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(Part B)

TITLE: ITALIAN POLITICAL SITUATION

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PART

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NOW SEE
PART 'C'

STATE OF ITALIAN PARTIES IN PARLIAMENT

1. You may like to have for reference the attached list of the results of the June 1979 elections, in terms of percentage share of the vote and number of seats in Parliament, as compared with the results of the previous elections in June 1976.

M. E. Pellew

23 October 1979

M E Pellew

Distribution:

HE
Minister
H of C
Mr Galsworthy
Mr Snell
DA
C(C)
Mr Nash, WED, FCO

1. Mr Galsworthy
2. pa (Mr. Galsworthy)

Rh

29/10

LAST PAPER

Results of the Italian General Election of June 1976
 compared with the last General Election in June 1976

CHAMBER OF DEPUTIES

		1979		1976	
Party		Share of Vote (%)	No. of Seats	Share of Vote (%)	No. of Seats
Christian Democrats	(DC)	38.3	262	38.7	263
Communists	(PCI)	30.4	201	34.4	228
Socialists	(PSI)	9.8	62	9.6	57
Social Democrats	(PSDI)	3.8	20	3.4	15
Republicans	(PRI)	3.0	16	3.1	14
Liberals	(PLI)	1.9	9	1.3	5
Neo-fascists	(MSI)	5.3	30	}	35
National Democrats	(DN)	0.6	0		
Radicals	(PR)	3.4	18		
Far Left Socialists	(PDUP)	1.4	6	-	-
Proletarian Democrats	(DP)	-	-	1.5	6
South Tyrol Party (supports DC)	(SVP)	0.6	4	0.5	3
Others		1.5	2	0.3	0
<u>TOTAL</u>		100.0%	630	100.0%	630

SENATE

		1979		1976	
		Share of Vote (%)	No. of Seats	Share of Vote (%)	No. of Seats
Christian Democrats	(DC)	38.3	138	38.9	135
Communists	(PCI)	31.5	109	33.8	116
Socialists	(PSI)	10.4	32	10.2	29
Social Democrats	(PSDI)	4.2	9	3.1	6
Republicans	(PRI)	3.4	6	2.7	6
Liberals	(PLI)	2.2	2	1.4	2
Lay Alliance (PLI/PRI/PSDI)		-	-	1.3	2
Neo-fascists	(MSI)	5.7	13	}	15
National Democrats	(DN)	0.6	0		
Radicals	(PR)	1.3	2		
South Tyrol Party (supports DC)	(SVP)	0.5	3	0.5	2
Others		1.9	1	0.7	2
<u>TOTAL</u>		100.0%	315	100.0%	315

* One Val d'Aosta party (UV)

+ One "List for Trieste" independent



With the compliments of
HER BRITANNIC MAJESTY'S MINISTER

ROME

Mr C

H.E.

Mr Fellow

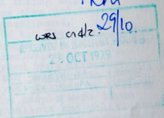
Mr Galsworthy

C(C) ref. Para 12

LA ref. Para 6

Ag. A.

Hm Consul



MINISTER'S VISIT TO CAMPOBASSO, 18 and 19 OCTOBER

1. The Region of Molise was not envisaged in the post-war Italian Constitution but a constitutional amendment in 1963 established as a separate Region. It was brought into being as an administrative entity, with its capital at Campobasso, at the same time as the other Regions (apart from the long-established Autonomous Regions) in 1972. It does not differ substantially, whether in landscape, politics, or economic life from Abruzzo, and it has the smallest population (one-third of a million) of any region apart from the Val d'Aosta. I got no satisfactory explanation of why it was set up except that the Molisani do not care for the Abruzzesi and that the areas were inhabited by different tribes in pre-Roman times. Given that Campobasso had enlarged substantially since 1972 and that the Prefect, Avv. Luigi Sparano, told me the inhabitants were almost exclusively functionaries and pensioners it may be that the principal purpose of setting up the region was to create work in a depressed area. Certainly it is clear that under the dynamic leadership of the very impressive President of the Regional Giunta, Dr D'aimmo, (DC) a great deal is being done to improve the economy which might not have been done had the area been administered from L'Aquila.

Politics

2. As is to be expected in a backward agricultural region, the Christian Democrats have an absolute majority and all the politicians I met were members of that Party, apart from the head of the Socialist group in the Regional Assembly, Prof. Luigi Biscardi who was brought in to meet me by the President of the Assembly, Prof. Coluzio Giovanni (DC). The Prefect told me however that the freedom of action which the Christian Democrats had was somewhat hampered by personal feuding between them. He also told me that the agricultural workers who had moved in to Termoli to work at the large Fiat plant (3,200 employees), having voted Christian Democrat in their villages, now voted PCI. He said that they now identified themselves with the working classes and with the struggle against the bosses. He thought this was partly the result of poor management. They had just as many strikes as other Fiat plants, but this was partly due to central direction of the unions.

Some long conversations on fundamental political questions. I suggested to the President of the Regional Assembly that one defect of the regional system in Italy was that the Regions had no financial resources of their own, but were entirely dependent on central government. He said that, on the contrary, it was vital that the Regions should not become a taxing authority because that would alienate the people from them and transfer to the Regions the normal antagonism to the government. His Socialist colleague entirely agreed. With the President of the Province, Dott. Vincelli (DC), who had brought in a large number of his assessori to see me, we had some discussion about the malaise of Italian democracy. It was agreed that effective democracy requires the identification of the people with their government and that the Italians had not yet learned to believe that the government belonged to them. The people were tired of television programmes which showed journalists and politicians in Rome talking to one another in political jargon as members of a closed circle which the people felt alienated from. In this connection I received a good deal of praise, as usual, for British democracy and a great deal of admiring enquiry about Mrs Thatcher.

4. Under this heading, I might mention that I rather expected Campobasso to be flattered by a visit from a diplomat, since I assumed such visits were rare. It is true that no member of this Embassy has visited it for years. A Mr Taylor's visit was recalled with pleasure by the President of the Regional Assembly. But so far as I can ascertain, we have never had a Mr Taylor in the Embassy: can he have been an ordinary businessman? But a member of the French Embassy and a member of the Nigerian Embassy have been recently, and the ubiquitous United States Ambassador was paying an official visit on 21 October, after which he was to lay the foundation stone of an American chemical plant (Penn-Wood) at Temoli. I nevertheless think that my visit was made at the right level, that HE should put Campobasso very low on his list of priorities and that a further visit is not required for a couple of years.

Social Questions

5. Law and order does not present a problem and there is no terrorism in Molise. At one point I was escorted by three police cars. I take this rather as an index of a lack of things for the police to do than of the danger to me personally. The Prefect was however worried about a growing drug problem. He was also worried because he does not regard the police as politically reliable. He himself spent ten years in the Ministry of Interior dealing with security matters (during which he had contacts with members of this Embassy). He is seriously concerned about the proposals for the unionisation of the police. He believes that they need a firm hand which is unlikely to be forthcoming.

6. The politicians were concerned about unemployment in the region which they say, as usual, is most severe among young well educated people. The Prefect, on the other hand, asserted that he did not believe there was any unemployment in Italy at all - it was just that people did not admit to having jobs. He dismissed suggestions that the economy was in poor shape by

pointing/

pointing to the large volume of personal savings. He pointed out that it was becoming impossible, for instance, to find Italians willing to work unsocial hours in bakeries. The bakers were nearly all coloured immigrants.

7. Like other regions of the Mezzogiorno, the Region has traditionally been a source of emigrants. Before 1939, most went to America. Now they go either to Northern Italy, Switzerland or Northern Europe. There is at least one village (Filignano) which is closed in winter because the inhabitants all live and work in Edinburgh or London. They come back in the summer, but although their children retain an affection for Italy these are likely, being British subjects by birth (which HM Consul will wish to note), gradually to fade away from the Molise scene. In recent years, with the recession in Northern Europe there has been some return of emigrants to the region. There has also been an influx into the towns from the countryside. The need for cheap houses in Campobasso is so severe that the Mayor Dott. Ruta (DC) has taken measures in the past (and will in the future) which he knows to be illegal to confiscate empty housing to accommodate the homeless.

8. There are a number of Albanian and Greek villages in the region. I was interested to learn that Tanassi, the former PSDI Minister of Defence, now on parole after imprisonment over the Lockheed scandal, came from an Albanian village.

9. Among the region's ambitions is to have a university. The politicians do not think it would import disorder. They envisage something small which would have a less subversive effect on the young people than their going, as at present, to Bologna, Rome and Naples.

Economic - Agriculture

10. The region is endeavouring to exploit its water resources for irrigation. Some water has already been piped off to Campania and Puglia for this purpose. The region is determined not to lose any more. The intention is to change where possible from durum wheat (Molise has a substantial pasta manufacturing industry whose reputation is high and which exports to the UK) to maize, tomatoes, etc. The maize would be intended for animal feeding and the tomatoes for canning, and the plan is to establish the food processing industries in parallel with the spread of irrigation. The principal animal husbandry enterprise is an enormous factory at Boiano which processes chickens reared at various sites. It processes twenty million chickens a year for consumption, not only in Italy but also for export. I suggested that the tomato industry in Campania was in difficulties. The President of the Regional Giunta was however satisfied that markets could be found for Molise tomato production.

Economic - Industry

11. A point of interest to me was to find out how the proposal for a nuclear power station, which has been blocked for some time, now stood. The Prefect told me that a member of the

PSI had taken it as a good political ploy to oppose the establishment of the station on ecological grounds. He had terrified the Christian Democrats with this campaign, but he had in fact made no real impression on the public and had lost his seat at the last election. He thought everyone knew the station must come. Meanwhile a proposal for a turbogas electricity generating station was going ahead. The President of the Regional Giunta told me that the Inter-Regional Council had agreed that the station should not be built in Molise. At this Council, Lombardy, Piedmont and Lazio (Montalto di Castro) had agreed to take stations. He never mentioned any ecological objection to the station. He asserted that Molise's case was that they had only 30 kilometres of coastline, which they must exploit to the full for tourism as well as industry, and they did not want a seaside power station which would take up too much space. Moreover, Molise was already doing enough for the rest of Italy. In the bad old days it had been arranged that the whole of the methane it produces should be piped to Frosinone (Lazio) and they were giving away some of their water, as noted above. Meanwhile many villagers were without electricity or sanitation. It was time that Italy should do things for Molise, and the phase of the export of resources from the region must give way to local exploitation. On the ecological point, I should add that the police told my driver that they were expecting demonstrations against the Penn-Wood Plant and Mr Gardner on the grounds that it was likely to produce pollution (the Prefect certainly thought it was likely to do so).

12. The President of the Regional Giunta made a specific and eloquent appeal to me to encourage British firms to establish industry in the region, as the American firm had done. He spoke at length about the financial facilities which the region offered with the assistance of the Cassa del Mezzogiorno and made it clear that he would take any approach very seriously. He did not however give me any piece of paper and I was unable to take notes. Perhaps Commercial Section could make further enquiries from the Giunta on this topic.

Conclusion

13. This was a quiet visit to a quiet region, but I was impressed by the energy with which development is being pursued by the President of the Regional Giunta.



A C Goodison

23 October

cc: Mr McMillan
Mr Nash, WED, FCO ✓
Mrs Colvin, Research Dept, FCO

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A C Goodison Esq CMG
British Embassy
ROME

Mr. Nash 1/8

Mr. Colvin 1/8

Mr. 1/8

What do you
think of all this?
I can't see whether
the Project is DC
or what! Rhale
1/8

Dear Alan,

1. Peter Thompson and I paid a visit to Varese last week. It is a province to the North of Milan which must have been very agreeable before the industrial boom. It has now been ravaged by the effects of industrial expansion and is now under threat from a new motorway from Switzerland and the expansion of Malpensa Airport.
2. I attach a copy of a record of our conversations which has been written by Peter Thompson. Although this is rather long it gives so much of the flavour of the place that I think you might like to see it as it stands.

Yours ever
Paul

P H Scott

Enc: 1

- ✓ c.c. D A S Gladstone Esq, WED, London
c.c. Mrs K F Colvin, RD, London

My Work. WED

Although much of this reporting may not be strictly relevant to our work I find it useful to have such background reporting. Occasionally some interesting points emerge, such as that in paragraph 4 which gives another example of a local PCI move into opposition following a decision at the centre, even if it might not be a local PCI interest.

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It sounds as if the Project is DC. He is meant to be a "bureaucratic representative" according to the Constitution.

Rhale 1/8

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Visit to Varese 25 July 1979.

The offices of the chief authorities of Varese are in faded but charming early 19th Century villas with large formal gardens. The garden of the Palazzo Civica, once a residence of the Duke of Modena, is modelled on that of the Schönbrunn in Vienna. The upkeep of the garden costs, the Sindaco said, 120 million Lire a year. sh

All three chief citizens of Varese: Prefect, Sindaco and President of the Provincial Administration, said that the chief problem of Varese was environmental pollution - in particular the poisoning of rivers and lakes by industrial waste.

The Sindaco.

The Sindaco, Dr. G.B. Lisco seemed to be the most perturbed by the problem. The Comune was making every effort to get anti-pollution regulations, complex and unrealistic as they were, enforced. But they had against them the immediate self-interest of individual industries, and a habit of mind - which regarded rivers and lakes as natural dumping grounds for rubbish. It was a habit of mind that only the education of the young could eventually eradicate. He described the elaborate and expensive methods being adopted to purify the industrial effluent entering Lake Varese, which until recently had been almost a dead lake, and ingenious experimentation to restore oxygen to it.

Dr Lisco is tall, Southern-looking, incisive. He has a fierce on and off smile, and, one would say, few illusions about human limitations. He gives an impression of efficiency, and of confidence in the efficacy of municipal government. He is DC and heads a DC-PSI-PSDI-PRI giunta. The PCI which had given the giunta outside support between the political elections of 1976 and 1979 recently moved back to opposition in obedience to PCI congress decisions and was now, Dr Lisco said, in the embarrassing position of having to counter a programme of public works which it had approved. The Sindaco said the PCI had gone into opposition reluctantly and he seemed himself to regret that it had.

Dr Lisco retailed with some enthusiasm the working out of his giunta's policy for restoring property in the town's historic centre and preserving its character. The Comune obtained loans on very favourable terms for property owners to carry out repairs and restoration and allowed them six years in which to get the work done. If by then it had not been done the Comune requisitioned the property.

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Traffic congestion, a serious problem in Varese, was in danger of becoming intolerably aggravated in 1980 when the St. Gothard motorway was due to be completed. It would bring into Varese from Switzerland five hundred massive TIR trucks with trailers a day. The building of a by-pass to Varese was shortly to begin.

Because of the strength of the Swiss franc, thousands of Swiss come regularly to Varese to do their shopping. This did not seem to please Dr Lisco, who expounded on the parking problems this caused and deprecated the transitory and feverish nature of the prosperity the Swiss shoppers brought. The policy of the Comune was to encourage the solid basis of Varese prosperity - its innumerable small artisan firms.

Post-war development plans provided for the enlargement of Varese from some 80,000 to 600,000 inhabitants. Fortunately, said Dr Lisco, these plans were abandoned in 1973 and the more realistic and humanly acceptable target of 120,000 had been decided on. Even this, however, had proved to be rather more than was compatible with the town's character and economy.

Dr Lisco and his giunta were anxious to preserve what remained of Varese's architectural heritage - chiefly 18th and 19th Century villas and the small historic centre. Several of the biggest villas had become municipal property and four more - one with very extensive ground adjacent to the Palazzo Civico - are being acquired, so that the traditional appellation for Varese - Citta Giardino - may be justified, in the interests of its inhabitants.

The Prefect.

DC?

Dr Alessandro Vitelli Casella, the Prefect, has a Southern sallowness and volubility but is from Bologna. He discoursed on Italy's troubles in a very cheerful manner. It was time he thought that Italy became a presidential republic, the country had become ungovernable under the present system - not that the lack or inadequacy of government seemed to hamper excessively the Italians' capacity to engineer, invent, manufacture, design, trade, and devise a pleasurable life. Centuries of survival of bad and frequently alien governments had made the Italians a resilient and ingenious people, who could manage perfectly well without any government at all.

Communism was the main threat to Italian society. The PCI was ever at work undermining the institutions of the state in order to replace democratic government with a Marxist tyranny. Through Communist influence employers could not hire labour without the approval of the unions, and prior investigation into the character, politics and general antecedents of anyone being employed was expressly forbidden by law. This prohibition applied also to the recruitment of police and members of the armed forces.

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This meant that the State was, to a large extent, deprived of the means of defending itself. Some of the recent success in arresting terrorists was due, the Prefect said, to the infiltration of their bands by agents of the police.

The June elections had shown a welcome decline in the Communist vote and, what was more significant, the decline had been most apparent among the young. It was a good sign that young people were deserting the Communist cause - even if they did so to join causes more extreme. In fact, though, there was among the young a strong reawakening of interest in Catholicism.

The worrying aspect of the elections was that they had led to the PCI returning to opposition. The relatively quiet period of government with PCI consent that had characterised the past three years was ended. There would probably be an increase in social tension. The violence of the campaigns for wage contract renewals, just concluded - the blocking of roads and railways, the bitter picketing - was an indication of the sort of social and political atmosphere that was likely to develop.

The Prefect mentioned that three big Italian aircraft manufacturers had been long established in Varese province: Caproni, Agusta and Macchi. A Chinese trade delegation in June had shown a marked and inexplicable interest in Caproni's gliders filled with small engines. A Socialist interpreter attached to the delegation had reported the intense hostility expressed by delegates whenever the Soviet Union was mentioned.

The Euratom Centre at Ispra - the main European Community enterprise in Italy - was engaged, the Prefect said, on a certain amount of research into sun power as an alternative source of energy.

He did not seem to think the Ispra Centre had proved useful in its main purpose of experimentation in the development of peaceful applications of nuclear energy. It had a large staff - all very well paid, better paid than he was, leading nice quiet comfortable lives in their pleasant little villas scattered around the Varesotto - but had accomplished nothing very much. He agreed that this may have been because there had never been finance available for more than a couple of year's work at a time, but seemed to think they should have tried harder.

The President of the Provincial Administration.

The Provincial Administration giunta is DC, PSDI and PRI. The President, Comm. Giovanni Marchesi, is PSDI; the Vice President, Signor Pietro Arioli, is DC. Comm. Marchesi looks frail and is in fact reputed to be in poor health. He comes from Varese itself. Signor Arioli a full-blooded, stocky man comes from Busto Arsizio. Busto is bigger and richer than Varese and this has sharpened the traditional rivalry between the two towns. The President and his Deputy played their parts as representatives of antagonistic cities pleasantly enough.

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The talk was in the main about the proposed enlargement of Malpensa airport. This had been approved in principal by the Government in Rome but no funds had yet been voted to finance the project. Meanwhile it was arousing fierce opposition from all the localities surrounding the present airport. The enlarged airport is to be the principal airport in Italy for intercontinental flights. The President expressed himself a little peevishly over what he regarded as the unjustifiable fuss residents near the proposed airport were making. It was true there would be a great deal of noise and smell; and the transforming of the present airport would involve a lot of immigration from the South. But this was progress. People had to make sacrifices for the sake of progress. Otherwise one might just as well return to the stone age.

The Vice President mentioned that the airport extension would bring the airport boundaries to some of the most prosperous residential districts of the Varesotto and it was the rich owners of house property in this area who were leading the campaign against the new airport.

^P
PHP Thompson
27.7.1979

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24 July 1979

A C Goodison Esq CMG
British Embassy
ROME

Mr Wash
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RH
4/8

Mrs Colvin

*I thought that the
last two paras were
interesting. They suggest
the PCI have become
bolshevik in manner
Rhian*

Dear Alan,

REGGIO EMILIA

I enclose a brief note of some conversations in Reggio Emilia last Friday, in which the main point of interest is the attitude of the PSI President of the Provincial Council to the PCI. Perhaps this is another North/South difference. *1/8*

Just now

Pearl

P H Scott

Enc:

c.c. D A S Gladstone Esq WED, FCO
c.c. Mrs K Colvin, Research Dept, FCO

Mr Wash. WED

*Yes. Sir A. Campbell made
this point, too, in his valedictory
dispatch. I think there's also ill-
brought up the school of thought in the PSI which
advocates cooperation with the PCI rather
than the DC. and
b) suspicion in the PSI over DC/PCI
collaboration.*

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Ughini 6/8

VISIT TO REGGIO EMILIA - FRIDAY 20 JULY 1979The economy; public order.

1. The Prefect (Dott Pietro Boccuccia), the Vice-Sindaco (Avv Ivan Medici, PSI in a PCI/PSI giunta) and the President of the Provincial Council (Signor Vittorio Parenti, PSI leading a PCI/PSI giunta) all spoke in familiar terms about the prosperity and tranquillity of the town and Province. There was no unemployment and the difficulty was the opposite one of finding workers to fill vacancies. The Province was fourth in order of income per head of all the Provinces in Italy and this wealth depended in about equal proportions on agriculture and industry. Agriculture had been backward in the past but was now very prosperous indeed; they attributed this not to the EEC but to the introduction of modern scientific methods. The successful industries were small or medium-sized, spread fairly evenly throughout the province and for the most part devoted to food processing or to the manufacture of agricultural tools and light machinery. Signor Parenti (although a Socialist) remarked that in Italy it was the small private firms which were successful and the large state-owned enterprises which were a disaster.

2. Although the Province itself was very peaceful and law-abiding, several of the terrorists who had been active in other places had been born and brought up there.

Municipal Administration.

3. The Vice-Sindaco, who brought in his Secretary-General to join in the conversation, spoke at some length about the difficulties of municipal administration. The central Government had imposed more and more functions and responsibilities on the Comuni without providing them with adequate funds to do the job properly. Municipal employees were grossly under-paid in relation to their responsibilities and it was therefore very difficult to find suitable people to fill vacancies.



Politics.

4. Signor Parenti said he had had some 30 years experience of cooperation with the PCI on the provincial giunta. In this period the attitude of the PCI had changed out of all recognition. 30 years ago they would have welcomed the entry of Russian tanks; now they would be as horrified as anyone else at any such idea. In fact there was very little in Russian practice which the PCI now admired or wished to immitate; in particular they rejected authoritarianism and dictatorship. He often felt that the PCI was now somewhere to the right of the PSI. In the work of the provincial giunta there were of course occasional conflicts between the PCI and the PSI but generally speaking their reaction to the majority of problems was similar. It was easier for the PSI to cooperate with the PCI than with the CD who were really only interested in the defence of privilege and of the Church.

5. Signor Parenti did not think that there was any prospect of the provincial pattern being reproduced nationally. For reasons of their own identity and future prospects, neither the PCI nor the CD on the national level wanted to see the Socialists playing an important rôle. There was a curious love-hate relationship between the CD and the PSI which they wanted to work out between themselves without the PSI complicating the matter. For this reason it was the left of the CD who were most opposed to cooperation with the PSI.

Parenti
P H Scott

24 July 1979

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TO IMMEDIATE FCO

TELEGRAM NUMBER 326 OF 14 AUGUST

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MY TELNO 313: ITALIAN POLITICAL SITUATION.

1. SIGNOR COSSIGA DULY PRESENTED HIS GOVERNMENT'S PROGRAMME TO PARLIAMENT ON 9 AUGUST AND RECEIVED THE EXPECTED VOTE OF CONFIDENCE IN THE CHAMBER OF DEPUTIES AND THE SENATE ON 11 AND 12 AUGUST RESPECTIVELY. ITALY THUS NOW HAS A GOVERNMENT WITH A MAJORITY IN PARLIAMENT FOR THE FIRST TIME SINCE THE RESIGNATION OF ANDREOTTI'S FOURTH GOVERNMENT AT THE END OF JANUARY.

2. THE VOTING FIGURES IN THE CHAMBER WERE 287 IN FAVOUR (CHRISTIAN DEMOCRATS, SOCIAL DEMOCRATS AND LIBERALS - IE THE 3 PARTIES MAKING UP THE GOVERNMENT), 242 AGAINST (COMMUNISTS, INDEPENDENT LEFT, RADICALS AND NEO-FASCISTS) WITH 65 ABSTENTIONS (SOCIALISTS AND REPUBLICANS). IN THE SENATE THE FIGURES WERE 153 IN FAVOUR, 118 AGAINST, WITH THE SOCIALISTS AND REPUBLICANS NOT VOTING (WHICH IS THE NORMAL WAY OF EXPRESSING ABSTENTION IN THE SENATE).

3. THE DEBATES TOOK PLACE IN A LOW-KEY ATMOSPHERE SINCE THE OUTCOME WAS A FOREGONE CONCLUSION, FOLLOWING THE SOCIALISTS' ADVANCE PROMISE OF ABSTENTION WHICH HAD ALLOWED THE GOVERNMENT TO BE FORMED. THE GOVERNMENT'S MAJORITY WOULD HAVE BEEN LARGER IF THE REPUBLICANS (WHO HAVE 16 DEPUTIES IN THE CHAMBER) HAD BEEN PREPARED TO VOTE IN ITS FAVOUR. BUT IN THE EVENT THE REPUBLICANS REFUSED TO SUPPORT WHAT THEY DESCRIBED AS A "COLOURLESS AND WEAK" GOVERNMENT AND THEY JOINED THE SOCIALISTS IN ABSTAINING.

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4. THE PROGRAMME WHICH COSSIGA PRESENTED TO PARLIAMENT CONTAINED NO SURPRISES APART FROM ITS LENGTH. RATHER THAN CONFINING HIMSELF TO CERTAIN LIMITED AREAS OF ACTION (AS MANY HAD EXPECTED) HE CHOSE TO PUT FORWARD A COMPREHENSIVE PROGRAMME OF 60 PAGES COVERING ALL AREAS OF GOVERNMENT ACTIVITY. THE MAIN EMPHASIS WAS ON THE FIGHT AGAINST TERRORISM AND ON ACTION TO HELP THE ECONOMY. AMONG THE DETAILED POINTS WERE:

(A) TERRORISM.

COSSIGA REFERRED TO THE ENCOURAGING RESULTS WHICH HAD ALREADY BEEN ACHIEVED IN THE ANTI-TERRORIST CAMPAIGN AND PROMISED THAT THE CAMPAIGN WOULD BE VIGOROUSLY PURSUED. THIS WOULD BE DONE BY THE APPLICATION OF EXISTING LAWS, NOT BY INTRODUCING NEW ANTI-TERRORIST MEASURES. PRIORITY WOULD BE GIVEN TO RE-EQUIPMENT AND REFORM OF THE POLICE.

(B) THE ECONOMY.

THE MAIN THEMES (DETAILS TO FOLLOW BY BAG) WERE ENERGY (AN APPEAL TO THE PARTIES FOR SOLIDARITY IN TACKLING THE PROBLEMS POSED BY THE ENERGY DEFICIT), THE BATTLE AGAINST INFLATION, AND INCREASED PENALTIES FOR FISCAL EVASION.

(C) THE ARMED FORCES.

THE SPECIAL FUNDING LAWS FOR RE-EQUIPMENT OF ALL THREE SERVICES WILL BE FULLY ACTUATED IN ORDER TO ENSURE "AN ACCEPTABLE LEVEL OF PARTICIPATION IN NATO DEFENCE PROGRAMMES".

(D) FOREIGN POLICY.

CONTINUING ACTION FOR PEACE AND SECURITY WITHIN THE FRAMEWORK OF THE ATLANTIC ALLIANCE. DISARMAMENT INITIATIVES TO BE PURSUED. (PASSAGES ON EUROPEAN COMMUNITY POLICY ARE BEING SENT SEPARATELY BY BAG TO CERTAIN ADDRESSEES).

2
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/5.

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5. COSSIGA'S PROGRAMME WAS RECEIVED WITHOUT MUCH ENTHUSIASM, EVEN FROM THE GOVERNMENT'S SUPPORTERS. THE SOCIALISTS DESCRIBED IT AS "ROUTINE", AND MADE CLEAR THAT THEY WERE ONLY GRUDGINGLY GIVING THEIR ABSTENTION. OF THE GOVERNMENT'S OPPONENTS, (2) COMMUNISTS DESCRIBED THE PROGRAMME AS "WEAK AND INADEQUATE" BUT PROMISED THAT THEIR OPPOSITION WOULD BE CONSTRUCTIVE. THE RADICAL PARTY WERE MORE OPENLY HOSTILE AND ATTEMPTED TO BLOCK THE VOTE OF CONFIDENCE THROUGH FILIBUSTERING BY THEIR 18 DEPUTIES. ALTHOUGH THE ATTEMPT FAILED, THE RADICALS HAVE SHOWN THAT THEY ARE NOW NUMEROUS ENOUGH TO CAUSE THE GOVERNMENT SERIOUS TROUBLE WITH ITS LEGISLATIVE PROGRAMME.

6. DESPITE THE VOTE OF CONFIDENCE, THE FEELING HERE IS STILL THAT SIGNOR COSSIGA'S GOVERNMENT WILL PROBABLY BE NO MORE THAN A STOP-GAP UNTIL THE CHRISTIAN DEMOCRAT CONGRESS AROUND THE END OF THE YEAR (PARA 6 OF MY TUR). FOR THE TIME BEING THE SOCIALISTS HAVE SHOWN THAT THEY ARE PREPARED TO KEEP IT IN BEING, AND THE ITALIANS CAN NOW AT LEAST GO AWAY FOR THEIR AUGUST SUMMER BREAK LEAVING A PROPERLY CONSTITUTED GOVERNMENT IN CHARGE. BUT THE GRUDGING WAY IN WHICH THE SOCIALIST ABSTENTION WAS GRANTED DEMONSTRATES THE TEMPORARY CHARACTER OF THIS ARRANGEMENT. COSSIGA HAS MADE CLEAR THAT HE IS GOING TO SUBMIT ALL IMPORTANT ISSUES TO PARLIAMENT, AND IF THE SOCIALISTS SENSE THAT THE CHRISTIAN DEMOCRATS ARE MOVING TOWARDS A DIFFERENT RELATIONSHIP WITH THEM THEY WILL HAVE MANY OPPORTUNITIES OF BRINGING THE GOVERNMENT DOWN. MOREOVER, THE UNDERLYING PROBLEM OF SECURING A CLOSER RELATIONSHIP BETWEEN THE CHRISTIAN DEMOCRATS AND THE SOCIALISTS, ON WHICH A STABLE GOVERNMENT MIGHT BE BASED, IS UNSOLVED. IT REMAINS TO BE SEEN WHETHER THE CHRISTIAN DEMOCRAT CONGRESS WILL SUCCESSFULLY GRASP THE NETTLE.

7. FCO PLEASE PASS TO ALL SAVING ADDRESSEES.

GOODISON. [REPEATED AS REQUESTED]

FCO/WH DISTN
WED

3
CONFIDENTIAL

GR 180
UNCLASSIFIED

F C O 131000Z AUG 79

TO PRIORITY ROME

TELEGRAM NUMBER 141 OF 13 AUGUST 1979.

YOUR TELNO ⁽⁸²⁾ 913 : NEW ITALIAN GOVERNMENT
MESSAGES OF CONGRATULATION

TOP COPY

WRJ 014/2	
RECEIVED IN REGISTRY NO. 13	
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148 R	

1. SUBJECT TO A FAVOURABLE OUTCOME OF THE VOTE OF CONFIDENCE ON
11 AUGUST PLEASE CONVEY THE FOLLOWING MESSAGES.

(A) FROM THE PRIME MINISTER TO SIGNOR COSSIGA:

QUOTE. I SEND YOU MY WARM CONGRATULATIONS ON YOUR APPOINTMENT
AS PRIME MINISTER AND MY BEST WISHES FOR THE FUTURE SUCCESS
OF YOUR GOVERNMENT. I GREATLY LOOK FORWARD TO WORKING WITH YOU
AND YOUR GOVERNMENT TO STRENGTHEN STILL FURTHER THE CLOSE AND
FRIENDLY RELATIONS THAT ALREADY EXIST BETWEEN US. UNQUOTE.

(B) FROM MYSELF TO SIGNOR MALFATTI:

QUOTE. PLEASE ACCEPT MY WARMEST CONGRATULATIONS AND BEST
WISHES ON YOUR APPOINTMENT AS FOREIGN MINISTER.

YOUR EXPERIENCE AS A FORMER PRESIDENT OF THE EEC COMMISSION
WILL BE OF GREAT VALUE TO ALL YOUR COLLEAGUES IN THE COMMUNITY
WHEN YOUR COUNTRY ASSUMES THE PRESIDENCY NEXT YEAR. UNQUOTE.

