the exercise of its functions.

The regional tax committee shall consist of no more than 30 members, half of them drawn from the finance administration and the other half drawn from the region, the communes, the provinces, the chambers of commerce, industry, agriculture, and trades and from the national labor union federations.

The regional finance committee shall also number among its members, in addition to those listed in the para above, the regional director of finance and a commanding officer of the customs guard tax police unit operating in the region.

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The members designated by the finance administration shall be selected from among the directors of the outlying offices of the region, with preference going to directors of revenue offices.

The regional tax committee shall be headed by the regional finance director.

The secretary and the secretariat staff shall be employees of the finance administration.

Provision shall be made that, in the performance of its duties, the regional tax committee may request information, data, and other intelligence from the offices of the state administration and from those of the region, the provinces, and the communes.

Title III -- New regulations for the legal status and listing of personnel

Article 11 (Single list for executive grades)

A single list shall be established for all executive grades, both administrative and technical, in the finance ministry, whose staff shall be brought into line with the requirements of the new offices, according to the discipline embodied in the standards of the present Act. As a consequence, all cadres from letter A through letter M and their subsequent variations as per Table VI, appendix 11, of PD n° 748 of 30 June 1972 shall be replaced.

[9 October 1980, p 18]

[Text] The general secretary and general directors may hold the grade of general director, level B; employees assigned to head the central directorates and regional directorates or to act as ministerial counsellors in not more than two posts in the office of the general secretary may hold the grade of general director, level C, or its equivalent.

On the table of organization of regular staff, referred to in para 1, specific posts must be set aside for technical staff.

Extension is hereby granted until 31 December 1985, for executive staff of the finance administration holding grades scheduled to disappear as of 1 January 1980, of the exemption provided under para 3 of article 62 of PD n° 748 of 30 June 1972.

Article 12 (Grades abolished by attrition)

The posts of inspector general and divisional director, held until retirement in the various career assignments in the executive ranks of the finance ministry and not yet vacated as of the effective date of the enabling decrees of the present Act, shall be

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consolidated and promotion to their respective grades shall be governed by the rules embodied in PD n° 748 of 30 June 1972.

Staff members covered by the preceding para, who upon rigorous investigation are shown to have the requisite professional and educational qualifications, may be assigned to functions corresponding to their particular professional qualifications and given the compensation indicated in para 3 of the following Article 13.

Article 13 (Regulations for non-executive personnel)

Finance ministry personnel not contemplated under Articles 10 and 11 shall be subject to the provisions contained in PL 312 of 11 July 1980, concerning the new pay and function status of civilian and military government personnel.

There shall be established, in view of the specificity of certain functions performed by the finance ministry which require special professional and technical qualifications, specific administrative and technical professional profiles, including profiles for assessors (for simpler cases, auditors and inspectors), persons responsible for litigation, officials involved in enforced collections, technicians in the deeds registry and in the technical revenue services, and customs operatives.

Provision shall be made for personnel falling within the special professional profiles, for salary differentials to be accomplished by specific pay raises and the granting of specific indemnities commensurate with productivity and the quality of work performed not to exceed 25 percent of pension base earnings. Said indemnities shall not be paid should the employee, for whatsoever reason, fail to perform the tasks called for under his particular professional specialty.

Construction of the professional profiles, including those referred to in para 2, shall be done in such a way as to standardize the status of personnel belonging to the current separate rolls for finance administration personnel and to ensure the necessary mobility among the administration's several sectors of activity.

Article 14 (Staff authorization)

The cumulative staff authorization for grades shall be established in consonance with the number of staff positions abolished plus the number of positions necessary for personnel placement, as set forth in PD n° 103, article 15, of 3 January 1960, PD n° 649 of 26 October 1972, and staff requirements connected with the new regulations referred to under Title II.

The cumulative increase in regular finance ministry staff shall not exceed 20,000.

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Article 15 (Office staff)

With regard to real operational necessities and on the basis of staff authorizations for executive and non-executive personnel as referred to in articles 11, 12, and 13 above, the staff requirements of each general directorate and each outlying office shall be determined by decree of the finance minister, with analytical indications as to the specific professional qualifications of each individual and with particular regard to employees possessing special professional profiles referred to in para 2 of Article 13, who may not be transferred or assigned to offices in which the post for which they are eligible is not open.

Article 16 (Inclusion and access of personnel in the special professional profiles)

Inclusion in the special professional profiles, referred to in para 2 of article 12, shall be subject to rigorous assessment of possession of the necessary educational and professional prerequisites and of the applicant's declared availability for service in the offices where, when a post falls vacant, his specific professional qualifications may be of use.

Standards shall be published to enable employees of the finance ministry to move up to more highly professional levels through specific selective tests of a practical-technical nature, or through completion of professional qualification courses with competitive final examinations.

For access to the professional profiles provision shall be made, including exemptions from the provisions in article 7 of PL 312 of 11 July 1980, for rules governing admission to the said tests, for competitions, for the appointment and makeup of the examining commissions, and for all other matters connected with competitive examinations.

Authority to post and hold said competitive examinations shall be granted by the finance minister.

Article 17 (Work places, working hours, and economic incentives)

The present requirements for time in the offices of a given region shall remain in force, bringing those requirements into consonance with the provisions of article 7 of PL 312 of 11 July 1980.

For assignment to the central offices preference shall be given, within the limits of the requirements stemming from the new organization of agencies and offices, to employees from one of the central office posts lately abolished.

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Provision shall be made for allowing, in the performance of particular services, daily working hours different from the normal ones, even to the extent of adopting several daily shifts.

Provision shall further be made for personnel in all grades to obtain special economic incentives on the basis of performance measured against productivity indices (working standards), as defined within the meaning of article 22 of PL 312 of 11 July 1980, and making allowance for the special difficulty and objective danger or discomfort of the job.

Article 18 (Personnel administration)

The general directorate for general affairs and personnel shall be given the authority over the hiring, performance, and severance of employment, for the assignment and transfer of each employee to the individual general directorates and to the regional finance directorates and over every other procedure concerning the legal status and salary or severance pay of all finance ministry personnel except as specifically provided in the following paras.

The regional finance directorates shall be empowered to assign, transfer, or detach personnel to the subordinate offices, as well as to issue specifically indicated measures concerning the legal status and salaries and severance pay of employees.

Provision shall be made for the general directorate of general affairs and personnel to exercise authority in matters of initial assignment and transfers, upon hearing the opinions of the other general directorates on the basis of their respective competence, according to programs coordinated by the general secretariat.

Article 19 (Salary for initial placement and transfer)

For civilian personnel on the rolls of the finance ministry who are transferred, for the convenience of the service, to another office, the amount of the indemnity for initial placement shall be increased to 750,000 lire plus 3 months additional special indemnity, whatever it may be at the time of transfer.

The payment called for under para 1 of article 1 of PD 513 of 16 January 1978, and in article 1 of PL 417 of 26 July 1978, shall cease for personnel covered by the preceding para after the initial 360 days of continuous mission in the same locality.

[10 October 1980, p 12: conclusion]

Title IV-- Special Regulations

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Article 20 (Computer data system)

All activities connected with performance of the functions assigned to the agencies and to the central and outlying offices of the finance administration shall be ordered, according to criteria of simplicity and rationality, in such a way as to allow of their performance, insofar as possible, in computerized form.

