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West Europe Report

(FOUO 39/82)



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ECONOMIC

FEDERAL REPUBLIC OF GERMANY

UNIONS ACCEPT DECREASE IN PURCHASING POWER

Paris VALEURS ACTUELLES in French 15-21 Mar 82 p 34

[Article by Marc Leroy-Beaulieu: "The Krefeld Consensus"]

The other Saturday at Krefeld, in the Ruhr, the regional authorities of the IG-Metall metallurgy union and the Gesamtmetall employers' federation accepted the proposal of an arbitration committee which suggested an average salary increase of 4.2 percent for employees in the metallurgical industry in Rhineland-Westphalia. The agreement is valid for 12 months as of last 1 February. The most optimistic forecasts predict a 5-percent rate of inflation for the current year. The unions have therefore deliberately accepted a decrease in purchasing power.

Traditionally, the first regional agreement on salary increases in the metallurgical industry is used as a standard not just for all of this sector but also for the rest of West German industry.

In fact, 2 days after it was signed, the Krefeld agreement was used by labor and management in the metallurgical industry, notably in Berlin and Baden-Wurtemberg.

At the beginning of negotiations in January, industry owners had proposed a 3.5-percent increase. IG-Metall loudly and strongly demanded 7.5 percent. Shortly therefore, it became merely a question of "maintaining the employees' purchasing power." And even after publication of the government's economic forecasts, which anticipated a 5-percent price increase in 1982, the metallurgical workers' union was fighting only "for a 4 before the decimal point."

"We got all we were hoping for," said IG-Metall's directors after concluding the Krefeld agreement.

The purchasing power of German employees had already decreased in 1981. With an inflation rate of 5.9 percent, the average salary increase was limited to 5.3 percent. (It is true that at the time of the negotiations, the increase in prices was estimated at only 5 percent.)

So, despite government forecasts which predict an average increase of between 7 and 9 percent in firms' profits for the current year, the celebrated German social consensus continues to hold sway.

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Two elements should be considered:

--At the beginning of February, the unions received a 12 billion DM government recovery plan designed primarily to subsidize private investments. This endeavor, which could have a positive effect on the labor market, has undoubtedly subdued the unions' ravenous appetite.

--The unions' combativeness would have been stronger, were there not 2 million unemployed workers. Although economic stagnation is continuing in the FRG as elsewhere, the problem of maintaining employment has won out over that of the purchasing power.

In addition, the Krefeld agreement can help the public employees' union refuse the 1-percent reduction in base salaries of civil servants and state officials which the administration, as part of its budget reductions, wants to impose before beginning the annual negotiations on salary increases. Having thus saved face, the union, through its salary base, could have a decrease in its purchasing power which would benefit the national treasury. This is the "realpolitik" of labor and management.

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ECONOMIC

ITALY

INTERVIEW WITH FINANCE MINISTER ON FISCAL REFORM

Milan EUROFEO in Italian 5 Apr 82 pp 12-14

[Interview with Italian Finance Minister Rino Formica by Salvatore Rea]

[Text] If he succeeds (and he is determined to succeed), Rino Formica, the socialist minister of finance, will be remembered in Italian history as the politician who opened the safes and files of the banks to the attentive eyes of the agents of the Internal Revenue Service so that the latter could audit the accounts of the suspect citizens. Tax evaders and holders of large bank deposits derived from Mafia, Camorra or otherwise illicit sources will no longer enjoy a life of ease.

The minister's initiative, however, is unpalatable to many people other than those directly concerned, and in particular to the bankers, entrepreneurs and professionals of the more or less secret financial community. They see it as a threat to their business operations and as a violation of their civil and professional rights. So the fears (and objections) are mounting, inasmuch as Formica--in order to carry out his purpose--has chosen the quick expedient of the decree law rather than that of the draft bill, which takes much longer to get through Parliament and (with the aid of good friends) can be amended to the point that it is rendered innocuous.

[Question] Minister Formica, have you decided to press for your legislative measures?

[Answer] On this point you need have no doubt. Let me begin, however, by saying that what we are talking about is not a decree law but a "delegated decree." We intend to follow a course of utilizing the power possessed by the government to issue decrees based on the tax law.

[Question] The communists, however, are specifically challenging the form you have chosen for your legislative measures: namely, the decree. Vinicio Bernardini, PCI representative on the parliamentary Committee of the Thirty that is considering the matter, was very clear on this point.

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[Answer] No, that's not the case. To be sure, powerful interests are going to be hurt; but Bernardini has explained to me that his objection was based on principle--so to speak--rather than on content. On the contrary, he has assured me that the communists will make a significant contribution to the process of attacking, and solving, the problem of bank secrecy.

[Question] Are you convinced that it will really be solved?

[Answer] In short, in our country, whenever the phenomenon of tax evasion is encountered no one--and I mean no one--raises his voice in its defense. On the contrary, everyone condemns it. There are accordingly two hypotheses: either everyone is against tax evasion and is even against tax evaders (who in Italy are so numerous), or else our country is a country of extremely honest taxpayers where everyone is angry with anyone who cheats the Revenue Service.

[Question] Aren't they all probably hypocrites?

[Answer] No, and I believe that the tax evaders (and there are a great many of them) are themselves calling for action against tax evasion. Why is this so? Well, because in Italy no one has ever opposed the principle that tax evasion should be combated. The opposition surfaces the moment an attempt is made to put the principle into practice. At that point various rights are cited and protection for those rights (often vested rights) is invoked. This is a way of defending one's assets and is the most conservative formula. Naturally, a whole series of theories and legal principles are also unsheathed--not, however, in order to devise ways to catch the evaders but rather to erect impassable road blocks.

[Question] Impassable for whom?

[Answer] For anyone who intends to combat tax evasion. Do you know, moreover, which of the road blocks they are trying to erect is the most important? It is the one that would impede identification of these movements of financial resources. Granted, if we were to say that the bank accounts of our citizens should be posted on community bulletin boards we would be talking nonsense; but between that kind of nonsense and the assertion that all transactions passing through the banking system enjoy "protection" there are many intermediate stages.

[Question] Protection from what?

[Answer] The truth is that no one really knows, because there isn't any law to protect banking secrecy. It's just the custom; it's just the practice, nothing more.

[Question] The bankers are the most relentless protesters these days against the violation of banking secrecy. They begin by saying that there is no connection between the institutional activity of the banks and the unlawful practice of tax evasion.

[Answer] I indeed hope so, for otherwise they would all be subject to criminal prosecution.

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[Question] But don't you believe--as has been said--that there are banks whose specific function is to launder money from illegal sources?

[Answer] If that is the case, then what we are dealing with is criminal behavior. If such things are taking place, I would hope it is not being done on an institutional basis and not with the knowledge of the organs of any bank. That would be a suicidal way to operate.

[Question] Isn't it possible that some banks have actually been founded with Mafia and Camorra money--that is to say, with the proceeds from drugs and kidnappings?

[Answer] We say this: the Bank of Italy is in a better position than we at the Ministry of Finance are to have knowledge of an operation of this sort, for it has an inspection service and is therefore quite well aware of the source of these large sums of money. If it has suspicions, moreover, it should so inform the judicial authorities.

[Question] What suspicions do you have?

[Answer] In the fight against organized crime which we are attempting to carry out, we have identified--in the areas where crime is most prevalent--a number of individuals who should be subjected to investigation not only with respect to their total assets but also with respect to their relations with the banking system.

[Question] Which are these areas?

[Answer] The well-known areas of the Mafia and the Camorra.

[Question] In other words: Sicily, Calabria and Campania. The underworld has also emigrated to the North, however.

[Answer] Naturally, it is able to branch out to other territorial subdivisions. No one is saying that the financial operations of the Mafia are limited to certain areas. They are now international in scope.

[Question] The bankers are asking that the new legislative measures contain precise rules governing audits of bank accounts by the Internal Revenue Service. Will you comply with this request?

[Answer] In the proposal now under study by the Committee of the Thirty we have already established certain principles that are quite strict. In order to request a bank audit, the Revenue Service should be certain that the taxpayer in question has failed to declare his income or has filed a declaration that contrasts sharply either with his total assets or with any substantial financial movements of funds totaling more than 50 million lire. Moreover, under the provisions of Law 159 regarding the export of capital and irregular transactions in foreign exchange, the foreign exchange police group of the Revenue Service already has access to the banks. This law has been in effect for 5 years and (according to the Bank of Italy) has not occasioned any waste, abuse of process, or abuse of power. There has been no excessive use of power.

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[Question] The fears may be of a somewhat different nature, namely that too much discretion will be exercised in the process of intervening in the banking system and auditing the accounts of individual citizens.

[Answer] No, that is not possible, because a court order is necessary to carry out the intervention. The amount of discretion employed is therefore the same regardless of whether the order is issued by the judge or whether--at the request of the Revenue Service--it is issued by the chairman of the tax commission of primary jurisdiction, who is always a magistrate.

[Question] Couldn't you, the minister of finance, also issue such an order? At your discretion?

[Answer] No, the minister cannot. We don't want to arrogate police powers to ourselves.

[Question] You say that the minister cannot order an audit in a bank?

[Answer] The government can order an audit, and therefore the order can also be issued by the appropriate governmental entity.

[Question] And therefore also by the minister?

[Answer] According to our draft legislation, however, authorization to do so should be given by the chairman of the tax commission of primary jurisdiction.