CARRINGTON

FILES

WED

PS

PS/LPS

PS/PUS

SIR A DUFF

MR BULLARD

MR FERGUSON

COPIES SENT TO
No. 10 DOWNING STREET



Foreign and Commonwealth Office

London, SW1A 2AH

13 August 1979

WRJ 014/2

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RH 14/8

Mr. Nash

14/8

Dear Bryan,

NEW ITALIAN GOVERNMENT: MESSAGES OF CONGRATULATION

The Embassy at Rome have reported on the new Italian Government formed on 4 August by the new Christian Democrat Prime Minister Signor Francesco Cossiga and have recommended that the Prime Minister and the Foreign Secretary should each send a message of congratulation to their counterparts.

--- I enclose a copy of a draft telegram to Rome conveying messages both from Mrs Thatcher to Signor Cossiga and from Lord Carrington to Signor Malfatti and containing instructions that they be delivered subject to the result of the vote of confidence on Sunday 11 August. If you agree I shall arrange for its transmission.

Yours etc

Paul

(P Lever)

B G Cartledge Esq
10 Downing Street

Mr Bullard

RECEIVED
4 AUG 1979
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INDEX PA
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was only released 13/6
Draft to min
10/11/79

Secretary of State
10.8

NEW ITALIAN GOVERNMENT: MESSAGES OF CONGRATULATION

A,B

1. Rome telegrams Nos 313 and 314 report that a new Italian Government was formed on 5 August, comprising a three-party coalition of Christian Democrats (DC), Social Democrats (PSDI) and Liberals (PLI) and led by Sr. Francesco Cossiga (DC).

2. The Embassy assess that the Confidence Debate due to begin on Thursday 9 August will almost certainly result in a majority for the new Government. They recommend that messages of congratulation be sent from the Prime Minister to Sr. Cossiga, and from the Secretary of State to the new Foreign Minister Sr. Franco Malfatti, without awaiting the outcome of the vote of confidence on Sunday, 11 August.

3. I agree that messages of congratulation should be prepared but recommend that

- (a) they should be sent to Rome in a single telegram and
- (b) the Embassy should deliver them only after the result of the vote of confidence is known.

I have told the Embassy that I would be recommending ~~as~~ at (b) and they are content. On balance, and contrary to Embassy advice in their telegram No 313, I believe that the message to Sr. Cossiga should make no reference to his cooperation as Minister of Interior with the previous British Government. This would add little of substance to the message but would complicate its handling.

/ 4. I accordingly submit a draft letter from the Private Secretary to the Private Secretary (No 10) and two copies of a draft telegram.

D A S Gladstone
Western European Department
13/8

9 August 1979

CONFIDENTIAL

WED

I think these people might like
to see the papers:

- (A) MR M.E. PULVERMACHER
ASSISTANT SEC. REGIONAL DEVELOPMENT
DEPT OF INDUSTRY
MILLBANK TOWER SW1
- (G) ~~MISS A.C. MULLER~~
MRS JUDITH MARQUAND
DEPT OF INDUSTRY ECONOMISTS
Room 538
ABEL HOUSE

Mr Gooden, EID(E)

THE NORTH/SOUTH DIVISION IN ITALY

1. Please see the attached minuting between WED and Research Department
on this subject and the correspondence between our Consul General in
Milan and the Minister at Rome, to which it refers.

2. As you will see, I have suggested that this correspondence might be
of interest to certain other Whitehall Departments. Do you agree with
the suggestions made? If so, I would propose to draft a letter covering
some of Mrs Colvin's points to the Departments concerned.

3. Could you possibly suggest names and addresses of possible addressees
in the departments concerned?

Ronald Nash

R P Nash
Western European Department

9 August 1979

Mr. Goodenough, EID(1)

② Mr Nash, WED.

① Mr. Nash

R 20/8

1. I agree that the exchange makes most interesting and
enlightening reading; but I am doubtful that it would be of
operational interest to those in Whitehall concerned with EEC
enlargement. The North/South division in Italy is not likely to change
the Italian Government's approach to Mediterranean problems,
which is generally at odds with the interests of the EEC's
Mediterranean partners (and frequently the UK consumer), especially
over agricultural questions.

2. The paper may be of interest to some of EID(1)'s
contacts in the regional policy field, and I am marking these
papers back to you via that department as they have some suggestions
for further work.

OR 300

DESKBY 070900Z

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FM ROME 070700Z AUG

TO IMMEDIATE FCO

TELEGRAM NUMBER 314 OF 7TH AUGUST 1979

OR 014/2	
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07 AUG 1979	
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FILED	FILED

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INFO SAVING TO: WASHINGTON, UKRAINE, UKREP BRUSSELS
AND ALL OTHER EEC POSTS.

MIPT: ITALIAN POLITICAL SITUATION

1. FOLLOWING IS LIST OF COSSIGA'S GOVERNMENT (MINISTERS IN
ANDREOTTI'S FIFTH GOVERNMENT ARE INDICATED IN BRACKETS).

ALL ARE CHRISTIAN DEMOCRATS UNLESS OTHERWISE INDICATED:-

PRIME MINISTER	FRANCESCO COSSIGA	(GIULIO ANDREOTTI)
MINISTER FOR THE SOUTH	MICHELE DI GIESI (PSDI)	(NO CHANGE)
MINISTER FOR RELATIONS WITH PARLIAMENT (NEW DEPARTMENT)	ADOLFO SARTI	
MINISTER FOR PUBLIC ADMINISTRATION (NEW DEPARTMENT)	MASSIMO GIANNINI (TECHNICIAN'S SYMPATHETIC TO THE SOCIALISTS)	
FOREIGN AFFAIRS	FRANCO MARIA MALFATTI	(ARNALDO FORLANI)
INTERIOR	VIRGINIO ROGNONI	(NO CHANGE)
GRACE AND JUSTICE	TOMMASO MORLINO	(NO CHANGE)
BUDGET	NINO ANDREATTA	(BRUNO VISENTINI) (PRI)

/ FINANCE

FINANCE

FRANCO REVIGLIO (FRANCO MARIA MALFATTI)

("TECHNICIAN"
SYMPATHETIC TO
THE SOCIALISTS)

TREASURY

FILIPPO MARIA PANDOLFI (NO CHANGE)

DEFENCE

ATTILIO RUFFINI (NO CHANGE)

EDUCATION

SALVATORE VALITUTTI (GIOVANNI SPADOLINI)
(PLI) (PRI)

PUBLIC WORKS

FRANCO NICOLAZZI (FRANCESCO COMPAGNA)
(PRI)

AGRICULTURE

GIOVANNI MARCORA (NO CHANGE)

TRANSPORT

LUIGI PRETI (NO CHANGE)
(PSDI)

MERCHANT NAVY

(FORMERLY COMBINED
WITH TRANSPORT)

FRANCO EVANGELISTI

POST AND COMMUNICATIONS

VITTORINO COLOMBO (NO CHANGE)

INDUSTRY

ANTONIO BISAGLIA (FRANCO NICOLAZZI)
(PSDI)

LABOUR

VINCENZO SCOTTI (NO CHANGE)

FOREIGN TRADE

GAETANO STAMMATI (NO CHANGE)

STATE HOLDINGS

SIRO LOMBARDINI (ANTONIO BISAGLIA)

HEALTH

RENATO ALTISSIMO (TINA ANSELMi)
(PLI)

ISM AND
ENTERTAINMENT

BERNADO D'AREZZO (EGIDIO ARIOSTO)
(PSDI)

CULTURE

EGIDIO ARIOSTO (DARIO ANTONIOZZI)

SCIENTIFIC RESEARCH
(FORMERLY COMBINED
WITH CULTURE)

VITO SCALIA

2. PERSONALITIES NOTES ARE AVAILABLE IN EITHER THE 1978
LEADING PERSONALITIES LIST OR IN ENCLOSURES TO PELLEW'S
LETTER OF 26 MARCH TO HARBORNE (WED), EXCEPT FOR GIANNINI,
ANDREATTA, REVIGLIO, VALITUTTI, EVANGELISTI, LOMBARDINI,
ALTISSIMO, D'AREZZO AND SCALIA, ON WHOM NOTES FOLLOW BY
BAG.

3. FCO PLEASE PASS SAVING TO OTHER ADDRESSEES.

4. PLEASE PASS ADVANCE COPIES TO BULLARD (DUSS),
FERGUSSON (AUSS) AND WED.

GOOD!SON

[REPEATED AND ADVANCED AS REQUESTED]

FCO/WHITEHALL DISTRIBUTION

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GR 900

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FM ROME 070700Z

TO IMMEDIATE FCO

TELEGRAM NUMBER 313 OF 7 AUGUST 1979
INFO PRIORITY TO WASHINGTON, UKDEL NATO, UKREP BRUSSELS,
AND ALL OTHER EEC POSTS.

DRS 014/2	
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07 AUG 1979	
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MY TELNO 309: ITALIAN POLITICAL SITUATION

1. SIGNOR COSSIGA, EX-MINISTER OF THE INTERIOR AND MEMBER OF THE LEFT-WING "BASE" FACTION OF THE CHRISTIAN DEMOCRAT PARTY, SUCCEEDED IN FORMING A NEW GOVERNMENT ON 4 AUGUST, TWO DAYS AFTER BEING GIVEN A MANDATE BY PRESIDENT PERTINI. THE NEW GOVERNMENT WAS SWORN IN ON 5 AUGUST, THUS FORMALLY ENDING THE PERIOD OF POLITICAL CRISIS. THE CONFIDENCE DEBATE IN PARLIAMENT IS NOT DUE TO BEGIN UNTIL 9 AUGUST, BUT THE OUTCOME IS VIRTUALLY CERTAIN SINCE COSSIGA HAS SUCCEEDED WHERE PANDOLFI (AND ANDREOTTI BEFORE HIM) FAILED - IE HE HAS SECURED A PROMISE OF SOCIALIST ABSTENTIONS IN THE VOTE OF CONFIDENCE. THIS WILL BE SUFFICIENT TO ENSURE A MAJORITY FOR THE GOVERNMENT, DESPITE THE OPPOSITION OF THE COMMUNISTS AND THE EXTREME LEFT AND EXTREME RIGHT.

2. THE COSSIGA GOVERNMENT IS A THREE-PARTY COALITION OF CHRISTIAN DEMOCRATS (DC) SOCIAL DEMOCRATS (PSDI) AND LIBERALS (PLI) WITH THE ADDITION OF TWO "TECHNICIAN" MINISTERS SYMPATHETIC TO THE SOCIALISTS. APART FROM ANDREOTTI HIMSELF, THE FORMER MINISTERS WHO ARE NO LONGER IN THE GOVERNMENT ARE FORLANI (FOREIGN AFFAIRS), TINA ANSELMi (HEALTH), ANTONIOZZI (CULTURE) AND THE THREE REPUBLICANS. THOSE WHO REMAIN UNCHANGED INCLUDE SEVERAL OF IMPORTANCE TO US - NOTABLY ROGNONI (INTERIOR), PANDOLFI (TREASURY), RUFFINI (DEFENCE), MARCORA (AGRICULTURE) AND SCOTTI (LABOUR). THERE ARE TWO NEW DEPARTMENTS (RELATIONS WITH PARLIAMENT AND PUBLIC ADMINISTRATION) AND TWO OTHERS HAVE BEEN DIVIDED INTO TWO (TRANSPORT/MERCHANT NAVY AND CULTURE/SCIENTIFIC RESEARCH) MAKING ALTOGETHER FOUR EXTRA CABINET POSTS.

3. COSSIGA HAS SECURED THE ABSTENTION OF THE SOCIALISTS BY INTRODUCING "TECHNICIANS" SYMPATHETIC TO THE SOCIALIST PARTY AND BY INCLUDING THE LIBERALS. THE LIBERALS ALWAYS STOOD APART FROM THE LAST TWO ANDREOTTI GOVERNMENTS AND THEIR INCLUSION WAS THEREFORE A FURTHER SIGN TO THE SOCIALISTS OF THE DIFFERENCE OF THE COSSIGA GOVERNMENT FROM ITS PREDECESSORS. THE DECISION OF THE REPUBLICANS (WHOSE RELATIONS WITH THE SOCIALISTS HAVE BEEN STRAINED) NOT TO JOIN MAY ALSO HAVE HELPED. THE DIFFERENCE IS, IN FACT, MORE APPARENT THAN REAL (APART FROM THE PRIME MINISTER AND FOREIGN MINISTER FEW OF THE MAJOR OFFICE HOLDERS HAVE CHANGED). BUT IT WAS ENOUGH TO PERSUADE THE SOCIALISTS TO CALL A TRUCE AND ALLOW A NEW GOVERNMENT TO BE FORMED.

4. COSSIGA HIMSELF IS BY BACKGROUND A PROFESSOR OF CONSTITUTIONAL LAW FROM SARDINIA. HE GAINED A REPUTATION AS A MINISTER WHO GOT THINGS DONE DURING HIS PERIOD AT THE MINISTRY OF THE INTERIOR FROM 1976-78 (DESPITE SOME CRITICISM FOR HIS HANDLING OF THE PROBLEMS OF PUBLIC ORDER). DURING THIS PERIOD HE SHOWED HIMSELF WELL DISPOSED TOWARDS BRITAIN, AND ANGLO/ITALIAN CO-OPERATION IN THE SECURITY FIELD WAS CLOSE. HIS RESIGNATION IN MAY 1978 IMMEDIATELY AFTER MORO'S ASSASSINATION WON HIM RESPECT AS A MINISTER WHO WAS PREPARED TO TAKE RESPONSIBILITY FOR THE SHORTCOMINGS OF HIS SUBORDINATES. DESPITE HIS COMPARATIVE LACK OF INTERNATIONAL AND EUROPEAN EXPERIENCE, HE COULD PROVE TO BE A GOOD CHOICE OF PRIME MINISTER BOTH FROM ITALY'S AND THE UK'S POINT OF VIEW.

5. THE NEW FOREIGN MINISTER, Malfatti, (NOT TO BE CONFUSED WITH THE SECRETARY-GENERAL OF THE MFA WHO IS ALSO CALLED Malfatti) WAS NOT A PARTICULARLY DISTINGUISHED PRESIDENT OF THE COMMISSION OF THE EUROPEAN COMMUNITIES BETWEEN 1970 AND 1972. BUT HIS EEC EXPERIENCE, TOGETHER WITH HIS DOMESTIC REPUTATION AS ONE OF THE BETTER DEPARTMENTAL MINISTERS OVER THE LAST FEW YEARS, SHOULD ENSURE THAT HE IS AT LEAST AS EFFECTIVE INTERNATIONALLY AS HIS PREDECESSOR AT THE FOREIGN MINISTRY, FORLANI.

6. THE PREDOMINANT FEELING HERE IS ONE OF RELIEF THAT SOME SORT OF GOVERNMENT HAS AT LAST BEEN FORMED. THE INCLUSION OF "TECHNIANS", PARTICULARLY IN THE ECONOMIC MINISTRIES, IS GENERALLY WELCOMED. (APART FROM REVIGLIO (FINANCE), BOTH ANDREATTA (BUDGET) AND LOMBARDINI (STATE HOLDINGS) ARE RESPECTED ACADEMIC ECONOMISTS). NEVERTHELESS IT IS WIDELY ASSUMED THAT THE COSSIGA GOVERNMENT MAY PROVE TO BE NO MORE THAN A STOP-GAP UNTIL THE CHRISTIAN DEMOCRAT CONGRESS WHICH IS SCHEDULED FOR THE END OF THE YEAR. IT IS ARGUED THAT IF THE CHRISTIAN DEMOCRATS WERE THEN TO DECIDE TO MOVE TOWARDS A MORE PERMANENT RELATIONSHIP WITH THE SOCIALISTS, SOME NEW GOVERNMENT WOULD HAVE TO BE FOUND TO REFLECT THIS CHANGE. FOR THE TIME BEING HOWEVER, THIS NO MORE THAN SPECULATION, AND SO LONG AS THE SOCIALISTS ARE PREPARED TO ABSTAIN ON VOTES OF CONFIDENCE IN PARLIAMENT, IT SEEMS CLEAR THAT THE NEW GOVERNMENT WILL HAVE A REASONABLE BASIS FOR SURVIVAL.

7. I RECOMMEND THAT MESSAGES OF CONGRATULATION BE SENT FROM THE PRIME MINISTER TO COSSIGA AND FROM YOU TO Malfatti, AND THAT THESE SHOULD BE SENT SOON WITHOUT WAITING FOR THE OUTCOME OF THE VOTE OF CONFIDENCE. THE MESSAGE TO COSSIGA COULD EXPRESS THE HOPE THAT THE CLOSE CO-OPERATION WHICH THE PREVIOUS BRITISH GOVERNMENT HAD WITH HIM AS MINISTER OF THE INTERIOR WILL CONTINUE WITH HIM NOW IN HIS NEW CAPACITY AS PRESIDENT OF THE COUNCIL. (BUT SINCE THIS CO-OPERATION WAS MAINLY IN THE FIELD OF COUNTER-TERRORISM, I WOULD ADVISE ON SECURITY GROUNDS THAT ONLY THE FACT, AND NOT THE TEXT, OF THE MESSAGE BE RELEASED TO THE PRESS). THE MESSAGE TO Malfatti MIGHT REFER TO HIS EXPERIENCE AS PRESIDENT OF THE EEC COMMISSION. (IF MRS THATCHER'S MESSAGE IS NOT RELEASED IT WOULD BE PREFERABLE NOT TO RELEASE YOURS EITHER).

8. THE FULL LIST OF MINISTERS IN MIFT.

9. FCO PLEASE PASS ALL OTHER EEC POSTS.

10. PLEASE PASS ADVANCE COPIES TO BULLARD (DUSS),
FERGUSON (AUSS) AND WED.

GOODISON [REPEATED AS REQUESTED]
[ADVANCED AS REQUESTED]

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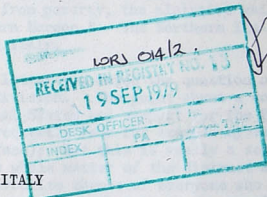


014/3

BRITISH CONSULATE - GENERAL
VIA SAN PAOLO 7
I 20121 MILAN
6 August 1979

A C Goodison Esq CMG
British Embassy
ROME

Mr. Nash



Dear Alun,

THE NORTH-SOUTH DIVISION OF ITALY

1. Thank you for your letter of 26 July and your interesting comments on my recent despatch on this subject.
2. I hope it was clear from the despatch that I was attempting to describe an attitude which is prevalent in the North of Italy towards the South, and not to justify or support it. Certainly, this attitude is prejudiced, unfair and exaggerated. As I said in the despatch, we are dealing with a myth, even if, like all myths, it is based on fact.
3. Also, of course, the proponents of a myth always have a quick answer when any of their facts are challenged. It would be easy to illustrate this from some of the points which you make in your letter, and I do this not to argue in favour of the Northern attitude but to show that we are talking about a stubborn and entrenched prejudice. For example, it is perfectly true that the Prefect of Pavia (who is a Southerner) told me that political terrorism was a Northern phenomenon. On the other hand the Prefect of Cremona (my letter of 27 June) said that it was the Southern immigrants in the North who created the atmosphere which bred both political violence and crime. In a sense both are right; but it is the Prefect of Cremona who represents the general Northern view. If this is a Northern prejudice, it is one which is sustained every day by the reports in the newspapers which show that very many of the criminals, and especially the kidnappers (who are the worst of the lot) are Southern immigrants.
4. Again, there is no doubt that there are patches of wealth and success in the South just as there are patches of poverty and deprivation in the North. The Northerner would reply that a few exceptions prove nothing and that in any case the squalid areas in the North are created and inhabited almost exclusively by immigrants from the South. One of the most frequent and most bitter of all complaints about the Southerner which one hears in the North is about the way in which the Southern immigrants are said to have destroyed the quality of life in towns like Milan and Turin. As I said in the despatch, this is largely unfair because it is really industrial development, of which immigration was an aspect, which has done the environmental damage. On the other hand, the Northern attitude to this is one which is shared by observers who are not Italian at all. Peter

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Nichols, for example, has this description of a slum in Turin: "The whole dilapidated area has been turned into a Southern town. The washing across the streets, the menacing looking men in striped shirts around the market stalls, the atmosphere of vice born from poverty, the plaintive wails of the women; it has nothing to do with Western Europe." The Northern Italian would add that it is equally alien to Northern Italy.

5. In paragraph 4 of your letter you raise the question of the historical origins of the North-South division. The point about a connection between the maladministration in the Papal States and support for the PCI in the "Red Belt" is one which is made very frequently (see for example my report of a visit to Ferrara in my letter of 19 June); but this is really a separate, if connected, question. So indeed is the whole matter of the distrust and dislike of government, which is one of the favourite themes of everyone who writes about Italy. Nearly all of them say the same thing, that it is the result of centuries of foreign occupation and of more recent experience of sterile, corrupt and inefficient government. By coincidence, an example has just appeared in an article written by Luigi Barzini in the "Corriere della Sera" of 1 August. He talks about the small and medium industries in places like Brescia and Bergamo succeeding in spite, and not because, of anything the government can do. He says that the people look at Rome and at the Government with the same distrust as Milan used to look on Madrid or Vienna. Then he goes on to say this: "Nulla è tuttavia più umiliante (e funesto) del dover fare progredire il proprio Paese (e se stessi e i propri dipendenti e la propria cittadina) quasi di nascosto, in semiclandestinità, contro governi esosi e miopi, leggi malconsegnate e dannose, e la mancanza di leggi serie." This is by no means an untypical statement of the Northern attitude.

6. Incidentally, I did not say that feelings between the North and South had "reached proportions of Hitlerian racialism". What I did say, and it is something very different, is that the feelings are "often expressed in terms which are close to a Hitlerian racialism". Admittedly this is a strong phrase but I chose it deliberately to attempt to convey the way in which people in the North speak about the Southerners with disgust or contempt as though they were some sort of inferior species which was barely human. This is a hard thing to say and it is not often admitted by commentators on the Italian scene but it is the way they speak. It is language which is very close to Nazi racialism, but I do not suggest for a moment that the similarity goes beyond that.

7. I agree that it is difficult to say whether the North-South division is becoming more or less acute. Perhaps in the long run the improvement in communications and the volume of immigration from the South to North might tend towards welding the country together. In the short term they have the opposite

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effect because they bring the Northerner face to face with the Southerner on his own door-step and create problems of the kind we have been discussing.

8. I am sending copies of this letter to the recipients of yours.

From the
Paul

P H Scott

c.c. HM Consul-General, NAPLES
HM Consuls, FLORENCE, GENOA, PALERMO, ~~VENICE~~
D A Gladstone Esq, WED, FCO

CONFIDENTIAL

Mr Cook, L&RD

WR 04/8	
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06 AUG 1979	
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1. I should like to order a copy of 'corriere della Serra' to be delivered daily to Mr R P Nash, the desk officer for Italy in Western European Department.
2. Mr Nash was advised by Sir R Arculus, our Ambassador in Rome, to read 'corriere della Serra' in order to keep abreast of the fast changing political scene in Italy.

Miss S J Elliott
Western European Department

3 August 1979

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80



BRITISH CONSULATE - GENERAL

VIA SAN PAOLO 7

I 20121 MILAN

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A C Goodison Esq CMC	Action Taken
British Embassy	
ROME	

14/8 Mr. Nash

17 July 1979

cc IPD (para 7)
26/7

cc. Mrs Colvin.
11/8 pa
Rln
30/7

25/7

I enclose a copy of a record of some conversations which I had in Pavia on 13 July. I am afraid this is rather long but the Prefect, Dr Vicari, struck me as one of the most intelligent and open-minded of Italian officials in my experience and I therefore thought it worthwhile to record his views at some length.

P H Scott

Enc:

- ✓ c.c. D A S Gladstone Esq, WED, FCO
- c.c. Mrs K Colvin, Research Dept, FCO

COVERING CONFIDENTIAL

CALLS IN PAVIA, FRIDAY 13 JULY 1979The Prefect: Dr Vincenzo Vicari

1. Dr Vicari said that he was very happy in Pavia which was a Province of particular interest. Pavia had always been a pivotal point where diverse powers and influences had met. Even now, it was the meeting point of 4 regions and different influences from each of these were visible in its political and social life. The Province was peaceful and prosperous and the standard of living was very high. According to the statistics there were 6,000 unemployed in the Province but in fact most of these had some "black" or unofficial job. Employers looking for new recruits for their labour force found they were impossible to find. The University of Pavia had succeeded in maintaining high standards and its examinations were severe. Its reputation was high especially in medicine. There were some 20,000 students of whom about 2,000 were foreign, mainly Greek and Arab. On the whole the students were serious and hardworking and created no problems of law and order.
2. Dr Vicari said he was very sceptical about Craxi's chances of forming a Government and even if he were to succeed initially it was very unlikely that it would survive. The DC had been in power so long that they regarded themselves as having an automatic right to it and they would do their best to sabotage any government that was not under their leadership.
3. Information obtained during the recent campaign against the terrorists had shown that very many of them used Pavia as a base. This was partly because of its situation which gave easy access to Milan, Turin and Genoa and partly because the large student population meant that groups of young people attracted no particular notice. The mere fact that Pavia was so law-abiding improved the cover as far as the terrorists were concerned.
4. Dr Vicari said that the weakness of the current campaign against terrorism was that it was attacking the symptoms and not the cause. Of course the State had an obligation and a duty to defend itself, but terrorism was unlikely to be eradicated until the cause had been more thoroughly studied. One of the failures of the Italian political parties was that they had not pressed for such a study. The PCI in particular were not anxious to encourage one because they were afraid that it would show that the ideological roots of terrorism derived from their own propaganda in the past. Italian terrorism was a very strange phenomenon which no one had so far made any serious attempt to understand. It was a Northern and not a Southern practice. The typical terrorist was well-educated and belonged to a prosperous middle-class family. Very often they had a strong Catholic background and had been educated at a Catholic University. They seemed to be entirely destructive and negative with no positive aims of any kind no matter how mistaken. It was curious too that, with the single exception of Moro, their victims were never people at the top but intermediate or even quite unimportant officials or employees.
5. Dr Vicari said there were many admirable things about Italy but the administration was not one of them. Italy had the worst civil service in Europe. For years it had been chosen not on merit but on political influence and the accumulated effect of the same party being in office for 30 years had made this worse. The professional training of most of the senior civil service was in law which was the academic discipline which a modern administration needed least.

6. The trade unions in Italy were much too powerful, partly because they had filled the vacuum left by an impotent Parliament in an almost permanent state of crisis. Dr Vicari said he would watch with interest the attempts of the British Government to reduce trade union power. In Italy no Government which attempted something like this could survive for more than a day.

7. Dr Vicari said that he had been at Wilton Park about six years' ago and had greatly enjoyed the experience and would like to go again. (I undertook to pursue this.) He thought that at conferences of this kind Italian should be accepted as a working language and interpreters provided. It was unfortunate, but it was true, that very few Italians could make any adequate showing in any language but their own, particularly in trying to explain anything so complicated and subtle as the Italian political situation.

8. Dr Vicari said he would very much like to maintain the contact which we had established and he would be very happy to come and call on me in Milan. We agreed to telephone after the holidays.

Vice-President of the Provincial Administration: Dr Luigi Panigazzi
(PSI in a PCI/PSI giunta)

9. Dr Panigazzi said that he had always felt very close to Britain because of an episode during the War when he was in the Resistance. He had come across 4 escaped British prisoners-of-war who had then become very valuable members of the Resistance group.

10. Dr Panigazzi did not have much hope that Craxi would succeed in forming a Government. He had his own local political difficulties; there were disagreements with the Communists and his own party was divided over the attitude to be adopted towards them.

The Sindaco: Prof. Cornelio Veltri
(PSI heading a PSI/PCI giunta)

11. Professor Veltri said he was not optimistic about Craxi's chances. There was no good reason why it should be impossible to form a Government of the PSI and the other lay parties supported externally by the Communists with the Christian Democrats in Opposition. This would be a satisfactory and commonsense answer but he was quite sure it would not happen. Italian politicians would once again demonstrate that they were only half European and did not really understand the Western system of alternation between one party and another. On the other hand, he could understand the resentment of other parties over the PSI holding the posts of both the Presidency of the Republic and of the Council. There was a very real risk that Italy was on the verge of ungovernability. The Americans held a large share of responsibility for this situation; by using their influence to keep the CD in power, they had largely contributed to the stagnation of Italian politics. It was encouraging that Craxi had even been invited. This fact alone might help to remind the Italians that other possibilities existed. One constructive element in the Italian situation was the several years of experience of cooperation

/between

and perhaps
opens up new
ground, at least
potentially, in Italian
politics.

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between the PSI and the PCI in administrations like his own. This accumulated experience of shared responsibility should eventually have a healthy influence on political developments in Rome.

P H Scott
P H Scott

17 July 1979

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Mrs Colvin
Research Dept

RECEIVED <i>was on 12</i> REGISTRY NO. 13 03 AUG 1979		
DESK OFFICER	REGISTRY	
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PERSONALITY CHANGES IN PCI LEADERSHIP

1. You have now seen my minute of 26 July on my familiarisation trip to Italy. Attached to this was a report of a conversation with Paolo Garimberti who talked about the significance of the recent PCI leadership changes announced during the second of the two Central Committee meetings at the beginning of July. I attach a copy of Mr Gladstone's minute of 26 July.

2. I should be grateful if you could prepare a note:

- a) listing the changes in the PCI leadership;
- b) describing their significance;
- c) stating to what extent you think the line taken by Garimberti was correct.

3. I should be grateful if you could use information available to us from all sources to do this.

3 August 1979

R P Nash

Western European Department

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48

GR 320

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FM ROME 021000Z AUG

TO IMMEDIATE FCO

TELEGRAM NUMBER 309 OF 2 AUGUST 1979

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WRS 0412	
03 AUG	
14/8.	

INFO SAVING WASHINGTON, UKREP BRUSSELS, UKDEL NATO
OTHER EEC POSTS.

MY SAVING TELNO 12 OF 30 JULY: ITALIAN POLITICAL SITUATION

1. SIGNOR PANDOLFI, MINISTER OF THE TREASURY IN THE CARETAKER ANDREOTTI GOVERNMENT, WHO HAD BEEN EXPECTED TO SUCCEED IN FORMING A "GOVERNMENT OF TRUCE" WITHIN A FEW DAYS, WAS FORCED TO GIVE UP THE ATTEMPT ON THE EVENING OF 1 AUGUST WHEN HE WAS ON THE POINT OF PRESENTING HIS LIST OF MINISTERS TO PRESIDENT PERTINI.
2. THIS UNEXPECTED FAILURE WAS DUE TO A LAST MINUTE REFUSAL BY THE SOCIALISTS TO SUPPORT THE PROPOSED NEW GOVERNMENT WITH THEIR ABSTENTION. IN THE COURSE OF A SOCIALIST PARTY CENTRAL COMMITTEE MEETING ON 1 AUGUST IT BECAME CLEAR THAT THE SOCIALISTS REGARDED THE PROPOSED GOVERNMENT AS NOT SUFFICIENTLY DIFFERENT FROM THE EXISTING THREE-PARTY ANDREOTTI GOVERNMENT (EVEN THOUGH IT WOULD HAVE INCLUDED "TECHNICIAN" MINISTERS SYMPATHETIC TO SOCIALIST INTERESTS). THE SOCIALISTS WERE THEREFORE UNWILLING TO DECLARE A TRUCE. PANDOLFI HAD ALSO RUN INTO DIFFICULTIES WITH THE SMALLER PARTIES, THE REPUBLICANS IN PARTICULAR HAVING VETOED CABINET POSTS FOR THE LIBERALS, WHOSE PRESENCE IN THE GOVERNMENT WOULD HAVE MADE IT EASIER FOR THE SOCIALISTS TO ABSTAIN.
3. PUBLIC OPINION IS BEMUSED AND NOT A LITTLE DISGUSTED WITH THE CONTINUING FAILURE OF ITALIAN POLITICIANS TO PUT NATIONAL INTERESTS BEFORE PARTY ADVANTAGE. THE ASSUMPTION IS STILL THAT A GOVERNMENT OF SOME SORT WILL BE FORMED BEFORE THE SUMMER BREAK IN MID-AUGUST.