The discipline referred to in the preceding para shall cover, among others, the services specifically inherent in:

- a. the service centers;
- b. the registers of deeds;
- c. the tax disputes service and the tax rulings archives;
- d. hiring, administration, and management of personnel;
- e. collection of taxes and all other revenue income;
- f. urban building registry and land survey office;
- g. government lands.

In the implementation of the foregoing provisions, as well as for the completion and improvement of automation plans already under way, one or more agreements may be entered into entrusting a specialized corporation, with total state participation which may be indirect, according to the criteria and in consonance with the objectives stipulated by the finance administration and under the supervision of the competent agencies of that administration, with the following assignments:

- a. acquisition of the equipment and installations necessary to the operation of the data processing system;
- b. analysis and planning of the automation procedures, as well as completion of the related detailed programs;
- c. operational management of data processing centers and maintenance of the detailed programs;
- d. training personnel, which the finance administration shall make available, and their gradual replacement of company personnel in the tasks referred to under the previous letters within the term of expiration of each agreement.

No agreement shall cover tasks already directly performed by finance ministry personnel.

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Said agreements may be stipulated even as exceptions to the general accounting rules of the state with the exception of any kind of management not budgeted for.

A decree from the finance minister shall set for the requisite measures for the protection of official secrets on the part of the company to which the contract is awarded.

Article 21 (Program for extraordinary expenditures  
for the purchase of real estate)

The finance minister, for purposes of equipping suitable and functional premises for the central and outlying offices of the finance ministry and the requisite social services, as well as central and outlying teaching centers and housing for the students attending the central tax school, is authorized to set up and implement over the 7-year period from 1982 to 1988 an extraordinary program of acquisition and construction of buildings as well as of modernization of already owned buildings, coordinated with the general program of real estate acquisition and construction of buildings for offices run by the treasury ministry.

Also provided in the aforesaid extraordinary program shall be the facility of acquiring areas to be equipped as customs enclosures.

The program referred to in the preceding para, set up on a regional basis and approved, within one year of the entry into effect of the present Act by decree of the finance minister in concert with the ministers for treasury and public works and published in the GAZZETTA UFFICIALE of the Italian Republic. Alterations to the program shall be made according to the same procedures.

Article 22 (Program for extraordinary action to provide  
housing for finance administration personnel)

The finance minister, in order to assure the smooth operation of the central and outlying finance offices, including provision for staff mobility, is empowered to draw up and implement, within the 5-year period following the entry into effect of the present Act and for localities in which the aforesaid offices shall be sited, a program for acquisition and construction of buildings of an economical type for use exclusively as housing to be rented to civilian employees of the finance administration.

The finance minister, for localities where financial offices are to be sited and where it is not feasible or advisable to purchase or construct buildings, and in any case until such time as the program referred to in the preceding para is completed, is authorized to stipulate with the welfare institutes of the treasury or with other welfare and insurance agencies agreements to rent

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buildings owned by the same for sublease to civilian employees of the finance administration.

The government is delegated power to issue, within 6 months of the entry into effect of the present Act, with one or more decrees having the force of law and under the procedures envisaged under paras 1 and 2 of article 2, standards governing the drafting and implementation of the program referred to in para 1, the agreements, referred to in para 2, and the renting or sub-letting of housing.

The government shall exercise its delegated powers as stipulated in the preceding para, in adherence to the following guidelines:

1. the acquisition and construction program shall be based on the needs of individual offices, taking into account the difficulty of finding housing and of posting personnel on request;
2. the program may contemplate acquisition and construction of buildings destined both for family housing and for single persons with common services, to whom the provisions of article 26 shall be extended;
3. provision must be made for administering the buildings and for the provision of joint services;
4. provision shall be made for exemptions from the law limiting the housing units owned by the welfare and savings institutes;
5. criteria shall be established for assignment of housing on lease or sublease;
6. leases and subleases shall be subject to the general rules governing such matters, including those relating to fair rents, aside from the exemptions established by the delegated rules;
7. rules shall be laid down governing termination of assignment and the consequent dissolution of contracts, in connection with the termination of service for any cause whatsoever or his transfer to another office of the service.

#### Article 23 (Siting and construction of real property)

The finance minister shall provide for the siting of the necessary installations for implementation of the program referred to in the preceding articles 21 and 22, within the meaning of article 81 of PD 616 of 24 July 1977.

Construction of buildings referred to in articles 21 and 22 may be entrusted, if necessary under an exemption from existing regulations, under contract to a corporation with a prevalence of state participation, even indirect. The rules laid down in PL

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584 of 8 August 1977 shall not apply, even when execution of the work is awarded under a contract for construction only.

Wherever possible, areas owned by the state shall be utilized or, should there be none available, acquired through expropriation in the public interest, or by means of exchange or purchase and sale. For purposes of exchange the provisions of royal decree no 2000 of 19 September 1923, as converted into PL 473 of 17 April 1925, shall apply, even in cases where the areas offered the state in exchange are of greater value.

Approval of the complete work plans referred to in the preceding paras shall be equivalent to a declaration of public interest and the work involved shall be declared urgent and impatient of deferral, even for purposes of the application of the provision contained in PL n<sup>o</sup>1 of 3 January 1978.

The provisions referred to in the preceding paras shall apply also in cases of modernization or restoration of government property destined or to be destined as premises for offices of the finance ministry.

Article 24 (Extraordinary building maintenance)

The finance ministry shall provide for the extraordinary maintenance of buildings used for its own central and outlying offices and for related social services, for housing for personnel and for premises of the central and outlying training centers as well as accommodations for students attending the central tax school, and the cost of such maintenance shall be entered in the proper item in the budget forecast for the said ministry.

The finance minister may delegate to the individual in charge the faculty of making commitments of the aforesaid budget appropriation, within the limits and under the procedures stipulated in the special decree.

Article 25 (Rent or leasing of real estate)

During initial implementation of the present Act expenditures for the lease of premises to serve as central and outlying offices and related social services may be incurred, if necessary under an exemption of the rules of the government accounting office, with the exclusion of any sort of unbudgeted management.

Article 26 (Acquisition of real estate)

The detached section of the general superintendent of the state assigned to the finance ministry may effect as it sees fit, even on the open market and under an exemption from the regulations of the government accounting office and of article 14 of PL 1140 of 28 September 1942, expenditures relating to the purchase of

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acquisition of real property, furnishings, and all technical and instrumental means requisite to the initial installation of central and outlying offices, of the necessary social services and of the central and outlying instruction centers and those for accommodation of students at the central tax school.

Particular care shall be taken to improve and upgrade the equipment in the premises of customs offices, customs chemistry laboratories, and those of the indirect tax offices and those of the manufacturing tax offices.

Title V--Final Regulations

Article 27 (Commitments to spending)

For purposes of implementation of the authority delegated and provided under the preceding articles, insofar as concerns matters relating to the legal and economic discipline of personnel, total expenditures of 130 billion lire are authorized for the 3-year period of 1981-1983.

To meet the expenses related with completion and adjustments to the data processing system referred to in the preceding article 20, as well as those relating to extraordinary maintenance of the property referred in in the preceding article 24, and to those relating to the leasing of real estate referred to in the preceding article 25, expenditures of 120,800 million lire are hereby authorized.