[Question] You have not answered my question. Can the minister intervene, or not?

[Answer] He can always do so in those cases authorized by law. It's not that I can call the Revenue Service and order it to audit anyone's bank account. An individual must be in one of those situations of noncompliance specified in the decree. If someone has no declared income but has purchased a house for 200 million lire, he must explain where he has obtained the money. In this case, access to the bank may be requested for the Revenue Service.

[Question] Does this procedure apply in all cases? If a high official of a government agency or public enterprise purchases a house for 1 billion lire, what happens? What action do you take?

[Answer] If the official in question has filed a declaration that is congruous with the purchase, no audit will be necessary. If, however, the declaration is not congruous with the purchase, he should undergo the necessary audits.

[Question] Do you know what the bankers are saying? They are saying that your decree against banking secrecy will impel people to withdraw their money from the banks and send it abroad.

[Answer] I think that would be difficult.

[Question] I believe you are rather optimistic.

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[Answer] Look: the existence of banking secrecy has not prevented the export of tens of trillions of lire. The export of capital is linked to other phenomena: to a lack of confidence in one's own currency, to domestic political conditions, to the desire to obtain profits in places where they are higher, and to more lucrative opportunities for speculation. In short, the export of capital is more a function of the evaluation made of the general economic situation. Otherwise, no one in the United States--which has an internal revenue audit system that amounts to downright persecution--would any longer have so much as a dollar on deposit in a bank, but such is not the case. I am convinced, however, that in this area it is definitely necessary to proceed by stages. If we were to decide at this time to carry out the total abolition of banking secrecy, it would be a mistake. It is accordingly necessary to begin by penetrating this secrecy in those situations which are the most odious to the civic conscience of our country. I do not believe it is acceptable for the underworld in Italy to have gross annual receipts of between 15 trillion and 20 trillion lire. The instrumentalities for intervention and auditing should therefore be increased. The taxpaying conscience of the nation does not increase in proportion with preachments.

[Question] Does the "penetration" specified in your "delegated decree" relate solely to banking secrecy?

[Answer] No; we are also looking at the professional offices. We do not want to abolish professional confidentiality, but much documentation of a fiscal nature is contained in professional offices.

[Question] In other words, the offices of lawyers and notaries?

[Answer] Lawyers, notaries, brokers, accountants. The Revenue Service should have access to their offices.

[Question] Are you thinking of intervening in the finance companies and the so-called trust companies?

[Answer] As minister of finance I have expressed myself in favor of approval--by the Finance and Treasury Committee of the Chamber of Deputies--of the bill by Deputies Minervini and Spaventa which will authorize the Revenue Service to penetrate the inner sanctums of the trust companies. This proposal was not included in the delegated decree concerning banking secrecy, because in the view of the lawyers it was not included in the powers delegated to the government.

[Question] Do you think that Minister of the Treasury Nino Andreatta will go along with approval of your decree concerning banking secrecy?

[Answer] Andreatta has issued an excellent statement concerning this problem. He said that he is not opposed to the decree; that the matter is not absurd; and that it is proper to deal with the problem while of course establishing adequate safeguards. But then I don't believe I am an "adventurist."

[Question] Won't your decree provoke a flight of savings from the banks?

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[Answer] I don't see any reason for it. On the contrary: we shall soon witness a strong trend toward settling accounts with the Revenue Service. The problem itself has arisen because of the failure of the pre-judicial tax procedures. What is this "pre-judicial" process? Italian law establishes the criminal norms governing infractions of the tax laws, but the criminal process cannot be used until all administrative procedures before the appropriate tax commissions have been exhausted. The fact is that in our country the time required to reach a decision in a tax case is measured not in years but in lustrums, and the more important the case the more lustrums are required. This means that the criminal penalties are, in practice, eluded by virtue of the pre-judicial tax procedures. This question is currently before the Constitutional Court. Inasmuch as the pre-judicial process is manifestly unconstitutional, the Constitutional Court will be unable to declare it legitimate, even regardless of any restrictions placed on its use. At the same time, Parliament has before it a government-sponsored bill that would eliminate this pre-judicial process, thereby enabling the criminal norms to be applied independently of administrative procedures.

[Question] And the handcuffs will be placed on the tax evaders?

[Answer] Yes, indeed. Even in these cases, however, I believe we will see--as in the case of the decree on banking secrecy--a trend toward settling up with the Revenue Service. In my opinion the effect of these measures will be that we shall have an increase of several trillion lire in tax revenue. There's only one way to fight tax evasion, and that is to increase the government's power to conduct audits and investigations. Otherwise, the effort will lapse into hypocritical policies, and the fight against tax evasion will be waged with words.

[Question] Meaning that the only action will take the form of verbal "moralism"?

[Answer] Precisely. Let us take the daily LA REPUBBLICA, for example. It is always preaching morality, but when word leaked out of our initiative concerning banking secrecy it wrote that an avalanche of criticism was rushing down from all sides. Well, then I say: How is it possible to change anything in this country if no effort is made to increase the power to investigate and to intervene in those sectors that are the matrix of evil-doing? I challenge LA REPUBBLICA to wage a splendid campaign in support of my decree. To judge from what I have seen, however, it is doing nothing more than conduct a campaign to liquidate my initiative.

[Question] Professor Franco Reviglio, your fellow party member and predecessor at the Ministry of Finance, had prepared a draft bill which provided for the introduction of cash registers into commercial enterprises. What became of that bill? Is it locked up in a drawer of his desk?

[Answer] No indeed. We have offered some amendments to this proposal, in order to soften the impact of the new regulations on small businesses. This measure is now under study by the Finance and Treasury Committee of the Chamber of Deputies. We have requested that it take precedence over all other legislative measures, as soon as the norms for business taxes are approved.

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[Question] Independently of any considerations of a partisan political nature?

[Answer] Yes, for we have no problems of a partisan political nature. It's a mistake to imagine that when something beneficial to the country as a whole is being considered, consideration is simultaneously accorded to personal or partisan interests. Defending special interests never pays off.

[Question] That's the way it should be in a country that is really functioning.

[Answer] Quite so. This is, moreover, what separates the reformists from the corporatists. I have never made a proposal of a corporative nature. It is possible that in certain instances preferential treatment is granted to a particular development policy (or particular sector) instead of another; but any intent to reward or protect special interests to the detriment of the collectivity is a suicidal policy.

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POLITICAL

FRANCE

CHARACTERISTICS OF PSF ACTIVISTS EXAMINED

Paris PROJET in French May 82 pp 572-639

[Article by Roland Cayrol and Colette Ysmal: "Members of the PS: Originality and Diversities"]

[Text] Political party congresses constitute a particularly significant event for anyone interested in the sociology of militancy. In fact, at a time chosen by the political culture of the organization, they bring together all leaders of the party at its different levels of activity: national and local, intermediate cadres and active representatives of the rank and file anxious to participate in this high point in the life of their political group, a time when the party line for the months and years ahead is defined, when the new leadership is chosen, when the image the party wants to project to the outside and for the media is shaped. The phenomenon is further strengthened in parties in which the delegates are, on the one hand, "rightful members" (members of the party's leadership organs, members of Parliament and future members of the government) and, on the other hand -- and this is an essential fraction numerically speaking -- representatives elected by the rank-and-file sections. At a congress, one is thus in contact with the very flesh and blood of the organization, with those who bring it to life and who act at all levels. That is the case of the Socialist Party.

A few years ago, we began right here our sociological research into the delegates of the socialist congresses, making it possible to draw an outline of the PS.¹ Since that time, further investigation has delved more deeply into the same subject.² Within the framework of a European comparison,³ we have been able to conduct a new investigation by means of questionnaires submitted to delegates to the last congress of the Socialist Party, which met in Valence on 23-25 October 1981.⁴

Slow Progress of Women

The PS remains a predominantly male party, but the percentage of women is steadily growing. They made up 12 percent of congress delegates in 1973, 15 percent in 1977, 16 percent in 1979 and 20 percent in Valence in 1981. This presence is visibly linked to the deliberate policy of quotas followed by the party. While in 1973, only 47 percent of the women held responsibilities (local, federal or national) within the PS -- compared with 81 percent of

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all men -- the situation is profoundly different today: A total of 86 percent of the women delegates hold such responsibilities, compared with 91 percent of the men.

The women therefore have a definitely minority position among party members, but the determination to ensure their advancement guarantees them proportionally easier access to posts of responsibilities at the level of the offices of local sections and departmental federations.

The growing number of women in militant strata of the PS can be verified in their more recent membership. An absolute majority of socialist women attending the Valence congress joined the PS after 1974. That is the case of 55 percent of them (of which 10 percent joined after 1978), while 39 percent of the men became members of the PS during that 7-year period (5 percent since 1978). Much more often than in the case of men, these are women who had no other political experience before joining the PS: 65 percent, compared with 57 percent for the men.

As a result, they have not succeeded in reducing a traditional male/female disproportion in the political parties. Because they are active women, because the problem of the women's "double work day" still exists and perhaps also because they are less willing to attend little meetings or to yield to militant pressure, they do not devote as much time as men do, on the average, to party activities. Only 15 percent devote over 50 hours a month -- compared with 31 percent of the men -- and 33 percent devote less than 20 hours, compared with 27 percent of the men.⁵

Regarding factions,⁶ the Mitterrand faction turns out, as in 1973, to be the one with the most female backing (21 percent), closely followed by the Rocardian trend (19 percent) and CERES [Center for (Socialist) Studies, Research and Education] (18 percent). The Mauroy faction has only 13 percent of the socialist women.