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/MOST

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MOST PEOPLE NOW THINK THAT THIS COULD ONLY BE A TEMPORARY GOVERNMENT OF WHAT IS CALLED AN "INSTITUTIONAL" TYPE - IE HEADED BY THE HOLDER OF A MAJOR OFFICE OF STATE. THE ONLY CREDIBLE CANDIDATE IN THIS CATEGORY APPEARS TO THE CHRISTIAN DEMOCRAT PRESIDENT OF THE SENATE, FANFANI. BUT PRESIDENT PERTINI COULD STILL SPRING A FURTHER SURPRISE.

FCO PLEASE PASS SAVING ADDRESSEES.

GOODISON

[REPEATED AS REQUESTED]

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309 of 218. (78)

ROME

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SAVING NO: 12

30 JULY 1979

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TO FCO SAVING TELEGRAM NO 12 OF 30 JULY 1979
AND INFORMATION SAVING WASHINGTON, UKDEL NATO, UKREP BRUSSELS, OTHER
EEC POSTS

ROME SAVING TELNO 11: ITALIAN POLITICAL SITUATION

1. The long drawn out Italian political crisis appeared to be entering its final phase on 27 July with the nomination of the Christian Democrat Treasury Minister, Pandolfi, to try and form a new government. Pandolfi, who has gained in reputation during his time as Minister of Finance and then of the Treasury, and has always stood aloof from the factions within the Christian Democrat Party, is thought likely to be able to succeed within a few days in forming a centre coalition which would have a relatively neutral political flavour and would be, as he himself has called it, a "government of truce". Such a government (which would include Christian Democrats, Social Democrats, Republicans and possibly also Liberals and some non-party "technicians") would be opposed by the Communists and by the extreme left and extreme right. But it would be likely to obtain Socialist abstentions, at least on issues of confidence, which are essential to give it a working majority in Parliament. This would be the first time that Italy has had a parliamentary majority since the Communists withdrew their support from Andreotti's Fourth Government last January.

2. Two unsuccessful attempts to form a government had been made earlier this month. As expected, President Pertini initially gave a mandate to the outgoing Prime Minister, Andreotti. When Andreotti failed, because of the Socialists' continuing refusal to support him with their abstentions, Pertini rather surprisingly called on the Socialist Party Secretary, Craxi - the first time a Socialist had ever been asked to form a government. Craxi laboured for two weeks,

/from 9 - 24 July

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from 9 - 24 July, but only very briefly looked like overcoming the opposition of the greater part of the Christian Democrat party to the idea that the Socialists, with a mere 10% of the vote, should hold the dominant position in a coalition partnership. Craxi's attempt does, however, seem to have had the effect of putting the Socialists in a less obstructive mood (as was possibly Pertini's intention in giving him the mandate).

3. With a new government now apparently about to be formed, the positions of the main parties are as follows:

(a) Christian Democrats (DC)

Craxi's attempt to form a government has accentuated the already existing divisions in the DC between, on the one hand, those (for example the followers of Fanfani, the Foreign Minister Forlani, and the Party Vice-Secretary Donat-Cattin) who favour an alliance with the Socialists against the Communists and, on the other, those (for example the Party Secretary Zaccagnini and the left-wing "Base" faction) who are loyal to the Moro line of seeking to contain the Communists by associating them with the parliamentary majority, and who fear that any access to power by the Socialists would seduce Christian Democrats from their allegiance. Several members of the DC Executive abstained on the document by which the DC on 24 July finally rejected Craxi's attempt, and Forlani even voted against it. This difference within the party is likely to come to a head at the DC Congress which is scheduled to take place before the end of the year. It is said that Forlani may then try to oust Zaccagnini from the Party Secretaryship. An indication that Forlani may indeed have set his sights on this target is provided by the fact that he refused, on 26 July, to accept a mandate to form a government when President Pertini wished at first to give it to him (rather than to Pandolfi) after Craxi's attempt had failed.

(b) Communists PCI

The PCI held an important series of Central Committee meetings between 2 and 10 July to discuss the party's position following its electoral defeats in June. The upshot of these meetings was to confirm Berlinguer's long-term strategy of the

"historic compromise", while at the same time endorsing his call for the PCI to go into opposition if it could not immediately achieve the objective of entry into government. Berlinguer also effectively ruled out, for the time being, the idea of a Popular Front coalition of the left. It is thus clear that even if Craxi's attempt had succeeded, the PCI had already made up its mind on a spell in opposition. As regards a possible Pandolfi government, the PCI has said that its attitude will be one of opposition "without particular hostility".

(c) Socialists (PSI)

PSI morale received a considerable boost from the invitation to Craxi to form a government. Even though they can never really have expected it to succeed, party leaders see the attempt as proving that the PSI is now for the first time a credible party of power. They also welcome the split which has arisen within the DC over relations with the PSI, which they see as likely in the long-run to be to their own advantage (on the assumption that pro-Socialist elements in the DC will in due course take over from Zaccagnini and the present Secretariat). But the PSI is still seriously divided within itself. Craxi's efforts to establish an independent image for the party have not yet got through to the strong left-wing rump, who still look to the Communists as their natural allies. It will be very difficult for the PSI to do more than abstain on a potential Pandolfi government, and even their abstention may be of the type that has to be bargained for on each occasion rather than contracted for in advance.

(d) Social Democrats (PSDI) and Republicans (PRI)

The PSDI and PRI, the two junior partners in the present caretaker coalition, are united in their desire to retain their Ministerial posts in the next government. They will probably succeed in doing so, though Pandolfi if he becomes Prime Minister is likely to be more sympathetic to the Republicans (he was himself originally a protégé of the Republican Minister, Visentini, who recently resigned as Minister of the Budget on his election to the European Parliament) than to the Social Democrats, whose Ministers have shown little distinction in the present coalition.

/(e) Liberals (PLI)

(e) Liberals (PLI)

The PLI Secretary, Zanone, is bidding hard for the inclusion of Liberals in a Pandolfi government. The PSI are supporting him in this, since the inclusion of the PLI (who did not support Andreotti's last government) would emphasise the change. But it seems unlikely that the small Liberal Party, who have only 9 Deputies (1.9% of the vote) even after their gains in the recent elections, can make this a sticking point.

4. A Pandolfi government, if one were formed, would be unlikely to be more than a transitional arrangement until after the DC Congress around the end of the year. But Pandolfi himself is probably better qualified than any other leading Italian politician for steering the country through the difficult economic decisions which will have to be taken in the coming months.

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Mr Nash

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24-25 JULY 3 AUG 1979	
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FAMILIARISATION TRIP TO ITALY: 24-25 JULY

1. Many thanks for your minute of 26 July recording your impressions of the Italian political scene. This was obviously a most valuable trip and emphasizes the importance of keeping in touch physically with the Embassy. I suggest you copy your minute and attachments to the Assessments Staff in the Cabinet Office.
2. The evolution of the PCI is obviously the most interesting of the various threads you pursued. I can see the dangers of becoming fascinated by the hidden currents in the PCI to the exclusion of events in the main stream of Italian political life, but for good or ill it is the PCI which is going to continue to interest people here. I think that we therefore need more rather than less reporting on its affairs from the Embassy, to complement and put in perspective information received from other - eg press - sources. The Embassy may well feel, and I would not wish to discourage them from feeling, that enhanced reporting on the PCI should be balanced by a closer look at what is happening in the DC and the Socialist party.
3. You will obviously be taking account of all this in the paper you are preparing on Euro-Communism. That paper should now turn out even more interestingly than seemed likely when work was put in hand. If what you picked up from Signor Garimberti is borne out by other sources, we could even be witnessing the end of a spectacular but short-lived phenomenon.

[Signature]

D A S Gladstone
Western European Department

26 July 1979

SR 27/7
1. Please copy the
minute to Mr
Patten in Rome
the attach to Col.
J. Davidson, Cabinet
Office Assessments Staff.

01/2

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British Embassy
Via XX Settembre 80A 00187 Rome

Telex 61049 Telephone 4755.441

P H Scott Esq CMG
HM Consul General
MILAN

Mr. Nash

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19 SEP 1979	
Our reference	
Date	26 July 1979

*I think this ex-
change deserves a wider audience.*

Re Counsel

My dear Paul,

Julia
31/7

THE NORTH-SOUTH DIVISION IN ITALY

1. We were very interested to read your thoughtful and elegant despatch of 5 July on this subject. The Ambassador, who as you know went on leave on 26 July, read it on arrival but will undoubtedly wish to read it again with our comments on his return and before his first visit to Milan.
2. You describe very well, if I may say so, the prosperity of Northern Italy and the general distrust which Northerners feel of the South and, in particular, of the central bureaucracy. It is good for us in Rome to be reminded of these Northern attitudes. But at the same time (without wishing to indulge in North versus South polemics!) I would suggest that this is only part of the story. One could paint a much less favourable picture of the North. A particular point which comes to mind, and which you hardly touch on in your despatch, is (as the Prefect of Pavia recently observed to you) the fact that political terrorism in Italy is an essentially Northern phenomenon which has its roots in the major cities of the North and has spread from there southwards. Another is the high rate of crime in Northern cities, (worsened no doubt, as you suggest, by the Southern immigrant element). And the complacency with which the Northerners regard their prosperity in contrast to the South and declare their contempt for the government gives evidence of a dangerous irresponsibility.
3. A further point which has struck those of us who travel all over Italy from this Embassy is that although there is undoubtedly, as you say, great wealth in the North, there are also desperately poor districts in Northern cities such as Milan and Turin. Conversely, there are some extremely rich-looking areas in many Southern Italian towns. Lecce, for example, is probably quite as impressive, both as regards its historical monuments and its present look of affluence, as Mantova or Ferrara; and despite the squalor of much of Naples, there are sectors of the town which are as presentable and affluent as many parts of Genoa. The distinction between the rich, hard-working North and the poor, backward South is perhaps not always as hard and fast

as/



- 2 -

as it is made out to be. Factories in the South for example, manned entirely by Southerners, are often proving more efficient than their mother organisations in the North. A case in point is Fiat, whose most efficient factories are now all in the Mezzogiorno.

4. Your despatch has also caused us to wonder about the historical origins of the North-South division and about the question of whether the gap is widening. These are complex questions. One could perhaps suggest that much of the North's dislike of Southern bureaucracy stems from the fact that this bureaucracy grew out of what the Bourbons left behind in the South, the efficient Piedmontese having had little or no influence on developments after the House of Savoy moved to Rome. It can also be argued that there is a connexion between the support for the PCI in the "Red Belt" and the maladministration of the former Papal States. As for whether the division between North and South is widening, I rather doubt whether feelings between North and South could ever be said to have reached proportions of "Hitlerian racialism". Even in Britain, people lightly express regional prejudices (Scots v. English, Yorkshire v. Lancashire, indeed, North v. South) without meaning very much by it. These are, as you suggest more likely to be black jokes. Even if the Regions are moving into a more self-assertive phase, I agree with you that underlying feelings of unity are strong enough to prevent any risk of a break up of the Italian state. I would even go so far as to say that with all the investment there has been, and will continue to be, in the South, with better communications and the enormous amount of emigration that has taken place, the division between North and South has already been narrowed, in some respects.

5. I am coping this letter to the other Consular posts to whom you sent copies of your despatch. If they have views on the subject we would welcome them; I should particularly like to hear from John Campbell. I am also sending a copy, together with a copy of your despatch, to David Gladstone, Head of WED.

Yours ever,

Alan

A C Goodison

cc:

HM Consul-General, Naples

HM Consuls: Florence

Genoa

Palermo

Venice

D A Gladstone Esq, WED, FCO ✓
(with copy of despatch)

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014/3

BRITISH CONSULATE - GENERAL
VIA SAN PAOLO 7
I 20121 MILAN

HM Minister and Consul-General, Milan, to HM Ambassador, Rome.

WRJ 014/2	
19 SEP 1979	
DESK OFFICER	REGISTER
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SUMMARY

1. The division of Italy into the prosperous and hardworking North and backward and ineffective South is a myth based on reality (para 1).
2. The North has a lavish standard of living in spite of both the statistics and the fundamental financial weakness (paras 2-4).
3. There is a political as well as an economic paradox: the people of the North are convinced that they are badly governed but leave the Christian Democrats in power by voting according to habit. Reasons for this (paras 5 and 6).
4. The prosperous Communists of the North are part of the paradox (para 7).
5. Other divisive forces within the Italian State (paras 8 and 9).
6. Overtones of racialism in Northern attitude to the people of the South (para 10).
7. These divisive tendencies are unlikely to threaten Italian unity, although paradoxically they could be stimulated if a stronger central government were to emerge (para 11).

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014/3

BRITISH CONSULATE - GENERAL
VIA SAN PAOLO 7
I 20121 MILAN

5 July 1979

Sir Ronald Arculus KCMG
ROME

Sir

THE NORTH-SOUTH DIVISION IN ITALY

1. The area with which this post is concerned, Italy north of Latium and Abruzzo, more or less corresponds with a notional division of Italy into two parts, North and South, a division which exists if only because the majority of Italians think that it does. Italians in the North think of themselves as belonging to the main stream of European civilisation, enlightened, hard-working and technologically advanced. They think of the people of the South as poor and backward and doomed to remain so because of their lack of energy, determination and ability. They regard them as vastly inferior to themselves and deficient in all the qualities needed for success in the contemporary world. They think of them as a social and economic liability. They see the border between North and South as one between the European heartland and the Mediterranean world, and they place it not far south of Florence. This division has many of the qualities of a myth but that it also has some reality appears from statistics of every kind from unemployment and income per head to illiteracy and the results of last week's school examinations. The people of the North think of Rome as something apart and not properly belonging to the South although geographically surrounded by it and strongly infected by Southern attitudes and habits. Based as I am in Milan and travelling a good deal in the North of Italy, I probably look on the Italian scene, if there is any truth in these

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theories, from a different viewpoint and under different influences from those to be found in Rome. For this reason, it might be of some use if I attempt to sum up my impressions of Italy as seen from Milan, the capital of the North.

2. The first impression is one of extraordinary prosperity. There is very little outward sign either of political tension or of economic difficulty. From outward appearances at least, I would say that the standard of living seems higher than anywhere else of which I have personal experience, not excluding North America. The Americans may have larger cars and more air conditioning; but the Italians of the North eat better, dress more fashionably and take longer and more frequent holidays. When you go from the North of Italy into Switzerland, you do not have the impression of going from a poorer country to a richer but of precisely the opposite. It is partly because the Italians, unlike the Swiss, believe in outward show and therefore insist on fashionable clothes and flashy cars but it is not merely outward show. Every form of expenditure for personal gratification is at a high level. Imports of champagne and whisky per head of the population beat all records. The addiction to the motor car and the weekend in the mountains or at the sea jams the roads every Sunday evening; the town is deserted for the whole of August when the population moves on to the beaches of Italy except for those who follow the more recent fashion for holidays in exotic places like Siam. The food shops and restaurants are among the best in the world.

3. If next you go and discuss the situation with a Milanese banker, you will be given a completely different story which seems to bear no relation to your observations. He will give you a very gloomy account of the fundamental weakness and hopeless future of the Italian economy. He will say that the country is



living wildly beyond its means, that the labour and social legislation is a weight which the economy cannot bear, that industry is now being driven into bankruptcy and being kept afloat by loans all of which are building up an accumulated debt which is bound to lead to the complete collapse of the currency. He will probably then admit that he is speaking in orthodox financial terms and with reference to the part of the economy which is susceptible to statistics; that in Italy nothing is quite what it seems and that the Italians will probably continue to display the extraordinary capacity for survival which they have always shown.

4. It is of course a commonplace of comment on Italy that it is a poor country. This is repeated by Italian politicians when it suits them and by the people at large who are simultaneously enjoying the lavish standard of living which I have described. Italy is poor in the sense that it has no mineral resources to speak of but it is rich in the talent and flair of the people and in the astonishing fertility of the soil, even if much of this is now neglected. It is presumably on these two assets that the astonishing wealth of the past was based. Everywhere in the North of Italy it is impossible to escape the evidence of past wealth. The whole of the North of Italy is packed with towns of a staggering artistic and architectural richness, not only Florence and Venice but others which are smaller and less well-known like Parma, Ferrara or Mantova. Byron said that there were no provincial towns in Italy only capitals. He was right in the sense (and there are others) that these towns, even the smallest of them, have palaces, cathedrals, theatres and great town houses which should be the boast of a capital city anywhere else in the world. The talent and energy which created these towns is not dead yet. One of the ways in which it expresses itself is in an unofficial,



submerged or secret economy which escapes the statistics. All over the North of Italy there are small successful industries, many of them family concerns, producing goods of high added value which command a ready sale on the world markets. They keep to themselves and evade the more stringent requirements of the labour legislation and probably taxation as well. They are the opposite side of the coin from the large bankrupt enterprises and are part of the explanation for the discrepancy between the statistics and the facts.

5. There are political as well as economic contradictions. Piero Ottone in his recent book "Come Finirà" makes the point that the Christian Democrats do not understand the West in general and capitalist system and the need for profit in particular. They see nothing wrong with the creation of vast enterprises running at heavy financial loss with no other purpose than the creation of employment and a reserve of grateful voters. For the same reasons, government departments and agencies are grossly over-staffed. Expense is no object; the Christian Democrats behave as if they believed that wealth could be created by printing banknotes. Hence the despair of the Milanese bankers. This is one of the ways in which the dominant ethos within the Christian Democrat party is quite alien to the Northern Italian, who is nothing if not economically realistic with a keen sense of the importance of profit. As Ottone also says, nearly all Italians seem to be firmly convinced that their country is badly governed. Everywhere in the North one is told constantly about the ineptitude of Italian politicians and the appalling inadequacies of the administration. There is a curiously detached attitude to the political game as it is played in Rome and it is regarded with little except boredom and distaste.



6. These feelings towards the Christian Democrats are so widespread in the North one might expect that the voter was only waiting for the next election for a chance to make his disapproval felt. In fact, of course, the opposite is true. The Christian Democrats have been in power continuously for 30 years and the voting pattern scarcely changes from one election to the next. How is this to be explained? It is certainly not because the Christian Democrat politicians are attractive and persuasive. On the contrary they are mostly old, pompous and boring; it is rare to find anyone who has a good word to say for them. There are of course many explanations. Partly it is fear of Communism which makes many voters feel that they must vote DC whether they like it or not. In some places it is the strength of the Catholic Church and their association, even if it is now muted, with the DC. Some of the other possible, and perhaps more likely explanations are less obvious. Under the DC labour legislation has been introduced which is probably the most generous to the employee of any in the world; no self-declared workers' party could do more. The Italians, at least in the North, have enjoyed an extraordinary boom and their standard of living is still insulated from inflation. It would not be surprising if they are scared to rock the boat. Then there is the patronage system under which great numbers of people owe the Christian Democrats gratitude for a job, a pension, a building licence or some other favour. (I have never quite understood why people cannot accept the favour and then vote as they please; but perhaps patronage has its own code of honour.) People in the North will tell you that this system is seen in its full flower only in the South but they would not deny that it is not without influence in the North as well. Several people have suggested to me yet another explanation for the rigidity of voting habits: that the historical memories of foreign occupation, and more recent ones of Fascism have made the Italians distrust



effective government. In voting as they do they have found a formula which creates political stalemate and impotence, but that is precisely what they want.

7. The practice of voting according to habit applies to all parties including the Communists. There are towns and provinces in the North, particularly in Emilia Romagna, where the PCI is always the largest party. Places like Bologna, Ferrara, Modena have had a Communist administration for years. The men leading these administrations are very surprising to anyone with conventional ideas about Communism. They have gentle manners, elegant clothes and are studiously moderate in everything they say. In conversation they are inclined to decry not only terrorism but the excessive expectations of the workers. They are full of concern for the preservation of traditions, artistic standards and the magnificent historical buildings, in one of which they inevitably have their offices. It may well be an act but it is a very convincing one. These bourgeois Northern Communists are perhaps less of a puzzle when one realises that there is no obvious relationship between the prosperity of an area and its voting pattern. Communists are certainly not confined to depressed industrial areas; for the most part their strongholds in Emilia Romagna and Tuscany are agricultural and highly prosperous. Many Communists look like prosperous members of the middle class because that is what they are.

8. The Italians of the North, especially outside the large cities, are perfectly conscious of their good fortune. Milan, Turin and Genoa have the problems of large cities everywhere including unemployment, crime and violence. They also have the complication of a flood of Southern immigrants, many of whom are unassimilated and a fertile source of social problems. People in Milan and Turin often say that the towns and their way of life have been ruined by the immigrants. This, of course, is unfair because what they are in fact complaining about are the inevitable consequences of a rapid industrial expansion, which they welcomed at the time because it produced prosperity, even if it also damaged the environment. The expansion and the prosperity could not have been achieved without Southern labour. These problems hardly disturb the rest of the North. When I call on politicians and officials in the smaller towns, they almost always boast of the contentment and tranquillity as well as the prosperity of their



provinces. They often say that Italy is divided into three: the industrial triangle of Milan, Turin and Genoa where the cities and the industries suffer from the problems of size; the backward and impoverished South and the rest of the North which is free from the problems of both of the others.

9. Even this division into three is incomplete because there are many other possible sub-divisions. There are the three peripheral regions of Val d'Aosta, Trentino Alto-Adige and Friuli-Venezia-Giulia, with coherent minorities speaking French, German or Serbo-Croat who are consciously non-Italian. The political parties through which they express themselves are all solidly established. But even in the heartland of the Italian North there are strong feelings of local identity. The people of Bergamo or Ferrara, for instance, behave as though the city states or dukedoms had never ceased to exist and as though Italy was an abstraction with which they were not too closely involved. The division of Italy into Regions, the Italian version of Devolution, was introduced about 10 years ago, with the purpose of both expressing and containing these divergences and individualities. Although these Regions were given very considerable power they have not yet made the impact that one might have expected. In the first place they are too large to act as a focus for any of the traditional loyalties; a Region like Lombardy contains within itself a number of old historical states who were bitter rivals in the past. The Regional Governments are restricted by Rome's retention of a firm hand on the purse-strings. They are limited also by the fact that the parties represented in the Regional Assemblies, except in the three peripheral areas, are the same parties which form the central government. These parties themselves are very closely directed from their central headquarters. The voting habits of the electors are, by and large, the same for the Regions as



for the centre and therefore have the same inbuilt tendency towards immobility and stagnation. For all these reasons the Regions have been slow to find their feet. They have been occupied more with planning future action than with the action itself; but, there are some signs that they are about to move into a more self-assertive phase.

10. Again if we except the peripheral areas, which are in some senses hardly Italian at all, I do not think that there is much doubt that it is the feeling of difference from the South which is the strongest and has the most dangerous overtones. It is often expressed in terms which are close to a Hitlerian racialism. Even Italian officials whose *raison d'être* is the defence of Italian unity and its institutions are not free from this attitude. The officials who above all have precisely this function are the Prefects, one of whom is stationed in each regional capital, in conditions of some splendour, to represent the central government and to contribute to the cohesion of the country. One of them in an important city in the North once told me that he thought it was a disaster that most Italian emigrants living abroad came from the South and therefore gave a false and unfortunate impression of what Italians were really like. Another told me that, without the burden of the South, Italy could be as prosperous as Switzerland or West Germany and that it was the Southern immigrants into the North who were responsible for most of the unrest, crime and political violence. (Ironically enough many of the Prefects, like Italian officialdom in general, are themselves of Southern origin.) Comments of this kind from officials are of course studiously mild in comparison with what one hears in ordinary conversation. Derogatory comments on the people of the South are so constant and wide-spread in the North that the Southerners must be aware of them. It is surprising that they do not make their resentment obvious unless this is indeed one of the underlying causes of much of the apparently mind-less and purpose-less political violence.



11. With so many diversive measures is there a tendency for Italy to divide again into its component parts? In spite of appearances to the contrary I do not think that this is at all likely. Italian schoolchildren are brought up to believe that the unification of Italy was a great historical achievement and I think that they accept this as true. The people of Val d'Aosta and Alto-Adige seem to be content with the degree of autonomy which they already enjoy and likely to remain so as long as attention is paid to their linguistic grievances. The Serbo-Croat speakers in the North East are insufficiently numerous to be a real problem and in any case have no desire for closer association with Yugoslavia. Trieste is a special case but since their fear is of Yugoslav infiltration they want to be more Italian and not less. Simply because the Italians distrust government, there is no suggestion that the people of Bergamo, Ferrara and the rest have any desire to translate their local identity into a constitutional expression. The people of the North certainly regard the South as a liability but they accept it as a liability which is a fact of life. No political programme in Italy, almost no political speech, is complete without the ritual reference to the need to develop the South. There is no serious resistance to this aspiration, even if it is part of the wealth of the North which is being channelled into the South. People in the North often say that it would be better if Italy could jettison everything south of Florence; but this is only a black joke. Italians are a particularly tolerant people addicted to the doctrine of live and let live. They are much more concerned with their own private interests than with any matter of public policy. What they chiefly ask from government is to be left alone. We therefore return to the conclusion that the paralysis and impotence of the central government suits Italy very well; paradoxically it is perhaps

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the best guarantee of Italian unity. A stronger and more active government might stimulate the strains which now lie below the surface.

12. I am sending copies of this despatch to HM Consul-General in Naples and HM Consuls in Florence, Genoa, Palermo and Venice.

I am Sir

Yours faithfully

A handwritten signature in dark ink, appearing to read 'P H Scott', written over a horizontal line.

P H Scott

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Mr Gladstone

was on 12	
RECEIVED BY PARTY NO. 13	
03 AUG 1979	
DESK OFFICER	REGISTRY
24/25 JULY PA	Action Taken

FAMILIARISATION TRIP TO ITALY:

1. I visited Rome on 24-25 July and had long talks with Messrs Goodison, Adams and Pellew in the Embassy and with 2 Italian journalists and a senior Socialist politician. Mr Pellew had tried hard to get me calls on DC, PCI and Liberal politicians but all attempts failed because of the state of the parties at the time I was there.
2. My visit took place at an interesting point. President Pertini, Italy's first Socialist President, to the surprise of all informed observers, had given the incarico (ie was given a mandate to try to form an administration) to the Socialist (PSI) leader, Signor Craxi on 9 July. This followed the failure by Sr Andreotti, which had partly resulted from the refusal by the PSI to participate in any new government led by him. This was the first time that a Socialist had been given a mandate to form a government. It was generally assumed in Rome that Craxi's attempt was doomed to failure from the outset. President Pertini's motives in appointing Craxi remain mysterious. But the office of President, formerly without influence on Italian politics, has at last started to function.
3. Craxi's efforts took place in two phases. He held preliminary consultations with the main parties until Friday 20 July by which stage it was generally thought he had failed and many observers were confidently predicting his withdrawal. To the surprise of most, he chose to press on and issued a comprehensive ten-point 'programme for coalition government'. This Craxi relance set the Christian Democrats at sixes and sevens. At a meeting of the Party Directorate on 25 July, the DC leadership was divided to an unprecedented degree over a Secretariat resolution rejecting the latest PSI overture. Though the resolution was finally adopted, this was not unanimous. Foreign Minister Forlani, a senior DC figure, actually voted against the Secretariat resolution. There were five abstentions including important Fanfani men. Some observers think Forlani is staking out an individualistic position in the hope of making a bid for the DC party leadership at the Congress later this year.
4. This DC rejection finally put paid to Craxi's two-week effort. On 24 July Craxi so informed President Pertini. All eyes are now on Pertini's next move. There are various possibilities. But it is perhaps sufficient to note that Craxi seems determined to go on trying to upset the apple cart of traditional Italian politics by forcing the DC into difficult situations.
5. Against this background, the three interviews I had (see records attached) were all useful. The main points raised by my three interlocutors seem to be:
 - (a) That the Socialist party is making a very determined effort to drive a wedge between the DC and the PCI and that this is having a divisive and confusing effect on both

of those two parties. If this pressure is sustained, the DC could, conceivably, split. Even if this does not happen, things will never be quite the same again after the present Craxi-inspired shake-up of the political scene.

- (b) In the PCI, the Berlinguer line is under serious question. Berlinguer's power within the party has been eroded. The 'historic compromise' policy could be threatened in the longer term.
- (c) All parties seem to assume that government in Italy, say over the next six to twelve months, will be without Communist participation or support. Thereafter, at some point, the PCI will again seek entry into government.

6. Of course, DC or PCI spokesmen might have offered a more measured assessment. Furthermore, the impression I obtained provides no more than a snapshot of a moving situation at a particular point in time. It is of course possible that the political rifts which my three interlocutors referred to may heal with time. But, for the present, there would seem to be at least something in what they have told me. And the traditional lines of Italian politics seem to have shifted slightly, at least in the short term, and a number of new political factors seem to have appeared on the scene.

7. While the most obvious upset emerging from these accounts affects the DC, perhaps the more insidious concerns the PCI. If Garimberti's thesis is correct - and I respect him for the meticulous and level-headed scholarship which I know him to have practised in this field over a number of years - significant policy shifts in the PCI may be presaged. On the domestic front, the historic compromise may have to go out of the window if PCI rank and file are not given a share in power (to be replaced by United Front policies?). On the international side, it seems that Eurocommunism and the opening to America could easily be dispensed with; according to Garimberti these are abstract intellectualisations, barely understood at grass-roots level. Such changes could have consequences for East-West relations which we should have carefully to consider (even before we begin to consider the possible implications of Communist participation in power).

8. For all this, Berlinguer remains at the top. He is strong-headed and convinced of the correctness of his course. He will not be easily deflected. It is too early to conclude that we should do any more than ~~that we should~~ watch these developments closely.

9. I have separated the two questions of changes in the general line of PCI policy (historic compromise/Eurocommunism) and PCI participation in government because I think such a distinction useful. The first is a more subtle difficulty for us than the second. But if I were to guess now at how far Craxi is going to succeed in changing the contours of Italian politics, and how this might affect the PCI, I would suggest:

- (a) His party is too erratic and inconsistent to capture the middle ground of Italian politics;

- of the
other
parties
- (b) His ploys will disturb the DC more than the PCI.
 - (c) The PCI will remain the principal left wing party in Italy. It will retain a solid rump of voter-support around 30% of the electorate.
 - (d) Through its efficiency, its good government at municipal level and its apparently honest efforts to improve the country, and through the inefficacy, corruption and lack of direction, the PCI will perhaps, within the next two or three years, be admitted into an Italian administration.

10. This raises many questions, some of which have already been addressed in the Office. Mr Goodison and Mr Pellew spoke to me briefly about the possible results. They thought the PCI in power would begin by deliberately not rocking the boat. There would be no dramatic changes. They would try to convince the electorate that they were "all right". They very much feared the Chilean-type situation of provoking a violent right wing backlash resulting in their being deposed. Such a backlash they would seek to avoid at all costs. The view of the Embassy seems to be that the most serious consequences for the West of PCI participation in government would not be what the Communists would do in power but the reactions of other Western countries such as the United States to the new situation.

11. Obviously all this is speculative and one should not try to base too much on a few informal discussions in Rome. But this does all suggest a number of points which we should perhaps keep under fairly careful review.

12. I shall be writing a separate note on terrorism.

Ronald Nash

26 July 1979

R P Nash

cc: Mr Pellew, ROME
Mrs Colvin, Research Dept
Mr Broucher, EESD

FABRIZZIO CICCCHITO

1. Mr Pellow and I spoke to Signor Cicchito, a top member of the Socialist Party, and responsible for economic policy, at the Socialist Party Headquarters on 25 July. This was just one day after Signor Craxi's attempt to form a Government had been rejected by the DC.
2. Sr Cicchito explained that his party was trying to bring an end to an era in Italian politics in which DC government was generally accepted as the only possible alternative to the Communists. The Socialists were trying to open up new ground in the middle to break up this traditional pattern. This line was causing difficulties for both the DC and the PCI. The DC was split into two wings, one favouring co-operation of some form with the Communists, and the other with the Socialists. With the disappearance from the political scene of Moro, it was hard to see who could bring the DC together in the face of these divisions. Andreotti was the most perceptive member of the DC leadership and had been carefully measured in his response to Craxi's overtures over the previous week. He seemed to want to mend fences. He could emerge as Secretary of the DC Party at its Congress towards the end of the year.
3. Sr Cicchito said the Socialists were prepared to co-operate with the DC in government, under a DC Prime Minister, provided the alliance between the two parties was not one of subordination as it had been with junior coalition partners of the DC in the past. This older-style relationship of subordination had to be broken if the Socialists were to be involved.
4. Sr Cicchito thought the DC should try to help bring about a proper political government soon rather than dally with temporary solutions which they might then try to drag out. Difficult economic decisions had to be taken. These would be unpopular but should nevertheless be taken quickly. (Comment: we sensed from what Cicchito said that his party would be quite relieved if it were not saddled with the responsibility for taking these unpopular measures at the present time).