For completion of programs of extraordinary intervention covered in the preceding article 21, the finance minister is hereby authorized to commit funds up to the sum of 1,500 billion lire, with the understanding that payments may not exceed the limits of the appropriations entered in the proper chapter of the spending forecast for the finance ministry, to wit:

75 billion lire for 1982  
150 billion lire for 1983  
300 billion lire for 1984  
300 billion lire for 1985  
300 billion lire for 1986  
225 billion lire for 1987  
150 billion lire for 1988.

For completion of the program of extraordinary intervention referred to in the preceding article 22, the finance minister is hereby authorized to make commitments up to the sum of 350 billion lire, with the understanding that payments may not exceed to limits of the appropriations entered in the proper chapter of the forecast

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of expenditures for the finance ministry, to wit:

50 billion lire for 1981  
100 billion lire for 1982  
100 billion lire for 1983  
75 billion lire for 1984  
25 billion lire for 1985.

Distribution of the appropriations referred to in the previous paras may be modified in response to actual requirements connected with the status of work in progress, with suitable regulations to be inserted annually in the appropriations bill for the national budget.

As for the acquisition of real property referred to in article 26 for each of the 7 fiscal years following the date of entry into effect of the present Act, authorization is hereby given for the appropriation of 5 billion lire to be inserted into the preliminary estimate of expenditures of the finance ministry.

Article 28 (Financial expenses)

Provision is hereby made for expenses deriving from the implementation of the present Act, assessed for fiscal 1981 at a total of 92,670 million lire, of 42,670 million lire and of 50,000 million lire, by means of corresponding reductions, respectively, of the appropriations listed in titles 6856 and 9001 of the treasury ministry's predicted expenditures for the same fiscal year.

The treasury minister is hereby authorized to perform, through his own decree, the requisite changes in his budget.

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COUNTRY SECTION

ITALY

GOVERNMENT, PCI, LABOR PROPOSALS FOR FISCAL REFORM

Milan IL MONDO in Italian 17 Oct 80 pp 18-21

[Article by Claudio Torneo: "The Antidragon in the Pocketbook"]

[Text] The crisis has prevented the Reviglio proposal on tax relief from being discussed. But it will be impossible to sidetrack it: its author is not the only one exerting pressure in this direction.

It has only been one of the many banana peels on which the government has slipped, but it has certainly contributed greatly to enliven the hours which preceded Francesco Cossiga's dark Saturday. In fact, between Thursday, 25 September, and Friday, the 26th, Finance Minister Franco Reviglio was destined to come into harsh conflict with his colleagues of the economic troika who asked him to postpone the bills on tax relief until the state's finances were in better condition.

The government crisis then intervened to cut the dispute short. However, whatever his political makeup, the new executive will have difficulty sidetracking the proposal. In fact, Reviglio (who, if he remains minister, does not intend to waver from the principle of reducing taxes for the downtrodden by gradually seeing to it that those taxes are paid by evaders) will not be alone in fighting the battle; there will also be the unions and the PCI. On Thursday, the 25th, when intense pressure had been put on Reviglio to persuade him to renounce his proposal, Luciano Lama, Pierre Carniti and Giorgio Benvenuto telephoned to Cossiga to impress upon him the idea that tax relief could not be further postponed. And even the communists were about to relaunch the project--presented to the senate in August during the debate on economic decrees--which particularly provided for a revision in the rates beginning 1 January 1981. In short, the tax problem is now more than ever the order of the day and will very likely be one of the first items for discussion on the parliamentary calendar once the government crisis is ended.

But what would be the definite advantages for the taxpayers? What criteria have inspired the proposals already made? IL MONDO has reconstructed and given a comparison among the three proposals on which the political debate will be centered: that of Minister Reviglio, not yet published and whose contents are to be revealed for the first time; that of the unions; and that of the PCI. All these projects are aimed at reducing and partially neutralizing the effects of the

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fiscal drag: that is, they resolve to avoid an artificial increase of fiscal pressure on the growth of monetary income due to inflation. In fact, in view of the lack of corrective measures, the million or so lire cost-of-living increase which the workers will find in their pay envelope next year will suffice to produce rates two or three points higher.

Reviglio Proposal

Resulting from a lengthy effort begun at the end of February, the Reviglio proposal contains two principal objectives: to minimize the upward curve in rates beginning in 1981 and reduce the tax burden on families in which only one person is working. The operation, which will cost a total of 1.65 trillion lire, is designed to complete the action begun this year with the increase in tax deductions and a doubling of family allowances. "The increase in deductions," Vincenzo Visco, one of Reviglio's most respected advisers, explains, "has protected low-paid workers the most, and a revision in the upward curve will substantially compensate medium-income workers who are the ones hardest hit by the fiscal drag." However, in terms of hard cash, according to the finance minister's calculations, the total wage picture, that is, the overall compensation of subordinate employees, will be completely covered by the fiscal drag both in 1980 and 1981. In fact, in view of greater tax withholding due to inflation and estimated by Reviglio's experts to be 2.718 trillion lire in 1980 and 2.8 trillion in 1981, workers are receiving 2.75 trillion this year (1.8 trillion for the increase in deductions and 950 billion for family allowances) and will receive 3.2 trillion next year (1.65 trillion through the correction of the curve and an increase in deductions for families with only one breadwinner and 1.55 trillion for the increase in family allowances).

Tab. 1 **Manovrando gli scaglioni** (1)  
*Scaglioni di reddito e aliquote lordi* (2)

Sistema attuale (3)		Progetto Reviglio (4)		Progetto Pci (5)	
Scaglioni (in milioni di lire) (6)	Alliquote (%) (7)	Scaglioni (in milioni di lire)	Alliquote (%)	Scaglioni (in milioni di lire)	Alliquote (%)
0 - 3	10%	0 - 4	10%	0 - 4	10%
da 3 a 4	13				
da 4 a 5	16				
da 5 a 6	19	da 4 a 6	18	da 4 a 6	16
da 6 a 7.5	22				
da 7.5 a 9	25	da 6 a 9	22	da 6 a 9	20
da 9 a 11	27				
da 11 a 13	29	da 9 a 13	26	da 9 a 12	23
da 13 a 15	31			da 12 a 15	28
da 15 a 17	32	da 13 a 17	29		
da 17 a 19	33			da 15 a 20	32
da 19 a 22	34	da 17 a 21	31		
da 22 a 25	35	da 21 a 25	33	da 20 a 25	37
da 25 a 30	36	da 25 a 30	39	da 25 a 30	40
da 30 a 35	38	da 30 a 35	40	da 30 a 40	42
da 35 a 40	40	da 35 a 40	41		
da 40 a 50	42	da 40 a 50	43	da 40 a 60	45
da 50 a 60	44	da 50 a 60	44		
da 60 a 80	46	da 60 a 80	46	da 60 a 80	47
da 80 a 100	48	da 80 a 100	48	da 80 a 100	49
da 100 a 125	50	da 100 a 125	50	da 100 a 125	51
da 125 a 150	52	da 125 a 150	52	da 125 a 150	52
da 150 a 175	54	da 150 a 175	54	da 150 a 175	54
da 175 a 200	56	da 175 a 200	56	da 175 a 200	56
da 200 a 250	58	da 200 a 250	58	da 200 a 250	58
da 250 a 300	60	da 250 a 300	60	da 250 a 300	60
da 300 a 350	62	da 300 a 350	62	da 300 a 350	62
da 350 a 400	64	da 350 a 400	64	da 350 a 400	64
da 400 a 450	66	da 400 a 450	66	da 400 a 450	66
da 450 a 500	68	da 450 a 500	68	da 450 a 500	68
da 500 a 550	70	da 500 a 550	70	da 500 a 550	70
oltre 550	72	oltre 550	72	oltre 550	72