On the whole, while the PS remains, in terms of members and even militants, a party of men and while the place of women remains weak with respect to candidacies in legislative elections, especially in the "good" districts,⁷ the fact remains that the efforts made by the party in recent years, especially by the majority group, have begun to bear fruit and the female presence is steadily developing in militant organs.

Party of Those Between 30 and 50

The evolution in the distribution by age of socialist delegates to the congresses during this decade shows a certain trend:

<u>Age (in %)</u>	<u>1973</u>	<u>1977</u>	<u>1979</u>	<u>1981</u>
Under 30	31	16	16	8
30 to 39	27	40	42	45
40 to 49	23	26	24	29
50 to 59	12	12	13	11
60 and over	7	6	5	7
Total	100	100	100	100

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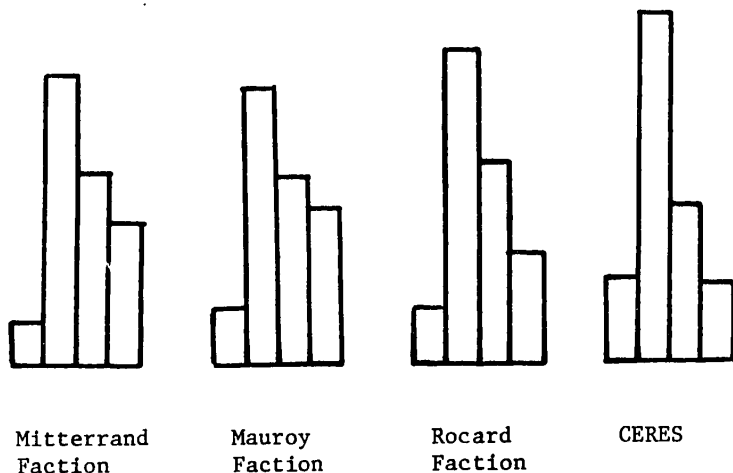
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There is definitely no upheaval. The socialist congresses always underrepresent those over 50 and overrepresent the young and the middle-aged. But there has been a gradual shift from the category of those under 30 to that of those between 30-40, which now includes nearly half of all delegates.

There are several possible explanations for this trend and each one is probably partially true. One can see the difficulty of recruiting members among the very young, but also, while the party is experiencing sensational progress in elections, the congresses tend to be less open to young representatives of the rank and file and to appeal rather to more "responsible" militants. Finally, over the years -- since the "Epinay renewal" in 1971 -- there has emerged a group of active party members that tends to form the militant central core of the PS. This core goes from congress to congress and naturally tends to be a year older each time.

This weight of the generation between the ages of 30 and 40 can be seen in all factions, which do present some differences, however, although less accentuated than in 1973, when a young CERES could be pitted against an "old" Mollet faction and a Mitterrand faction in a central position. Nevertheless, the differences should be noted.

Distribution of Members by Age (from left to right: under 30; 30 to 39; 40 to 49; 50 and over)



The above age pyramids showing internal tendencies of the PS show that the weight of the young remains proportionally greater in the CERES (13 percent under 30) and that on the other hand, those over 50 are more important in the Mitterrand (20 percent) and especially Mauroy (22 percent) factions.

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These are the nuances from one faction to another and they are definitely important. However, one can no longer, when speaking about the PS, point out a "young" faction and an "old" faction. While the CERES, followed by the Rocard group, can claim a proportionately higher number of young people, we are seeing a party in which the age aspect introduces a certain coloration in the different factions, rather than structural oppositions truly due to any generation split.

Class Front, Advanced Bourgeoisie and Social Compromise

Continuity rather than change dominates the social recruitment of socialist members. While minimum variations appear here and there over the years, one finds a basic structure always founded on the higher wage-earning groups.

<u>Professions</u>	<u>1973</u>	<u>1977</u>	<u>1979*</u>	<u>1981</u>
Farmers	1	2	1	2
Industry, commerce employers	3.5	2	2	1.5
Liberal professions	9	4	6	5
Engineers and management personnel	19	19	9	17
Professors	19	24	19	25
Teachers	6	12	11	5.5
Intermediate-level personnel	20	16	<32	26
White-collar workers	8	9		5
Blue-collar workers	3	5	5	5
Students	8	<6	2	1
Inactive	3.5		2	6
Other (or unspecified)	-	1	11	1
Total	100	100	100	100

* The 1979 figures must be considered with caution because the delegates were not, as in other studies, to clearly indicate their profession -- which was then classified according to INSEE [National Institute of Statistics and Economic Studies] codes -- but rather, they were to classify themselves on a precoded scale of categories, which perhaps explains the smaller number of persons in the "management personnel" group.

The three outstanding factors for 1973 are still observable. The lower-income groups: blue- and white-collar workers, are still as weakly represented, making up 10 percent of the delegates (11 percent in 1973). Half of those attending the congress still come from the more "bourgeois" strata of society: industry and commerce employers, liberal professions, management personnel, engineers, teachers in high schools and higher education. Finally, the weight of the university milieu: professors, teachers and students, continues to comprise an imposing mass (nearly one-third of the members: 31.5 percent, with a noteworthy drop in students).

The "proletarianization" of the congresses, which Paul Bacot thought he discerned in 1979, putting on his glasses highly tinted with ideology, therefore

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remains a lure. Moreover, it is most likely outside the scope of the PS, given the absence of an intense political determination for organization, comparable, for example, to that relating to the presence of women and which would undoubtedly imply, as in Communist parties or other European socialist parties, the privileged recruitment of party workers among the workers making it possible for workers in industry to have access to party responsibilities difficult to reconcile with their way of life.

While they tend to perpetuate themselves, our data on the social rank and file of socialist members confirm the diagnosis of the nature of the organization. The party recruits its leaders and most active members more easily in the different strata of the bourgeoisie and middle classes than among city or rural workers. As a partisan structure, the PS is definitely the party of the bourgeoisie and advanced middle classes politically speaking. Or, if one prefers, given the profoundly interclass nature of its voters -- and therefore, of its base among the people in the country -- it is the party that achieves an original social compromise between the lower-income categories of French society and its advanced bourgeoisie, with the latter continuing to hold the reins of party action. While, on the election level, the PS has managed to achieve its objective of establishing the party of the "class front" of wage earners, on the party level, on the other hand, this class front underrepresents white- and blue-collar workers to the benefit of teachers and upper-level personnel, who definitely intend to act "on behalf of the workers," but who have not yet succeeded in fully integrating them into the militant apparatus of the socialist organization.

Regarding tendencies within the party, according to the following table, the resemblances are also more important here than the differences. Based on these figures, one cannot say that internal political splits refer to marked social distinctions.

Profession	Factions			
	<u>Mitterrand</u>	<u>Mauroy</u>	<u>Rocard</u>	<u>CERES</u>
Farmers	1	1	1	3
Industry and commerce employers	2	3	-	-
Liberal professions	5	7	5	8
Engineers, management personnel	15	16	22	19
Professors	29	21	23	18
Teachers	6	7	6	4
Intermediate-level personnel	23	32	27	28
White-collar workers	5	1	5	6
Blue-collar workers	4	5	3	9
Students	1	-	3	-
Inactive	8	7	2	3
Other (or unspecified)	1	-	3	2
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

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One can nevertheless pick out a number of significant differences. While no faction is composed on the basis of recruitment among the truly low-income groups, it is within CERES that white- and blue-collar workers are the most numerous (15 percent). And it is in the Mauroy group that, proportionately speaking, the intermediate-level personnel are the most numerous (32 percent).

Within the higher-income groups, an opposition is tending to develop between the Mitterrand faction, in which recruiting among educators -- especially among professors -- is particularly dominant, and the Rocard faction, in which engineers and upper-level personnel carry more weight than in all other factions.

While on the whole, the roots of members of the PS are not among the lower-income groups, on the other hand, the social origin of members is quite often humble. The following table shows the professions followed by the fathers of delegates to the Valence congress. Workers make up nearly one-fourth of the background of congressional delegates and the white-/blue-collar worker combination makes up 36 percent.

Profession of Fathers	Factions				
	Total	Mitterrand	Mauroy	Rocard	CERES
Farmers	10	10	8	4	12
Industry, commerce employers	12	13	16	8	9
Liberal professions	4	4	4	4	3
Engineers, management personnel	10	10	9	17	8
Professors	4	4	4	7	5
Teachers	6	5	7	1	9
Intermediate-level personnel	10	12	12	7	7
White-collar workers	12	12	10	13	11
Blue-collar workers	24	23	21	31	27
Other (or unspecified)	8	7	9	8	9
	100	100	100	100	100

The bourgeois origin (fathers in industry or commerce, among management personnel or professors) makes up only 24 percent of the background of members. The Socialist Party therefore appears to be a party, if not of the "sons of the people," then at least of the sons and daughters of the lower-income groups and middle classes.

In this connection, new nuances -- but here again, not deep splits -- enable one to make a distinction between factions of the party. The Mitterrand and Mauroy factions appear to be central, remaining close to the PS on the whole. The Rocard group stands out as stemming from a rather curious double pole: more "worker," on the one hand (eight points more than the Mitterrand group; ten more than the Mauroy group), more "management personnel," on the other hand (eight points more than the Mitterrand Mauroy factions). There are definitely fewer "Rocardians" from families in which the father is self-employed: as a farmer, employer or member of a liberal profession, than is the case with all other party groups. From the standpoint of social background, this would appear to be the characteristic of "Rocardism": a milieu deriving from the wage-earning background, both lower- and higher-income groups.