5. Conclusions

Craxi's party clearly understands well the divisive effect which the present

Socialist line is having within the DC. Cicchito was probably overhopeful that the basic contours of Italian politics can be changed in the way he suggests. I personally doubt this. One impression I had from our talk was of the unpolemical and non-ideological tone of Cicchito's remarks. Mr Pell~~ew~~ confirmed afterwards that the Socialist party had no coherent ideological position and that, moreover, this absence of a common body of doctrine or opinion within the party was one weakness. Of the new young party leadership, Craxi (44) and Cicchito (38) were trying to get away from the traditional Socialist partyline of seeking a United Front with the Communists. But Signorile (41) came from the traditional left wing of the Party. Mr Pell~~ew~~ went on to say that the rump of older Socialist party members still hankered after an alliance with the Communists. This made it impossible for Craxi & Co to adapt his party to the new circumstances overnight. For these reasons, and because of the uneven quality of its present leadership, Mr Pell~~ew~~ did not consider the Socialists likely to win new ground at the centre of Italian politics. If they could re-combine with the much smaller Social Democrats (the Socialsit Party originally split into these two sections in the 1940s over the issue of co-operation with the Communists) they might, together, stand some chance of presenting themselves as a credible alternative to the PCI. However, such re-unification seemed highly unlikely since both the Socialists and the Social Democrats were prevented from such closer cooperation by historical reasons.

At the end of this year, Venturini thought there would be a real danger of open division. This would wreck the Party. Socialist objectives would then be realized. If, on the other hand, the DC Party could paper over the cracks before then, the Congress would, on that form, go off without incident. Overall, Venturini's impression was that Craxi was very determined in the line he was taking and was likely to succeed in overturning traditional DC politics.

On international matters, Venturini commented on the image of President Carter. Venturini had covered both the Strasbourg and the Tokyo Summits. He had been surprised at the disdain in which President Carter was held by senior members of the French President's Cabinet and the Federal German Chancellery. Talk of Carter seemed to reduce these senior advisers to speechless anger. Venturini thought that US and US-German relations at the top were very tense worse than was generally assumed in the West. Speaking personally, Venturini saw dangers for the Alliance if President Carter was re-elected for a second term. Such a re-election, unfortunately, was a distinct possibility.

FRANCO VENTURINI

1. I met Franco Venturini at Mr Pellew's house on 24 July. He is Foreign Editor of *Il Tempo* and, at the age of 33, is rather young for his position. Although the paper is conservative in its approach and has many DC members on its staff, Venturini is not one of them. His views are independent and moderate. On international questions, he is pro-Alliance and pro-American.

2. Venturini began by saying how much he had valued his recent COI sponsored visit to London during which he had met among others Sir Ian Gilmour and Dr David Owen.

3. When we spoke, Craxi's 10 point programme for a coalition government had just been rejected by the Christian Democrat Party. Venturini began by referring to the serious divisions which this rejection had caused within the DC Directorate which that morning had discussed a resolution drafted by the DC Secretariat rejecting the Craxi programme. Forlani had voted against the resolution. A number of other members of the DC Directorate, notably the supporters of Signor Fanfani, had abstained.

4. Venturini said decisions by the DC Directorate were normally unanimous. The disarray into which the leadership had been thrown by Craxi's programme was unprecedented. Many journalists on the staff of *Il Tempo* were Christian Democrats. They had been completely split over how their party should react to the Craxi proposals. Craxi was pursuing an effective policy of trying to throw the DC into confusion and disarray. Because of these Socialist moves, the DC was now in real danger of splitting. If Craxi persisted with this line until the DC Party Congress towards the end of this year, Venturini thought there would be a real danger of open division. This would wreck the Party. Socialist objectives would then be realised. If, on the other hand, the DC Party could paper over the cracks before then, the Congress would, on past form, go off without incident. Overall, Venturini's impression was that Craxi was very determined in the line he was taking and was likely to succeed in overturning traditional DC politics.

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6. Venturini's impression was that France was watching this situation carefully. When the point came that, because of Presidential weakness, the Americans were no longer able to give support to necessary defence measures in Western Europe, the French would step in and try to encourage European defence efforts. It would, of course, be much better if the US could continue to play a guiding role in defence matters in the West. But if the Americans lost their will to act, the only salutary effect would be a strengthened European determination to act together. This had a parallel with the lead the European leaders had taken at the Tokyo Summit.

7. The changes envisaged among the European Parliament and Committee were even more important. Segre had been the instrument of Berlinguer's policy of Europeanism in Europe and of increased contacts with the USA. By contrast, Dele was Center-oriented. He was a Russian speaker, educated in Moscow. His whole approach and emphasis was different from Segre's. (Segre's position was now reduced virtually to nothing. He had no place in the FI leadership, was not a member of the Italian Parliament and, politically, only had a seat in the European Parliament.)

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9. Carlucci saw these personnel changes in the Party leadership as the culmination of a 2 year process during which Berlinguer's role had been gradually reduced from that of 'absolute monarch' of the party to that of 'constitutional monarch'. Two years ago, Berlinguer had been able to make decisions of policy without reference to anyone. He was a strong headed man who was not accustomed to consulting others about important policy decisions. He had frequently announced significant changes to the surprise of other members of the leadership. This freedom was slowly being curtailed as it was slowly realized that Berlinguer's policies were unsuccessful. The decisive period had been early 1975 and 1976 when Berlinguer had gradually found himself unable to enforce his decisions in the Party. Carlucci had travelled to Barcelona in May 1975 with Berlinguer and Carlucci had conducted discussions on Eurocommunism (27-30 May). On the return flight, Carlucci had had a 2 hour 'deep-background' discussion with Berlinguer on FI tactics for the future. At that point, Berlinguer already saw that his policies were not working. He had told Carlucci that, to rectify this, the party needed to move forward decisively in three areas:

- (a) relations with the United States;
- (b) Eurocommunism;
- (c) the historic compromise.

/Initiatives

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PAOLO GARIMBERTI

1. Paolo Garimberti is Rome Bureau Chief of the independent daily La Stampa. He is a distinguished writer and commentator on Kremlinological, Eurocommunist and PCI affairs. I had previously worked with him in Moscow during the preparatory period for the European Conference of Communist Parties. Mr Pellet and I called on him in his office in Rome on 24 July.
2. Garimberti began by saying that, although this had not come out in press reporting, Berlinguer had had his wings clipped at the two Central Committee Meetings at the beginning of July. This curtailment of Berlinguer's power, which foreshadowed potentially important policy changes, was perhaps symbolised by the replacement of the international secretary Segre by Rubbi. Segre had been the instrument of Berlinguer's policy of Eurocommunism in Europe and of increased contacts with the USA. By contrast, Rubbi was Eastern-oriented. He was a Russian speaker, educated in Moscow. His whole approach and emphasis was different from Segre's. (Segre's position was now reduced virtually to nothing. He had no place in the PCI leadership, was not a member of the Italian Parliament and, politically, only had a seat in the European Parliament.)
3. The changes announced among the Party Secretaries at the second Central Committee Meeting were even more important. Napolitano, who supported the Berlinguer line on the historic compromise and Eurocommunism, had kept his position. This was probably because Berlinguer, given the alternative of keeping either Segre or Napolitano, had opted for the most powerful. Napolitano was now Berlinguer's only real supporter in the seven-man secretariat. Minutti, basically an Ingrao man, was ambivalently in favour of the Berlinguer line. But there were powerful figures which, potentially, might oppose this. Most important among these were Chiaromonte and Natta. Garimberti considered that not only the historic compromise but also the Westward orientation of the PCI might now be at risk.
4. Garimberti saw these personnel changes in the Party leadership as the culmination of a 2 year process during which Berlinguer's role had been gradually reduced from that of 'absolute monarch' of the party to that of 'constitutional monarch'. Two years ago, Berlinguer had been able to make decisions of policy without reference to anyone. He was a strong headed man who was not accustomed to consulting others about important policy decisions. He had frequently announced significant changes to the surprise of other members of the leadership. This freedom had slowly been curtailed as it was slowly realised that Berlinguer's policies were unsuccessful. The decisive period had been early and mid 1978 when Berlinguer had gradually found himself unable to enforce his decisions on the Party. Garimberti had travelled to Barcelona in May 1978 when Berlinguer and Carrillo had conducted discussions on Eurocommunism (27-30 May). On the return flight, Garimberti had had a 2 hour 'deep-background' discussion with Berlinguer on PCI tactics for the future. At that point, Berlinguer already saw that his policies were not working. He had told Garimberti that, to rectify this, the party needed to move forward decisively in three areas:
 - (a) relations with the United States;
 - (b) Eurocommunism;
 - (c) the historic compromise.

/Initiatives

Initiatives were needed in each area. They did not come about. After the Genoa speech at the Festa dell'Unità in September 1978, when Berlinguer made his important speech signalling changes in PCI doctrine towards Eurocommunism (Garimberti thought that Italian support for Eurocommunism as understood by Carrillo no longer existed after this speech), Garimberti had asked him why no initiatives had been taken under the three headings. Berlinguer had just smiled and said that it was "impossible" now. Garimberti had concluded that some internal party development had occurred, between the Barcelona and Genoa events, preventing Berlinguer from implementing his decisions.

5. I asked Garimberti why Berlinguer's position should have weakened in the Party at large. Garimberti answered that there had been a strong groundswell of opinion against Berlinguer's line at grass roots level. In 1976, the PCI had gained its biggest ever vote at the polls. The party membership had 'bought' the historic compromise on the assurance, by Berlinguer, that this would lead the Party into government. Berlinguer had proved unable to deliver the goods. This led to great frustration in the party. It was not enough that the PCI had been able to exert influence over the DC in power. The PCI membership felt deceived. The party had earned a place in Italian Government and was very dissatisfied at not getting it. This was the bullpoint. Eurocommunism and the opening, towards the USA, the remaining two distinctive features of Berlinguer's policy, were not a matter of concern one way or the other to the Party rank and file. They were seen as airy intellectualisations on the part of Berlinguer. They could easily be dispensed with without offending the membership. Foreign issues were small beer. But, domestically, the rank and file wanted the place in government it had deserved. Berlinguer had conspicuously failed to deliver this.

6. The disaffection was thus with the historic compromise aspect of Berlinguer's policy. But Garimberti's conclusion was that both the historic compromise and Eurocommunism were potentially under threat.

7. Although Berlinguer's freedom of action had been curtailed, Garimberti did not think the Party would actually ditch Berlinguer. There was no precedent for such a move. And the consequences for the charisma of the party leader - an essential element in the party's authority and thus in democratic centralism - would be disastrous. All this meant Berlinguer had to stay where he was and that it was unlikely that he would be ousted. This said, Garimberti thought extremely unusual Berlinguer's reported statement at the Central Committee that if the policy of the historic compromise was going to be dropped, he would have to go too. This showed how serious the differences must have been at the two Central Committee Meetings.

Reference

WRT. 0142

Mrs *W* *7/8*
 Research Department

WRS 0142	
RECEIVED IN REGISTRY NO. 13	
18 SEP 1979	
DESK OFFICER	REGISTRY
	Action Taken

THE NORTH/SOUTH DIVISION IN ITALY

1. Please see the attached despatch to Rome from the Consul-General in Milan and Alan Goodison's response. Please also see Mr Gladstone's manuscript note of 31 July.
2. I wonder if I could seek your views, as an expert in Italian affairs, before I approach other departments? On the face of it, it seems to me that the North/South division in Italy is of some general interest and could receive a wider circulation as Mr Gladstone suggests. Regional problems occur in many European countries. Furthermore the North/South divisions in Italy and France are problems of which the European Community has been aware for many years. Perhaps with the entry of Portugal, Spain and Greece, the problem of Mezzogiorno and Midi in Italy and France will take on a new, Mediterranean, aspect. It therefore seems to me that we could well copy this correspondence to departments such as EID(I), EID(E) and FRD here. I could seek the advice of those departments as to whether there are agencies outside the Office, such as the DOT, the MAFF, the DOI, Scottish Office, and perhaps even the Treasury which might like to see the correspondence.
3. Before I go ahead, have you any particular points of your own which I could make about either Mr Scott's Despatch or Mr Goodison's reply? At some point, I shall have to compose a letter from WED to Mr Goodison and your comments would also be of value in that context.

Ronan Nash

R P Nash
 Western European Department
 W65 233 5150

1 August 1979

/ P T O

Mr Nash WED

NORTH/SOUTH DIVISION IN ITALY

1. I agree that the North/South division in Italy is of general interest and that the attached papers merit circulation to the departments you suggest. I think the main interest of a wider circulation would centre around EEC enlargement and EID(E) would be particularly interested in this context. When the Community is enlarged the Mezzogiorno will no longer be geographically out on a limb. The whole emphasis of the EEC may well have to change, as you point out, to give more attention to southern problems such as Mediterranean agriculture, and this may give a boost to southern morale.
2. I would endorse your suggestion of circulating the paper to the Scottish Office. When I visited Basilicata in March I was struck by the similarity of the region's terrain and problems to those of Scotland (though the areas have contrasting water supplies). Indeed Dott. Continanza of the Istituto di Ricerche Economiche e Sociali Per la Basilicata expressed interest in visiting Scotland to study how similar problems were being tackled.
3. It is difficult to avoid the impression that the genuine geographical, historical, economic and climatic differences between northern and southern Italy are vastly exaggerated in the minds of the Italians. Superficially the south does not look as backward as one is led to expect. It is the opulence of the north (which is well described by Mr Scott) which makes for the great contrast between the Mediterranean and Northern European aspects of the country and overshadows what the south has to offer. If the south can be developed sensibly, avoiding large and isolated factories, the cattedrali nel deserto, it may well afford a life-style which is different from the north but nonetheless attractive. As Mr Goodison points out there are disadvantages to living in the north, in particular the high level of terrorism. Although devolution of power to the regions appears to have achieved little in concrete terms, and is governed by the restrictions described in Mr Scott's paragraph 9, it has given the southern regions a feeling that at least they have some voice in determining their own future.
4. I found para. 5, where Mr Scott describes Piero Ottone's views, one of the most interesting. These comments would suggest that the North, rather than the South, is out of step with the main body of the country, and makes it even more difficult to know where to look for the "real" Italy. If, as Ottone suggests, the Christian Democrats do not understand the capitalist system, and they have expressed this by the creation of "vast enterprises running at heavy financial loss" for political purposes, perhaps this goes towards explaining why one third of Italian voters are not alarmed by the prospect of the achievement of power by communists who are committed to over-coming capitalism.

5. The south is, and will continue to be very important politically. Many Italians feel that the Mezzogiorno is the key to Italy's future and will determine Italy's place in the modern world. It is also the area in which the voting pattern is rather less stable than in other regions. The communist vote in the south increased particularly in 1976 and fell away again in 1979. It is therefore fertile ground politically.

Kathryn Colvin

Mrs Kathryn Colvin
Atlantic Region
Research Dept.

7 August 1979

Mrs Colvin,
Research Department

WR 014/2 WRJ 014/2

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THE NORTH/SOUTH DIVISION IN ITALY

1. Please see the attached despatch to Rome from the Consul-General in Milan and Alan Goodison's response. Please also see Mr Gladstone's manuscript note of 31 July.

2. I wonder if I could seek your views, as an expert in Italian affairs, before I approach other departments? On the face of it, it seems to me that the North/South division in Italy is of some general interest and could receive a wider circulation as Mr Gladstone suggests. Regional problems occur in many European countries. Furthermore the North/South divisions in Italy and France are problems of which the European Community has been aware for many years. Perhaps with the entry of Portugal, Spain and Greece, the problem of Mezzogiorno and Midi in Italy and France will take on a new, Mediterranean, aspect. It therefore seems to me that we could well copy this correspondence to departments such as EID(I), EID(E) and FRD here. I could seek the advice of those departments as to whether there are agencies outside the Office, such as the DOT, the MAFF, the DOI, Scottish Office, and perhaps even the Treasury which might like to see the correspondence.

3. Before I go ahead, have you any particular points of your own which I could make about either Mr Scott's Despatch or Mr Goodison's reply? At some point, I shall have to compose a letter from WED to Mr Goodison and your comments would also be of value in that context.

1 August 1979

R P Nash
Western European Department
W65 233 5150

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ROME 101030Z JUL 79

TO PRIORITY FCO

TELEGRAM NUMBER 273 OF 10 JULY

INFO SAVING TO WASHINGTON, UKDEL NATO, UNREP BRUSSELS, ALL OTHER
EEC POSTS.

(63)

SIR ALAN CAMPBELLS TELNO 239: ITALIAN POLITICAL SITUATION

1. THE POLITICAL CRISIS ENTERED A NEW PHASE ON 9 JULY WITH THE NOMINATION OF CRAXI, THE SOCIALIST PARTY LEADER, TO TRY TO FORM A NEW GOVERNMENT. ANDREOTTI'S INITIAL ATTEMPT LAST WEEK HAD, AS GENERALLY EXPECTED, FAILED BECAUSE OF THE SOCIALISTS' CONTINUING REFUSAL TO SUPPORT A FURTHER ANDREOTTI GOVERNMENT WITH THEIR ABSTENTIONS.

2. PRESIDENT PERTINI'S NOMINATION OF CRAXI CAME AS A SURPRISE. THIS IS THE FIRST TIME A MANDATE TO FORM A NEW GOVERNMENT HAS EVER BEEN GIVEN TO A SOCIALIST. ALTHOUGH IT WAS GENERALLY EXPECTED THAT A LAY CANDIDATE WOULD BE NOMINATED IF ANDREOTTI FAILED (PARA 5 OF ROME SAVING TELNO 11) IT WAS THOUGHT THAT THIS WOULD BE A REPUBLICAN OR A SOCIAL DEMOCRAT RATHER THAN THE CHIEF ARCHITECT OF ANDREOTTI'S FAILURE. SOME COMMENTATORS ARE SEEING PERTINI'S DECISION AS A CLEVER TACTICAL MOVE TO GET ROUND THE SOCIALIST VETO: IF CRAXI FAILS (AS MOST PEOPLE THINK HE WILL) HE WILL BE IN NO POSITION TO CONTINUE TO BLOCK ATTEMPTS BY OTHERS.

3. CRAXI HAS SAID THAT HE WILL SEEK TO FORM A BROADLY-BASED COALITION. HE HAS REFUSED TO BE DRAWN ABOUT THE LIKELY POSITION OF THE COMMUNISTS. THERE ARE ELEMENTS IN HIS PARTY WHO WOULD PREFER CO-OPERATION WITH THE COMMUNISTS TO CO-OPERATION WITH CHRISTIAN DEMOCRATS. THE COMMUNISTS THEMSELVES HAVE ANNOUNCED THAT ALTHOUGH THE NOMINATION OF CRAXI IS A NEW FACTOR THEY WILL CONTINUE TO OPPOSE ANY GOVERNMENT OF WHICH THEY ARE NOT MEMBERS. THE IDEA OF A POPULAR FRONT COALITION INCLUDING THE COMMUNISTS CAN HOWEVER, EFFECTIVELY BE RULED OUT. IT WOULD BE BITTERLY OPPOSED BY THE CHRISTIAN DEMOCRATS, AND WOULD NOT HAVE A MAJORITY IN PARLIAMENT UNLESS THE CENTRE LAY PARTIES WERE WILLING TO JOIN IN - WHICH THEY WOULD BE MOST UNLIKELY TO DO.

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4. IT CANNOT BE EXCLUDED THAT CRAXI MIGHT SUCCEED IN FORMING A COALITION BRINGING IN THE CHRISTIAN DEMOCRATS AND CENTRE LAY PARTIES WITHOUT THE COMMUNISTS. THE CHRISTIAN DEMOCRAT PARTY HAS NEVER TOTALLY RULED OUT THE POSSIBILITY OF A LAY PRIME MINISTER PROVIDED THE COMMUNISTS DO NOT FORM PART OF THE GOVERNMENT. THERE ARE ALSO ELEMENTS IN THE CHRISTIAN DEMOCRAT PARTY WHO WOULD WELCOME A RETURN TO PARTNERSHIP WITH THE SOCIALISTS. SUCH IDEAS HAVE HOWEVER ALWAYS BEEN PUT FORWARD ON THE ASSUMPTION THAT THE CHRISTIAN DEMOCRATS WOULD BE THE DOMINANT PARTNER. THE PRICE WHICH THEY WOULD DEMAND FOR ACCEPTANCE OF A SOCIALIST PRIME MINISTER WOULD NO DOUBT BE CONSIDERABLE, AND IT IS THEREFORE DOUBTFUL WHETHER THE DEAL WOULD BE WORKABLE. THUS IT SEEMS LIKELY ON THE WHOLE THAT CRAXI'S ATTEMPT WILL FAIL AND THAT THE MANTLE WILL BEFORE LONG PASS BACK TO ANOTHER CHRISTIAN DEMOCRAT CANDIDATE.

5. MEANWHILE, ANDREOTTI, OF COURSE, CONTINUES AS CARETAKER PRIME MINISTER ON THE SAME BASIS AS BEFORE.

6. FCO PLEASE PASS SAVING ADDRESSEES.

GOODISON

[REPEATED AS REQUESTED]

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BRITISH CONSULATE-GENERAL
VIA SAN PAOLO 7
I 20121 MILAN

INF 017/1

9 July 1979

A C Goodison Esq CMG
British Embassy
ROME

was 014/2

RECEIVED IN REGISTRY NO. 13
13 JUL 1979

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Mr Vercher
Mr Ash
12/7
14/7

Dear Alan,

In continuation of our researches into the political and social attitudes in the north of Italy, Peter Thompson and I visited Piacenza on 5 July. I enclose a copy of the record written by Peter Thompson. Although this is rather long I think it is worth sending in full especially because of the conversation with the Sindaco, Avv. Trabacchi. We are all familiar by now with the bourgeois appearance and attitude of many PCI officials but, as you will see from the record, Trabacchi was even more unexpected.

Yours ever
Paul

P H Scott

c.c. A D S Goodall Esq, WED, FCO ✓
Miss C. Colvin, Research Dept, FCO

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Visit to Piacenza - 5 July 1979.

The Prefect.

Dr Giovanni Julia was appointed Prefect of Piacenza last February. His experience since has been in tone, one gathered, with the rest of a quiet career: a Vice-Prefect in Milan in the sixties, Prefect at Lucca, a sp 11 in the Ministry, and now Piacenza.

The city and province had no serious problems. Agriculture was the chief economic resource. There was a small amount of industry - buttons and button-making machinery were the distinguishing aspects of it and the reason why Piacenza provided the site of the world's only Button Fair. The nuclear power station at Caorso had been closed down because of local fears inspired by the Harrisburg leak. The fears had been politically exploited. There was no reasonableness about them, the reactor was not of the Harrisburg type, and it was certain to resume activity before long.

There was little or no unemployment in Piacenza.

The political situation presented no problems. Well, almost none. On hearing that the next call was on the Sindaco, Dr Julia mentioned that he was a Communist - "just to put you on your guard."

The Sindaco.

The Sindaco's office was a good deal simpler and smaller than the Prefect's - which was modest enough by prefectural standards. Pale patches on the walls indicated where pictures had hung; the only embellishments left were a photograph of President Pertini and a crucifix.

Avv. Felice Trabacchi, the Sindaco, proved to be an interesting man. The first impression was of a slightly mannered concern for egalitarian appearances. He did not wear a tie, and apologised for the fact that there was not enough furniture in the room to avoid our conversation having to take place across a desk. Now and then during our talk a clerk would enter with a murmured apology to borrow a book or retrieve a document. "Take no notice of them" said the Sindaco "they're used to treating this room like any of the other offices". But when he had a request to make of one of them it was done with decided authority - the few words used prefaced by voglio rather than vorrei.

Avv. Trabacchi began his remarks by saying that his term of office ended next year - "mercifully". He intimated that whatever the outcome of the 1980 administrative elections

he had no intention of becoming Sindaco again. It was an impossible job. His powers were circumscribed by laws of the Fascist and pre-Fascist era which envisaged municipal activity as being largely limited to the minutiae of local administration: the granting of trading licenses, the establishment of rights of way and so on. The sphere and responsibilities of local government had grown enormously and new responsibilities were being added year by year - seventy had accumulated during the last legislature - but the means the comune had for carrying out its responsibilities were still hopelessly limited by the restrictive legislation of forty or more years ago. For the most part people did not realize this. Hence the disillusion when the replacement of Christian Democrat local governments by Communist ones, such as had happened in 1975, failed to produce conspicuous improvements.

But even with updated powers, the administrations of large modern cities like Rome, Naples, Turin, Milan would probably find that the problems they had to deal with were, on a political level, insoluble. Civilisation had got into a downward run and there was no way out except through a change in mentality. Avv. Trabacchi illustrated this concept with a reference to the prevailing attitude in Italy to the energy crisis. Everyone admitted there was a crisis and that savings in the use of fuel would have to be made - but it was always someone else who would have to start making them. Meanwhile everyone was going to hang on to his car and his weekend jaunt as long as he could. He himself had in fact given up using his car in town and ~~had~~ ^{was} on a moped instead. But he realized that he as a lawyer and well-known citizen lost no face by ~~doing so~~ ^{his}. Whereas someone to whom the possession of a car symbolised the conquest of a social position, probably the culmination of years of hard work and sacrifice, the deprivation of it was much more than a discomfort, it represented a down-grading.

Avv. Trabacchi showed no interest whatever in the party negotiations for forming a new government. Whatever government eventually resulted from the negotiations, its activities would have little or no bearing on the problems that afflicted Italy and other countries. He dwelt at some length on the inadequacy of political solutions - in Britain Labour and Conservative governments alternated but the problems remained unsolved. It was even more evident in Italy. Perhaps the problems the world faced could not be solved. Something quite different was required for facing them. It could be a new religion, or a religious awakening.

One has got used to Communists first citizens in Italy sounding like bankers or somewhat conservative businessmen. This was the first to tinge the image with a drop of religious

revivalism. Nevertheless when he talked about the PCI there was a confidence of tone that suggested party orthodoxy even though his remarks were critical. He said he was against the compromesso storico. It was a policy which had been imposed without sufficient reference to the rank and file of the PCI or, for that matter, of the DC. The PCI had tended to neglect the real interests and aspirations of its members in a sterile effort to try and catch the meaning in the shifts of power and changes of emphasis in the DC and estimate their influence on the compromesso storico. This loss of touch with the rank and file and with the young was the principal reason for the loss of votes in the elections.

Vice Presidente della Provincia.

The President of the Provincial Administration (PCI/PSI) is a Socialist, Signor Giordano Persicani. He was away from Piacenza. The Vice President, a Communist and former Deputy, On. Luigi Tagliaferri, arranged for three of the provincial assessors to be present at our meeting. They were the assessors for the environment, social services, and agriculture and tended to talk among themselves until called to order by the Vice President clearing his throat. He is an elegant man in his early fifties, exceedingly cordial, but rather less interesting to talk to than was the Sindaco.

The Vice President discoursed on the local wines. The Piacenza Chamber of Commerce had recently staged a promotion for Piacentine wines - at the offices in Savile Row of the Italian Institute for Foreign Trade. The Vice President and his agricultural assessor said the promotion had been a success - but they were rather shocked at the prices people have to pay for wine in Britain. The wines of Piacenza are Bonarda, Gutturmo (of ancient Roman origin), Barbera, Malvasia and Monterosso. The Secretary of the Provincial Administration committed the solecism of saying that to appreciate the virtues of Malvasia one had to drink that of Sardinia.

Agriculture, it was confirmed, was the main occupation of Piacenza. The assessor for it said there were 26000 licensed sportsmen with gun and rod in the province. He said that one of the main responsibilities of the assessor for the environment was to keep the rivers clean for the fishermen. ~~among them~~. The assessor for the Environment, Signor Pier Gildo Filippi, said that his task was rendered difficult, if not impossible, by the lack of adequate legislation. The new law, bringing up to date the rudimentary anti-pollution legislation of fifty or so years ago had failed to receive parliamentary assent before the fall in February of the Government that had enacted it. But even if it had become operative it would have been ineffectual because no provision had been made to finance the anti-pollution equipment needed if its measures were to be carried out.

Signor Filippi had visited Britain to obtain information on the methods used to ensure safety in nuclear power stations and to limit the ill-effects of accidents. This was in connexion with local fears about the nuclear power station at Caorso. His visit failed of its purpose, however, because he went without notice, and during the Christmas holiday period. He said he had no immediate plans for going again, but if he were to he would get in touch with the Consulate first. Meanwhile he would like to have publications on nuclear safety and the Windscale leak. These he was promised.

Signor Filippi was also interested in national park legislation. The Provincial Administration has the task, a difficult one, the Vice President said, of persuading the inhabitants of some mountain communes of the environmental advantages of their territory becoming a national park.

There was little unemployment in Piacenza, the Vice President said, but a great deal of daily emigration to Milan, seventy kilometres away. Milan absorbed nearly all Piacenza's potential unemployment and a great deal of its potential enterprise as well, because the commuters were in general from the most highly skilled and industrially productive part of the working population.

The Vice President and his Assessors took, for a Communist dominated administration, a curious pride in the fact that five of the present College of Cardinals were by origin or education from Piacenza and quite often stayed in the city. The Cardinals are Casaroli, Oddi, Rossi, Nasali-Rocca and Salmore'. They are all curial cardinals and concerned in one way or another with Vatican diplomacy. They were ~~not~~ trained, for part of their ecclesiastical education, at the Alberoni Seminary on the outskirts of Piacenza..

P H H Thompson
9.7.1979

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British Consulate General

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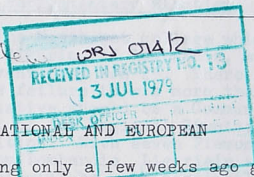
M E Pellew Esq
 British Embassy
 Via XX Settembre 80A
 ROME

H & C Colvin Your reference

(Rosen & J.)

Our reference 014/1

Date 18 June 1979



PS
 RM
 12/7

ELECTIONS - NATIONAL AND EUROPEAN

1. Arriving only a few weeks ago gave me little time to learn something of the regional political scene before the elections took place and, moreover, the introductory calls I have made so far, have helped to give me hardly more than a superficial picture. However, I very much doubt that even if I had been here a bit longer whether I would be all that the wiser.

National Elections

2. My foreign colleagues, as well as the Italian officials I have met were of the opinion that the election results would produce little if any change. The apparent lack of interest among the public showed that they too were very much of the same view. A small increase in the DC vote, a reduction in that of the Communists, varying from 4 to 8 per cent, and a 4 per cent increase for the Radicals, was the general forecast. The apparent relief and satisfaction with the results expressed by some DC supporters, despite the DC failure to increase their own vote, could mean that at heart they had not been so optimistic as they had led people to believe. They were of course extremely pleased to see for the first time a decline in the Communist vote. Nevertheless, the fear was expressed by some people that the Communists would now return to being a hardline disruptive opposition making the implementation of any long term Government programme practically impossible.

3. With an 86.7 per cent vote, Liguria had more abstentions than any other Northern region. The decrease in the DC vote for the Camera was greater than that for the Senate, which implies that the party has lost ground among the younger Ligurian voters. Gaining one extra seat in the Camera, Liguria now has 23 representatives. Both the DC and PCI lost a seat, while the PSI, PSDI and PLI each gained one. Despite the decline in its vote for the Senate, the PCI gained a seat at the expense of the PRI. And with the surprise election to the Senate of Admiral Oriani (DC) in La Spezia, who pipped the ex-Senator Attilio Ruffino, Savona no longer

./has



has a representative in either house.