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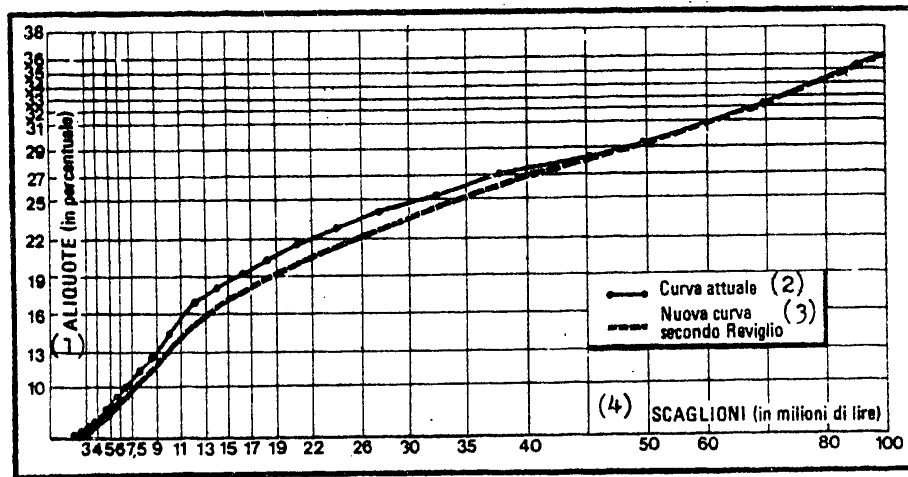
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KEY:

- |   |  |
|---|--|
| (1) Table 1 "Manipulating the Progressions" | (4) Reviglio proposal                  |
| (2) Progressions of Income and Gross Rates  | (5) PCI proposal                       |
| (3) Current system                          | (6) Progressions (in millions of lire) |
|   | (7) Rates (in percentages)             |

How will the new curve work? "In a less irrational manner than in the past," Visco replies. "The progression has been attenuated to 50 million of income. As a result, not only will less taxes be paid but also the effects of the fiscal drag will be reduced in perspective." In practice, taxpayers with an income of less than 50 million will have a double advantage: they will obtain fairly consistent tax relief (it ranges from 75,000 lire for an income of 10 million to 385,000 lire for an income of 23.5 million) and in the future will be less exposed to the risk of having a higher rate sprung upon them with variations in their monetary income. However, for taxpayers with an income greater than 50 million lire, there will be neither advantages nor disadvantages (see Chart A and Table 2).

Reviglio's Curve



KEY:

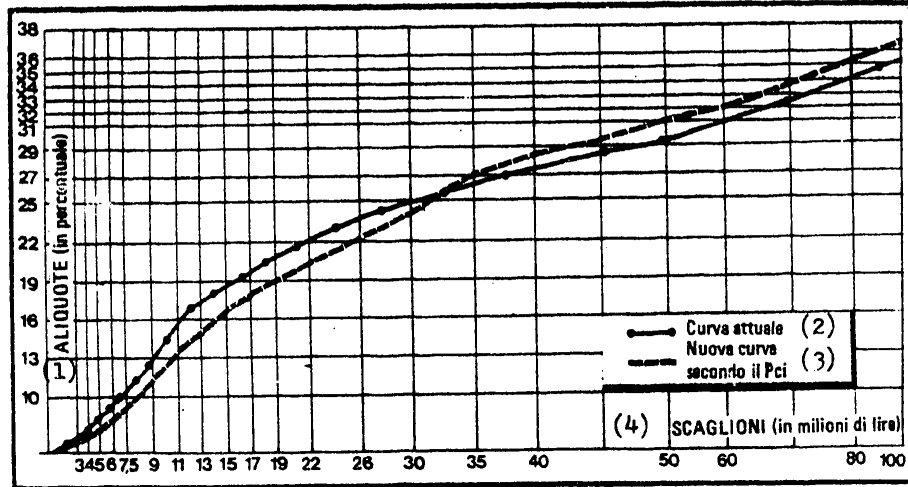
- (1) Rates (in percentages)
- (2) Present curve
- (3) New curve according to Reviglio
- (4) Progressions (in millions of lire)

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PCI's Curve



KEY:

- (1) Rates (in percentages)
- (2) Present curve
- (3) New curve according to PCI
- (4) Progressions (in millions of lire)

To arrive at these results, Reviglio changed the progressions of income up to 25 million and reduced the rates which apply between one progression and another (see Table 1). For example, one who earns 7 million and sees his wages increase through cost-of-living increases to 8 million is currently taxed on the additional million at a 26 percent rate; but with the new system he will pay at a 22 percent rate. One who earns 15 million and goes to 16 million now pays a 32 percent tax on the additional million; with the new system he will pay 29 percent.

The tax relief to be gained from a revision in the curve will be higher for families with only one breadwinner. Ever since cumulative earnings were considered unconstitutional, the one-income family has been paying more taxes than a family with two incomes and has been more exposed to the effects of the fiscal drag. This is clearly shown in the following example involving two families: in one family only the husband works and earns 15 million annually; in the other both husband and wife work and earn 10 million and 5 million respectively. Both families have the same income, but, due to the progression of the personal income tax, the one-income family pays 894,000 lire more taxes than the other. To eliminate these discriminations (which particularly affect the families of the South where there are fewer job opportunities), Reviglio maintains that it is not enough to correct the curve. More is needed. And while Italy is waiting to arrive at a system similar to the German system of splitting (which in all cases provides for dividing the family income in half and taxing each half separately), Reviglio calls for a greater deduction for the dependent wife. This operation, whose details the finance minister wants to work out with the unions, will have to take into consideration: the greater amounts the one-income family pays to the state treasury and the greater expenditure incurred by the family in which both wife

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and husband work. In this connection, Reviglio is not thinking about a deduction in a fixed amount but rather a series of deductions commensurate with income. For example, 50,000 lire up to 8 million of income, 75,000 up to 10 million, 100,000 up to 15 million and so on. At the same time Reviglio plans to raise the minimum income limit to that where the wife is considered a dependent. At present, that limit is 960,000 lire; in 1981 it is to increase to 1,350,000.

PCI Proposal

The communist proposal also calls for a new rate curve. Designed by Napoleone Colajanni, one of the PCI's economic brains, the new curve takes fiscal pressure off incomes up to 30 million and provides for tightening up the rates on incomes from 32 million up. In terms of immediate advantages Colajanni's curve is more generous than that of Reviglio for medium to low-income taxpayers. For example, a worker with a little more than 8 million lire of taxable income will pay 127,000 lire less taxes; a taxpayer with an income of 14 million will pay the treasury 345,000 less taxes; a taxpayer who earns 20.5 million will save 400,000 lire of taxes (see Chart 8 and Table 2). "However," Visco objects, "we are dealing with advantages which in perspective could be less consistent than the figures indicate. In fact, the curve proposed by the PCI does not reduce the rate progression in an acceptable manner and, therefore, offers the taxpayer less protection from future fiscal drag."