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On the other hand, CEFES appears to be halfway between the members of the Rocard group and members of the other groups, with this original trait: It has, proportionately speaking, more sons of teachers and farmers than all other groups.

On the whole, it is definitely a rising social mobility that constitutes the mark of socialist militants. If one draws a mobility table from the generation of fathers of the militants themselves, one notes that 64 percent of the socialist professors, 52 percent of the teachers, 45 percent of the management personnel, 48 percent of the intermediate-level cadres and even 45 percent of the white-collar workers come from fathers whose profession was less "privileged" than theirs. This fact, which has already been typical of socialist deputies⁸ for over 10 years is undoubtedly one of the characteristics of socialist recruitment: The PS appears first of all as the party of individuals whose professional activity translates a progression in terms of intergenerational social mobility.

That is perhaps what explains the party's ability to play the role of organizer of a social compromise between the working class and the advanced wage-earning bourgeoisie on the social and political level. Evolving in a wealthier professional framework, professing leftist ideas and often coming from modest circumstances, PS members are well placed to constitute this meeting place, this place for drafting a political program bringing modernization and structural reforms, thereby resulting in the alliances of strata around them.

Literary, Legal Background

Considering what has just been said about social background, one will scarcely be surprised at the levels and training of PS members. A clear majority of them: 60 percent, attended institutions of higher learning.⁹

In other words, they are well-educated members. Let us add that their culture has two poles: literary, on the one hand, and legal-economic, on the other. Out of 100 members with a higher education, 31 majored in liberal arts and 30 completed their studies in law or political science. Only 12 had scientific disciplines (including six doctors and five engineers).

The socialists therefore prefer letters to figures; they are persons more versed in the use of the word than the slide rule. When they are professors, which is not rare, as we have seen, they either teach French or history rather than physical sciences or mathematics. Perhaps this is not unrelated to some of the minor sins of the socialists, to their taste for debate over doctrine rather than the rigors of financial management, to their ability to express themselves orally and to somewhat of a gap between the word and action.

In terms of factions, an absolute majority in all groups has completed higher studies: 58 percent in the Mitterrand group, 61 percent of those who support Mauroy, 66 percent for the Rocard faction and 64 percent of those in CERES. The most literary are the Mitterrandists (34 percent, compared with only 22 percent of CERES, which are the least literary). The legally-inclined are more numerous among the Rocardians (40 percent) and the Mauroy supporters (36 percent), while the latter are also the most scientific (14 percent).

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It is in CERES that one finds the most graduates of schools of engineering (9 percent). And while political science and the ENA [National School of Administration] are the doorway to everything, in the PS, at any rate, these channels lead rather to the Rocard faction (10 percent, compared with 3 percent in each of the other groups).

More Christians Among the Rocardians

We know that a certain penetration of Christian circles has since 1971 constituted one of the traits of the Socialist Party, whose recruiting tended toward innovation compared with the cultural traditions of the French left. Thus, as early as the Grenoble congress in 1973, some 12.5 percent of the delegates said they were practicing Catholics, CERES having the most practicing Catholics (17 percent). The situation has little changed, on the whole. On the contrary, the socialist congress tends rather to become less marked by recruiting among Catholics, but it does express a reclassification with respect to political trends.¹⁰

Actually, the Rocard faction has become the group most marked by the Catholic origins of its members.¹¹

Religion	Factions				
	PS Overall	Mitterrand	Mauroy	Rocard	CERES
Practicing Catholics	10	9	9	16	8
Nonpracticing Catholics	25	25	22	26	25
Other religions	4	4	4	3	3
No religion	59	60	65	51	61
No answer	2	2	-	4	3
	100	100	100	100	100

On the other hand, CERES has lost this originality. Some Catholic members have gone from this group to the Rocardians (following the route of Gilles Martinet) and others have reclassified themselves and no longer participate in CERES delegations, while some may have left the Socialist Party.

While the Rocard group appears to be the most Christian (besides the 42 percent Catholics, there are 3 percent Protestants, compared with 2 percent for the Mitterrand faction, 2 percent in CERES and 3 percent in the Mauroy group also), the group led by Pierre Mauroy claims to be the most atheist (not by far), inasmuch as two-thirds of its delegates say they have no religion. However, while the Rocard faction is, internally speaking, the most practicing Catholic, the weight of that faction in the party does not authorize one to say that the practicing Catholics in the PS will necessarily be in that group: On the contrary, while 22 percent of the practicing Catholic members are Rocardians, 45 percent are Mitterrandists.

Like Father, Like Son?

Another distinction having to do with the socialization of members is that of the family political environment. We know that the fact of being raised in a

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political family increases the statistical chances of children belonging to a political party in their turn. The Socialist Party illustrates this traditional fact of political science. While only 2 to 5 percent of the active French population belongs to a political party, 28 percent of the delegates to socialist congresses are the sons of political party members. The members of the Mauroy and Mitterrand groups are the most often political "heirs" (32 and 31 percent respectively). This is less often the case with CERES delegates (20 percent) or Rocardians (19 percent).

Even more interesting is the political coloring of the family milieu, which, for lack of space, we shall illustrate only through the political orientation of the father.¹²

Political Orientation of Father	Factions				
	Overall	Mitterrand	Mauroy	Rocard	CERES
PC	12	13	8	13	10
SFIO [French Section of Workers International] or PS	33	36	40	21	28
Other leftist group (or unspecified left)	48	53	51	39	41
Radicalism*	3	4	3	5	3
Right	6	6	7	8	3
Unspecified	23	17	24	35	29
	23	24	18	18	27
	100	100	100	100	100

* We have left radicalism separate because, based on the age of the members, the radical orientation of their fathers could have a varying political meaning.

In examining the table, one can see that one out of two of our members have or had a father who already tended to the left, while only a fourth were inclined to the right. This process of political reproduction is particularly clear for delegates in the Mitterrand and Mauroy groups, with the latter being, more than any others, deriving from socialist families (40 percent, a particularly high figure).

On the other hand, membership in the Rocard and CERES groups generally expresses the individual itinerary of members from milieux outside the left. Proportionally speaking, the gains of the PS in membership over rightist family background grounds therefore usually come through CERES and even moreso, through the Rocard group (35 percent of whose members, more than one out of three, have a rightist father).

Contrasting Political Itineraries

Coming from different social, religious and political milieux, socialists have themselves followed different political itineraries. With the PS, most of them experience their first party affiliation, but many have already belonged to another party, as the following figures show, and the situation is quite distinct from one group to another.

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Party Affiliation Before the PS	Factions				
	PS Overall	Mitterrand	Mauroy	Rocard	CERES
No previous membership	58	60	47	49	68
PC	2	2	2	-	3
PSU [Unified Socialist Party]	11	6	2	39	11
Extreme left	1	1	1	2	3
SFIO	14	13	36	6	9
Convention of Republican Institutions (CIR)	9	13	8	4	4
Other	1	1	1	-	-
Unspecified	4	4	3	-	2
	100	100	100	100	100

Those whom Francois Mitterrand once labeled as "sabras" -- that is, those born into party life with membership in the PS, have turned out to be particularly numerous in the Mitterrand group, but even more numerous -- and this may be surprising -- within CERES (where over two-thirds are in this case).

The groups remain rather strongly marked by militant solidarities formed in the past. The former SFIO members clearly color the Mauroy following, just as there are many former PSU members in the Rocard group. These two factions seem to be the most linked to a political experience previous to the affiliation with the current Socialist Party.

Over 7 out of 10 former "Conventionneers" (members of the Convention of Republican Institutions) are now among those headed by the leader they had already followed during the time of the CIR, Mitterrand, and this is logical. However, considering the imposing number of members of the party's majority faction, they now represent only 13 percent of the Mitterrand group in Valence, no more than former members of the SFIO who turned to that group.

The length of membership in the PS also reflects the same phenomenon in a way: While the absolute majority (53 percent) of the members of the Mauroy faction joined the party in 1971 (or previous to that time), 39 percent of the Mitterrandists are in that case and only 28 percent of the CERES followers and 21 percent of the Rocardians. It should also be noted that the years of the "great vintages," as far as recruitment of the current congress delegates is concerned, were 1973 (11 percent of the delegates joined that year) and 1974 (16 percent, for a year that was both the year of the presidential election and the meeting of socialists).

Two Trade Union Poles: the CFDT and the FEN

Socialist militants are now often trade unionists. Only 15 percent claim not to be unionized (one should perhaps add the 5 percent of the delegates who do not answer the question).¹³ Practically on an equal footing, the trade unions best represented are the CFDT [French Democratic Confederation of Labor] and the FEN [National Education Federation]. But the figures show a rather wide diversity of union commitments and here again, significant differences from one group of the party to another.