4. In Piemonte one of the surprises was the failure of Paolo Vitorelli, who headed the PSI list for Turin, to be elected. *No the Council*

European Parliamentary Election

5. The Northeast college which covers Piemonte, Valle d'Aosta, Liguria and Lombardia, was to have had 22 seats but in the event they won 25. There is local disappointment with Liguria's failure to win more than one seat and that its sole representative should be a Communist, Angelo Carossino the President of the Regional Giunta; he will now have to give up this position. With seven Piemontese representatives and six or so from Lombardia, Liguria's representation at the European Parliament will be unproportionally small. Again Savona is not represented although Alberto Teardo (Vice President of the Regional Giunta) did particularly well in Liguria coming second only to Craxi for the PSI and beating the latter's nominees; he also came fifth in Piemonte and Lombardia so his position in the party must be somewhat strengthened. (Raymond Jones' letter of 9 January refers). Of the 25 Northeast deputies for the European Parliament, 8 are members of the DC, 7 are from the PCI, 3 from the PSI, 2 are Liberals and the MSI, PSDI, DP, PRI and Radicals have one a piece.

6. Several Italians have remarked on the difference between our two national elections, noting how ours announced after theirs, took place before, and after only a short campaign. They made complimentary remarks on the business-like way and the speed with which Mrs. Thatcher was able to form her Government. However some of this admiration for the way we handled our second election was later dispelled by the marked contrast between our two European elections, when it was noted that Italy had the highest percentage of voters while we had the lowest. Those who expressed their disappointment laid the blame for our unfortunately low vote on the Labour Party's attitude towards the EEC.

Yours ever
Tony Baker

A. C. Baker

cc: P H Scott Esq CMG, Milan

WRI 014/2

folios 67-70

removed to WRI 020/1.

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ANDREOTTI

BY ALAN COPEL
in Rome

4 July 1979

off 9/7

1. Mr Barham

2. pg
Rm

W J Adams Esq CNG
Head of Chancery
ROME

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ROME SAVING TELNO 11:
ITALIAN POLITICAL SITUATION

1. Following our recent correspondence, may I say how very much we all appreciated your excellent Savingram of 28 June on the Italian political situation? This gave us just the sort of over-view of the Italian political scene we need and we were very grateful for it. We are constantly being asked for summaries and assessments of the Italian scene by customers both inside and outside the Office; if you can provide us with a fairly regular survey of this standard and comprehensiveness, our task will be much lighter.

Aug 1979
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5

D A S Gladstone
Western European Department

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With the compliments of

**WESTERN EUROPEAN
DEPARTMENT**

**FOREIGN AND COMMONWEALTH OFFICE,
LONDON, SW1A 2AH**

ig dated 29 JUN 1979 19

ILLS GROW TO DROP ANDREOTTI

By ALAN COPPS
in Rome

WHILE Signor Giulio Andreotti is in Tokyo representing Italy at the Western Summit, there is growing pressure in Rome for him to be replaced as Prime Minister.

Every party except his own Christian Democrats and the extreme Right-wing Italian Social Movement (MSI) has indicated in the last few days that it would like to see a change in leadership.

These views were communicated by party delegations to President Pertini yesterday when he continued his consultations on the formation of a new administration. He will not name his choice for Prime Minister until Signor Andreotti returns from Tokyo.

Party split

Even the Christian Democrats agreed to present Signor Andreotti's name as their preferred Prime Minister only after a long executive meeting which revealed deep divisions within the party.

An alternative proposal to give President Pertini a choice of four names: Signor Andreotti, Signor Naccagnini, the party secretary, Signor Flaminio Piccoli, party president, and Signor Forlani, Foreign Minister, who is also in Tokyo, was only narrowly defeated.

The most consistent call for Signor Andreotti's replacement has come from parties whose support is essential to any new coalition. The Socialists, the third largest party, have called for the nomination of a Prime Minister from one of the small centre parties which gained in the June 3 election at the expense of the Christian Democrats and Communists.

Ex-president named

The call has, of course, been echoed by the centre parties. Signor Pietro Longo, Secretary of the Social Democrats, who are members of the present minority coalition has already proposed ex-President Saragat as Prime Minister.

Another name mentioned as a possible candidate is that of Signor Bruno Visentini, Minister for Economic Planning and a Senator of the Republican party, the third member of the caretaker government.

A further sign of division within Signor Andreotti's party is its inability so far to agree on a leader for its parliamentary group in the Chamber of Deputies.

X
1700

In Gladstone
Mr Verney O.R. 217
pa. (Ital. Int).
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29/6.

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TO FCO SAVING TELEGRAM NO 11 OF 28 JUNE 1979
AND INFORMATION SAVING WASHINGTON, UKDEL NATO, UKREP BRUSSELS
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MY TELNO 239: ITALIAN POLITICAL SITUATION

1. The political situation has evolved slowly since the general election on 3/4 June. Political leaders wished to evaluate the results of the European elections on 10 June and the Sardinian regional elections on 17/18 June before drawing any firm conclusions about the trends emerging from the general election. A further reason for delay in starting the process of forming a new government was the desire not to undermine Andreotti's position at the Strasbourg and Tokyo summits. Andreotti has now, however, formally reconfirmed the resignation which he handed in on 31 March, thus enabling President Pertini to start his consultations about a new government on 27 June.
2. The political parties have been staking out their positions in advance of the negotiations about a new government. The present positions of the main parties are as follows:-

(a) Christian Democrats (DC)

The DC have moved perceptibly to the right. Despite the known preference of Andreotti and the Party Secretary, Zaccagnini, for a solution involving some form of consensus with the Communists, the DC National Council approved a document on 24 June calling for a new parliamentary majority to be drawn exclusively from the five non-Communist parties of the constitutional arc - ie Christian Democrats, Liberals, Republicans, Social Democrats and Socialists. Andreotti's

/idea

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idea of a further attempt to re-associate the Communists with the majority has thus effectively been overruled by his party. Another sign of this same trend within the party was the defeat on 26 June of Zaccagnini's close associate, Galloni, in the first round of balloting for the position of DC Group Leader in the Chamber of Deputies. Galloni, who was the sitting incumbent, was overtaken in a free vote among all DC deputies by an associate of Donat-Cattin, the Party Vice-Secretary, who is well known for his anti-Communist views.

(b) Communists (PCI)

The PCI are licking their wounds after their election defeats. After their losses in the national and European elections, they suffered a further defeat in the Sardinian regional election on 17/18 June when, despite some hard campaigning by Berlinguer (Sardinia being his own fief), they dropped a further 5% as compared with their general election result two weeks before. Berlinguer has meanwhile continued to call for the PCI to be either in government or in opposition. Given the DC's outright rejection of PCI entry into government, and the evident reluctance of both major parties to contemplate intermediate solutions, there seems little doubt that the PCI are now set for a spell in opposition. Berlinguer has reiterated that this opposition will be moderate and responsible. But it remains to be seen to what extent internal party pressures may in fact force the PCI to follow a more aggressive line. Meanwhile, however, there are signs that the PCI may not make undue difficulties for the Socialists if the latter decide to abstain in parliamentary voting (see para 5 below).

(c) Socialists (PSI)

The PSI continue to be the key to the formation of a new government. Under the present parliamentary arithmetic (as also before the 3/4 June general election) no respectable non-Communist majority can be formed without PSI support or at least abstention. The Party Secretary, Craxi, still has not made clear what his price will be for such support. But the main element appears to be the appointment of a new Prime Minister to replace Andreotti. So long as the Socialists persist in this position, from which they show no sign of budging at present, it is hard to see how Andreotti can in fact succeed in forming a new government.

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1 (d)

(d) Social Democrats (PSDI)

The PSDI are calling for a lay Prime Minister, evidently hoping that their veteran Party President and former President of the Republic, Saragat, will emerge as a compromise candidate after the Christian Democrats have failed to find a Prime Minister who can command sufficient support. But, at 80, Saragat is probably too old to be taken seriously as a candidate, and he can only be reckoned to have a very outside chance.

(e) Republicans (PRI)

The PRI Party Secretary, Biasini, has come under fire within his own party for being too close to the Christian Democrats (with whom the PRI are, of course, in coalition in the present DC-PSDI-PRI caretaker government). The PRI have been somewhat directionless following the death of their leader, La Malfa, in March, and their gains in the general election were smaller than those of the other centre lay parties. Nevertheless they are likely to form part of any new DC-led coalition.

(f) Liberals (PLI)

The small Liberal Party has joined the PSI and PSDI in calling for a lay Prime Minister. The Liberals did not form part of the majority which supported Andreotti's last government. But following their recovery in the general election they would probably now be prepared to support a DC-led centre coalition, preferably under someone other than Andreotti.

Elections of Speakers

3. The only parliamentary event of any note since the general election was the election of the Presidents (Speakers) of the two Chambers at the first session of the new Parliament on 20 June. In the Senate the right wing DC leader, Fanfani, was reconfirmed as President by an overwhelming majority. In the Chamber of Deputies, however, the PCI incumbent, Ingrao, did not stand for re-election and the replacement PCI candidate, Nilde Iotti, only just succeeded in obtaining the necessary two-thirds majority on the first ballot. Nilde Iotti (1978 LP Notes no 61) is the first woman to be elected President of the Chamber, which in protocol terms is the third highest office in the

/country

country (after the President of the Republic and the President of the Senate). So far as the PCI is concerned, the main significance of the change is that Ingrao, who has a considerable following in the party, will now be free to devote himself to party activities. He could in due course pose something of a threat to Berlinguer's leadership.

The next government

4. The mandate to form a new government is expected to be given in the first instance to Andreotti himself (probably next week, soon after his return from Tokyo). But whether he will succeed in doing so is, if anything, more doubtful than it appeared a few weeks ago (my telno 204), given the attitude of the Socialists and the movement of opinion within the DC itself.
5. The moves by the small lay parties in support of a lay candidature, which seems unlikely to succeed, are probably merely a way of putting pressure on Andreotti to go. If Andreotti fails at the first attempt there may well be a lay candidate put forward (eg Saragat). But the mantle would probably soon pass back to the Christian Democrats, and in these circumstances the clear favourite at this stage would be the DC Party President, Piccoli. It is being said (for example by the PCI Deputy Napolitano at my house last week) that a DC Prime Ministerial candidate other than Andreotti should have no difficulty in securing PSI abstentions for a DC government or DC-led centre coalition, with the Communists in opposition, and that such a government might possibly last until the regional elections in Spring 1980. All this, however, is pure speculation at this stage, and the only thing which seems clear is that a new government is not likely to be formed for some time yet, possibly not until shortly before the start of the Italian summer break in mid-August.

CAMPBELL

Fco/WH.
WED.



A C Goodison Esq CMG
British Embassy
ROME

BRITISH CONSULATE - GENERAL
VIA SAN PAOLO 7
I 20121 MILAN

27 June 1979

cc Research [unclear] 4/7

*Mr Vercher
Mr Mark*

Dear Alan,

1. On 27 June I made a visit to Cremona. I attach brief notes of some of the points which emerged in the conversations.

what we asked for

*JWC
9/7*

*Yours ever
Paul*

P H Scott

cc:
A D S Goodall Esq, WED, FCO

Mr's Colvin

1285 0142		
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JULY NO. 13		
6 JUL 1979		
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This is the third of a series of local reports which we have recently received under the new dispensation. You have seen copies. ~~Is there~~ Are they useful? Is there anything I should write to Rome in response as a further demonstration of our interest?
Rogal Mark
5/7.



HM CONSUL GENERAL'S VISIT TO CREMONA, WEDNESDAY 27 JUNE 1979

Prefect, S E Dr Michele Barile

1. The Province of Cremona had the third largest income per head of all the Italian provinces. Its prosperity was based on agriculture, which was now very sophisticated, and on industries related to agriculture either in food processing or in the manufacture of agricultural machinery. The Province was content, hard-working and peaceful. There were no serious problems of public order either criminal or political.
2. The North of Italy had more affinity with Switzerland and West Germany than it did with the South. The North could easily be as prosperous as Switzerland if it did not have to carry the burden of the backward and impoverished South. The disparities between the North and the South were at the root of the problems of crime and subversion in Italy as a whole. Many of the immigrants from the South had integrated well and had become useful citizens but many others had failed to do this and there was a natural tendency for them to turn to crime or political violence.
3. The legacy of fascism was a serious impediment to the Italian State. The authorities were so afraid of being accused of being authoritarian that they had come close to the point that they were almost incapable of defending democratic institutions against subversion. A similar weakness was visible in the face of trade union demands.

Sindaco, Dr Emilio Zanoni (PSI, leading a PCI/PSI Giunta)

4. Dr Zanoni said that he had high regard for the Prefect personally but that it was very difficult to see what functions remained for Prefects. The office was becoming something of an anachronism.
5. In his giunta the PCI and PSI worked together amicably. There was very little difference of view between them on the practical problems with which they had to deal.

President of the Provincial Administration, Signor Franco Dolci (PCI)

6. Signor Dolci introduced his Vice President (a Socialist) and another member of the giunta. Signor Dolci also raised the role of the Prefect and said that he thought it was a Napoleonic institution which was no longer appropriate. He thought that Italy was an over-centralised state and it was time for the Regions to assert themselves more. They had been in existence for less than 10 years and were only slowly finding their feet. The Provinces were of much less importance but nevertheless had some useful functions. One of the main preoccupations of the Province of Cremona was the difficult problem of the pollution of the River Po.

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CONFIDENTIAL

Mr. Nash (63)
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 26/6
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CONFIDENTIAL

BY ROME 251334Z JUN 79

TO PRIORITY FCO

TELEGRAM NUMBER 239 OF 25 JUNE

INFO PRIORITY TOKYO

INFO SAYING WASHINGTON, UKDEL NATO
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UKREP OF BRUSSELS SPECIALLY OTHER		
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MY TELNO 274: ITALIAN POLITICAL SITUATION

1. ON HIS RETURN FROM STRASBOURG ON 22 JUNE ANDREOTTI RECONFIRMED TO PRESIDENT PERTINI THE RESIGNATION WHICH HE FIRST HANDED IN ON 31 MARCH FOLLOWING THE DEFEAT OF HIS FIFTH GOVERNMENT ON ITS INITIAL VOTE OF CONFIDENCE.
2. THE CONSTITUTIONAL SIGNIFICANCE OF THIS MOVE IS THAT PERTINI CAN NOW START THE FORMAL PROCESS OF CONSULTATION WHICH WILL LEAD TO THE FORMATION OF A NEW GOVERNMENT. HE IS EXPECTED TO DO SO ON 27 JUNE, THOUGH THERE IS NO LIKELIHOOD OF HIS GIVING A MANDATE TO ANYONE UNTIL AFTER ANDREOTTI'S RETURN FROM TOKYO. MEANWHILE ANDREOTTI REMAINS AS CARETAKER PRIME MINISTER ON THE SAME BASIS AS BEFORE.
3. THE ODDS ARE STILL THAT ANDREOTTI WILL BE THE FIRST TO BE INVITED, EARLY IN JULY, TO FORM A NEW GOVERNMENT. BUT WHETHER HE WILL SUCCEED IN DOING SO, GIVEN THE CONTINUING OPPOSITION OF THE SOCIALISTS TO SOLUTIONS INVOLVING ANDREOTTI'S REMAINING AS PRIME MINISTER, IS PERHAPS MORE PROBLEMATIC THAN IT APPEARED TO ANDREOTTI WHEN I SAW HIM ON 11 JUNE. (MY TUR).
4. FCO PLEASE PASS TO SAYING ADDRESSEES.

CAMPBELL

[REPLATED AS REQUESTED]

FCO | WH DISTN

WED

CONFIDENTIAL

12 0 JUN 1979

ANDREOTTI FORCED TO SOLDIER ON

By ALAN COPPS
In Rome

ITALY'S new parliament will meet for the first time today after a feverish bout of political consultations but with no sign of an end to the four-month-old search for a workable government.

Executive meetings of all the main parties have failed to produce the expected initiative and it now seems certain that the caretaker administration of Signor Andreotti will have to continue at least until early July.

The Christian Democrats, the largest party, have set up a working group to study the results of the General Election earlier this month and identify "all the available democratic forces" which might be asked to take part in a coalition.

Deal ruled out

But in announcing this, Signor Benigno Zaccagnini, the party secretary, ruled out any further experiment and compromise with the second-ranking Communist party, whose demand for power sharing led to the General Election.

"The two forces present themselves as alternatives for the development of society.

"It would be a grave mistake to think that the crisis is over," he said.

Meanwhile, more than 15 million workers took part in a general strike, which halted public services and industry for several hours yesterday, in protest at the delays in settling new contracts and in support of demands for reform of some union laws.

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Italy.

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RRIM
PR

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lv. Nark (62)

BRITISH CONSULATE - GENERAL
VIA SAN PAOLO 7
I 20121 MILAN

19 June 1979

1. To Mrs Colvin
Research Dept

A C Goodison Esq CMG
British Embassy
Rome

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RECEIVED BY REGISTRY NO. 13	
5 JUL 1979	
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FERRARA

1. I enclose some notes of conversations in Ferrara which I visited on 14 and 15 June. Like so many of the old historical capitals in the North of Italy, Ferrara has a very pronounced sense of local identity, strong local pride and a good deal of self-satisfaction over the quality of local life. It is a different world from the problem Italy of the newspapers. In fact, the Ferraresi often talk as though Italy were a different country with which they were fortunate not to be too closely involved. Both the Comune and the Province have a PCI/PSI giunta.

AW

P P H Scott

cc: A D S Goodall Esq, WED, FCO

CONFIDENTIAL



VISIT TO FERRA 14 and 15 JUNE 1979

Prefect, Dr Eustachi De Felice

1. Dr De Felice said that he had been transferred to Ferrara from Bologna only last February but he found Ferrara an extremely satisfactory place to live. It had a distinctive individuality and character of its own. The people were serious, hard-working and well-behaved. The evident prosperity of the Province was based on agriculture which was now modern and sophisticated. There was some industry towards the south of the Province but this tended to look more towards Bologna as a centre than to Ferrara itself.

2. The elections on 3 June had confirmed the traditional pattern in Ferrara so far as the main three parties were concerned with the votes for each dropping only very slightly from the 1976 level (the PCI had 47.2% and the DC 24.2% and the PSI 12.0%). Voting as elsewhere in Italy was very much a matter of established habit. The vote for the PCI or other parties of the left had very little to do with the standard of living. He knew for instance of wealthy hotelkeepers in Rimini who always voted for the PCI. He thought that the tradition of voting for the left in Emilia Romagna was a result of historical memories of rule by the Papacy. Papal rule had been harsh and oppressive and had established a firm pattern of resistance to authority.

3. For Italy as a whole, he thought that the election on 3 June had made the possibility of stable government a little more difficult. The recovery of the minor parties, which had been in decline, was not a helpful tendency.

4. Terrorism was not a problem in Ferrara. For that reason, there was always a risk that terrorists might come in from the outside in the expectation that there would be a general lack of vigilance. In fact, he was doing his best to keep the police on their toes. The campaign against the terrorists in other parts of Italy was making real progress. He hoped that the Courts would give heavy sentences to anyone found guilty as a real deterrent to the rest.

Vice Sindaco, Marino Campi

5. As I had been warned, the Sindaco, who is a member of the PCI, was involved in a party meeting and I therefore was received by the Vice Sindaco, Signor Marino Campi, a member of the PSI. He is young, vigorous and extremely friendly.

6. Signor Campi said that the PSI might support a government headed by the CD but were very unlikely to agree to form part of it. The Centre Left coalition in the past had been a very chastening experience for the Socialists. The CD, although a great party in many ways, was a complex and dangerous animal with remarkable capacity to damage other parties which become too closely associated with it.

7. Turning to the local scene in the Province, he spoke, like the Prefect, in terms of great enthusiasm for Ferrara. It was not without problems. In particular there was unemployment among the young which was dangerous. One of the many bad effects of the present labour legislation and the "submerged economy" was that employers preferred to give employment to older people, usually as a second "black" job. Also, the young were becoming increasingly reluctant to take on manual work. The wealth of the Province lay in its fruit

/farming



farming but temporary workers for the harvest had to be imported from the south. Youth unemployment was of course connected with the problem of violence, although Ferrara itself was free from this. Repression, although unfortunately necessary, was not enough. The need was for better education and more employment opportunities for the young. The University of Ferrara was free from the problem of the larger universities such as Bologna. Under present conditions in Italy, it was only the small universities that could maintain good standards.

8. Signor Campi offered a different explanation for the strength of the PCI vote in Emilia Romagna. He said it was the result of the way in which agriculture had been organised in the area in the recent past. It had been in the hands of land-owners who were old-fashioned and inefficient and had left the farm labourers, who were the majority of the population, in deplorable living conditions.

President of Provincial Council, Signor Ugo Marzola

9. Signor Marzola (PSI), who is an expansive and exuberant character, had arranged a group of some half dozen members of the Provincial Giunta to meet me, including the Vice-President who is a member of the PCI. We had drinks in his office and lunch with a smaller group who were all Socialists.

10. Signor Marzola said that in both the Comune and the Province power was divided between the PCI and the PSI; the Communist Sindaco had a PSI Deputy just as his deputy was a member of the PCI. There were of course political differences between the two parties, but their relationships on a personal level were excellent. (This was certainly the impression given by the familiar ease between the members of the giunta who were present.)

11. Signor Marzola said that the elections on 3 June had shown that the attempt to transfer responsibility to the electorate had failed. They had refused to solve the problem of finding a formula which would make Italy governable and this had now been handed back to the parties who had failed in the first place. He thought that one reason why the Italian voters insisted on following an established pattern which they knew led to stalemate was that they had a fundamental distrust of stable government, which they were afraid might become institutionalised and authoritarian.

12. Signor Marzola and some of his colleagues showed that they were both interested and well-informed about the British political scene. They were of course disappointed about the poor British participation in the election for the European Parliament. Signor Marzola said that he had always hoped that one effect of the EEC and the European Parliament would be to introduce the standards and ideas of Northern Europe into the Mediterranean. The election results suggested that there was a risk of the opposite and that the Mediterranean tail would tend to wag the European dog.

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5 JUL 1979		
BRITISH EMBASSY		
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14 June 1979		

cf Mr. Ferguson, r. m.
KD(1)

Ewen Fergusson Esq CMG
Foreign and Commonwealth Office
LONDON S W 1.

Dear Ewen,

FAREWELL CALL ON SIGNOR ANDREOTTI

1. In paragraph 5 of my telegram No.204 I made a brief reference to Signor Andreotti's remarks about the Italian political situation when I called on him on 11 June. I thought, however, that you might like to have the enclosed fuller record of this call.

2. I think that the record generally speaks for itself but there is one point which perhaps deserves some further explanation on my part. I should not like colleagues in London to assume from the contents of paragraph 3 of my minute that Andreotti is either pro-Communist or soft in his attitude to that party. But, as we have heard from members of his entourage over a long period, Andreotti, who is above all a political realist, does tend to believe that in current circumstances it would be counter-productive to try to govern Italy in a way which was overtly antagonistic to the Italian Communist Party. In his view their position in the country, particularly in the trades union movement, is such that one must try to work for consensus with them as far as possible. Moreover, he believes that the Communists, for their part, regard him as a man with whom they can do business on a pragmatic, day-to-day basis, despite their withdrawal of support from his Government in January and disagreement with him on a number of issues, eg Italian membership of the EMS.

3. It is very difficult to say how Andreotti expects to put these ideas into action in terms of the current political crisis. On the one hand, the Italian Socialist Party, whose support, in one form or another, appears vital if a parliamentary majority is to be achieved, seems determined that Andreotti should go

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and preferably as soon as possible. On the other hand, Andreotti may be relying on the fact that the Socialist Party as a whole is unlikely, on recent past form, to accept any solution to the crisis which attracts the outright condemnation of the Communists. Andreotti may conceivably (though this is pure speculation) be banking on the possibility that alternative candidates for Prime Minister who might, as such, be acceptable to the Socialists would not in the end prove acceptable to the Communists and that Andreotti might once again seem to be the only credible choice. Whether or not these represent Andreotti's inner thoughts, he probably sees advantage in playing the crisis long and prolonging the life of his caretaker government until the autumn when a Christian Democrat Party Congress is expected, and when he may hope to obtain considerable support from certain sections of his party. But it is anyone's guess whether Andreotti, for all his skill, would succeed in such a lengthy delaying tactic and one is bound to admit that his allies in the current caretaker coalition government, namely the Republicans and the Social Democrats, are currently showing certain signs of restlessness.

Yours etc
A H Campbell

(A H Campbell)

CONFIDENTIAL

FAREWELL CALL ON SIGNOR ANDREOTTI ON 11 JUNE 1979

1. Wierfirst spoke about Signor Andreotti's forthcoming visit to London later this week. He said that he had welcomed the opportunity of having a talk with Mrs Thatcher and other Ministers before the European Council. If I were able to give him any indication before he went (through his Diplomatic Adviser) of the sort of approach which the British Government had in mind, this would be very useful to him. I said that I hoped that tomorrow or on Wednesday to be able to give some indications to Signor Ruggiero about the way in which we thought of tackling the question of "convergence".
2. Signor Andreotti then made a number of flattering remarks about the success of my mission in Italy and the good state of Anglo/Italian relations. He said that he was particularly gratified that our partnership inside the EEC had lately prospered. He saw no reason why it should not continue to prosper but he hoped that the British Labour Party would manage to get over its present extreme disenchantment with the EEC. He thought that this could cause all of us great difficulty in the long run if the disenchantment could not be exorcised.
3. In reply to my question he then spoke with apparent openness about the Italian internal situation. He said that he had made no secret in the course of his speeches in the election campaign that in his view the Government of Italy in present circumstances should be, if not supported at least acquiesced in by the Communists. He quite understood why they had decided to break up the previous arrangement, and it would be too much to hope that they would completely change their tune in the near future. But he still would like to bring them into a position of "non-belligerency" in order that the Government of Italy could go on and in particular the necessary economic measures could be taken without violent opposition by the Unions. As regards the Socialists, it was true that Signor Craxi was personally very sour at present. He believed that this was partly because he had got it into his head that he as a Socialist ought to be the principal Italian to have dealings with Mr Callaghan and Chancellor Schmidt, even when the latter were actual Heads of Government (which Andreotti said was of course nonsense); and partly because he had been annoyed at the selection of Pertini to be President of the Italian

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Republic contrary to his own wishes. However, Signor Andreotti said that he hoped he would calm down and would in fact also be willing to adopt an attitude of non-belligerency even if he was not prepared to be more friendly than this.

4. Signor Andreotti went on to say in reply to my question that it was difficult to be at all precise about the probable timing of moves towards forming a new government. The latest idea was to have a sort of freeze of the present government while the arrangements were being worked out to form a new one. The name of Saragat had come up as a possible new Prime Minister but he wondered whether Saragat, for all his excellent qualities, was not a little antique. He himself, he added, was no longer a boy but nor could he be regarded as absolutely past it. He went on to express some considerable satisfaction at his own success in the recent elections.

5. I conclude from what Signor Andreotti said about the internal situation that he is by no means without hope of forming a new government which enjoys the abstention of the Communists and Socialists.

11 June 1979

(A H Campbell)

CONFIDENTIAL

COVERING CONFIDENTIAL

M. Nash

(60)

VISIT TO BRESCIA, FRIDAY 8 JUNE 1979

13 June 1979

A C Goodison Esq CMG
British Embassy
ROME

1085 014/2

RECEIVED IN REGISTRY NO. 13
4 JUL 1979

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Mrs Colman
Research.

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On 8 June I made a short visit to Brescia, largely to try to get some idea of the state of opinion following the Election on 3 June. Brescia was described by Rupert Cornwell in the "Financial Times" of 30 May as the "symbol of what is right with the North". It is an attractive town which is also the centre of a major industrial area and a stronghold of the Christian Democrats. I enclose some brief notes on my main conversations.

Of course one should not read too much into a few chance conversations, but I was struck by the evident nervousness of the people over the consequences that might follow the return of the PCI to a position of Parliamentary opposition.

claim that the election had been a success; they had all lost ground. As elsewhere, it was the parties of the centre and particularly the radicals who had picked up votes. The reason for this was obscure but he thought that it might have something to do with the fact that in this election for the first time in the private television had played a conspicuous part in the campaign. Even if the change between 1979 and 1976 was very slight, it was perhaps a sufficient change by Italian standards to suggest that a new pattern was beginning to emerge in Italian politics which might ultimately enable it to escape from its immobility. The high degree of abstention was something quite new in Italy and another sign things were changing.

P H Scott

4. On the question of public order, Dr Maggi said that the bomb attack on the CD office in Brescia during the election (which had done great damage to property but had caused no loss of life) was fortunately an exception. There had been

Encs: usually no event of the kind in Brescia since the notorious bomb attack in 1974. He thought that there was no doubt that the PCI support of the Government in

Copy to: A D S Goodall Esq, WED, FCO
if the new political situation caused the PCI to go into opposition, there might be some risk of a return to a more tense and aggressive atmosphere.

Avv. Cesare Trebeschi, Sindaco

COVERING CONFIDENTIAL

1. Avv. Trebeschi is a DC Sindaco leading a PSL-PSDI-PRI-DC giunta. Unlike most members of his Party in similar jobs in the provinces, Avv. Trebeschi, who is comparatively young, gives the impression of being well-informed, intelligent and

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VISIT TO BRESCIA, FRIDAY 8 JUNE 1979

Prefetto Reggente, Dr Giuseppe Maggiore.

1. Dr Maggiore said that when the Prefect had unexpectedly retired at his own request some months ago, the Government had decided not to appoint a successor until after the Election. He himself had been appointed Vice Prefect about a year ago and was now in charge as Acting Prefect. He said that he was the first member of his family who had gone into Government service and that it was a job which gave him great satisfaction. He preferred work in the field to work in the Ministry at Rome; it was perhaps more dangerous but it was practical and positive work and it gave unlimited opportunities for contact with the local authorities and the people at large.
2. The Province of Brescia was isolated from the economic problems of other parts of Italy. The Province was very highly industrialised and was in fact the third most productive in Italy after Milan and Turin. This industry was diverse and largely export based. There was no unemployment and the people of Brescia were traditionally law-abiding and hard-working.
3. The conversation then turned to the election result. Dr Maggiore said that in the Province of Brescia as elsewhere there had been very little change since the last election in 1976; but in contrast with most of the rest of the country the DC had lost rather more votes than the PCI. In fact none of the 3 major parties could claim that the election had been a success; they had all lost ground. As elsewhere, it was the parties of the centre and particularly the radicals who had picked up votes. The reason for this was obscure but he thought that it might well have something to do with the fact that in this election for the first time in Italy private television had played a conspicuous part in the campaign. Even if the change between 1979 and 1976 was very slight, it was perhaps a sufficient change by Italian standards to suggest that a new pattern was beginning to emerge in Italian politics which might ultimately enable it to escape from its immobility. The high degree of abstention was something quite new in Italy and another sign that things were changing.
4. On the question of public order, Dr Maggiore said that the bomb attack on the CD office in Brescia during the election (which had done great damage to property but had caused no loss of life) was fortunately an exception. There had been virtually no event of the kind in Brescia since the notorious bomb attack in 1974. He thought that there was no doubt that the PCI support of the Government in Parliament had taken much of the heat out of trade union and student agitation. If the new political situation caused the PCI to go into opposition, there might be some risk of a return to a more tense and aggressive atmosphere.

Avv. Cesare Trebeschi, Sindaco

1. Avv. Trebeschi is a DC Sindaco leading a PSI-PSDI-PRI-DC giunta. Unlike most members of his Party in similar jobs in the provinces, Avv. Trebeschi, who is comparatively young, gives the impression of being well-informed, intelligent and

open-minded. He said that the election of 3 June had made it much more difficult to form a stable government. It would be possible if the PSI were prepared to work with the CD but of course Craxi was in a very difficult position. He was under pressure from both sides and afraid of losing votes whichever way he moved.

2. Avv. Trebeschi said that he was in two minds about cooperation with the PCI. On the one hand he had no doubt that it had been a very useful experience for both sides for the DC and PCI to cooperate. It had not only led to a great diminution of tension and unrest in the country but it had influenced the PCI to becoming less monolithic. In his own council for instance he had found that the PCI had ceased to operate as a disciplined, predictable group. These advantages might be lost if the PCI went into opposition. On the other hand there had to be a break in the traditional pattern of government in Italy. Alternation between parties in the normal Western European pattern was a much healthier process than the static immobility of Italy. Boredom and disillusion with this state of affairs might well be one reason for the unusually high degree of abstention and spoilt papers or even for much of the terrorism. A return to a parliament with an active opposition might be a necessary step if Italy was to escape from political immobility.

Prof Bruno Boni, President of the Provincial Administration.