Tab. 2 **Chi ci guadagna (1)**  
*Quanto si paga in meno o in più di tasse (2) dopo la revisione delle aliquote (imposta al lordo delle detrazioni)*

Livelli di reddito (in milioni di lire) (3)	Progetto Reviglio (in migliaia di lire) (4)	Progetto Pci (in migliaia di lire) (5)
2	0	0
3,5	- 15	- 15
4,5	- 20	- 30
5,5	- 15	- 45
6,75	- 20	- 75
8,25	- 42	- 127
10	- 75	- 205
12	-115	- 305
14	-165	- 345
16	-215	- 375
18	-265	- 385
20,5	-330	- 400
23,5	-385	- 325
27,5	-340	- 195
32,5	-215	+ 5
37,5	-140	+ 155
45	- 65	+ 355
100	- 15	+ 1005

KEY:

- (1) Table 2--Who Will Gain
- (2) How much less or more taxes are paid after revision of rates (tax before deductions)
- (3) Income (millions of lire)
- (4) Reviglio proposal (in thousands of lire)
- (5) PCI proposal (in thousands of lire)

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The Colanjanni proposal, which would cost the treasury about 2.4 trillion lire, does not contain measures of advantage to the one-income family.

## Union Proposal

The union proposals also call for a correction of the rate curve. However, unlike the Reviglio and PCI proposals, the union proposal is centered around the protection of the incomes of workers and clerical employees. "We are not competing with the finance minister in designing the most beautiful curve," says Marina Ricciardelli of the tax department of CISL [Italian Confederation of Labor Unions]. "Ours is a discussion of policy," adds Alfredo Forgione, tax expert of CGIL [Italian General Confederation of Labor], and since the present curve particularly penalizes the workers burdening them almost entirely with the fiscal drag, it is logical for the union to consider it a priority measure to revise the rate structure up to a certain level of income." In essence, the unions propose to reduce the number of progressions and lower the rates up to 13 to 15 million lire of income (see Table 3). The rest of the curve can remain unchanged up to 30 million and become even more progressive from 30 million up, if it is desired to recover what may have been lost.

Tab 3 <b>L'aliquota sindacale</b> (1)	
Scaglioni di reddito e aliquote lordi secondo il progetto dei sindacati (2)	
da 0 a 4 milioni	10%
da 4 a 7 milioni	15%
da 7 a 10 milioni	21%
da 10 a 13 milioni	27%
da 13 milioni fino a 30 milioni (3)	conferma delle attuali aliquote
da 30 milioni in su (4)	aumento delle attuali aliquote

## KEY:

- (1) Table 3--Union Rates
- (2) Income progression and gross rates according to union proposal
- (3) From 13 to 30 million, current rates to be used
- (4) From 30 million up, current rates to be increased

Naturally, for the unions there are also problems in recovering what the fiscal drag will take in addition from the pay envelopes during 1980. And on this score they do not fully see eye to eye with Reviglio. "In quantitative terms the minister's proposals," observes Silvano Miniati of the tax department of UIL [Italian Union of Labor], "are appreciable but not sufficient. We are counting on recovering at least two-thirds of the fiscal drag, that is, somewhat more than the 1.6 trillion lire which Reviglio believes he can spend." Among other things, the unions contend that the family allowances can be included in the debit and credit account, as Reviglio is doing.

Even on fiscal protection of the one-income family the union positions are far from coinciding with those of Reviglio. Precisely contrary to the system of deductions proposed by Reviglio, the unions are asking for a reduction in

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the taxable income of the one-income family. "If, as the union maintains, we should in the future arrive at splitting," Ricciardelli asserts, "deductions could take us farther away instead of closer to our objectives" However, it is a different case if we head toward some form of lowering the taxable income. "If we reduce the taxable income by a certain percentage and then begin to shorten the distance between the tax burden of a family which has only one income and that of a family with two or more sources of income, it will be easier in the future to divide the income between husband and wife and tax it separately."

These are the three proposals with their pros and cons. However, after the failure of the economic decree which, among other things, will involve an appreciable loss of income by the treasury, there is a danger that we might see a fourth proposal, that of sidetracking everything until we have more favorable conditions, a proposal which may now have more valid arguments than existed a few weeks ago during the meetings of the Council of Ministers.

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COUNTRY SECTION

ITALY

## BANK OF ITALY MAY-JUNE 1980 STATISTICS

Milan IL SOLE-24 ORE in Italian 23 Oct 80 p 7

[Article by Livio Magnani]

[Text] Last June, as never before, net receipts of the credit system (bank deposits, special institution debentures and the like) showed a substantial increase over those of June 1979 (2.922 trillion) but were less than current receipts and considerably more than investments by companies and special credit institutions, including the underwritings of organizations and enterprises (3.905 trillion compared with 1.85 trillion). The decrease in receipts was such that its traditional surplus with respect to investments was limited in June to 269 billion lire compared to 1.072 trillion the year before and 2.761 trillion in June 1978.

The variations which occurred in June appear in part to be a correction of the May results which had shown an appreciable decrease both in deposits and investments by banks. Thus, looking at the bimonthly period, May and June, we note a substantial decrease in net receipts over those of the preceding year (3.033 trillion compared to 6.236 trillion), which indicates that the June recovery was not sufficient to compensate for the decrease of the previous month. With regard to investments, they increased during that bimonthly period by 2.795 trillion lire compared to 3.070 trillion in May and June 1979; this means that the June recovery somewhat made up for the slow-down in May, which probably intervened to limit deviations from the maximum installments which were bimonthly at the time and were due in odd months. However, even on a bimonthly basis (this confirms the rather close correlation between deposits and investments by credit firms), net receipts showed a surplus over the rather modest investments (237 billion against a good 3.166 trillion in May and June 1979 and a good 5.64 trillion in the same bimonthly period 2 years before).

## EVOLUTION OF MONETARY CIRCULATION

<u>(Billions of lire)</u>	<u>May and June</u>		<u>June</u>	
	<u>1979</u>	<u>1980</u>	<u>1979</u>	<u>1980</u>
Budget administration				
(-) Total receipts	-8,289.4	-16,009.4	-4,059.7	-9,921.0
Partially cash payments <sup>2</sup>	12,751.3	18,054.8	5,884.9	10,219.4
A) Balance (net indebtedness = +) <sup>2</sup>	4,461.9	2,045.4	1,825.2	298.4