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<u>Union Affiliation</u>	<u>Factions</u>				
	<u>PS Overall</u>	<u>Mitterrand</u>	<u>Mauroy</u>	<u>Rocard</u>	<u>CERES</u>
Not unionized	15	15	19	12	7
CGT	10	11	4	8	14
CFDT	28	19	19	46	47
FO [Workers Force]	6	8	12	2	1
FEN	26	33	25	16	15
Other organizations	10	9	13	12	15
Unspecified	5	5	8	4	1
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

One will note, in fact, to what extent membership in the FEN is dominant within the Mitterrand faction (one out of three Mitterrandists belongs to an FEN trade union). The CGT is mainly influential within the Mitterrand group and even more, in CERES, and for its part, the CFDT is the dominant trade union in two factions, CERES and among the Rocardians, in which it involves one out of two members. Only one out of five is a member of the CFDT in the other groups. Inclination toward or reticence regarding the CFDT are not only ideological within the factions of the PS. They are embodied in specific, contrasting trade union practices.

The FO, which seems to be less and less popular (10 percent of the delegates at the 1973 congress, 11 percent in 1977, 8 percent in 1979 and 6 percent in 1981), is particularly out of favor with the Rocard and CERES groups and is mainly influential only within the Mauroy faction because it is less unionized and it has scarce membership in the CGT.

Originality and Diversities

In this investigation, socialist membership turns out to be original in French society. It is both quite type-cast sociologically speaking: The typical portrait of the PS member is that of a man in his prime, with a very high level of education, on the average, a profession in management or education, raised in a leftist family, not a churchgoer and belonging to a trade union organization; but also plays a role as a hinge, a link between various social, philosophical, political and trade union activities. This relatively privileged individual is often from a humble background. He is increasingly from a family background outside the socialist tradition. He frequents Christian members more than the socialist of days gone by and in his section or his faction, he finds members from unions other than his own.

This originality and, at the same time, this relative diversity of PS members is reflected in the existence or diverse "sensitivities" or factions within the party. Compared with 1973, the sociology and personal experience result in less opposition between the internal factions. With the aid of party recruiting and a shared political life, the factions look less different from one another than they did a few years ago.

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It is certainly not an accident, however, if the Mauroy faction is closer to a tradition inherited from the SFIO, with members on the average a little older and predominantly male, recruited less from upper-level personnel and more frequently from a socialistic family and a socialist milieu who usually went through the SFIO themselves, with an atheist perspective and more sensitive to the FO than the CGT.

Nor is it any accident if the Rocardians and the members of CERES seem to be younger, less socialized by leftist families, usually graduates of educations of higher learning, more tempted by the commitment to the CFDT, but having differences between them, mainly religious, sometimes social origins and the political trajectory that led them to the PS (membership in the PSU still clearly marking the Rocard group).

Nor is it any accident, finally, if the majority Mitterrand faction is in a central sociological position, generally with figures close to those of the party average, while being a little higher here and there regarding the presence of women, for example, liberal arts graduates, teachers or members of the FEN.

This is so true that if the now dormant factions that make up the Socialist Party are theoretically based on political and ideological orientations, sociology and solidarities born of the militant experience help them in turn to endure and keep going. But is the existence of factions, so dangerous elsewhere when it turns into pure personality struggles, not also a means of diversifying the systems of influence and recruitment of a pluralistic party?

FOOTNOTES

1. Roland Cayrol: "Members of the Socialist Party: Contribution to a Sociology," based on a study made at the Grenoble congress of the PS in June 1973, PROJET, No 88, September- October 1974, pp 929-940.
2. In particular, the IFOP [French Public Opinion Institute] at the Nantes congress in June 1977. See SONDAGES, Nos 2-3, 1978, pp 97-108, and Paul Bacot at the Metz congress in April 1979. See UNITE, No 380, 1980 (and the data presented by this researcher to the Socialism Study Group, French Political Science Association, 6 June 1980).
3. Study on parties from 12 European countries, headed by Karlheinz Reif (University of Mannheim) and Roland Cayrol.
4. Our questionnaire was filled out by 669 delegates in Valence.
5. Let us note in passing that the rate of militant activity seems down in the PS. In 1973, 51 percent of the delegates said they devoted over 20 hours a month to party activities. The proportion was 66 percent in 1981.
6. Theoretically speaking, there were no factions set up on the occasion of the Valence congress. But we asked delegates to the congress to tell us

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what faction they had chosen at the Metz congress. For the sake of easy reading, we shall not designate here the factions of the PS by the letters corresponding to the Metz motions, but by confining ourselves to the four main groups, by their customary labels: Mitterrand, Mauroy, Rocard and CERES.

7. Women represented 8 percent of the PS candidates in the legislative elections of June 1981. See A. Guede, S. A. Rozenblum: "Candidates in the Legislative Elections of 1978 and 1981," REVUE FRANCAISE DE SCIENCE POLITIQUE, Oct-Dec 1981.
8. See Roland Cayrol, Jean-Luc Parodi, Colette Ysmal, "Le Depute Francais," A. Colin, 1970.
9. Some 23 percent have a secondary education, 11 percent a technical or commercial education, 6 percent elementary.
10. In our questionnaire, the question was thus formulated (in 1981, as in 1973): "No matter what type of education you received, may we ask you if you now consider yourself as a: practicing Catholic, a nonpracticing Catholic, of another religion (specify) or having no religion.
11. It will be remembered that the holding of the Meeting of Socialism, previous to the entry into the PS of most members of this faction, dates from October 1974.
12. Our question was as follows: "When you were a child, did your father and mother belong to a political group? If yes, which one? If no, to what party were they the closest?"
13. The proportion of nonunion members was 32 percent in 1973.

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POLITICAL

FRANCE

THEMES FOR COMMISSION ON PLANNING REFORM EXAMINED

Paris FUTURIBLES in French Mar 82 pp 59-71

[Article in FORUM: "Reform of French Planning"]

[Text] A commission for reform of French planning has just been set up by the Minister of Planning and National and Regional Development with a view to developing a draft law reforming the procedures, methods and content of French planning.

In his letter to Mr Christian Goux, chairman of that commission, Mr Michel Rocard pointed out six categories of essential questions for study by six working groups. These working groups examine the views of the central commission, which itself should draw up:

--A provisional report (10 March) to be used for preparing the draft law to be presented to parliament at the spring session;

--A final report (end of June) whose proposals will be used for drawing up the future 5-year plan.

Taking into account French planning tradition and in conformity with the new situation resulting particularly from decentralization and the extension of the public sector, the reform under way raises numerous questions whose importance will not be lost on readers of FUTURIBLES.

Therefore we publish below a brief introduction to the subjects which the General Planning Commissariat has proposed for study by the reform commission. In a future issue we shall try to give an account of the commission's conclusions. Until that time, we are sure that our readers' reactions could usefully contribute to accomplishment of a totally essential reform.

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The Field and Functions of Planning

The first task of the commission is to examine all the conditions which since 1945 have been peculiar to French planning and to establish the extent to which these conditions remain valid and how they have been modified by the structural changes under way (decentralization, nationalizations, workers' rights). It appears that, within current limitations, the requirements for drawing up the future 5-year plan are that it be based on the concept of a national plan in an open economy, its content adapted to a system of mixed economy, and its character indicative of its great economic and social objectives.

Considering the international environment and its hazards, and taking into account the structural changes which have occurred, or will occur, what should be the area and functions of planning?

One must first define how desirable it is for the plan to aspire to include all the economic, social and cultural changes which today can be foreseen or brought about.

The planning project is by its nature inclusive. It tends toward an exhaustive presentation of all the problems confronting a society at a given stage of its development. It is based on future projections whose purpose is to identify the long-range changes foreseeable in the most diverse areas of social and cultural life. A first problem, related to this concern for controlling or orienting long-range developments, is to know what is correctly to be included in the plan. For example, the real implications of "planning" cultural development, the sociocultural aspects of daily life or even of changes in the demand for services, and what does such planning embrace? Are there not areas which should remain outside the planning process although they can be subject to long-range studies? Can long-range studies, indispensable for identifying the plan's problems and objectives, be based on, or composed of, long-term projections? Should they give more place to the systematic study of the changing and permanent aspects of lifestyles, behavior and values? And why? To avoid confusion it seems appropriate to set forth three interrelated steps in the planning process: that of identification of problems, based on long-term considerations and dependent on the freedom to carry it out in future; that of definition of the mid-term objectives, which takes place under the control of the political authority and sets up the content of the plan; and that of choosing means which the plan can provide or recommend.

This first question about the field of planning and its possible extension to the whole of social life leads to reflection on the conditions for a fully democratic concept of planning, even before defining the plan's objectives. If it is indispensable to assign the roles of parliament, the social partners, the economic agencies and the decentralized collectivities equitably, it seems no less necessary to base the dialogue on a joint, complete, clear and, no doubt, conflicting knowledge of the forecasts, none of whose methods of establishment, means or results can in future be an administrative monopoly. This assumes, first, that conditions will be

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established for freer access to the forecasts; then, that the mid-term forecasts (macroeconomic balances, social indicators) will be discussed prior to the selection of objectives. Without such a discussion, without seeking agreement on a prognosis of development, or on certain of its results, the extended dialogue on which the definition of objectives will be based would be deprived of some of its significance.

An open discussion of the forecasts--and in general of all the assumptions on which the plan is based--is the more necessary since their future credibility will be put to the test by a chronic instability of the international environment. Two problems in particular should be posed in that connection:

--On the effects on the development of the national plan arising from the open economy in France, and particularly from its membership in the EEC;

--On the opportuneness and the value of a plan based on assumptions and on quantified objectives, since the growth rate, the inflation rate, the evolution of foreign disequilibrium and the exchange rate cannot be forecast for a period of 5 years with sufficient accuracy.