Prof. Boni was, I fear, much more typical of the CD local politician in posts of this kind. He was affable and no doubt quite shrewd and full of professions of goodwill and anxiety to tell me openly and frankly about the situation. In fact although he spoke at great length he said very little indeed. Before he became president of the provincial assembly in 1975, Prof Boni had been Sindaco of Brescia for nearly 30 years (a fact of which he seemed to be very proud; he referred to it at least 6 times in the course of our conversation).

2. Prof Boni said that the results of the election had been very disappointing and had offered no solution to the political problem. The formation of a government was now much more difficult.

3. He was very vague about the functions of the provincial government and said that they were largely marking time until a new law on the allocation of powers to the provinces had been approved.

P H Scott
P H Scott

11 June 1979

021/37

UNCLASSIFIED

D S Broucher Esq
EESD
FCO

Dear David:

ITALIAN ELECTION: SOVIET COMMENT

1. While reporting in full the result of the election, the Soviet press is doing its best to put a brave face on the losses of the ICP:

'On the whole the Italian Communist Party confirmed its position', Pravda of 6 June tells us. Communist losses are blamed on a widespread campaign against the ICP, and Pravda quotes 'Unita' to the effect that the ICP remains the most powerful political force, without whom and against whose will it is impossible to govern the country.

2. A commentary column by a Rome correspondent of Pravda on 7 June makes much the same points but more forcefully: the Christian Democrats are supposed to have planned on increasing their majority and being able "to dictate their will to the country". Referring to the campaign by the rightist forces against the Communists, the article comments that the deeds of the terrorists also objectively played into the hands of reaction. However reaction did not achieve its goal of getting a major redistribution of seats in its favour. Thus the relation of forces remains much as before: and now the question is whether the Government can give the country stable government. The answer, Pravda concludes, remains to be seen.

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cc: Rome



BRITISH EMBASSY

MOSCOW

11 June 1979

Yours ever

Nigel Steinfeld

JP S J Wordsworth

CONFIDENTIAL



British Embassy
Via XX Settembre 80A 00187 Rome

Telex 61049 Telephone 4755,441

Mr. Nash 22/6.
Mr. Gladstone 018

July 25/76

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20/6

D A S Gladstone Esq
WED
FCO

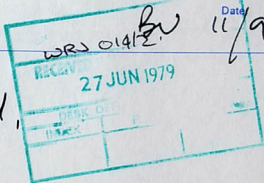
Your reference

Our reference

014/5

Date

19 June 1979



Dear David,

POLITICAL REPORTING

1. Thank you very much for your extremely helpful and positive letter of 8 June which I have discussed with Mark Pellew, the Minister and Sir Alan Campbell.

2. We welcome the guidance in your letter about the form and level of our political reporting and on the whole accept what you say. We should like to institute the practice of sending fairly regular (say monthly) Saving Telegrams, though there may be months (eg in the summer) when we send nothing because there is nothing worth saying. We will let you have a first round-up report towards the end of this month. We are glad to have your confirmation that occasional ordinary telegrams, when the situation merits it, are welcome.

3. I sympathise with your views about internal minuting, but I hope you will not mind if we follow this practice only sparingly. Notes for the Record, eg on the Ambassador's and the Minister's tours in the provinces may well be in a form which can be copied widely, but there is always a danger of misleading the Department if more ephemeral material is copied.

4. The note of your priority interest, particularly as concerns the Italian Communist Party, is particularly valuable. You rightly display interest in the developments in the regions and perhaps we ought to send you more material than in the past which derives from our Consular posts. We shall also ensure that they are aware of your concern.

5. Finally, I am delighted to hear that there is a good chance of your visiting us later in the year, and that we can expect Ronald Nash sometime. Speaking personally, I think the best time for you to come would be when we are all in post and for this reason I would suggest any time from late September onwards. By then all those whom you want to see will have completed their summer leave.

*I have written
to Mark Pellew*

*Yours ever
James*

W J ADAMS

cc: Miss K Colvin, Research Dept

Mr Harborne

FAMILIARISATION VISIT TO NAPLES, BASILICATA
AND MILAN

WRS 014/2-

27 JUN 1979

DESK OFFICER

1. I attach the second (and last!) part of the account of my visit. You may find the comments of Ing Milanese and Padre Macchi, on the DC side, and Sig. Vitali and Dott Petruccioli, on the PCI side, of particular interest.

2. I am sending copies to Rome, Naples and Milan, and circulating copies in the Office. We also plan to pass a copy to Mr Arculus.

Kathryn Colvin.

Mrs Kathryn Colvin
Atlantic Region
Research Dept.

8 May 1979

Mr. Vercher

Mr. Gladstone.

pg
Rm 14/b

1. An interesting report from Mrs. Colvin, at which you may care to glance
2. Among other things, one

/ can

Can see how mistaken it
wd. be to assume that, unlike
the divided PCI & PSI, the
DC are united in their overall
political posture about cooperation
with other parties. This is
clearly not so.

Peter Harborne

"✓

FAMILIARISATION VISIT TO NAPLES AND BASILICATA 25-29 MARCH

1. On my first day I was taken by car to see Basilicata, one of the deprived regions of the Italian Mezzogiorno. The countryside was rugged but beautiful, and cultivated where possible. The roads were excellent and empty.
2. In Matera, one of the two provincial capitals of Basilicata Miss Ortolani took me to meet Avv Michel De Ruggeri (the only Republican on the communal giunta), and Professor Rocco Mazzarone. Matera is run by a DC, PSDI, PRI giunta. The parties command 20 out of 40 seats on the Council. It was previously run by a giunta consisting of the DC, PSDI, PSI and PRI, with the PCI in a supporting majority but in January the PCI dropped its support (as it did at national government level).
3. Avv De Ruggeri explained that the future of the "Sassi", neolithic dwellings in the hillside, inhabited until the 1950s, was one of the main problems facing the town. The inhabitants had been evacuated from the unhealthy dwellings which now stood empty. The international competition which had been staged had produced no winning plan. Money for redevelopment had been allocated by central government but had not become available. We could not discover the reason for the hold up.
4. Professor Mazzarone spoke about the general problems of the South. He said (as did others after him) that the Mezzogiorno was the key to Italy's future. Its future would take Italy towards Africa, or North to Europe. The increase in the local communist vote in 1976 had been largely a protest vote. No-one could tell which way the voting in the South would go in the future. Professor Mazzarone felt that the future of the region would lie in the introduction of small and medium industry and not in giant plants. He maintained that for environmental and social reasons a pressure group had stopped the installation of a chemical plant which would have provided hundreds of jobs. Emigration from the region was above all by intellectuals. Basilicata was the only region without a university. This had however meant that its crime rate was very low, although there had been some terrorism in Potenza.
5. On 27 March we travelled to Potenza, the regional capital, and visited Dott Francesco Continanza of the Istituto di Ricerche Economiche and Sociale per la Basilicata (IBRES), an advisory body for the region. Dott Matera (a PSDI councillor) was also present. Dott Continanza explained that devolution to the regions had taken off since the 1976 legislation. The Basilicata regional government had not so far achieved

much in concrete terms but it had given the people a feeling of regional identity, that they were in charge of their own fate. The region was financed from central government allocations and rates organised regionally. The Cassa per il Mezzogiorno provided finance for special projects; projects covering more than one region could be financed by the specific Ministry concerned. Communes (the smallest unit of government) could apply to the region for money for particular projects, but in the South the lack of local initiative and expertise meant that few projects were launched. The provinces (the local middle tier of government) were superfluous, legislating only for "psychiatric treatment and provincial roads". Instead, in Basilicata, groups of communes with common interests had formed "comunita montane". The problems of the region were numerous, 75% of the region was mountainous. The attempt to bring industry to the region by creating two industrial zones, around Matera and Potenza, had had unfortunate consequences. These two "poles" had caused internal emigration, from the country communes to the provincial capitals. This had resulted in the death rate exceeding the birth rate in some communes. Since the "autostrade" of the region had been built alongside the rivers there was now a project to develop the valleys and link this development to the adjacent mountains.

6. It was now considered that planners should look less towards industry and more towards tourism and agriculture. The best area for agriculture was in the South East which happened to be adjacent to the best area for tourism. The regional authorities were particularly interested in developing early crops. Early strawberry growing had been a great success. In other areas great progress had been made in damming the rivers. The next stage was to build an irrigation system from the lakes which had been created.
7. During our trip to Basilicata we lunched with the Director of the Banco di Roma in Potenza and visited Miglionica, a sleepy small town near Matera, causing a certain amount of curiosity among the largely old inhabitants standing around in the town. The DC, PCI (and its youth organisation FGCI) all had offices in the town.
8. On returning to Naples I was shown the "Bassi", the poorer and crime ridden area of Naples. These houses, giving directly onto the street, house some 25,000 people. Though dilapidated the area seemed full of life.
9. An appointment to see Ing. Geremicca, a PCI "assessore", fell through as he had been called away to the Prefecture. As we waited at

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the Town Hall it was interesting to note the large numbers of people waiting around, the crucifix on Ing. Geremicca's wall, and the earnest bejeaned secretary who showed us into his room.

10. At a luncheon party on 28 March given by the Consul General I met Ing. Milanese (a local DC leader and ex mayor of Naples), Dott Ladaga (PSI Vice President of the ISVEIMER holding company) and Dott. Accardi (senior official of the Bank of Naples.) Ing. Milanese said that the communists were failing in Naples because their surprise success in 1976 had brought them to power without a strategic plan. Moreover they were first and foremost party men and had to refer all proposals to the party. This resulted in plans which were not necessarily good for Naples. In reply to the PCI complaint that although they are in charge of administration the DC still had the levers of power through the financial institutions Ing Milanese said that money had been available to finance various projects the DC had had in the pipeline. The PCI had felt politically obliged to call an immediate halt to all DC projects and the money had consequently run out. He produced a new DC booklet listing the money which had been available and which had not been used by the PCI.

11. I asked him if the communists were attempting to put the historic compromise into operation when they were in power. Had the communists, after their success in the local government elections offered a place in the giunta to the DC? Ing Milanese said they had. The PCI had offered him the opportunity of staying ^{on} as Mayor of Naples, but he had refused as he was resolutely opposed to communists and DCs sharing government together. This ^{would} result in a lack of opposition.

12. Both Ing Milanese and Dott Ladaga agreed that there had been a vast improvement in conditions in the South since their youth, but that things would have been better if Mussolini had spent the money developing the South that he had spent on Abyssinia.

13. On 29 March I visited the Alfa Romeo aerospace and truck plant outside Naples with Mr Lamport. (Alfa Romeo is financed by the IRI State holding company through its subsidiary Finmeccanica). At Alfa Romeo we met the Commercial Director and a chief engineer. The Director of the plant and the Marketing Director also spent some time with us. They explained that this Alfa Romeo plant was the only one of 4 (the others being Milan, Livorno and Alfasud, Naples) to make a profit, with a turnover of 80 billion lire. The profit did not show up in the Alfa accounts as the overall loss was greater. In this way the company avoided paying tax. The development of a new engine, in conjunction with Rolls Royce was being financed on the Italian side

/entirely

entirely out of the plant's profits.

14. The success of the plant was attributed to high motivation of the work force who were older, mainly skilled, workers, dedicated to the product. This motivation had been achieved partly by the absence of a production line. The nature of the aerospace work was not conducive assembly line production but even on the truck section smaller units had been formed two years ago which had resulted in increased involvement and production. A rough estimate of unionisation was 90%, the principal union being the metal workers FLM. When we looked round the factory a union meeting was in progress. We were told that the union negotiated a certain number of paid hours per annum to be spent in union activity. Prior notice of the timing was announced to the management by the union. Those who wished to attend the meeting did so, others knocked off work for that time. Only a small percentage of the work force appeared to be attending this particular meeting.

15. The Alfa Romeo representatives briefly mentioned the Alfasud works. One stated that the best plan would be to sack all the workers and start again. The plant had been created in the 1960s at the time of the "centro sinistra" government and jobs had been allocated to workers professing certain politics in proportion to that party's representation in government. Alfasud therefore employed the worst and most politicised elements in Naples. The product (the Alfasud car) was superb but production levels ^{were} disastrous.

16. The engineer who took us round the plant was very hopeful for the future of the new engine ⁱⁿ whose development he was involved. There was some fear that Rolls Royce (who held about 20% of the development) would pull out because the project was not prestigious enough.

2 May 1979

Kathryn Colvill.
Atlantic Region, RD.

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FAMILIARISATION VISIT TO MILAN 5-7 APRIL 1979

Dr Bepe Braga

On 5 April Mr Thompson and I visited Dr Bepe Braga, Secretary of the Christian Democrat (DC). On Andrea Borruso who leads the Comunione e Liberazione movement. This is a religious movement outside the DC but its members inevitably tend to vote DC. (In 1976 it advised its members to support DC candidates favourable to the movement.) Its supporters are mainly young. Inside the DC there is a ginger group, Movimento Popolare, which draws its members in the main from Comunione e Liberazione. Dr Braga was very critical of the DC "correnti". They had once been based on ideology but were now purely self interest groups. He listed the "correnti" as:

Base (the largest united and most left-wing faction which was conciliatory towards the Communists);

Forze Nuove (left wing, anti-communist with trade union connections for example, ACLI and CISL. Donat Cattin was a leader);

Morotei (now leaderless but still a faction);

Dorotei now split into Rumoriani
Andreottiani
Colombiani (Emilio)
Group of 100
Piccoli's followers
Bisaglia's followers

Nuove Cronache (Fanfani's group)

Forlaniani

Dr Braga said that without Moro Zaccagnini (the Political Secretary) was an "orphan".

All the factions maintained that they were against the historic compromise but some members from across the board favoured accommodation with the Communists, for example, the Base and some Dorotei (for example, Piccoli). Dr Braga commented that the PSI had hoped that the European elections would predate national elections so that they could derive the maximum advantage from the hoped for strong European Socialist vote. By forming a government that the Socialists could not support Andreotti had precipitated the elections. He had thus helped the PCI to the detriment of the PSI.

Dr Braga confirmed that the absence of a plate on his door was due to the terrorist threat (although we had been directed clearly to his office by the concierge). He said that what happened in Milan set

the pattern for the rest of Italy as far as terrorism was concerned. He did not believe that there was a single centre for the terrorism, rather a pattern of emulation. It remained true however that as soon as terrorists from one group were caught another one came to the fore.

Mondadori

Mr Thompson took me to the Mondadori publishing house, an ultra modern building by Niemeyer where security was strict. We were shown round the editorial offices and we lunched with Sig. Mario Margiocco, Assistant Foreign News Editor of the weekly Panorama, ^{and} Signora Maria Luiga Pace, Cultural Editor. Sig Margiocco explained that Panorama was owned entirely by Mondadori, although previously Time Life had had a 50% share. Mondadori also owned 50% of the daily, La Repubblica, the other 50% being owned privately by Caracciolo. (Caracciolo was linked to Agnelli by marriage - they had married two sisters). Caracciolo was also the major owner of Panorama's great rival, L'Espresso, 20-30% of which was owned by Sig. Scalfari editor of La Repubblica. Margiocco said that La Repubblica had started as a PSI paper but had now become pro PCI. The fluctuation in editorial opinion was because Scalfari himself had no strong opinions of his own; he was occupied with the business side of running the paper. Sig. Margiocco said that he personally suspected that the Italian Christian Democrats rather than purely "German money" had been behind the changes in Corriere della Sera two years ago. The Italian press was in turmoil at the moment. L'Europeo had just moved to Rome and a new popular daily was starting up later in the year. There was considerable movement of journalists. He said that on the foreign affairs side the Italian public was interested in any subject which had to do with "sides", i.e. East/West alignment. They were very interested in news of Eastern Europe, the Arab countries, the US. He told us that the Czechs had wanted Bilak to attend the PCI Congress but that this had been turned down by the PCI.

Sig. Roberto Vitali

In the afternoon we called on the PCI President of the Provincial Council Sig. Roberto Vitali. The Council has a PCI/PSI giunta. I asked Sig. Vitali what the Communist party intended to do about the Stock Exchange, as it seemed to me that overcoming capitalism must mean its abolition. Sig. Vitali said that the Stock Exchange was not very

/important

important in Italy and that it was not high on the PCI's list of priorities. The communists were realists; they would not abolish the Stock Exchange but would act to control speculation against productive industry. I said that there seemed to be a contradiction between Berlinguer's Congress statement opposing any interference in the affairs of other states and the PCI's ambivalent attitude to Vietnamese interference in Cambodia, and its continued approval of the 1956 invasion of Hungary. Signor Vitali said that the PCI had stated that the Vietnamese should now leave Cambodia. He said there had been right wing forces in Hungary but the PCI was re-examining its attitude. He reiterated the PCI's condemnation of the 1968 Invasion of Czechoslovakia. I asked what the PCI's attitude would be if the USSR invaded Yugoslavia in the post Tito period if it considered that socialism was threatened. He said: "We would be against the USSR".

I said I was puzzled about the outcome of the Italian crisis. The two major parties appeared to have reached deadlock in their public positions, with the PCI insisting on a place in government. Sig. Vitali made a distinction between this, and what had actually been said at the Congress: that there could be no government without the communists. He said that the "historic compromise" would be a temporary phase to resolve the crisis in Italy (terrorism, inflation). After that alternation would operate. He returned at the end to the PCI's general foreign policy line - advocating peace and detente - as if troubled over the picture he had given earlier of the party's foreign policy. As I left I was presented with an enormous bouquet.

Prof. Avv. Enrico de Mita

We visited Professor Avvocato Enrico De Mita, Vice President of the Regional Council, Professor of Law at the Catholic University, a member of the Base faction of the DCs and brother of the former Minister for the Mezzogiorno, Ciriaco de Mita.

He said that the powers ascribed ^{to} the region in the Constitution had taken effect. The Regions were financed from a central fund in direct proportion to the population and size of the Region, and in inverse proportion to the income derived from the Region. Car tax was an exception to this. It was collected by the State but returned in its entirety to the Region. He said that the provision of regional powers over town planning had assumed enormous importance.

He thought that except possibly for a very small number of very small local councils there were no Christian Democrats and Communists in government together. Prof. De Mita could not envisage a

/solution

solution to the government crisis. He thought that the DC could change its mind about excluding communists from government. He was sympathetic to the PCI complaint that they had been used by the DC to put/^{un}popular economic measures into force and then not given any position of power. He said that the person who killed Moro knew what he was doing - he had broken up the possibility of the PCI coming into government, although it had not been clear what Moro's aim had been. He thought that at the DC Congress in October Zaccagnini would be removed from the Secretaryship: he would be replaced by Forlani or even Donat Cattin.

Dott Alessandro Nezzo

On 6 April Mr Scott and I visited Dott Alessandro Nezzo Managing Director of the Cassa di Risparmio delle Province Lombarde. Dr Nezzo gave a long account of the ills of Italy. These were mainly political. The Italians, left on their own, would prosper and thrive, and the economy was in reasonably good shape. They were however plagued by politicians. Instead of getting water to the Mezzogiorno to develop agriculture, the politicians had channelled money to buy patronage. The pensions system was a good example of this.

The State was deeply in debt. The only way to remedy the situation would be to cancel all debts and start again. But how could this be done when the same situation would arise again. He saw no hope in any outcome of the crisis in Italy. Either the communists would enter government or he could see an even worse situation developing if they did not. He himself had contemplated leaving the country.

Dr Gian Stefano Milani

I called on Dr Gian Stefano Milani, Secretary of the Milan branch of the PSI. The party headquarters were a little way from the centre and were somewhat ramshackle.

Dr Milan said that the PSI maintained its equidistance from the DC and the PCI. It had more in common with the PCI as the 2 parties shared the same social base. He said the PSI was interested in Piccoli's (DC) suggestion of changing the electoral law to enable a coalition obtaining over half the votes to have a proportionally greater number of seats in Parliament. This might enable a left wing coalition (with the

/Socialists

*Mr Scott's fuller account of this meeting is attached at A

Socialists and Communists) to govern. However the Socialists would demand certain guarantees from the Communists. The left wing alternative was the Socialists' preferred option but they would also favour a policy of government of national unity. After the elections he saw either a policy of national unity or new elections if the first elections solved nothing. The Socialists opposed the idea of the "compromesso storico". This would be a permanent state of affairs designed to squeeze out the parties between the DC and the PCI, including the PSI. The visit had unfortunately to be short.

Dr Pietro Sormani and Dr Gianluigi Ventura

I attended an interesting lunch at the Consul General's residence. The guests were Dr Pietro Sormani (special correspondent of Corriere della Sera), Dr Gianluigi Ventura, Director of Economic Relations of the Lombardy Association of Industrialists, and a British Solicitor working in Italy. One of the main points which emerged from the conversation was the extent to which Italian workers are protected and paid well once they have secured employment. Both Italian guests were uncertain about the outcome of the Italian governmental crisis if, as is expected, the parties roughly maintain their relative strengths.

Padre Angelo Macchi

In the afternoon Mr Thompson and I visited Padre Angelo Macchi, S.J., Father Superior of the Jesuits in Milan. Padre Macchi began by asking my opinion of the PCI Congress which he also had attended. He had detected opposing lines by Terracini, Cossutta and Amendola (whom he said had had a stroke 2 years ago). He maintained that this Congress had been different from previous congresses for the general lack of discipline displayed by delegates. People drifted in late for the sessions and chatted through delegates' speeches. They were reading La Repubblica, Corriere della Sera (a Socialist paper), Manifesto, as well as L'Unita. In fact the Congress now looked more like any other Italian Party congress.

The PCI had changed sociologically. There was now a minimum of blue collar workers and the remainder no longer read Marx. Padre Macchi noted that there had been very few references to "communism" at the Congress. The party was playing down its Marxist aspect (with the new statute) in order to gain the mass Roman Catholic vote. This appealed to Roman Catholics ^{but} fundamentally nothing had changed. He thought that the reference in Pajetta's speech to a

regional grouping had been a new development.

Padre Macchi had an interesting suggestion, and the only one I heard, for the solution of the present crisis, if the elections change little in the relative party strengths. He suggested that a Socialist might be invited to form a DC/PSI government open to the Communists, that is, the PCI would be consulted in advance on major legislation. The Socialists might find this acceptable as it would not merely be a repeat of the old "centro-sinistra" but something qualitatively new. This was a particularly interesting idea as Padre Macchi had apparently been involved in the concept of the centre left in the 1960s.

Dr Claudio Petruccioli

On 7 April I visited Dr Claudio Petruccioli, co-editor of L'Unita at the L'Unita offices. The meeting lasted an hour and a half. The offices were slightly away from the centre of Milan and well appointed. Security did not appear to be very strict. Dr Petruccioli had not been able to see me the previous day as a journalists strike had kept him busy. He explained that the ^{been}journalists belonged to an "autonomous" union, and that L'Unita had/hit like the other newspapers.

He said that the outcome of the crisis was difficult to see but ^{that}the election results would be very important. If party strengths remained the same then there would have to be communists in government. If the DC increased its vote and the PCI lost then the PCI would have to think again. At all events the policy of national unity should not be lost.

I asked if the historic compromise was to remain a goal or if the PCI was now contemplating a return to the opposition. Was the historic compromise only a temporary phase to end the crisis (as Sig Vitali had indicated)? Dr Petruccioli said that the situation in Italy was different from that in Britain or Germany, where the concept of two major parties alternating in government prevailed. To understand the Italian situation one should try and bridge the cultural gap. In Italy it was impossible to govern with just over half the votes. The communists were aiming at a policy of unity. The actual format of the government would not matter too much provided the general consensus was not lost. Thus the PCI could envisage a 'left-wing alternative' government in the future provided that the Christian Democrats supported it from outside. The parties actually in government would of course bear rather more

responsibility for what happened than those outside but all should be responsible for running the country.

The DC was resisting this idea of government. Every concession towards this policy had to be wrested from them. The DC were trying to hold together the two major components of their support: the area traditionally thought of as "conservatives" or the right, and the area of support from the centre of the political spectrum. I asked what the PCI thought about Piccoli's suggestion on changing the electoral law. Petruccioli said he was just writing about it for L'Unita. The communists opposed this suggestion and would watch carefully for any other sign that the DC were thinking of acting unconstitutionally. Italy had had its experience of unconstitutional behaviour in the past. He did not answer my question as to what precisely a party outside government could do if it thought the governmental party was acting unconstitutionally.

I asked if the historic compromise was understood by the party members as there had been one or two expressions of relief at the Congress that the party had stopped supporting the government. He said that maybe a few members here and there had different views and one or two might even still think in terms of a coup, but the majority of the party were behind the policy. I asked if the same applied to the leadership. He said "You mean Cossutta". He said Cossutta considered that there was no point in trying to obtain agreement with the DC ("niente da fare con i democristiani"). But he held a "unilateral" position in the leadership and generally speaking went along with the policy of unity.

I asked Dr Petruccioli about the difference between the PCI's plans for the economy, including the Stock Exchange, and those of social democrats, which the PCI rejects. He seemed uneasy on this question. He said that the Italian economy had a large public sector already and that the PCI was less concerned about the ownership of the means of production than the use made of the product of work. The PCI proposed a planned economy ("la programmazione"). There would be incentives (and disincentives) to direct the fruits of labour to particular areas. I asked what documents were most pertinent to a perusal of the PCI's economic programme and he recommended Berlinguer's Congress speech (the parts he had omitted!) and the Proposta di progetto a medio termine, a copy of which he gave me, refusing payment. I asked if the PCI's plans for the economy were similar to the system operating in Yugoslavia. He said they were not.

2 May 1979

Kathryn Colvin
Atlantic Region RD

Mr Osborn
Mr Thompson

cc: Mr Goodison, ROME
Western European Dept, FCO
Mrs Colvin, Research Dept, FCO

CONVERSATION WITH DR NEZZO

1. On Friday, 6 April I took Mrs Kathryn Colvin of Research Department to call on Dr Alessandro Nezzo, the Managing Director of the Cassa di Risparmio delle Province Lombarde.
2. In some ways Dr Nezzo was rather less pessimistic than usual. He said that there were some encouraging features about the current economic situation and that in particular the small and medium industry was going well. He said that this illustrated the fact that the Italians with their talents and ingenuity were perfectly capable of achieving prosperity, if only their Government would allow them to get on with it. The one thing that had been completely destroyed by the years of misgovernment was the currency. The accounts of the Government, the State enterprises, and the banks, were full of paper assets which could never be realised, and of debts which could never be paid. The situation was so much beyond control that the only possible solution was to cancel everything and start again.
3. Dr Nezzo said that the real malaise of Italy was not economic but political. Governments since the war had destroyed the currency by attempting to buy popularity with unrealistic concessions to the workers; they had failed to carry out the reforms that were necessary, and they had gradually brought the country closer to a position where Communist participation in the Government was virtually inevitable. He thought that there would certainly be risks in this participation, but he felt that the risks would be even greater if the Communists continued to be excluded from participation in the Government.

Pol
P H SCOTT

9 April 1979

file

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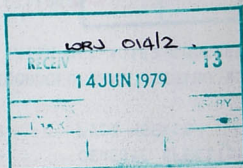


Foreign and Commonwealth Office

London SW1A 2AH

13 June 1979

Sir J Killick KCMG
NATO, BRUSSELS

*Dear John*

1. Thank you for passing on Catalano's comments on the Italian election results (your letter of 7 June). In fact, Alan Campbell made exactly the same comment as that recorded in para. 3 of your letter when he was here last week for the EEC Heads of Mission conference. I now incline to the view that this is about the only safe conclusion that one can draw from the election results!

*Yours ever**DAG*

D A S GLADSTONE
Western European Department

cc. Chancery, ROME

RESTRICTED

FM ROME 111500Z JUN 79

IMMEDIATE FCO

TELEGRAM NUMBER 223 OF 11 JUNE

INFO ROUTINE BONN, COPENHAGEN, THE HAGUE, PARIS,

BRUSSELS, DUBLIN, LUXEMBOURG, UKREP BRUSSELS.

YOUR TELNO 157 TO BONN: DIRECT ELECTIONS

DRI 074/2	
0.13	
14 JUN 1979	
DESK	TELETYPE
TOP COPY	

1. THE FINAL RESULTS IN ITALY, WITH ALL VOTES COUNTED EXCEPT THOSE OF SOME 40,000 EMIGRANTS, WERE ANNOUNCED THIS MORNING AS FOLLOWS:

<u>PARTIES</u>	<u>% OF VOTES</u>	<u>LAST WEEK'S GENERAL ELECTION</u>	<u>SEATS</u>
CHRISTIAN DEMOCRATS (DC)	36.5	(38.3)	30
COMMUNISTS (PCI)	29.6	(30.4)	24
SOCIALISTS (PSI)	11.0	(9.8)	9
NEO-FASCISTS (MSI)	5.4	(5.3)	4
NATIONAL DEMOCRATS (DN)	0.4	(0.6)	-
SOCIAL DEMOCRATS (PSDI)	4.3	(3.8)	4
REPUBLICANS (PRI)	2.6	(3.0)	2
LIBERALS (PLI)	3.6	(1.9)	3
RADICALS (PR)	3.7	(3.4)	3
ULTRA-LEFT (PDUP)	1.1	(1.4)	1
PROLETARIAN DEMOCRATS (DP)	0.7	(0.8)	1

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2. THE TURNOUT WAS 85.9%. ALTHOUGH THIS MAY SEEM HIGH IT SHOULD BE SEEN AGAINST THE FACT THAT (A) THE NORMAL ITALIAN GENERAL ELECTION TURNOUT IS WELL OVER 90% (LAST WEEK'S, AT 89.9%, WAS A RECORD LOW) AND (B) FAILURE TO VOTE, ALTHOUGH NOT AN OFFENCE, IS RECORDED ON A REGISTER FOR FIVE YEARS TOGETHER WITH A CITIZEN'S CRIMINAL RECORD: THIS IS RECKONED TO BE A STRONG ELEMENT IN GETTING ITALIANS TO THE POLLS.

3. THE RESULTS CONFIRM THE TRENDS WHICH WERE APPARENT IN THE ITALIAN GENERAL ELECTION A WEEK AGO, PARTICULARLY THE DROP IN THE COMMUNIST VOTE AND THE SWING TOWARDS THE SMALLER PARTIES. THE FACT THAT THE CHRISTIAN DEMOCRATS DID RATHER LESS WELL THAN LAST WEEK (WHEN THEY HELD ABOUT LEVEL) IS PROBABLY DUE TO THE REMOVAL OF THE FEAR, IN THE GENERAL ELECTION, OF LETTING IN THE COMMUNISTS BY NOT VOTING CHRISTIAN DEMOCRAT. LEFT TO VOTE MORE OUT OF PRINCIPLE THAN INTEREST, THE ITALIAN ELECTORS HAVE MOVED AWAY FROM THE TWO LARGE PARTIES, TO THE ADVANTAGE OF THE SOCIALISTS AND THE SMALL PARTIES OF THE CENTRE.

CAMPBELL

FILES

WGD

ED (I)

MR FERGUSON

Foreign and Commonwealth Office

London SW1A 2AH

8 June 1979

W J Adams Esq
ROME

WRS 01412	
RECEIVED	13
14 JUN 1979	
DESK OF	REGISTRY
IN	OUT

Dear James

POLITICAL REPORTING

1. Many thanks for your letter of 18 May about Rome telegram no 152. This was very helpful in clearing our minds here. I have now discussed the issues with Research Department, and also with Ronald Arculus, and our conclusions are as follows.
2. In the first place, please do not feel that my letter of 15 May betokened any lack of interest in Italian political affairs here. On the contrary, we and Research Department have a lively and continuing interest and would be grateful if anything for more rather than less political reporting from your end.
3. However, a lot of the things which go on in Italian political life and on which we would like to be kept au courant are not really telegram-worthy. From our point of view a fairly regular (say monthly) saving telegram is probably the best way of keeping ourselves up-to-date, though naturally this regular pattern need in no way inhibit you from sending telegrams if the occasion seemed to demand one.
4. I know that some Embassies dislike the practice of copying their internal minuting to London "raw" as it were. From our point of view we would be very happy to receive, uncommented, copies of Chancery minutes recording conversations with Italian politicians of all colours, assessments of the state of the parties, etc.
5. Finally, a note of our priority interests. As before, our main concern remains the fortunes of the Communist Party. But we are interested not only in the national party but also in the performance of the party at a local level, particularly where it is actually in power. It would be useful if you could send us an occasional round-up of regional developments.