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Credit system financed ops.	-3,830.5	2,867.6	-1,335.4	2,011.3
Market financed operations	-1,429.0	-18.1	-832.5	575.2
Net BI [Bank of Italy] and UIC [Italian Credit Union] funds at Treasury Department	-797.6	4,894.9	-342.7	2,884.9
Foreign operations				
F.O.B. exports	10,241.7	11,302.9	5,227.8	5,706.1
(-) C.I.F. imports	-10,938.9	-13,797.7	-5,222.7	-6,709.1
Trade balance	-697.2	-2,494.8	5.1	-1,003.0
Balance--services and travel items	1,531.7	not det.	833.6	not det.
B) Current balance	834.5	not det.	838.7	not det.
Bal.--auton. capital movements	-265.7	not det.	-71.8	not det.
Bal.--delayed payments	-281.4	not det.	-710.4	not det.
"Auton." balance attributed to BI and UIC	287.4	-2,443.0	56.5	-1,348.1
Credit firms and institutions				
Investments and shares of organizations and firms <sup>2</sup>	3,070.3	2,795.1	1,849.8	3,905.0
(-) Net receipts	-6,236.3	-3,032.5	-2,921.8	-4,174.3
Balance with market	-3,166.0	-237.4	-1,072.0	-269.3
Net funds at Treasury Dept.	3,830.5	-2,867.6	1,335.4	-2,011.3
Net funds with BI and UIC	664.5	-3,105.0	263.4	-2,280.9
Market and individual operations				
Nonyield deposits by importers	---	---	---	---
Bal.--other lesser operations	787.1	1,495.8	997.4	1,342.0
Bal.--ops. with organizations, companies and BI itself	787.1	1,495.8	997.4	1,342.0
Banknote and coin circulation <sup>1</sup>	941.4	842.7	974.6	579.9
1. Variations in index of cycl. move.	+2.0%	+0.8%	+2.4%	+1.4%
2. Inclusion of previous debts for:	221.7	7.8	131.1	5.0

These results of the credit system are obviously correlated with the progress of operations with foreign countries as well as with that of the administration of the state budget and autonomous firms. With regard to foreign operations, June closed with a trade balance deficit of more than 1 trillion lire, thus being almost identical to the situation which prevailed in June 1979, and with a deficit in the balance of payments (after elimination of foreign loans from state participations and ENEL [National Electric Power Agency] in the amount of 1.348 trillion lire) compared with a gain of 57 billion in June 1979. On a bimonthly basis there was even a deficit of a good 2.443 trillion compared with a gain of 287 billion last year. As is known, what was especially involved was a greater increase in imports (26.1 percent in the bimonthly period) than that registered in exports (10.4 percent), even considerably lower than the increase in prices, which signifies a decrease in the volume exported.

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To the deflationary effect of these results with foreign operations we must add a lesser inflationary effect of the administration of the budget and the Savings and Loan Fund which, last June, showed an increase in net indebtedness of only 998 billion compared with 1.325 trillion the previous year; on the bimonthly basis (May and June) there is a net indebtedness of 2.045 trillion lire compared to 4.472 trillion in the same period of 1979. It is difficult to explain the reasons for the improvement in the administration due to lack of detailed information; we know only that, last June, there was an exceptional increase both in payments and total deposits and that the latter increased more than the former. Considering bimonthly results, we note that cash payments increased 41.6 percent over May and June 1979, while deposits increased 93.1 percent. The June figures are very likely somewhere between deposits and payments, thus swelling the cash flow in equal measure.

Obviously, these treasury results are attributable to a minor injection of funds on the market simultaneously with the deflationary effect of operations abroad. And it is further obvious that the minor surplus of receipts over investments chalked up for that purpose by the credit system resulted in a limited availability of funds by the credit system itself for financing the Treasury Department.

During the period in question, the credit system drastically reduced its availability of state securities with the result that, last June, the Treasury Department ended up paying the credit system more than 2 trillion lire, while it had received only 1.335 trillion from it during the same month of the previous year. Moreover, on the bimonthly basis we note treasury disbursements to the credit system in the amount of 2.868 trillion, while in May and June 1979 the credit system had poured 3.831 trillion into the treasury. Also on the part of the public direct contribution to the treasury shows a slowing down, particularly due to the reduction which occurred in current postal accounts and to a slowing down of deposits and interest-bearing postal bills in addition (in June) to a strong lack of investment in securities by the public and of a lesser purchase of BOT. Thus, it is estimated that the Treasury Department had reimbursed the public 565 billion lire in June while, in the bimonthly period, May and June, the Treasury Department had received 18 billion.

The result of all this is that, despite the substantial decrease in the treasury's net indebtedness, its recourse to the credit institution was enormous. Last June the Treasury Department requested funds from the Bank of Italy in the amount of 2.885 trillion (compared with a reduction of 143 billion in its indebtedness the previous year), while in the bimonthly period, May and June, the Treasury Department had incurred debts with the Bank of Italy in the amount of 4.897 trillion despite having reduced its indebtedness by 18 billion the previous year.

These operations with the Bank of Italy have strongly weakened the deflationary effect of the balance abroad and also that stemming from a reduction in the net indebtedness of the credit system to the issuing institution which showed up particularly through a decrease in loans from the Bank of Italy to credit firms. If we also consider the massive volume of "nonclassifiable operations" which usually show up in June (1.342 trillion lire compared with 998), we see that the effect of all the preceding has been to apply the brakes on monetary circulation to the extent that this circulation increased by only 598 billion compared with 975 billion in June 1979 and, on the bimonthly basis, by 843 compared with 841.

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More than absolute figures the real significance lies in the variations in the index of movement (the July 1961 to June 1969 trend/100); this shows a 0.8 percent increase for May and June compared with a 2 percent increase for the same bimonthly period of 1979.

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COUNTRY SECTION

NORWAY

STOCKPILING DEBATE ACCENTUATES SPLITS IN SOCIALIST PARTY

Stockholm VECKANS AFFARER in Swedish 6 Nov 80 pp 56, 57

[Article by Ragnar Kvam jr: "Party Split Threatens Nordli's Government"]

[Text] Norwegian Prime Minister Odvar Nordli's struggle for continued government power can be described as a political poker game on the highest level. The debate over advance storage of heavy NATO weapons on Norwegian soil has unveiled the split in the Labor Party and LO [the Trade Union Confederation] before a spiteful audience: the bourgeois opposition, which senses victory in next year's Storting election. Open opposition, defections from government, and disruptive conflict in the top leadership of the party threaten to undermine Nordli's position as the foremost leader of the Norwegian social democratic party.

Oslo. "One should hear it from his own," is an old and reliable Norwegian saying. Prime Minister Odvar Nordli certainly agrees, but bitterly. He probably heard it last autumn, when he was forced to struggle with the left wing of the Labor Party and large sections of LO. Odvar Nordli must seek support from the bourgeois opposition in order to carry out his policies.

A visible result of that is that Odvar Nordli presented a national budget which only the Conservative Party has found to be somewhat satisfactory. Another is that the prime minister has opposed his own party in the widespread national security debate which is now shaking Norway.

In the midst of all that the prime minister was forced to hurry home from a visit to China(!) to hold his own government intact since three central cabinet ministers surprisingly resigned "for private reasons." One of the three was the party's-- and the country's--perhaps strongest politician during the entire 1970's: the independent Minister of Oil and Energy Bjartmar Gjerde.

Events of the autumn have openly weakened the governing Labor Party in advance of next year's Storting election. According to the latest opinion polls an election today would have been catastrophic for the party--it would have been replaced by a bourgeois coalition, probably under the Conservative Party leader Kare Willoch.

As everywhere else in the western world, the debate in Norway mainly involves economic policies. But the governing Labor Party is haunted furthermore by the strong

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opposition which atomic weapons in Europe and advance storage of heavy American military equipment in central Norway have caused. Add to this the drawn out and damaging environmental conflict about the development of the Alta River, escalated by the cortege of Norwegian civil defense vehicles via Sweden and Finland.

#### Before Open Curtains

This drama, painful for the Labor Party, is being performed before open curtains and observed by a spiteful audience. The bourgeois opposition is not now campaigning for election. The voters forget these obvious conflicts between the government and the opposition on questions of oil and industrial policies.