If it appears that certain economic and social objectives--which ones?--can and should be expressed numerically, under what conditions should they be quantified? In which areas, and under what conditions, will it be possible to plan and quantify the actions chosen to achieve the plan's objectives?

The new conditions for planning also lead to questions about plan duration. Is a fixed and uniform 5-year framework, covering an identical period of development for all the sectors and for all the planning elements, still suitable? Some of the choices made in the interim plan, and its recent development, tend to call into question a single framework for fixing simultaneously attainable objectives.

The 5-year framework for fixing objectives is not appropriate in certain areas--in particular those of energy, defense and research. The development strategies to be conceived, and their implementation, require the definition of long-term objectives whose coordination with the plan should be defined under different conditions.

In other areas--particularly all those directly concerned with the implementation of economic and social strategy--the 5-year framework for fixing objectives, matched with a fixed term, has become an uncertain, or not easily usable, reference point. When changes on the world scene put the initial forecasts into question, that leads to either the objectives, or their terms and fulfillment deadlines, being brought into question during the period of execution. They can be adapted, either by using a floating plan, or by including floating programs in a "fixed" plan, or by establishing a formal procedure for revision during the course of plan implementation.

In any hypothesis, if it is wished for the future plan to leave nothing out in examining and coordinating national sectoral policies (with variable

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terms) and regional plans, it is important for it to be able to join together flexibly different or variable time frames, the 5-year plan thus being thought of more as a conventional reference for forecast and coordination than as having an inviolable period of implementation.

Strengthened in its function of coordinating and establishing a common project by expanding the dialogue and by defining the procedures for contractual execution, should the plan furthermore be strengthened in its juridical scope, or more exactly, given the force of law by the adoption of a legislative mechanism separate from the report itself? That possibility ought to be examined in connection with the effects of decentralization and the consequences of developing the system of plan contracts.

The law on the rights and liberties of communes, departments and regions has already provided that the measures of the policy for national and regional development which regulate economic intervention by territorial collectivities would be included in the law approving the plan. Articles 3 and 4 of the law approving the intermediate plan anticipate such an arrangement. Should not, or could not, legal means be provided to make the measures which commit the state and the contractual and decentralized planning powers--but not those involving the state itself--obligatory, and hence susceptible to legal sanction?

Such a juridical evolution and the conditions under which it will or will not integrate regional plans--possibly infraregional ones--perhaps even all the contractual provisions for implementation with collectivities and public enterprises should be contained in the plan itself. The problem of the juridical scope of the plan should have different solutions, depending on whether the "plan" will be a single national plan, or a combination of all the national, regional and local plans, or a combination of all the plans and joint commitments.

Public Administration and the Plan

There are two aspects to the problem of relations between public administrations and the plan. On the one hand, there is the problem of the ministries adopting real internal planning which is a precondition to coordinating a national plan. On the other hand, there is the problem of whether provisions of the plan, voted by parliament, can be opposed by these same administrations.

This problem is posed under new conditions, just mentioned, resulting from the development of decentralized planning and plan contracts. In practice, in more operative conditions it will arise especially if the conditions of the plan's development and the strengthening of parliament's role in controlling its execution and follow through work toward guaranteeing respect for the original measures in the context of annual budgeting.

Without calling for lengthy exposition in the immediate future, it is important to recall the few major questions which require profound study.

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The first of the major questions concerns the priority tasks of the state in democratic, contractual and decentralized planning. It is up to the state to define, first, the conditions for macroeconomic coordination and to set the priorities to be followed in the matter of collective functions and social contributions. It will also be incumbent on the state to see to it that there is mutual compatibility in the provisions of the regional plans and that they are compatible with the national plan. The state is also responsible for securing respect for its own commitments as regards collectivities and public enterprises as well as the social partners. What means should it use, to which procedures should it have recourse, on what institutions should it be based? This is the first series of problems.

A second question concerns the areas and conditions in which certain provisions of the plan can in fact apply to the government services responsible for their execution. Can the plan contain, or provide for, annual commitments for expenditures for ministerial departments? Under what conditions should the laws on projects be subordinate to the provisions of the [local] plan? In applying the plan, can one prescribe the execution of the administrations' contractual engagements? Can the plan include norms for regionalization of the use of budgetary resources, either in conformity with the space the plan devotes to each objective or in applying the priorities of the national policy for national and regional development? What procedures will be available to ensure that the development of social contributions and their financing conforms to the objectives of the plan?

Finally, a third, more basic, question concerns the specific role of the Ministry of Planning and National and Regional Development in developing and implementing the finance law, particularly concerning financing contracts and the regional division of credits. It is mentioned here to put it on record.

Decentralization and Planning

Decentralization cannot be reduced to a transfer of executive power to the departments and regions, nor to a transfer of authority between state and territorial collectivities, nor to a new way of dividing public resources, nor even to a combination of these three kinds of administrative change. It is a dynamic process which may perhaps cause a new developmental logic to be brought into play. This dynamic finds its clearest expression and best application in infraregional, regional and national planning; in the integration of projects created by a multiplicity of decisionmaking centers.

Although still an unfinished creation, decentralization will profoundly change the conditions for drawing up and implementing the national plan. Its being brought into play, and its being taken into consideration, in the planning process at once raises six orders of problems of which, beginning this year, a number should find a clear institutional solution in the law on planning reform.

First, there is the question of defining the conditions of dialogue between state and regions in preparing the national plan, whatever its nature.

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Regional consultation obviously cannot be assured by means of a simple questionnaire combined with the inclusion of a limited number of regional leaders in the preparation and execution of the national plan. It must be carried out by the regions themselves, in direct contact with the officials responsible for preparing and implementing the regional plans. There are thus grounds for foreseeing and defining the procedures for a national decentralized consultation, and one might wonder if that consultation should not be mutual, involving, in return for the views of the regions, an evaluation by the state of the consequences of the choices made in regional planning. Because of the very strong connection which can exist between the execution of the national plan and all the regional plans, one can also wonder if after their deliberations the regional leaders should not express an overall view on the hoped-for orientations of the national plan.

There is also the matter of asking oneself about the conditions for defining and putting into operation the national policy for national and territorial development, whose normative and stimulative content will be profoundly changed--outside the minimum body of its permanent principles--by putting regional plans into operation. In fact, because they will differ in the volume of resources mobilized, in their content and in their quality, regional plans could bring about new forms of uneven regional development which, should such a thing happen, it would be desirable to correct by new means.

A third uncertainty stems from the nature of regional plans, which can vary independently of the conditions of development stipulated by law. Will they be simple programs for investment and localization of activities, setting forth in a multiyear framework the terms for the use of domestic or external resources to finance projects falling under the direct authority of the regions?

Beyond this limited concept, will they be real developmental strategies? Furthermore, what will be the procedures for associating the departments or groupings of collectivities with the drawing up of regional plans? Will, or will not, these plans integrate the operations programmed in the outlines of city planning, in the plans for rural development, and, in general, in all the documents for physical planning which apply to any part of national territory? If there is such integration, according to what procedures? These are some of the basic questions raised by regional plans, an important further question being whether they will be obligatory or optional.

The development of infraregional planning is a new, important source of innovations. No doubt it can be taken as certain that this planning, based on [local] initiative, will be optional. Under such conditions, should it develop within the framework of permanent zoning (scientifically necessary for a number of considerations) or, on the contrary, can it be based on voluntary or temporary zonings, according to specific forms of spatial organization? When infraregional planning does take place, will it be obligatory for the regions to take it into consideration? Or, to the contrary, may it call for direct dialogue and direct contracting with the state?

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Still, in effectively decentralized planning, relations between the national plan and the regional plans are the most difficult problem to handle. Whatever their nature, regional plans will influence the definition of the national plan and it would not be consistent with the nature of the plan to allow autonomous regional plans to develop at the outset without enlightening their leaders about the chances for effective implementation of their objectives. It is therefore necessary to define the conditions under which the state can ensure the compatibility of all the regional plans:

- With the macroeconomic consistency of the national plan;
- With the priorities of national sectoral policies;
- With the national policy for regional and national development (see above).

If regional plans require state arbitration of their contractual implementation, under what conditions will such arbitration take place? In fact, it is important that, without resorting to any form whatsoever of direct or indirect administrative supervision, the state should be able to: temper the effects of the competition in which regional efforts may become involved; guarantee the joint and simultaneous achievement of regional plans; ensure the conformity of regional aims with the objectives of national sectoral policies; and define as well as possible the field of contractual action between state and regions. This new function, whose resources it remains to define, is the key to the success of decentralized planning.

It remains to define the type and content of the plant contract which state and decentralized planning authorities will be led to negotiate and sign. In this connection, is it necessary to set forth a juridical formula which limits possibilities or which permits a great number of them to coexist? Just for a start, there is a wide variety of possibilities. One might think that plan contracts could be signed with interregional groupings, with regions or with the microplanning authorities. They could bear on all the regional territory, or on certain zones of the latter; they could be content with defining objectives or they could designate common resources; they could be implemented within variable time limits (from 1 to 10 years); or they could be bilateral or interministerial. Supposing it were necessary (and possible) to organize this diversity, what would be the best way to proceed? Is some authority for ratifying all these contracts necessary, making it possible to verify the conformity of their provisions with the national plan and with regional plans? Is it possible that, after consultations with all the regional leaders, the national plan should fix the priority, or exclusive areas, for contractual implementation of regional plans? These are some of the methodological questions posed by the contractual implementation of plans in relation to territorial collectivities.