/6.



6. I still hope I shall be able to come and visit you after the summer holidays. In the meantime I am asking Ronald Nash, who has now taken over from Peter Harborne, to write to Mark Pellew inviting himself for a visit as soon as this can be fitted in.

Yours ever

David

D A S GLADSTONE
Western European Department

cc. Miss K Colvin, Research Department

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UNITED KINGDOM PERMANENT REPRESENTATIVE
ON THE NORTH ATLANTIC COUNCIL
OTAN/NATO
1110 BRUSSELS
TELEPHONE 241.01.15



WRS 01412	
27 JUN 1979	
D A S Gladstone	
Head of	
Western European Department	
FCO	

Mr. Verker

Mr. Nark

Mr. Boniface

7 June 1979

Li A. Campbell made
the point at x some time

Dear David,

1. Before I had seen Rome telegram No 190 about the Italian election result, I had a brief exchange about the outcome with Catalano, my Italian colleague.
2. He noted points (a) and (b) in paragraph 2 of that telegram as grounds for satisfaction with the outcome from the Alliance point of view. He too saw the Socialists as being the key to the formation of a successful Government and took a positive view of Craxi's inclinations in this respect but was gloomy about the prospects of his being able to persuade his fellow Socialists to join in a stable coalition of the Centre. Thus, in his opinion, the outcome was negative from the Italian domestic point of view.
3. It may also be of interest that he made a further comment not reflected in Rome's telegram. This was that the results showed that young people in Italy were no longer so inclined to vote Communist. It was possible to deduce this he said from a comparison of the results for the Senate and the Chamber, given the difference in qualifying age for voting for the two bodies.

John Killick

Copy to:

Chancery, Rome

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GRS700

(AMENDED DISTRIBUTION 6 JUNE 1979)

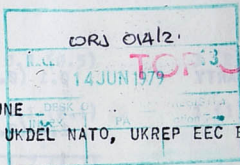
UNCLASSIFIED

DESK BY 060830Z

ROME 060700Z JUN 79

TO IMMEDIATE FCO

TELEGRAM NUMBER 191 OF 6 JUNE

INFO SAVING TO WASHINGTON, UKDEL NATO, UKREP EEC BRUSSELS, ALL
OTHER EEC POSTS.

MIPT: ITALIAN GENERAL ELECTION: 3/4 JUNE.

1. FOLLOWING ARE DETAILED RESULTS (1976 IN BRACKETS)

CHAMBER OF DEPUTIES

	PERCENTAGES	SEATS	GAIN/LOSS
CHRISTIAN DEMOCRATS (DC)	38.3 (38.7)	262 (263)	-1
COMMUNISTS (PCI)	30.4 (34.4)	201 (228)	-27
SOCIALISTS (PSI)	9.8 (9.6)	62 (57)	+5
NEO-FASCISTS (MSI)	5.3 (6.1)	30 (35)	-5
NATIONAL DEMOCRATS (DN)	0.6 (-)	- (-)	-
SOCIAL DEMOCRATS (PSDI)	3.8 (3.4)	20 (15)	+5
REPUBLICANS (PRI)	3.0 (3.1)	16 (14)	+2
LIBERALS (PLI)	1.9 (1.3)	9 (5)	+4
ULTRA-LEFT (PDUP)	1.4 (1.5)	6 (6)	-
RADICALS (PR)	3.4 (1.1)	18 (4)	+14
S. TYROL PARTIES	0.6 (0.5)	4 (3)	+1

/ VAL D'AOSTA PARTY

VAL D'AOSTA PARTY	0.1 (0.1)	1 (-)	+1
-------------------	-----------	-------	----

OTHERS	1.4 (0.2)	1 (-)	+1
--------	-----------	-------	----

100

630

SENATE

	PERCENTAGES	SEATS	GAIN/LOSS
--	-------------	-------	-----------

DC	38.3 (38.9)	138 (135)	+3
----	-------------	-----------	----

PCI			
KX	31.5 (33.8)	109 (116)	-7

PSI	10.4 (10.2)	32 (29)	+3
-----	-------------	---------	----

MSI	5.7 (6.6)	13 (15)	-2
-----	-----------	---------	----

DN	0.6 (-)	- (-)	-
----	---------	-------	---

PSDI	4.2 (3.1)	9 (6)	+3
------	-----------	-------	----

PRI	3.4 (2.7)	6 (6)	-
-----	-----------	-------	---

PLI	2.2 (1.4)	2 (2)	-
-----	-----------	-------	---

RADICALS	1.3 (0.8)	2 (-)	+2
----------	-----------	-------	----

NEW UNITED LEFT	0.1 (0.2)	- (-)	-
-----------------	-----------	-------	---

S. CYROL PARTIES	0.5 (0.5)	3 (2)	+1
VAL D'AOSTA	0.1 (0.1)	1 (1)	-
OTHERS	1.7 (1.7)		
	<hr/>	<hr/>	
	100	315	

(FIGURES FOR SEATS ALLOCATED MAY STILL BE SUBJECT TO MINOR ALTERATIONS)

2. FCO PLEASE PASS SAVING ADDRESSEES.

CAMPBELL

[Repeated as Requested]

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(AMENDED DISTRIBUTION 6 JUNE 1979)

R & R.

52

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DESK BY 060900Z

ROME 060630Z JUN 79

TO IMMEDIATE FCO

TELEGRAM NUMBER 190 OF 5 JUNE

INFO SAVING TO WASHINGTON, UKDEL NATO, UKREP EEC BRUSSELS,
ALL OTHER EEC POSTS.

WR 014/2	TOP COPY
REC'D	14 JUN 1979

MY TELNO 179: ITALIAN GENERAL ELECTION: 3/4 JUNE

1. THE ITALIAN ELECTORATE HAS NOT GIVEN THE POLITICIANS ANY GREAT SHOCKS, BUT IT HAS GIVEN NO-ONE A VOTE OF CONFIDENCE. THE TURNOUT WAS LOW. PREDICTIONS THAT THE CHRISTIAN DEMOCRATS WOULD INCREASE THEIR SHARE OF THE VOTE WERE NOT FULFILLED, WHILE THE COMMUNIST TIDE TURNED. THE SOCIALISTS HELD THEIR POSITION. THE ELECTORS MOVED TOWARDS THE SMALLER PARTIES. THE FORMATION OF A DURABLE GOVERNMENT WILL CONTINUE TO DEPEND ON THE ATTITUDE OF THE SOCIALISTS.

2. THE MOST SIGNIFICANT FEATURES OF THE RESULTS (DETAILS IN MIFT) WERE AS FOLLOWS:-

A) THE COMMUNISTS FELL BACK A FEW POINTS AS EXPECTED - THE FIRST TIME THEY HAVE LOST GROUND IN A GENERAL ELECTION SINCE THE WAR. THE MYTH OF THEIR INEXORABLE ADVANCE HAS THUS BEEN BROKEN. BUT THEY STILL REMAIN ABOVE THE PSYCHOLOGICALLY IMPORTANT THRESHOLD OF 30%.

B) THE CHRISTIAN DEMOCRATS HELD UP WELL EVEN THOUGH THEY DID NOT REALISE THEIR EXPECTED GAINS. BUT THEIR SHARE OF THE VOTE DROPPED ONLY VERY SLIGHTLY (BY ABOUT HALF A PERCENT) AND THEY GAINED 3 SEATS IN THE SENATE AND LOST ONLY ONE IN THE CHAMBER.

C) THE SOCIALISTS GAINED SEVERAL SEATS BUT DID NOT SUBSTANTIALLY IMPROVE THEIR PERCENTAGE.

D) THE MOST SIGNIFICANT GAINS WERE REGISTERED BY THE SMALLER PARTIES. THE SOCIAL DEMOCRATS, REPUBLICANS AND LIBERALS ALL IMPROVED THEIR POSITIONS. THE RADICAL PARTY, AS PREDICTED, WON ABOUT 3% OF THE VOTE AND WILL NOW HAVE 18 REPRESENTATIVES IN THE CHAMBER (4 IN 1976) AND, FOR THE FIRST TIME, 2 IN THE SENATE.

CONFIDENTIAL

/ E) THE NEO-FASCIST

E) THE NEO-FASCIST MSI LOST GROUND AS EXPECTED, BUT WAS LESS THAN 1% DOWN ON 1976.

F) THE TURNOUT, AT 89.9% WAS THE LOWEST EVER RECORDED IN A POST-WAR ITALIAN GENERAL ELECTION.

3. THE RESULTS DO NOT APPEAR AT FIRST SIGHT TO HAVE PRODUCED ANY DECISIVE SHIFT IN THE BALANCE OF THE PARTIES. IT NORMALLY TAKES AT LEAST 4 - 6 WEEKS FOR A NEW GOVERNMENT TO EMERGE AFTER AN ITALIAN GENERAL ELECTION, AND IT IS TOO SOON, YET, PARTICULARLY IN ADVANCE OF THE EUROPEAN ELECTIONS ON 10 JUNE, TO MAKE ANY FIRM PREDICTIONS ABOUT THE SHAPE OF SUCH A GOVERNMENT. BUT THE GOOD SHOWING OF THE SMALLER CENTRE PARTIES, TOGETHER WITH THE DECLINE IN THE COMMUNIST VOTE, SHOULD MAKE IT marginally EASIER TO FORM A STABLE COALITION OF THE CENTRE LEAVING THE COMMUNISTS IN OPPOSITION. SUCH A GOVERNMENT WOULD LACK A RESPECTABLE MAJORITY WITHOUT SOCIALIST SUPPORT BUT WHETHER THE SOCIALISTS WOULD BE PREPARED TO JOIN OR SUPPORT SUCH A COALITION IS STILL NOT CLEAR. THEIR FAILURE TO REGISTER ANY SUBSTANTIAL GAINS WOULD SEEM TO MAKE A CHRISTIAN DEMOCRAT - SOCIALIST COALITION LESS LIKELY, IF ANYTHING, THAN IT APPEARED BEFORE THE ELECTION, THOUGH THE IMPACT OF THE ELECTION RESULTS ON THE PERSONAL POSITION OF THE SOCIALIST LEADER CRAXI HAS YET TO BE ASSESSED.

4. SIGNOR ANDREOTTI IS STILL EXPECTED TO BE THE FIRST TO BE INVITED, IN DUE COURSE, TO FORM A SUBSTANTIVE NEW GOVERNMENT. MEANWHILE HE WILL CONTINUE IN CHARGE FOR THE TIME BEING ON A CARETAKER BASIS, AND, AS FORECAST IN PARA 5 OF MY TUR, HE CAN BE EXPECTED TO HEAD THE ITALIAN TEAM AT THE EUROPEAN COUNCIL AND AT THE SUBSEQUENT TOKYO ECONOMIC SUMMIT.

5. SEE MIFT.

6. FCO PLEASE PASS SAVING ADDRESSEES.

CAMPBELL

[REPEATED AS REQUESTED]

FCO/WHITEHALL DISTRIBUTION

WED

5



ORIO/4 7825

BRITISH EMBASSY

MOSCOW

ITALY AS THE 1978-80
G. B. ... TO ENTER.

1 June 1979

✓ sent 5/6 PM.

D S Broucher Esq
EESD
FCO

WED
cc 2 file
Research Dept
4/6

WRS 01412.	
14 JUN 1979	
DESK	STATION
INDEX	

Dear Dave,

ITALIAN ELECTION CAMPAIGN: SOVIET COMMENT

I enclose a Novosti translation of an article which appeared in Pravda of 29 May. Although an abridgement, it includes all the main points. The Christian Democrats come in for a good deal of criticism and the Socialists are accused of succumbing to the flirting of the CDs. Predictably, only the Communists get any praise. The European elections are shown as giving the Socialists hopes of being able to increase their influence at home through an alliance with the other West European Socialist parties.

Yes.

Yours was.
S J Wordsworth

S J Wordsworth

cc: Chancery, Rome

... from narrow party interests and wishing to ... on executive power, the progressive press ... the leadership of the Christian Democratic Party ... pretend to forget that being in power for 30 years it was ... unable to take any effective measures to do away with unemployment, and eliminate semi-feudal survivals of manorism in agriculture, and has changed practically nothing in the destiny of the extremely backward southern regions of the country. Problems of education and pensions are still waiting for their solution, no reforms have been made of the organs of justice and public order protection.

Tuesday, May 29, 1979

2

ORIO/v 7828

ITALY AT THE CROSS-ROADS

G.Zafesov, Pravda correspondent

On June 3-4 the Italians will elect a new composition of the House of Deputies and the Senate, and a week later they will have to vote for the second time to elect 81 representatives of Italy to the European Parliament.

In the election campaign the biggest bourgeois party of Italy, the Christian-Democratic Party, occupies anti-Communist positions, excluding any possibility of forming a government of national unity that would include representatives of the Communist Party. This fundamental thesis of Christian Democrats' election programme is being persistently repeated by their leaders in numerous speeches. Meanwhile this policy of the party has already led the country to a serious government crisis and early elections.

A question arises: does this flat refusal of Christian-Democrats to cooperate on an equal footing with Communists reflect only the positions of the party itself or has it "taken into consideration" the point of view of Washington which stated only recently through the Department of State about its "unwillingness" to see Communists in European governments in general and in the Italian in particular. Now that it has become known about the early elections, the US Ambassador to Italy, R.Gardner, stated after his consultations in Washington that the American Administration would in no way reconcile itself to the inclusion of Communists in the Italian government.

Democratic forces are resolutely rejecting this gross interference in the internal affairs of Italy regarding it as an attempt to exert pressure on the voters. However, for some political leaders in the country the point of view of the US State Department serves apparently as a compass in determining their own positions.

Proceeding from narrow party interests and wishing to preserve monopoly on executive power, the progressive press emphasises, the leadership of the Christian Democratic Party pretends to forget that being in power for 30 years it was unable to take any effective measures to do away with unemployment, and eliminate semi-feudal survivals of metayage in agriculture, and has changed practically nothing in the destiny of the extremely backward southern regions of the country. Problems of education and pensions are still waiting for their solution, no reforms have been made of the organs of justice and public order protection.

Tuesday, May 29, 1979

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Conducting their election propaganda on an anti-communist basis, the Christian Democrats are trying to influence a rank-and-file voter in many aspects. First of all, they are shifting the blame for the government crisis and the early elections on the Communist Party, asserting that it had no reasons for leaving the parliamentary majority. Apart from that, methods of slightly camouflaged blackmail are used: efforts are being made to convince a common man that Italy, which is living through a serious economic crisis, can count on the assistance of its West-European and overseas partners only if no Communists are in its government. Hopes are also pinned on speculative appeals to general human feelings: Christian Democrats are trying to pass themselves off as the main victim of "ultra Leftist" terrorists of the "Red Brigades" type. In this case, the Christian Democratic Party wants, on the one hand, by brandishing the bugbear of "red danger" to cast aspersions on all the Left forces of the country and, on the other, it wants to prove that terrorists attack its members because they regard them as the "stronghold of democracy."

But the essence of the matter remains the same. Even if the Christian Democratic Party manages to increase to a certain extent its representation in Parliament as a result of the massed propaganda brainwashing of voters, the general balance of forces, as predict many local observers, will practically remain unchanged. The problem of the participation of the Communists, the biggest party of the working class, in the direct running of the state arose as a result of the objectively growing influence of the left-wing forces. The Christian Democrats will not evade its solution.

This problem is in the focus of the entire pre-election campaign in the country. An attitude to it largely determines the stands of all other parties.

structure of the Italian government is a living anachronism promoting the interests of only one political force, the Christian Democratic Party. The Communists stand for the major restructuring of the executive branch, from individual ministries to the council of ministers. The Communists say that it is necessary to lead the country away from the vicious circle of unemployment, mounting prices and inflation, proposing to do this by means of democratic economic planning and the rational distribution of investments to abolish unemployment and the huge socio-economic and cultural gap between the north and south of the country.

The Communist Party insists on sweeping reforms in the field of financial policy, taxation, social insurance and pensions, health services and education, justice and public order bodies.

Tuesday, May 29, 1979

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In their pre-election struggle the Socialists seek, first of all, to present their party as a kind of "third force", which is "equally remote" both from the Christian Democrats and the Communists. At the same time, while voicing their desire to "undermine" the Christian Democrats' "hegemony" in running the state, B. Craxi and other leaders of the Socialist Party do not reject the increasing flirt on the part of the Christian Democrats, who are trying to pull over the Socialists to their side and thus to reestablish the government left centrist coalition, which compromised itself in the past. This dual stand of the Italian Socialist Party undermines the unity of the left and obviously plays into the hand of the conservative quarters.

The Republicans, Social Democrats, Liberals and other smaller bourgeois parties prefer to avoid categorical statements as regards the Communists' participation in the government and wait for the ultimate correlation of forces after the elections.

The neofascists, of course, openly declare that their aim is "resolutely to turn the nation to the right".

The pre-election campaign has even further stepped up the activities of the terrorist groups. Not a single previous government led by the Christian Democrats could curb their subversive actions.

Some political forces, including certain Christian Democratic leaders, do not give up their attempts to mislead the public and shift the responsibility for terrorism onto the Communists.

But it was the Communist Party that set as one of the main tasks of its pre-election platform defence of the republican system and the life of the Italian citizens from terrorism and violence. Not a single Italian political party has offered voters such a clear-cut, comprehensive and constructive program as the Communists.

The Italian Communist Party points out that the present structure of the Italian government is a living anachronism promoting the interests of only one political force, the Christian Democratic Party. The Communists stand for the major restructuring of the executive branch, from individual ministries to the council of ministers. The Communists say that it is necessary to lead the country away from the vicious circle of unemployment, mounting prices and inflation, proposing to do this by means of democratic economic planning and the rational distribution of investments to abolish unemployment and the huge socio-economic and cultural gap between the north and south of the country.

The Communist Party insists on sweeping reforms in the field of financial policy, taxation, social insurance and pensions, health services and education, justice and public order bodies.

Tuesday, May 29, 1979

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- 4 -

It has already been said that a week after the elections to the national legislature, Italians will go to the polls to elect the "European" parliament. At first sight it may seem that the complexities of the political struggle at home makes the "European" elections a matter of secondary importance for the Italians. However, many political parties make a stake on these elections, proceeding, in particular, from their domestic policy interests. Thus, the Socialists, expecting to increase their representation in the national legislature, plan to consolidate their positions at the "European" elections in the course of which they will side with the major socialist parties of other West European countries. Success at the elections to the European parliament, in the opinion of the leaders of the Italian Socialist Party, could increase the party's political weight in discussing the matters connected with the future government of the country. At the same time the Italian press notes that holding two elections with a week's interval will hardly make voters enthusiastic and can negatively affect their participation in the "European" elections.

The election campaign is at its height in Italy. No one now dares predict the outcome of elections. It is clear, however, that the deep-going political and social crisis the country has been experiencing for a long time demands ever more insistently its resolution, and the future Italian government will have to tackle this unescapable problem in the most serious manner.

Rome, May

(Pravda, May 29. Abridged.)



Foreign and Commonwealth Office

London SW1A 2AH

31 May 1979

Sir Alan Campbell KCMG
ROME

10RS 01412.	
RECEIVED	13
14 JUN 1979	
DESK OF	REGISTRY
INDEX	PA
	Action Team

Dear Alan

THE FOURTH AND FIFTH ANDREOTTI GOVERNMENTS: MARCH 1978
to MARCH 1979

39. I am writing to thank you for your despatch of 30 April on Signor Andreotti's last two Governments. Please excuse the delay, but the despatch only reached the department on 14 May, when we were preoccupied with the aftermath of the Anglo/German Summit and preparations for the State Visit to Denmark.

2. Your analysis of the reasons for the collapse of the last two governments, read with the sort of election outcome now generally predicted, does not encourage us to expect an early resolution of the uncertainty, not to say confusion, that seems to be the hallmark of Italian politics. We thus see no reason to quarrel with either the broad conclusions of your despatch or of your tel no 140 of 8 May. This augurs ill for the attempts which the new Government here will be making to build on the good working relations between its predecessor and the Italians with a view to securing important EEC objectives on the Budget, CAP and convergence. However, like you, we still hope that, as before, Italian political ingenuity will produce some effective rabbits out of what looks like being a pretty battered hat.

48. Your despatch has been submitted and sent for printing in the departmental series.

Yours ever

[Signature]

D A S GLADSTONE
Western European Department

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British Embassy
Via XX Settembre 80A 00187 Rome

Telex 61049 Telephone 4755.441

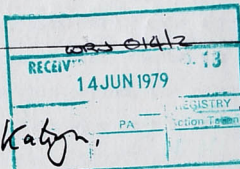
Mrs Kathryn Colvin
Research Department
FCO

Your reference

Our reference

Date

May
29 June 1979



Dear Kathryn,

Mr. Harborne

Do you need further guidance?

Dr. G. 39/5

THE MACHINERY OF THE ITALIAN GENERAL ELECTION

1. In 1976 the Embassy produced an elaborate background paper on this subject. Before he went on his ENA course last month, Mark Pellew began to try to simplify and update this paper. I have attempted to complete this work but in order to perform a satisfactory job I should need much more time than I have at present. At the same time, the Italian elections are a mere 5 days away.
2. So rather than send nothing, I offer you the enclosed on the understanding that you regard it basically for your own use and that on his return, Mark Pellew lets you know if we have any amendments. I am not even sure that I understand every sentence. I am thinking particularly of paragraph 16 which is a challenge to anyone's I.Q!
3. I am sending a copy of this covering letter only to David Gladstone.

Mr. Gladstone 21/5

I think we can safely await the result of the proposed course of action. I doubt that the absence of a revised version will hinder our understanding the outcome of the election; should the arcane of the system be important, the Emb can, I am sure, be relied upon to point it out where appropriate.

W J Adams

cc: D A Gladstone Esq (WED, FCO)

Mr. Harborne



WRJ 0142	
RECEIVED	10.13
14 JUN 1979	
DECK	RY
BLACK	en

Mr Fergusson

FOURTH AND FIFTH ANDREOTTI GOVERNMENTS: MARCH 1978 TO MARCH 1979

1. I submit Sir A Campbell's despatch of 30 April, which traces the course over the past year of the Christian Democrats' (DC) fitful and ultimately unconsummated love affair with the Italian Communist Party (PCI). During this period, the relationship has moved from a position where both were in a five-party parliamentary majority to the present one of a DC/PCI standoff - the PCI demanding direct participation in the government in return for its parliamentary support; the DC resolutely refusing to contemplate such an arrangement. The country is to go to the polls on June 3-4 in a general election which it clearly does not want in order to elect a government which, at least in the short term, will almost certainly not be able to govern effectively. How did this come about?

2. The DC/PCI arrangements failed fundamentally because Signor Andreotti never saw them as more than a stop-gap: as Sir A Campbell says, his aim was to buy time and build up contacts with the Socialists (PSI) with the ultimate objective of isolating the PCI. This cannot have escaped the PCI; nor is it likely, to say the least, to have encouraged them either to trust Andreotti or behave in such a way whereby, in the national interest, they might have made the arrangement work. The seeds of the arrangement's destruction were sown by Andreotti from the outset.

/3.



3. Terrorist activity, carried out by extremists motivated by as much loathing of the "establishment" PCI as of the other parties, brought the parliamentary majority together in the defence of parliamentary government and civil order. However, once the dust had begun to settle after Signor Moro's murder, basic differences could not be hidden, above all over the solution of Italy's fundamental economic problems. The short-term indication on production, the balance of payments and reserves improved during this period: but the approach to the economy's structural problems advanced in Finance Minister Pandolfi's Three Year Plan (no real wage increases, reduced public expenditure, increases in productivity to be devoted to manufacturing investment instead of consumption) was bound to bite on the working class, who are of course the PCI's main supporters. At the same time as differences were being sharpened by the country's economic problems, the DC, in the aftermath of Moro's murder, was moving to the right.
4. PCI rank-and-file dissatisfaction with an arrangement which was shown to be costing the PCI electoral support with no compensating increase in power finally left Signor Berlinguer with little alternative but to pull the rug out from under the DC feet, faced as he was with a party congress only 2 months away.
5. The creation of a stable replacement without direct PCI involvement could only have come about with PSI support of the DC in one form or another. This was not forthcoming. As is often the case with a small (and not historically very resolute) party caught between two large opposing parties, the problem of whether to cooperate with whom and on what basis served to divide rather than unite them.



(see Rome CIA No. 179) att: 3

6. It is difficult to see how the situation is likely to be resolved. In the forthcoming elections the Communists are at present expected to slip back slightly from their 1976 position (34.4% of the vote); the DC to do slightly better (38.8% of the vote); and the Socialists (9.6%), the Social Democrats and the Republicans (neither of whom had more than 3.5% of the 1976 vote) to win or lose a point here or there. The Christian Democrats may thus be looking for coalition partners once again, while the Communists will no doubt look towards some sort of alliance of the centre/left. The largest of the minority parties - the PSI - is ad divided on this point as the PCI are on cooperating with the DC: on the one hand, they are anxious to differentiate themselves clearly from the PCI; but on the other, are furious with the DC. They believe that the latter deliberately arranged the election a week before the European Direct Elections so as to damage Socialist prospects in both contests; the Socialists wanted the two elections to be held on the same date since that, they believed, would boost their prospects in both. The major determinant of each party's behaviour will obviously be its vote in the forthcoming elections. Unless electoral shifts among voters are more dramatic than is expected, the immediate aftermath is likely to see another period of uncertainty as the DC cast around for the elements of a sustainable parliamentary majority.

7. The Embassy's judgment in early May was that the most likely scenario was a minority caretaker government presided over by Signor Andreotti continuing in office for several weeks after the election, while political leaders brooded on the results of both the national and European elections. Thereafter, using all the political /ingenuity



ingenuity for which Italian political leaders are famous, some more stable agreement may be achieved. It is very much in our interest that it should be, given that Italy is our major ally in our attempts to reform the EEC Budget and the CAP and to bring about greater economic convergence. The Embassy do not expect to see the inclusion of Communist ministers in an Italian Government even if the process of forming a stable government is somewhat delayed.

8. The despatch has been sent for printing in the departmental series.

D A S GLADSTONE
Western European Department

31 May 1979

cc.

Mr Petrie (EID-I)
Mr FitzHerbert (EID-E)
Mr Gillmore, Defence Dept
Mr Middleton, Research Dept
Mr Braithwaite, Planning Staff
Miss Pestell (Cabinet Office
Assessments Staff)

pc

Mr. Nash

Thank you.

Eng
46

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4 4/6.

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GRS803

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FM ROME 301500Z MAY 79

TO PRIORITY FCO

TELEGRAM NUMBER 179 OF 30 MAY

SAVING TO WASHINGTON, UKDEL NATO, UKDEL BRUSSELS, AND ALL OTHER EEC POSTS.

CORJ 01412	
RECEIVED	13
14 JUN 1979	
DESK OF	PA
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(41)
MY TEL NO 752: THE ITALIAN POLITICAL SITUATION BEFORE THE GENERAL ELECTION ON 3 AND 4 JUNE.

1. THE PROSPECTS REMAIN MUCH AS DESCRIBED IN MY TUR, WHICH IS STILL GENERALLY VALID. IT STILL SEEMS UNLIKELY THAT THE ELECTIONS WILL RESULT IN A DECISIVE SHIFT IN THE BALANCE OF THE PARTIES. MOREOVER, PARTY ATTITUDES TO THE POST-ELECTORAL SITUATION ALSO REMAIN LARGELY UNCHANGED. THOUGH CHANCES OF SOME OF SOCIALIST SUPPORT FOR THE CHRISTIAN DEMOCRATS HAVE marginally INCREASED.
2. PUBLIC OPICNION POLLS. FEW POLLS HAVE BEEN TAKEN AND FEWER PUBLISHED. NO ONE REGARDS THEM AS RELIABLE. HOWEVER, A PUBLIC OPINION POLL PUBLISHED THIS MORNING, 30 MAY, (CONDUCTED BY A DIFFERENT ORGANISATION FROM THAT QUOTED IN MY TUR) GIVES THE CHRISTIAN DEMOCRATS 43.5% OF THE POLL (ABOUT 5% UP ON 1976) AND THE COMMUNISTS A MERE 29.5% (ABOUT 5% DOWN). THE SOCIALISTS ARE EXPECTED TO GAIN VERY SLIGHTLY AND PREDICTIONS FOR THE SMALLER PARTIES ARE ROUGHLY AS IN MY TUR, THOUGH THE RADICAL SHARE IS NOW PREDICTED AS 3% (1.1% IN 1976). BUT MOST COMMENTATORS ARE LESS OPTIMISTIC ABOUT CHRISTIAN DEMOCRAT GAINS AND THINK THAT A 1 OR 2 PER CENT GAIN IS MORE LIKELY. FEW EXPECT THE COMMUNISTS TO FALL BELOW THE PSYCHOLOGICALLY SIGNIFICANT THRESHOLD OF 30 PER CENT. BUT ALL EXPECT THEM TO LOSE VOTES, FOR THE FIRST TIME IN A GENERAL ELECTION SINCE THE WAR.

CONFIDENTIAL

/ 3. CURRENT

3. CURRENT ATTITUDES OF PARTIES. EVEN SWINGS OF THE KIND REGISTERED IN THE LATEST POLL WOULD PROBABLY NOT ALTER THE BASIC ELECTORAL ARITHMETIC. MEANWHILE, THE CHRISTIAN DEMOCRATS CONTINUE TO AFFIRM THAT THEY WILL NOT ADMIT THE COMMUNISTS INTO GOVERNMENT, WHILE THE COMMUNISTS MAINTAIN THEIR SLOGAN "EITHER GOVERNMENT OF OPPOSITION". INTERMEDIATE SOLUTIONS OF THE KIND REFERRED TO IN PARAGRAPH 5 OF MY TUR MIGHT BE DIFFICULT TO ACHIEVE IN AN ATMOSPHERE OF CHRISTIAN DEMOCRAT GAINS AND COMMUNIST LOSSES.

4. IT REMAINS MOST UNLIKELY THAT THE CHRISTIAN DEMOCRATS COULD FORM A MAJORITY GOVERNMENT (EVEN WITH THE SUPPORT OF THE MORE DOCILE SMALLER PARTIES) AGAINST COMMUNIST OPPOSITION, WITHOUT SOME HELP FROM THE SOCIALISTS. DURING THE LAST MONTH, SIGNOR CRAXI HAS MADE STATEMENTS SUGGESTING THAT, AT A CONSIDERABLE, THOUGH NOT CLEARLY DEFINED, PRICE, HE MIGHT CONSIDER COALITION WITH THE CHRISTIAN DEMOCRATS. AS MENTIONED IN MY TUR, THIS POSSIBILITY WILL BE INCREASED IF THE SOCIALISTS DO RELATIVELY WELL IN THE NATIONAL AND EUROPEAN ELECTIONS AND IF SIGNOR CRAXI'S OWN POSITION WITHIN THE PARTY IS ENHANCED BY THE ELECTION RESULTS. BUT, EVEN IN THESE CIRCUMSTANCES, IT IS NOT YET CLEAR THAT:

A. HIS PARTY AS A WHOLE WOULD SUPPORT MEMBERSHIP OF A COALITION, PARTICULARLY IN THE FACE OF COMMUNIST DISAPPROVAL SEMICOLON

AND

B. THE CHRISTIAN DEMOCRATS WOULD PAY THE SORT OF PRICE DEMANDED, PARTICULARLY IF THEY DO WELL IN THE ELECTIONS.

A LESS RADICAL SCENARIO WOULD BE A DEAL WHEREBY THE SOCIALISTS AT LEAST ABSTAIN IN PARLIAMENTARY VOTING TO ENABLE A MINORITY CHRISTIAN DEMOCRAT OR COALITION GOVERNMENT TO SURVIVE AGAINST COMMUNIST OPPOSITION. THIS COULD PERHAPS BE PRESENTED IN SUCH A WAY AS TO AVOID COMMUNIST CONDEMNATION. BUT, IN ANY CASE, CONTINUING BAD RELATIONS BETWEEN SIGNOR ANDREOTTI AND SIGNOR CRAXI MAKE IT UNLIKELY THAT THE FORMER WOULD SURVIVE AS PRIME MINISTER IF SOCIALIST SUPPORT BECOMES CRUCIAL.