The government's new budget, presented last month, totals over 86 billion kroner. But despite the fact that the gross value of Norway's oil exports next year will exceed 43 billion kroner (of which 26 billion will remain in the treasury), the budget is underbalanced by 3 billion kroner. To Swedish eyes that looks purely idyllic--but then one must remember that everything that Norway earns from its oil, and a bit more, is used to cover the deficit for so-called "Continental Norway." This part of the Norwegian economy, built on traditional industry, is not a bit more profitable than the Swedish. Without income from gas and oil production the Norwegian national budget would have a deficit of about 34 billion kroner.

The budget reminds one of the internal conflicts: the government has LO against it. They oppose that which is bourgeois policy in Sweden: alleviation of the income tax burden and weakening of progressive taxation--at the same time almost a billion kroner in subsidies of the staple foods is being lost. Several different LO groups have therefore strongly criticized their own government.

#### Liberal Tax Policies

To a still higher degree than previously the national budget is marked by the reverse side of the oil wealth. Inflation will be higher next year. The government estimates 11 - 12 percent, but economists frequently speak of 20 percent. Since the previous strict price and wage controls have been lifted, the government expects inflation during the next 2 years to total at least 25 percent. The bourgeois opposition's benevolence toward the national budget is made possible by more liberal social democratic tax policies and the promise of relaxation of the long-lasting price regulation.

It is still not clear whether Nordli will be able to push his budget through the Storting. Above all LO's negative reaction has created doubt within the Labor Party's own Storting group--with a risk of open confrontation on the Storting floor. One consolation for the government can be that the opposition hesitates to use the inner splits in the government party to avoid tying themselves down in case they--as the election polls now seem to predict--should win next year's election.

The security debate constitutes the largest political strain for the government and the Labor Party. If not before, it became obvious when the former minister of maritime law, Jens Evensen, now ambassador and chief negotiator in Norway's maritime boundary negotiations with the USSR, sensationally stated publicly in favor of a nuclear-weapon-free zone in the north, and openly questioned advance storage of

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NATO weapons, at least for now. On top of everything else Evensen made his attention-getting political statement at the same time as Foreign Minister Knut Frydenlund and King Olav were visiting Finland and President Urho Kekkonen, who is pushing hard for a nuclear-weapon-free zone in the north. The result was that Knut Frydenlund was forced to state that his former government colleague forfeited the foreign minister's confidence, while the speaker of the Storting, Guttorm Hansen, advised Evensen to leave the party! But to deprive the ambassador of his important post was not a political possibility--it would have been too serious a challenge to the party's left wing.

#### Political Poker Game

Prime Minister Odvar Nordli thereby reaps what he has sowed in a risky political game with the question of advance storage and the national security debate. When it leaked out in August that the government was negotiating with the Americans about placing heavy military weapons on Norwegian soil, Nordli optimistically expected to get endorsement by the party to continue negotiations without interruption. The prime minister was then forced to promise that the question would be debated openly until it was approved at the highest level. But he added that it would damage Norway's reliability as a NATO member if advance storage were not approved--something that the party's left wing saw as a provocative cabinet question.

Odvar Nordli's political future stood in the balance when the Oslo branch of the Labor Party, the party's largest, expressed skepticism about the entire question of advance storage. But by changing advance storage to a question of party loyalty, Odvar Nordli frightened the Oslo branch away from an irreversible vote--he thereby succeeded in winning the first pot in that political poker game at the highest level.

During the general political debate in the Storting recently the bourgeois opposition went on a hard attack against the government and demanded assurance that Norwegian national security policies are sound. The prime minister responded that they are, but added that the government had still in principle decided to approve advance storage.

In spite of the fragility of the security policies and in spite of the growth of a strong all-party popular movement for a new defense policy--popular movements are an anathema for the Norwegian Labor Party, which split and lost government power after the popular "no" to EG 1972--the government is probably going to do as it pleases. The Storting majority is in any case still sufficient.

#### Political Compromise

But from a little longer view the Labor Party government is taking a risk with weariness after seven years of minority government--and several votes of no confidence--by trying to claim its due. A destructive personality conflict within the party leadership has already eroded the governing party's power.

The division in 1975 of the party's highest posts, with Odvar Nordli as prime minister but Reulf Steen as party chairman, was a political compromise which to a lesser degree strains the truth. With the "Friday massacre" of last autumn--half the government was moved out at that time--Reulf Steen was forced to enter the government as minister of commerce and shipping. He thereby actually lost his

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power as party chairman. Odvar Nordli has already made claim to reelection as prime minister for the next election--and Reulf Steen as party chairman. Sentiment in the party just now says that Reulf Steen is going to be sacrificed.

But Bjartmar Gjerdes' sudden defection from the government shows how politically vulnerable Odvar Nordli is. Even if Gjerde fails to be the choice to take over next year as director general of the Swedish Broadcasting Corporation, the debate has speculated that he is planning a comeback as both party chairman and candidate for prime minister. And if Nordli is not successful in quelling the concern over the leadership question in time, his own position can be undermined. In such a vacuum even former Minister of Environmental Affairs Gro Harlem Brundtland--vice chairman of the party and leading Storting representative--can be raised in party opinion.

The political situation in Norway is roughly comparable to that in Sweden--but with a few changes:

In Norway a social democratic party is governing, but it risks losing governing power because of interior splitting. In Sweden the social democrats are in the opposition, but the party has the possibility of taking over if the bourgeois government coalition flies apart from inner disagreement.

Norwegian politics are now showing a picture of a system which is being hollowed out from within. It may thereby show next year that its perhaps most uncontested statement during the election campaign of 1977 did not hold true. It was, "The political bloc which wins this election can remain in office throughout the 1990's because it will be that government which has the pleasure of administering the first Norwegian oil billion..." But today all these oil billions do not look like any blessing for the Labor Party--even if it still succeeds in fulfilling its perhaps most important campaign promise: to maintain nearly full employment.

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COUNTRY SECTION

SPAIN

BIOGRAPHIC DETAILS ON GRAPO TERRORIST LEADER ISABEL LLAQUET

Madrid CAMBIO 16 in Spanish 26 Oct 80 pp 39, 41

[Text] Last 2 September, at 0830 hours, two men openly intercepted a car on Carlos III Street in Barcelona and killed Intendancy General Enrique Briz Armengol in cold blood.

An hour later, a woman in her thirties in a striped blouse and jeans left through one of the gates adjacent to the scene of the murder, crossed the police cordon and left the area at a rapid pace.

Once out of the police's grasp, the woman got into a phone booth and dialed from memory a Barcelona number.

"You're crazy!" she cried to the person on the other end of the line. "How could you launch an attack right outside my own house?"

Thirty-five days later, last 7 October, Isabel Llaquet, one of the most sought after women terrorists in the country, along with Dolores Gonzalez Catarain "Yoyes," of the Basque Fatherland and Liberty Group-m (ETA-m), who had gone right under the Barcelona police's noses without being recognized, was trapped in a flat on Carlos III Street, where General Briz Armengol fell.

At the moment of the arrest, Isabel Llaquet, 32, a native of Huesca and daughter of an Army captain (who has been dead for years), as well as secretary general of the Spanish Communist Party-r (PCE-r), was writing an article for GACETA ROJA, the propaganda mouthpiece of her party and of its armed branch, the First of October Armed Revolutionary Group (GRAPO).