Planning and Productive Activities

The association of productive activities with future planning and their consideration in national, regional and local plans is based on new

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procedures for associating the working sector with the development of these plans, with the emergence of a more favorable environment for enterprises and with the development of contractual formulas for execution. The new provisions organize a dialogue at the different planning levels and seek an effective link between collective negotiations and the plan's provisions to serve as a reference point and to contribute to securing the introduction of productive activities, their strategy and their objectives into the whole process of planning under the best conditions and the planning of these activities at the sectoral, branch or enterprise levels.

This project requires an improvement in economic and technical information about the production apparatus and effective dissemination of this information to all the planning partners. The definition of new conditions and the role of economic information is an important basis for intervention of productive activities in the planning process.

It is a responsibility of the plan to define the general conditions of the enterprises' activities and their environment. In this regard one wonders if, for the implementation period, its role will include defining the regulations governing aid to productive activities (investments, local development, exports, consolidation of sectors in difficulty).

The future plan will not have the purpose nor the objective of planning all productive activities. In this area, planning intervention should remain selective, and be applied according to the individual case, to branches, to types of enterprise, or, in a manner at the same time most general and most precise, to technologies. The role of the ministerial departments concerned is, in consultation with the planning and coordinating authorities, to identify the sectors, enterprises or technologies where specific intervention is justified in terms of national objectives. For all that, state intervention can be general or it can be specific. It can be integrated into an overall developmental strategy of activities in such and such a sector, or contribute to the achievement of specific objectives of modernization, of conversion, or of starting up new products for export. Selection of areas for intervention and definition of specific procedures for assistance is a task for each plan. It is to be hoped that it is based on new methods of coordination. The formula of tripartite branch committees provided for in the interim plan could serve as a model in that regard. It would be appropriate to ascertain, through trial, that it is best suited to collective drawing up of national sectoral policy proposals for productive activities.

There remains the question of plan contracts. First, one should ask what will be the content and the basis for contract reciprocity that the stockholder-state will conclude with public sector enterprises. Will the provisions of the contracts be final or subject to revision, exhaustive or selective, indicative or mandatory? Under what conditions will independent management of contracting enterprises be reconciled with adherence to the plan's objectives? What will be the legal and financial consequences of their possible nonfulfillment?

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Furthermore, and aside from the problem of plan contracts, there is the question of the contractual relations the state may form with private enterprises. Should, and could, there be such contracts? With reference to the plan's objectives, what would be the content of such contracts?

Finally, assuming a rapid extension of decentralized planning to the development of productive activities, under what conditions should the regions be involved in the conclusion of plan contracts with enterprises or take the initiative in contractual relations with enterprises within their area of responsibility?

The Financial Instruments for Implementing the Plan

The definition and use of financial instruments for implementation of the plan should be examined, taking into account three factors of change which apply equally to implementation of future national and regional plans.

First, in financing the economy full advantage should be taken of the consequences of nationalization of credit which have thus far been touched on only in a general way. Then, account should be taken of developments in the thinking on reform of financing networks. Finally, consideration should be given to the reform plans under discussion concerning possible regionalization of financing of productive investments, even of the collective plants mentioned during the discussion of the draft law on decentralization. Three major questions should be examined in relation to these anticipated or planned developments:

--The first concerns the financing of productive activities: One must know to what extent and under what conditions the plan could fix rules for the allocation of financial resources among the major sectors of activity, even among contracting and noncontracting enterprises in order to guarantee the latter nondiscriminatory access to the outside resources they need.

--The second concerns the financing of public investments in collective plants, whose planning will be an important part of the financial commitments of the national plan and, above all, of regional plans. In this connection it is desirable to know whether the plan can guarantee access of territorial collectivities to specialized loans needed for the financing of regional or local plans, and, if so, under what conditions.

--The third concerns the eventual delineation of arbitration procedures as a condition for attribution of these resources, if the latter are found to be insufficient for the financial needs of the enterprises and territorial collectivities.

Planning Partners

The theme of democratization of the plan transcends all others. It is expressed, first, by an extension of procedures for dialogue in the regions, in the urban areas, in the countryside or employment centers, in the productive activities at the level of branches as well as at the workplaces

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themselves, and, therefore, by the appearance of a new network of partners. The plan's priority task will be to register and compare the suggestions, and organize mutual exchange of information.

Reference has already been made several times to this needed appearance of new proceedings for dialogue, requiring new partners. In this connection the following can be cited:

--The necessity for open debate on the forecasts, based on a multiplicity of sources and on free access of the groupings of territorial and departmental collectivities in the development of regional plans;

--Inclusion of the regions in preparing the national plan under conditions differing from previous consultative procedures;

--Consultation with all the territorial collectivities (deliberative and consultative bodies) on the options concerning national and regional development;

--The preparation of sectoral political choices in productive activities within branch tripartite committees, or comparable bodies;

--Development of contracting procedures between: state-regions; state-territorial collectivities; state-enterprises;

--Necessary coordination of collective negotiations with the plan's objectives and provisions.

All these new provisions in themselves constitute a new sharing of power which secures more influence in the whole planning process for the decentralized planning agents and the social partners. This should result in the state having strengthened means of execution, arbitration and follow-through at its disposition. Institutional procedures and adjustments should be created, taking into account the increase in the number of partners and the diversity of their possible intervention, giving full expression to the democratization of the plan. Several questions should be raised in this connection.

--The first concerns the process of preparing the plan: Should the principle of a two-phase preparation be maintained, and if so, how can the dialogue between state and regions be organized under the best circumstances? Should regional plans themselves be prepared in two phases so that a better coordination with the national plan can be secured on the initiative of the regions?

--What should be the functional relations between the consultative authorities for regional planning and the national commission (or commissions)? Must the law define for all the regions mandatory procedures for associating the social partners in the preparation of regional plans?

--Can the preparation of the national plan be based on ad hoc and temporary structures as in the former system of committees and commissions? Or, on

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the contrary, should it be taken over by a permanent agency, for example the Economic and Social Council and its sections, whose composition and powers could be amended?

--Will the structures for dialogue: national, sectoral, regional or local be actively associated only with the preparation of the plan or, on the contrary, with the whole of its execution and follow-through? In the latter circumstances, and by way of illustration:

--What would be the bases and the authority for a periodic dialogue between the social partners and the public authorities concerning the observed and contemplated developments in prices?

--Under what conditions could the trade union organizations be present in the negotiation of plan contracts and be social partners in the regions, associated with the preparation of state-region contracts?

In the same spirit and whatever may be the form of organization of dialogue on the national plan, should not the preparers of the plan be associated with its follow-through?

It remains to clarify the role of parliament in a process which, in advance of the legislative debate, calls for thoroughgoing consultation between the elected representatives, the social partners and the economic agents. In this regard it may be feared that the preeminence accorded parliament by the final vote on the plan may become rather ceremonial if, according to its role and objective, the plan effectively integrates a number of suggestions from the consultative authorities and decentralized decisions. It may be that parliament will participate directly in the preparation of the plan prior to the debate on ratification of decisions and the vote on the law. It is appropriate, moreover, to reflect on the means for an effective parliamentary control over the execution of the plan. The interim plan outlined some solutions in this direction. Can these be considered satisfactory and thus transferable to the future plan?

[Box 1]

Extract from the letter from Mr Michel Rocard, Minister of Planning and National and Regional Development, to Mr Christian Goux, President of the Commission for Reform of Planning:

"The Government considers the reform of planning as an essential element in the structural changes on which, during the next few years, a pervasive transformation of French society will be founded.

"The plan should be the instrument for the needed mastery of the national economy. It is indispensable for the good management of a mixed system of economy having a broad and innovative public sector. The market cannot suffice to determine the desirable thrust and directions for the future.

"Such a plan, the elaboration of which will be based on the broadest participation of the elected representatives, the social partners and the

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enterprises, will be wholly democratic. It will guarantee freedoms against bureaucratic encroachments. It will stimulate the initiative of local collectivities as well as the spirit of enterprise.

"It will also be a cohesive agent in assuring the joint and compatible elaboration and execution of regional and local plans, and fixing the framework of contractual relations between the state and the large enterprises.

"Based on social dialogue, it will transform fatalistic denial and resignation in the face of a crisis and its senseless effects.

"To respond to all these requirements, we should think again about the methods as well as the means of planning.

"The interim plan, approved by parliament, has already defined new methods of implementation and follow-through. The strengthening of the role of parliament, the widening of dialogue, the extension of contracting practices, and the economic intervention of territorial collectivities will give the plan an effective role and influence in implementing the economic, social and cultural policy of the government.

"The future 5-year plan will be based on the changes which decentralization, extension of the public, banking and productive sector, and the extension of workers' rights will introduce into national life. In its concept, it should be better adapted to an open economic situation and take advantage of all the consequences of the development of real regional and local planning. That is the reason why the government will submit to parliament in the spring of 1982 a draft law fixing the objectives and method of planning, particularly in its relations with the planning of enterprises and local collectivities.

"This reform requires extensive preparatory work, with the close cooperation of planning experts and leaders in social, economic and cultural life. I thus hope to install near me a Commission for reform of planning, whose work and proposals will assist me in preparing the new law and clarify the conditions for applying it."