The article was to be printed 4 days later in Madrid, where the PCE-r had built the entire infrastructure of its propaganda apparatus. An informer who "sang" to the Madrid police had enabled them to break up the terrorists' propaganda committee days earlier, and to arrest 14 people in charge of running the photocopiers.

Following that trail, the agents for the first time since October 1977 (when they caught the former secretary general of the PCE-r, Manuel Perez Martinez, in Benidorm) managed to get to the "head honcho" of the terrorist group. When Isabel Llaquet, the most mysterious woman of the PCE-r, answered the door to her flat in Barcelona, she thought she would find the courier who was to take her article to Madrid. Instead, several weapons met her at the door.

The stone-faced policemen who aimed their weapons at her were on the alert to anticipate any suspicious move the woman made in case she tried to draw a gun.

Isabel Llaquet was unarmed. Although the police considered her "a woman of action, slyer than a fox and sneakier than a snake," the secretary general of the PCE-r (GRAPO) had taken no precaution before opening the door.

An hour later, the most clandestine woman in GRAPO (Spanish police were after her for 3 long years) was cooling her heels in jail. Thus ended her terrorist activities, the product of a life devoted to GRAPO.

Her life as a terrorist had begun 10 years earlier. In 1970, Isabel Llaquet moved to Madrid, registered as a first-year student in Political Science, and began to be active in the Democratic Organization of Antifascist Students (ODEA), the student wing of the PCE-r.

In 1973 Isabel Llaquet attended the first congress of the Organization of Marxist-Leninists of Spain (OMLE) in Los Angeles de San Rafael in the province of Segovia. The following year she traded in her books for weapons and went to live in Brussels, where the PCE-r leadership moved for security reasons.

By then Isabel Llaquet was married to Manuel Perez Martinez, 36, a plasterer from Melilla who was secretary general of the PCE-r. The couple still had no money to live on, and Perez Martinez had to work in construction while Isabel Llaquet earned a living taking care of children at a day-care center.

In 1975 the couple returned to Spain and attended the first congress of the PCE-r, held in La Cabada (Santander), where GRAPO was founded.

Two years later, in June 1977, the PCE-r-GRAPO held its second congress in Javea (Alicante). Manuel Perez Martinez and Isabel Llaquet defended the theory of the armed struggle, which triumphed once again. Four months later, the GRAPO leaders were captured by police in a Benidorm apartment.

Manuel Perez Martinez, the highest-ranking official of the PCE-r, and 15 other terrorists were sent to jail. "GRAPO has been smashed," reported the police then. "All the leaders are imprisoned."

The police were wrong. With the first amnesty, Isabel Llaquet was released. The PCE-r immediately named her secretary general of the organization, and as soon as she got out of jail she bought an airline ticket to France. There she would dedicate body and soul to the reconstruction of GRAPO.

From June 1978 to July 1979 she lived in Paris with other party activists including Antonio Martinez Eizaguirre, Aurelio Martinez Caro and Antonio Pedrero Donoso.

From the French capital, Isabel Llaquet called Juan Carlos Delgado de Codex and Jose Maria Sanchez Casas, putting them in charge of the GRAPO commandos. During the Sanchez Casas era, they plagued the country with terrorist activities.

Isabel Llaquet, as the party's highest political authority, did not discourage these activities. Delgado de Codex was killed by police in mid-March 1979 in a Madrid plaza,

and Jose Maria Sanchez Casas was captured with the last GRAPO commando on 12 October of that year.

"Now GRAPO has really been wiped out," gloated the police. "After the capture of Sanchez Casas, it cannot possibly raise its head again."

Wrong again. Isabel Llaquet, the most cunning terrorist of recent years, was still on the loose. And she would go to work again for the purpose of rebuilding her husband's terrorist group.

The negligence of some Ministry of Justice officials, who were unable to keep discipline in the Zamora jail where the most dangerous GRAPO members were being held, was to facilitate matters a great deal. In mid-December 1979, Abelardo Collazo Araujo, Fernando Hierro Chomon, Francisco Brotons Beneyto, Juan Martin Luna and Enrique Cerdan Calixto escaped from prison. Last January they had their first rendezvous with Isabel Llaquet, who entrusted them with the mission of resuscitating the terrorist group.

Six months later, last 29 July, GRAPO bared its teeth once again. General Arturo Criado, of Military Health, was the victim of an abortive assassination attempt in Madrid. The terrorists had revived, and were up to their old tricks.

#### Amin's Weapons

The police realized then that the terrorists' wings must be clipped before they flew too high. Fernando Hierro Chomon was arrested in Vigo. Abelardo Collazo Araujo died in Madrid in a confrontation with police, and Francisco Brotons Beneyto, the military "brains" of the organization, perished at the end of last September when he was preparing important terrorist actions (see GAMBIO 16, number 462).

They had yet to arrest, however, the woman who might put the terrorists back on a war footing. They still hadn't detained the only person with international contacts to purchase arms abroad and give the organization a certain international backing.

Because Isabel Llaquet, during her stay in France in 1978 and 1979, was the only person capable of achieving a certain international recognition--although minimal--for the organization.

In Paris, Llaquet visited the embassies of all the socialist countries. Benin and Angola indicated a willingness to provide moral support for GRAPO. Congo Brazzaville went further and invited a group of PCE-r members to visit the country to get a first-hand view of the "advances" of its socialist revolution. A coup d'etat in the Congo prevented the trip at the last minute.

Another military coup, on the other hand, meant that GRAPO for the first time in its history could obtain its own arms. On 30 March 1979, Idi Amin Dada was overthrown in Uganda, and a Belgian arms trafficker suddenly found himself without a buyer for the 500 SV submachine guns of Czech design and Rhodesian manufacture which the little dictator of Uganda had ordered, having paid half the price in advance.

To recoup the losses, the trafficker put the weapons on the market in small quantities, and GRAPO, through Isabel Llaquet, bought 48 submachine guns. The transfer of the arms from Belgium to France, where GRAPO had made a safe house, was done in several trips.

On one of the trips, Antonio Pedrero Donoso was arrested by French police on the train from Brussels to Paris. The gendarmes found on his person several SV clips and more than 1,000 Lapua bullets of Finnish make.

Pedrero Donoso was obliged to spend a few months out of the action in a French jail. Meanwhile, someone squealed to some Spanish secret service, and Martinez Eizaguirre and Fernandez Caro, who had also participated in the arms purchase but were not arrested, were shot and killed in Paris months later.

The deaths of Eizaguirre and Caro did not prevent GRAPO from getting a hold of weapons. Three months later, Pedrero Donoso, thanks to a gesture of solidarity by the French Government toward the young Spanish democracy, was released. The first SV submachine guns reached Spain.

The Paris killings, however, did strike fear in Isabel Llaquet's heart. Fearing her own murder, the PCE-r secretary general returned to Spain in July 1979, and until last 7 October no one knew her whereabouts; not even the "big cheeses" like Sanchez Casas, Delgado de Codex or Erotos Beneyto, who under her supervision were spreading death across the land in the last two resurrections of GRAPO. "For that reason, with her capture and imprisonment, we are all going to feel a little safer," police told CAMBIO 16.



Isabel Llaquet, the most mysterious woman of GRAPO, and an SV submachinegun.

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