[Box 2]

Extract from the speech by Michel Rocard, Minister of State, Minister of Planning and National and Territorial Development, to the National Assembly during the presentation of the interim plan, 11 December 1981:

"We want the plan to regain its capacity and its role of stimulator of imaginations, wills and energies around a great national ambition. It should again become the expression of a grand design that the country takes upon itself. We shall accord it this outstanding place when political, economic and social decisions cease to be the concern of a few ministers and their offices but are understood, recognized and taken over by the vital forces and elected representatives of the nation."

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POLITICAL

SPAIN

PSOE ACTS TO IMPROVE ITS STANDING WITH MILITARY

Madrid CAMBIO 16 in Spanish 10 May 82 pp 25-36

[Text] The keys to defense policy and funding for the armed forces have started a national debate, with a confrontation between the government and the opposition, although the possibility of success in the upcoming general elections moderates the position of the Spanish Socialist Workers Party [PSOE].

It is the military compromise for the next 8 years.

The beginning of parliamentary discussions on the armed forces funding plan for the next 8 years and the presentation of the defense policy by Defense Minister Alberto Oliart have brought about a fundamental political debate between the government and the opposition, tempered by the 23-F trial of the coup leaders.

Following a meeting held by Minister Oliart and the president of the Council of the Chiefs of Staff, (PREJUJEM) Alvaro Lacalle Leloup, with PSOE leader Felipe Gonzalez and some of his collaborators, the socialists maintain their opposition to the budget bill on funding for investments and support for the armed forces, but they neither presented an amendment to the total, nor did they support the existing funding.

The opposition's disagreement with the government's bill is primarily centered in the uncertainty on where and how the 2.15 trillion pesetas will be spent through 1990, in which armed forces personnel costs apparently are not included, but are treated separately.

From the ranks of the Right, in cautious language, there is talk of a lack of true parliamentary control over the development of such a long program of these dimensions for national life.

The PSOE, with expectations of coming to power in the near future, is undergoing a process of strengthening its ties with the actual powers. This curbs more radical opposition, which could be interpreted in military circles as an attitude critical of the armed forces.

With the outlook for coming to power in the next general elections, however, the socialists have become convinced that the existence of a bill such as this covering 8 years, if passed now by parliament, would greatly facilitate their relations with the armed forces.

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The government and the military commands claim security reasons and long-term planning in order to justify the absence of specificity in the bill that will now begin to be debated in parliamentary procedure.

The bill presented by the government, which includes 10 articles and 3 final dispositions, is thus defined in its presentation: "It indicates the minimum budgetary appropriations that will be available to the Defense Ministry from 1982 to 1990, in order to make the most urgent investments, as well as for all sorts of acquisitions and expenses intended for the support of the armed forces."

The document further adds that the indicated figures may be increased "as circumstances permit."

But aside from purely economic considerations, the utilization of this bill is inserted within the general outline of the defense policy that Minister Oliart, accompanied by three generals, presented to parliamentarians of the Defense Commission last week.

A defense policy with a clear Atlantic orientation, described as follows by the minister in the situation analysis: "Today the Western World is threatened by the Warsaw Pact, and, in the face of this threat, we see its defense in the framework of the Atlantic Alliance, because only the survival of a free Europe can guarantee Spain's survival within the model of life under democratic freedom that has been chosen by the Spanish people."

In regard to the importance of our geostrategic position, this analysis calls for "Spain to assume a strategic role of worldwide importance, because the zone is of worldwide importance."

The document developed by Oliart's cabinet makes specific reference to the delicate situation with the Hassan regime in Morocco, and the concern that the Spanish garrisons in North Africa, Ceuta and Melilla, could be the objects of armed aggression. This is a priority defense objective on armed forces charts, where aggression is considered most likely.

Indicating North Africa, Oliart says: "We are concerned about the instability of some political regimes. The indirect strategy of the USSR could endanger our territorial integrity, to a considerable degree exploiting possible states of tension in that geographic zone."

The defense policy foreseen by the Spanish Government puts special emphasis on the need to "guarantee control of the axis Balearic Islands-Gibraltar-Canary Islands."

"A military force established on this axis," according to the analysis, "produces the following direct effects:

--It makes Spain assume a strategic role of worldwide importance, because the zone is of worldwide importance.

--It tends to guarantee national territorial integrity.

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--It facilitates the recovery of Gibraltar through negotiation.

--And it prepares us to face the inevitable implications of a generalized conflict."

In order to develop defense and military policy, there is a need to modernize and strengthen our armies in all areas from personnel to materiel, with highly sophisticated arms, operative systems, etc.

Altogether, these elements suppose, in fact, the beginning of a great national debate on technology and Spanish defense, on the reorganization and capacity of the armed forces now muddled by the 23-F trial of the coup leaders. In some respects this event detracts from the debate and its natural contours. As a consequence, it demands greater effort by the government, the political parties and the armed forces themselves to regain a normality that would permit the modernization of one of Spain's neediest sectors.

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POLITICAL

SPAIN

CEOE'S SALAT FORESEES SLOW ECONOMIC RECOVERY

Paris LATITUDE AUJOURD'HUI in French May 82 p 4

[Interview with Carlos Ferrer Salat, president of the CEOE]

[Text] [Question] How do you view Spain's forthcoming membership in the Common Market?

[Answer] The CEOE is in favor of its membership, but not at any price. An agreement acceptable to the two parties must be found. The negotiations are undergoing some difficulties at present, largely because of the EEC's internal problems.

The current crisis is probably responsible for the fact that the community has adopted an equivocal position and one that is thus unacceptable to Spain.

As for becoming part of the community industrially--an area in which it is much stronger than Spain--the community would like to see a rapid integration, in 2 to 3 years--for instance, by lifting customs duties and providing for free circulation of industrial goods. In the agricultural field, however, the community is asking for a period of 10 years before Spain is fully incorporated, since it views Spanish products as a problem. The third important point involves the circulation of labor under the Treaty of Rome. Here, too, the community is asking for 10 or more years. Finally, on the subject of taxes and application of the value-added tax (VAT), which takes 12 years to put into practice, the community is demanding that Spain put it into effect from the very beginning.

Naturally, this position would be damaging not only to Spain but to Europe as well. I think that it is in Europe's interest to have new members in a health condition!

We believe that there should be a single timetable for industrial, agricultural and fiscal membership, over a period of 10 years.

Moreover, it is our view that the period required for incorporation into the community in the area of labor could be reduced. The free circulation of labor is more a theoretical than a practical danger for the EEC countries.

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[Question] Is Spanish industry competitive with its future European partners?

[Answer] Spain's problem is that its system of industrial production and business in general has been founded, set up and developed exclusively on the basis of the domestic market, unlike British industry, for example. Also, for Spain to adapt to its new situation, it will have to overcome the economic crisis--as will the other European countries, as well--and completely change its production system.

Productivity of Spanish firms in the 70's amounted to about 40 percent of that of the community countries, on the basis of production per worker. The situation has improved, but now we are only up to 70 percent of the European average. Productivity cannot be computed on the basis of averages, of course. There are export sectors that are competitive. In any event, this 70 percent of productivity is only a numerical response to the question of our competitive capacity. In the industrial area, one factor is important, and that is technology. Spain made an effort to modernize the entire system to reach the 70-percent figure.

Now we have to make a major effort to adapt. Another aspect of the problem is that Spain had a highly closed production system for 40 years, with [government] intervention in all areas: labor was immobilized, the financial system was immobilized, etc. Another basic objective is to loosen the mechanisms of government intervention.

[Question] How would you describe Spain's current economic situation?

[Answer] Spain's situation differs in several ways from that of the Western countries. Spain shares the crisis in the fields of oil and energy, but there are two factors that differentiate our country from the rest of Europe. On the one hand, Spain had to adjust to a change in its political and social system, to shift from the previous authoritarian regime to democracy, and that entailed an extra mental effort and also a period of uncertainties that lasted for quite a while--the time needed to adjust to new ways, new social forces, labor unions, the new political regime, etc. These are problems that the rest of Europe faced immediately following World War II. Moreover, our economy had to undergo a complete change from a closed to an open system.

[Question] What are your short- and medium-term economic forecasts?

[Answer] We are predicting a slightly better year in 1982 than in 1981. Inflation is slowing down and the national product is slightly on the rise--growing at about 2 percent. Farming is also improving somewhat, as are construction, tourism and exports. The important issue, however, is unemployment. Theoretically, there are 1.8 million unemployed workers at present, although in fact the figure is lower. Employment will probably decline slightly this year but not by as much as last year. My forecast, therefore, is moderately positive in comparison with 1981.

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[Question] What is your opinion of the Spanish Government's current economic policy?

[Answer] It has positive and negative aspects. The government is doing pretty well in its effort to increase productivity. The most serious problem, however, is probably government spending. Spending by government and social security in Spain has increased appallingly. This public spending has involved primarily consumption and not investment expenditures. The public debt, therefore, has increased substantially, and this means that the resources that private enterprise could have used for investment and the creation of jobs are seriously reduced. Reform of government administration is a critical issue that the government should tackle more decisively.

[Question] How do you view a possible socialist victory in the upcoming legislative elections?

[Answer] First of all, we think it would be detrimental to the Spanish economy if the socialists were to win. The policy would be to increase government spending, which is against all logic. Interventionism would also increase, and that would have a bad effect on Spain's economic and unemployment problems.

However, our attitude as businessmen would be to respect the outcome of the elections. Our organization has greatly defended and supported the advent and strengthening of democracy in Spain. This is why we would establish the appropriate relations between business organizations and the government of the socialists, should they come to power.

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