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5. SIGNOR ANDREOTTI WILL ALMOST CERTAINLY REMAIN IN CHARGE OF THE CARETAKER GOVERNMENT UNTIL HE, OR WHOEVER THE PRESIDENT OF THE REPUBLIC INVITES, IS ABLE TO FORM A GOVERNMENT WHICH CAN SURVIVE IN PARLIAMENT. IT IS UNCERTAIN AT PRESENT HOW LONG THAT PERIOD OF CRISIS WILL LAST, AND OPINIONS ARE DIVIDED AS TO WHETHER A SUBSTANTIVE GOVERNMENT WILL BE FORMED BEFORE THE CHRISTIAN DEMOCRAT CONGRESS IS EXPECTED IN OCTOBER. SIGNOR ANDREOTTI CAN BE EXPECTED TO HEAD THE ITALIAN TEAM AT THE EUROPEAN COUNCIL ON 21/22 JUNE.

6. FCO PLEASE PASS TO ALL SAVING ADDRESSEES.

CAMPBELL

[PASSED AS REQUESTED]

FCO/WHITEHALL DISTRIBUTION

WED

5/6/74
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UKP363 XDA518
0918 :ELECTION - RESULTS:

5/6/79.

(47)

ROME, JUNE 5, REUTER - FOLLOWING ARE THE RESULTS OF THE
ITALIAN GENERAL ELECTION WITH THE COMPARATIVE NUMBER OF SEATS
WON IN THE PREVIOUS GENERAL ELECTION OF JUNE, 1976:
THE SENATE

PARTY	X	1979	1976
CHRISTIAN DEMOCRATS		138	135
COMMUNISTS	EP0024	109	116
SOCIALISTS		32	29
ITALIAN SOCIAL MOVEMENT		13	15
SOCIAL DEMOCRATS		9	6
REPUBLICANS		6	6
SOUTH TYROL PARTY		3	2
LIBERALS		2	2
RADICALS		2	-
UNION VALDOTAINE		1	-
LOCAL ALLIANCES		38.8 (36.7)	4
MORE RD		31.2 (34.4)	
SOCIALISTS		9.7 (9.6)	
SOCIAL DEMOCRATS		3.9 (3.4)	
REPUBLICANS		3.0 (2.9)	
LIBERALS		1.9 (1.3)	
RADICALS		3.3 (1.1)	
SOCIAL MOVEMENT		4.6 (6.1)	
NATIONAL RIGHT		0.6	
OTHERS		3.8 (1.1)	

NNNN
UKP364
CK 0921 NNNN HP

UKP365 XDA521
0921 :ELECTION - SEATS 2 ROME.
CHAMBER OF DEPUTIES

PARTY	1979	1976
CHRISTIAN DEMOCRATS	262	263
COMMUNISTS	201	227
SOCIALISTS	62	57
ITALIAN SOCIAL MOVEMENT	30	35
SOCIAL DEMOCRATS	20	15
RADICALS	10	4 ←
REPUBLICANS	16	14
LIBERALS	9	5
DEMOCRATIC PROLETARIANS	6	6
SOUTH TYROL PARTY	4	3
UNION VALDOTAINE	1	-
INDEPENDENT	1	-
LOCAL LEFT ALLIANCE	-	1
REUTER RD		

NNNN

UKP235 EP0024

0126 ELECTION - FIGURES:

ROME, JUNE 5, REUTER - COMPUTER ESTIMATES OF VOTING FOR THE CHAMBER OF DEPUTIES (LOWER HOUSE) IN ITALY'S GENERAL ELECTION, WITH SOME 65 PER CENT OF THE VOTE COUNTED, WERE AS FOLLOWS (FIGURES IN PARENTHESES INDICATE RESULTS IN THE PREVIOUS ELECTION IN JUNE 1976):

	PER CENT	
CHRISTIAN DEMOCRATS	36.0	(38.7)
COMMUNISTS	31.2	(34.4)
SOCIALISTS	9.7	(9.6)
SOCIAL DEMOCRATS	2.9	(3.4)
REPUBLICANS	3.0	(2.9)
LIBERALS	1.9	(1.3)
RADICALS	3.3	(1.1)
SOCIAL MOVEMENT	4.6	(6.1)
NATIONAL RIGHT	0.6	-
OTHERS	3.8	(1.1)

REUTER HP

Kathryn
Colvin 4578

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R+R wpps
Rm
27/5

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British Embassy
Via XX Settembre 80A 00187 Rome

Telex 61049 Telephone 4755.441

D A S Gladstone Esq
Western European Department
FCO

I do not find
this very

convincing. R 27/5
Mr. Verkerke
Mr. Nash

Your reference	WRJ 0012
RECEIVED	13
Our reference	29 MAY 1979
Date	18 May 1979
DESK	
INIT	

My dear David,

for draft reply pre. Mr. Nash did
certainly try to pay an early visit

ROME TEL NO 152 (41)

1. Many thanks for your letter of 15 May about the priority given to this telegram. I realise that you are acting under instructions and that it is very important to maintain discipline in respect of telegram priorities. Now, as in the past, we will give careful thought to this matter. Without being complacent, however, I believe we have a relatively good record, and I notice, for example, that we are generally more careful than some other posts to send repetitions Saving if this is sufficient. As regards the Rome telegram under reference, I can assure you that we thought very carefully before taking action in this way.

2. During your predecessor's time there was a lot of "instant" Ministerial curiosity about Italian politics and the Department were sometimes under pressure in this way. With this in mind, the Ambassador felt, at the beginning of last week, that you needed a comprehensive report on the political situation here, which is at a fairly crucial stage, in order to brief new Ministers, who, during their first few days in the office, were likely to meet a variety of Italian colleagues, eg in Community or NATO contexts. As the European Integration departments would, I believe confirm, the Italian dimension in our Community interests has grown significantly in recent months. We had in mind not only the Secretary of State's meeting in France with his colleagues, but also meetings attended by the Chancellor of the Exchequer, the Minister of Agriculture and the Secretary of State for Defence. As some of these meetings were imminent we considered that an immediate telegram was justified.

3. While I am on this subject, I should point out that it is our practice to send our relatively infrequent political reporting telegrams telegraphically and the Ambassador feels strongly that we should continue to do this. Unless there is some dramatic development here we do not propose to send another one until sometime in the week beginning Monday 28 May, ie a few days before the Italian general election.

4. More generally, we sometimes wonder whether our political reporting is on a sufficient scale to meet your requirements. When we have visited WED, we have been assured politely that this is the case but, for example, when Kathryn Colvin of Research Department was here recently she told us that the Department sometimes called for her services on topics which we would have thought ought to be covered by the Embassy, leaving Kathryn to what we would see as her primary task of long term research. You are of course always at liberty to reject our advice, but we feel that we should be your first call if there is any information which the Department does not have available from its own resources, and particularly where some kind of political assessment is required.

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/5.



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5. If, as I hope, you come and visit us later in the year (though not please in July) we can discuss all this. I also hope that you will find your way to letting Peter Harborne visit us soon, if he is to be with you for any length of time. One of his predecessors, Michael Richardson, visited us in 1977 and we think that his short visit significantly improved his own understanding of the situation here as well as our understanding of WED's requirements.

6. I have shown this letter to both Alan Goodison and the Ambassador who agree with it.

Yours ever,
James.

W J Adams

CONFIDENTIAL



British Embassy

Via XX Settembre 80A 00187 Rome

Telex 61049 Telephone 4755.441

1. Mr. Kerborne - (45)
to copy as rec. p.l.

2. Mr. Blackstone C/R

1) ~~Reger~~ copy to Asst's Staff
2) Enter
3) Mr. Nash - ~~Yog~~ to see
4)

R. 29/5

D A S Gladstone Esq
WED
FCO
LONDON SW1

Our reference

Date 22 May 1979

My
2/5

My dear David,

SOVIET AND AMERICAN VIEWS OF THE ITALIAN INTERNAL SITUATION

1. On 18 May the Soviet Ambassador gave a farewell lunch for Alan Campbell. The lunch was attended exclusively by members of their staffs. After lunch the two Ambassadors moved aside and Alan Campbell asked the Soviet Ambassador how he viewed the prospects for the Italian elections.

2. As I understand it from Alan Campbell (who left almost at once for a farewell visit to Sardinia) the Soviet Ambassador gave a very full and balanced analysis of the Italian scene. He said that the Christian Democrat Party had gone into the election campaign expecting to receive 5 or 6% more votes than they had achieved in 1976. As the campaign had gone on they had become less optimistic. They now thought that the increase in their votes would not be much more than 2%. As for the PCI, they had hoped to maintain their share of the vote. This was nonsense. They were bound to lose votes. For instance, the Radical Party might well achieve as much as 5% (compare our forecast in Rome telno 152 of 8 May). There was nowhere they could get these votes from but the PCI electors. Furthermore, although the Socialists were not handling the campaign very effectively, they were still likely to increase their votes, at the expense of the PCI. It was likely therefore that there would be no great change in the number of seats held by the Christian Democrats and the Communists but that whatever change there was would be to the advantage of the Christian Democrats. Their leadership was however so much at sixes and sevens that they were unlikely to benefit greatly from it. Alan Campbell was struck by the realistic approach of the Soviet Ambassador, whose analysis does not differ greatly from our own.

3. I reported this conversation on 21 May to the American Minister, Allen Holmes; he agreed that this was a sensible analysis. He said that it was not very different from what he had gleaned from Italian journalists in touch with the PCI as being the party's own analysis of the scene. He was however concerned (as we know the Christian Democrats are) at the evidence of a growing feeling of indifference among the Italian electorate/the political parties. He commented,

/to

/as

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as we have done within this Embassy, on the boring character of the election campaign. He feared that this would have an affect on turnout which would damage the interests of the Christian Democrats. The PCI were much more capable of getting their electors to the polls and this could have a significant affect on the results.

4. We also discussed the Socialists. I told him that the Soviet Ambassador had said to Alan Campbell that, whatever Craxi's skill at holding the party together, in the last analysis, he was an unattractive man, and the Italians did not like voting for such a man. Holmes was much struck by the sophistication of this observation. He said, however, that he had heard that when the Socialist Party was establishing its list of candidates Craxi had continuously overruled the proposals of the left-wing of the party, represented by Signorile, for furthering their interests, and he believed that Craxi was therefore still in a position to make his will felt within the party.

5. I conclude that there is a broad measure of agreement between the Soviet, the American and the British Embassies in Rome that the analysis given in our telno 152 is accurate.

Yours ever,

Alan

A C Goodison

cc:

Chanceries: MOSCOW, WASHINGTON

Mrs K Colvin, Research Dept, FCO

Mr Harborne WE 44

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FM ROME WTGR 1052 17MAY79

TO EXOTIT GEB

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--- ITALIAN ELECTIONS-ASPECTS OF CAMPAIGN

RECEIVED		29 MAY 1979
DESK OFFICER	REGISTRY	
INDEX	PA	Action Taken

SYNOPSIS. ITALIAN ELECTION CAMPAIGN IS TORPID, BUT ASPECTS OF IT MAY BE OF INTEREST. WITHIN CHRISTIAN DEMOCRAT PARTY (DC), DIVISION BETWEEN RIGHT WING AND SECRETARY GENERAL ZACCAGNINI AND PM ANDREOTTI

OVER PARLIAMENTARY RELATIONS WITH COMMUNISTS (PCI) HAS BEEN ACCENTUATED AND HAS CALLED INTO QUESTION ANDREOTTI'S FUTURE AS PRIME MINISTER. TERRORISTS' VIOLENT PARTICIPATION IN ELECTION

CAMPAIGN HAS ENCOURAGED DC TO ASCRIBE TO PCI THIS TERRORISM'S IDEOLOGICAL PROGENITURE AND HAS PUT PCI ON DEFENSIVE.

PARTIES AND ELECTORATE ARE NEGLECTING EUROPEAN PARLIAMENT ELECTIONS.

PRACTICAL CONTENT OF MAJOR PARTY PLATFORMS, PUBLISHED ONLY

HALF WAY THROUGH ELECTION CAMPAIGN, IS UNINSPIRING.

2. SOCIALIST (PCI) LEADER CRAXI HAS ADOPTED AS THEME OF HIS

PARTY'S CAMPAIGN NOTION THAT SOCIALISTS ARE PREPARED TO ENTER

QUOTE CONTRACT UNQUOTE WITH ELECTORATE TO PROMOTE STABLE GOVT

FOR FIVE YEAR DURATION OF NEXT PARLIAMENT. IMPLICIT IN CRAXI'S

PROPOSAL IS THAT, IF PCI, BLOCKED BY DC VETO FROM PARTICIPATING

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PAGE TWO WTGR1052 CONF

Perhaps a little over-optimistic *RK7*
29/5

IN GOVT IPSO FACTO REFUSES TO PARTICIPATE IN PARLIAMENTARY
MAJORITY OF QUOTE NATIONAL UNITY UNQUOTE, SOCIALISTS WILL PROVIDE
CHRISTIAN DEMOCRATS WITH COALITION PARTNER REQUIRED FOR PARLIA-
MENTARY MAJORITY (ALTHOUGH PSI WOULD INSIST ON QUOTE PARTY
UNQUOTE WITH DC IN GOVT PARTICIPATION).

3. DCS POWERFUL AND NORMALLY DOCTRINAIRE ANTI-COMMUNIST RIGHT
WING LED BY FANFANNI IS ATTRACTED BY PROSPECT OF RETURN TO
SYSTEM OF DC-PSI COALITION GOVT OPPOSED BY COMMUNISTS WHICH
CHARACTERIZED ITALY DURING SIXTIES AND IS REPELLED BY THOUGHT
OF RENEWING DC-COMMUNIST ASSOCIATION IN PARLIAMENTARY MAJORITY WHICH
SUPPORTED ANDREOTTI'S GOVTS FROM 1976 TO 1979. FANFANNI APPEARS
TO ABET SOCIALISTS DEMAND FOR ANDREOTTI'S DEFENESTRATION AND TO
FAVOUR, IF NECESSARY FOR THEIR SUPPORT, SOCIALIST PRIME MINISTER.
DC SEC-GEN ZACCAGNINI, ELECTED IN 1975 AS REFORM LEADER AND
MORO PROTEGE AFTER FANFANNI'S DISASTROUS STEWARDSHIP OF PARTY
IN 1974 DIVORCE REFERENDUM AND 1975 LOCAL ELECTIONS, AND
ANDREOTTI OPPOSE FANFANNI'S CURRENT POSITIONS AND ARE PROMOTING
RETURN TO PARLIAMENTARY MAJORITY INCLUDING PCI UNDER
ANOTHER ANDREOTTI PRIME MINISTERSHIP. FANFANNI LAST WEEKEND
APPARENTLY WENT SO FAR TO SPEECH TO PROVINCIAL DC RALLY TO ASK FOR
DC ABSOLUTE MAJORITY IN PARLIAMENT TO DESTROY ZACCAGNINI'S AND
ANDREOTTI'S JUSTIFICATION OF DC-PCI COOPERATION:
QUOTE WHEN AN ABSOLUTE MAJORITY EXISTS THERE DOES NOT/NOT EXIST
A ZACCAGNINI IN THE WORLD WHO CAN SAY TO THE (DC) PARTY: WE YIELD

...3

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PAGE THREE WTGR1052 CONFD

(TO THE COMMUNISTS) UNQUOTE. PCI HAS BEEN QUICK TO ATTACK DC RIGHT AS BETRAYERS OF MOROS ALLEGED LINE OF CONCILIATION BETWEEN DC AND PCI.

5. NEW WAVE OF TERRORIST ATTACKS AGAINST PERSONS AND PROPERTY ASSOCIATED WITH DC HAS ENCOURAGED DC TO ATTRIBUTE AGAIN TO PCI IDEOLOGICAL PROGENITURE OF LEFT WING TERRORISM; QUOTE THE IDEOLOGICAL ROOT OF TERRORISM IS IN THE LONG AND IRRESPONSIBLE INSTIGATION TO HATE DIFFUSED FOR YEAR BY THE PROPAGANDA CENTERS OF BOTH THE LEFTIST EXTREMISTS AND THE HISTORIC LEFT WHICH IN THE PAST HAVE AFFORDED CONSIDERATION, COMPLICITY AND PSYCHOLOGICAL AND IDEOLOGICAL COVER TO THE TERRORISM WHICH IS MARTYRIZING CHRISTIAN DEMOCRACY UNQUOTE. GOV'S RECENT DECISION TO EMPLOY ARMED FORCES TO GUARD SITES ATTRACTIVE AS TERRORIST TARGETS HAS BEEN PORTRAYED BY SOME AS ELECTORAL MANOEUVRE TO IMPRINT ON CONSCIOUSNESS OF ELECTORATE COURAGEOUS STATE OF SIEGE IN WHICH CHRISTIAN DEMOCRAT LED GOVT AND STATE INSTITUTIONS AND CHRISTIAN DEMOCRAT PARTY FIND THEMSELVES. PCI HAS REACTED DEFENSIVELY, ARGUING THAT CHRISTIAN DEMOCRAT MISGOVERNMENT IS PRIMARY INSPIRATION OF TERRORISM AND THAT TRUE TARGET OF CURRENT ITALIAN TERRORISM AS PROFESSED BY TERRORIST PROPOGANDA IS DESTRUCTION OF PCI OR QUOTE BERLINGUERS COMMUNISM UNQUOTE AND ITS REPLACEMENT BY QUOTE PURE COMMUNISM UNQUOTE. PCI HAS ALSO POINTED OUT THAT IN 1978

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PAGE FOUR WTGR1232 CONF

PCI MEMBER DENOUNCED ON INSTRUCTIONS OF PARTY TO JUDICIAL AUTHORITIES RED BRIGADES ACTIVITY WITHIN FACTORY IN GENOA AND WAS SUBSEQUENTLY MURDERED IN RED BRIGADES REPRISAL.

6. COINCIDENCE OF CAMPAIGN FOR EUROPEAN PARLIAMENT WITH THAT FOR ITALIAN PARLIAMENT HAS RENDERED FORMER OF MARGINAL INTEREST AT BEST. THERE ^{IS} NO/NO APPARENT EFFORT BY PARTIES TO DIFFERENTIATE BETWEEN TWO CAMPAIGNS AND ALMOST NO/NO REFERENCE WHATSOEVER TO EUROPEAN PARLIAMENT. LAPSE OF WEEK BETWEEN ITALIAN PARLIAMENT ELECTIONS ON JUNE 3-4 AND EUROPEAN PARLIAMENT ELECTIONS ON JUNE 10/13 WILL PRESUMABLY ENCOURAGE PARTIES TO CONCENTRATE THEIR ATTENTION ON EUROPEAN ISSUES AT THAT TIME.

7. DC ONLY PRESENTED ITS ELECTORAL PROGRAM ON MAY 15/16, MORE THAN HALF WAY THROUGH ELECTORAL CAMPAIGN AND ITS PRACTICAL CONTENT IS UNINSPIRING AND VAGUE. PCI PROGRAM PUBLISHED COUPLE OF WEEKS AGO IS MUCH MORE DETAILED AND COMPREHENSIVE RUNNING TO 16/16 TABLOID STYLE NEWSPAPER PAGES BUT IS REFLECTION OF MARCH 30-APRIL 3 PCI PARTY CONGRESS EMBROIDERED WITH ATTEMPT TO DEMONSTRATE THAT POSITIVE ACTIVITY OF LAST ITALIAN PARLIAMENT WAS ALMOST ENTIRELY DUE TO PCI. OFFICIAL PCI INTERNATIONAL AFFAIRS PLATFORM REFERS ON NATO ONLY TO PCI RESPECT FOR ITALY'S QUOTE TRADITIONAL INTERNATIONAL ALLIANCES UNQUOTE. IN INTERVIEW WITH CORRIERE DELLA SERA PUBLISHED MAY 6/6 PCI LEADER BERLINGUER, AS HE DID IMMEDIATELY PRIOR TO 1976 ELECTIONS, WENT FAR BEYOND PARTYS

...5

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PAGE FIVE WTGR1052 CONFD

OFFICIAL STATEMENT AS FOLLOWS:QUOTE I FEEL THAT ITALYS NOT/NOT
BELONGING TO THE WSAW PACT PROVIDES ABSOLUTE ASSURANCE THAT WE CAN
PROCEED ALONG THE ITALIAN PATH TO SOCIALISM WITHOUT ANY CONDITION-
ING..THE ATLANTIC PACT CAN ALSO BE A USEFUL SHIELD BEHIND
WHICH SOCIALISM CAN BE CONSTRUCTED IN LIBERTY..I DESIRE THAT ITALY
NOT/NOT LEAVE THE ATLANTIC ALLIANCE ALSO FOR THIS REASON AND
NOT/NOT ONLY BECAUSE OUR DEPARTURE WOULD UPSET INNATL EQUILIBRIUM.
I FEEL MORE SECURE WHERE WE ARE UNQUOTE

FORTIER

CCC/072 171356Z WTGR1052

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File

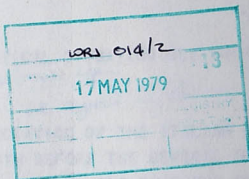
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Foreign and Commonwealth Office

London SW1A 2AH

15 May 1979

W J Adams Esq CMG
ROME



Dear James

ROME TELEGRAM NO 152 (41)

1. We were grateful for the Ambassador's assessment of the Italian political situation one month before the General Election set out in your telegram no 152. We found it very interesting and it received a full circulation. I wonder, however, allowing for the imminence of the Cahors meeting and the interest for the Secretary of State of an up-to-date assessment before he met Signor Forlani, whether it was really necessary to send such a long telegram 'immediate', when it might perhaps have gone saving by one of your twice weekly bags. Forgive the bleat but we are, as you know, under standing instructions to draw to posts' attention those telegrams whose content and length does not seem to justify the degree of priority allocated to them.

Yours ever
David

D A S Gladstone
Western European Department

CONFIDENTIAL

Mr. Verker

CONFIDENTIAL

FM ROME 081430Z MAY 79

TO IMMEDIATE FCO

TELEGRAM NUMBER 152 OF 8 AMY. *I can't see why this wasn't sent SAVING to everyone - there are two conf. & at least one u/c was a week from Rome*
 INFO SAVING TO WASHINGTON, UKDEL NATO, UKDEL BRUSSELS AND ALL OTHER EEC POSTS. *Plm 9/5*

MY TEL NO 140: THE ITALIAN POLITICAL SITUATION ONE MONTH BEFORE THE GENERAL ELECTION. *Mr. Harborne again*
We agreed to change

1. THE FOLLOWING IS MY APPRECIATION OF THE ITALIAN POLITICAL SITUATION APPROXIMATELY ONE MONTH BEFORE THE GENERAL ELECTION ON 3 JUNE. AT PRESENT, THERE IS LITTLE HOPE THAT THE ELECTION WILL RESULT IN A STRONGER GOVERNMENT BUT ONE MUST NEVER UNDER-RATE THE ITALIAN CAPACITY FOR COBBLING TOGETHER A POLITICAL MAJORITY OUT OF UNPROMISING MATERIAL. *Mr. Gledhill* *So A. Campbell's conclusion certainly looking he has not said before & the tel. is excessively long. He may have sent it as a tel. in order to achieve wider distribution.*

PUBLIC OPINION POLLS

2. CHRISTIAN DEMOCRATS, COMMUNISTS AND SOCIALISTS. *including new members I don't consider the*

THE PUBLIC OPINION POLLS ARE REGARDED AS OF ONLY MARGINAL SIGNIFICANCE AT THIS STAGE, PARTICULARLY AS THERE IS A HIGH PROPORTION OF "DON'T KNOWS". BUT POLLS TAKEN AT THE BEGINNING OF THIS MONTH, (MORE ARE EXPECTED THIS WEEK) SHOW A 1 OR 2 PERCENT SWING IN FAVOUR OF THE CHRISTIAN DEMOCRATS (38.8% OF THE VOTE IN 1976 ELECTIONS) AND A BIT MORE AGAINST THE COMMUNISTS (34.4% IN 1976). THE SOCIALISTS (9.6% IN 1976) ARE ALSO EXPECTED TO GAIN ONE OR TWO POINTS. *in this case. I Ryan agree I suggest we use a mild expression of surprise that it was not sent by leg, in line with recent instructions.*

3. MINOR PARTIES

THE MAIN CHANGES EXPECTED AT PRESENT ARE A LARGE INCREASE, PARTLY AT THE EXPENSE OF THE COMMUNISTS, FOR THE RADICAL PARTY (1.1% IN 1976), WHICH ESPOUSES A NUMBER OF FASHIONABLE CAUSES, E.G. ECOLOGY, AND IS NOW EXPECTED TO WIN 5%, PLUS A 2% DROP FOR THE MSI (NEO-FASCISTS) (6.1% IN 1976). THE SOCIAL DEMOCRATS, THE LEFT OF CENTRE REPUBLICANS, THE RIGHT OF CENTRE LIBERALS, THE TWO SMALL EXTREME LEFT WING PARTIES (DEMOCRAZIA PROLETARIA AND THE P.D.U.P.) AND THE EXTREME RIGHT-WING NON-FASCIST DEMOCRAZIA NAZIONALE, ARE EXPECTED TO WIN OR LOSE A POINT HERE OR THERE, BUT NONE OF THEM HAD MORE THAN 3.5% OF THE VOTE IN 1976. *Plm 9/5*

CURRENT ATTITUDES OF PARTIES

4. THE CHRISTIAN DEMOCRATS SAY THEY WILL NOT ACCEPT A COALITION WITH THE COMMUNISTS, BUT THAT THEY ARE OPEN TO A COALITION WITH THE SOCIALISTS AND OTHER MINOR LAY PARTIES (PRESUMABLY EXCLUDING THE EXTREME RIGHT) AND TO VARIOUS FORMULAE REGARDING THE COMPOSITION OF THE EVENTUAL PARLIAMENTARY MAJORITY (PRESUMABLY NOT EXCLUDING THE RETURN OF THE COMMUNISTS TO THE MAJORITY). THERE ARE DIFFERENCES OF OPINION WITHIN THE PARTY ABOUT THE FUTURE RELATIONSHIP WITH THE COMMUNISTS BUT VIRTUALLY ALL LEADERS ARE FOLLOWING THE LINE DESCRIBED ABOVE. THERE IS LESS HARMONY ABOUT DETAILED ATTITUDES TO OTHER PARTIES. IN FACT A MAJOR STRUGGLE FOR POWER (EXPRESSED THROUGH COMPETITION FOR "PREFERENCE VOTES") IS GOING ON WITHIN THE CHRISTIAN DEMOCRAT PARTY. THERE ARE ALSO SEVERAL POTENTIAL CONTENDERS FOR ANDREOTTI'S PREMIERSHIP, THOUGH NONE ARE YET VERY CONVINCING CANDIDATES.

5. THE COMMUNISTS HAVE SAID, ALMOST AS CLEARLY, THAT THEY WILL ACCEPT NO HALF-WAY HOUSE BETWEEN MEMBERSHIP OF THE GOVERNMENT AND STRAIGHTFORWARD OPPOSITION, THOUGH BEFORE ANDREOTTI'S FINAL PARLIAMENTARY DEFEAT ON 31 MARCH, THEY PRETENDED TO BE PREPARED TO CONSIDER INTERMEDIATE SOLUTIONS.

6. THE SOCIALISTS, THOUGH CONFUSED IN THEIR UTTERANCES, SAY THEY WANT TO REVIVE THE PRE-CRISIS POLICY OF NATIONAL UNITY. THEY ARE NOT OPPOSED TO COMMUNIST MEMBERSHIP OF A COALITION GOVERNMENT BUT WOULD NO DOUBT ACCEPT ANY SOLUTION WHICH MAXIMISED THEIR OWN IMPORTANCE WITHOUT ATTRACTING COMMUNIST CONDEMNATION. THEY ARE HOWEVER AT PRESENT ENGAGED IN AN IMPORTANT INTERNAL MEETING FROM WHICH SOME NEW LINE MIGHT CONCEIVABLY EMERGE. CHRISTIAN DEMOCRAT LEADERS ARE TRYING HARD TO COURT THE SOCIALISTS AND FANFANI, PRESIDENT OF THE SENATE, WENT SO FAR AS TO HINT THAT HE WOULD GIVE THE SOCIALISTS THE PRIME MINISTER'S POST IN A COALITION WITH HIS OWN PARTY. BUT THIS PLOY HAS BEEN CRITICISED BY OTHER CHRISTIAN DEMOCRATS AND THE SOCIALISTS ARE WARY.

7. AS FOR THE MINOR PARTIES, THE SOCIAL DEMOCRATS AND REPUBLICANS (AT PRESENT IN COALITION WITH THE CHRISTIAN DEMOCRATS IN THE MINORITY CARETAKER GOVERNMENT) DIFFER ON THE ACCEPTABILITY OF COMMUNISTS IN GOVERNMENT. THE SOCIAL DEMOCRATS COULD NOT /ACCEPT

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CAMPBELL

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British Embassy
Via XX Settembre 80A 00187 Rome
Telex 61049 Telephone 4755.441

Your reference

C J Baker Esq
HM Treasury
IFI
Parliament Street
LONDON SW1

Our reference

Date 10 May 1979

WR 014/2	Date
17 MAY 1979	

Dear Chris,

SCANDAL AT THE BANK OF ITALY

1. You must by now be fed up with letters on this subject: however, since every time I send one the situation seems to change, there seems no alternative to boring you further.

2. On 4 May, it was announced that the magistrates had lifted their suspension from office of Sarcinelli, on the prior understanding with the Bank that he would be assigned to duties other than the banking supervision sector. Ciampi, the Director-General of the Bank, has taken over responsibility for the banking supervision sector. It is strongly suspected that this compromise was reached after an intervention by Andreotti.

3. The position therefore remains that both Baffi and Sarcinelli are still in office at the Bank of Italy, though both still subject to judicial proceedings, which as always in Italy could be drawn out for a very long time. I find it impossible to judge whether the simple removal of Sarcinelli from the banking supervision job was the ultimate aim of this Byzantine operation, but it is perfectly clear that some people will be very pleased at the outcome. It is not clear whether Andreotti is one of them.

4. Meanwhile there continue to be strong rumours that a further series of summonses will be served on protagonists in the SIR case, but nothing has so far happened. Prominent people who may well be involved are Baffi himself, who was a president of IMI at the time, and Senator Nino Andreatta, a prominent liberal Christian Democrat economist who was also there at IMI. There may therefore be more excitements in store.

Yours ever
A C Galsworthy

cc:

D Gore-Booth Esq FRD, FCO

P G Harborne Esq WED, FCO

A M Porter Esq Overseas Dept Bank of England

Mac K Colvin, RD, FCO

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TO RUKRAAA/CDR SAN VITO DEI NORMANNI AS IT/OI

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ITALY: ANDREOTTI COMMENTS ON FIRST OPINION POLL

LD022057

ROME DOMESTIC SERVICE IN ITALIAN 1800 GMT 2 MAY 79 LD

((TEXT)) THE PARTIES HAVE VIRTUALLY CONCLUDED THE PREPARATORY PHASE OF THE ELECTION CAMPAIGN WHICH WILL OFFICIALLY OPEN THE DAY AFTER TOMORROW, 4 MAY. THE TIME LIMIT FOR THE PRESENTATION OF THE LISTS OF CANDIDATES FOR NATIONAL AND EUROPEAN ELECTIONS EXPIRES IN AN HOUR. THE ITALIANS WILL THEN HAVE EXACTLY 1 MONTH TO REFLECT ON THE PROPOSED NAMES AND PROGRAMS. IN THE MEANTIME THE FIRST OF MANY OPINION POLLS, WHICH WILL ACCOMPANY THE ELECTION CAMPAIGN, INDICATE THAT THE CHRISTIAN DEMOCRATS, RADICALS AND SOCIALIST WILL GAIN VOTES, WHILE THE COMMUNISTS, SOCIAL DEMOCRATS AND ITALIAN SOCIAL MOVEMENT WILL LOSE THEM. THE PREDICTED RESULTS, HOWEVER, DO NOT SEEM SUFFICIENT FOR A SUBSTANTIAL MODIFICATION OF THE POLITICAL SITUATION.

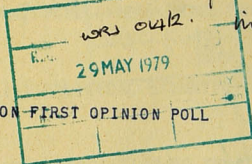
THIS IS AN ASPECT DEALT WITH BY ANDREOTTI IN AN INTERVIEW TO THE PERIODICAL FAMIGLIA CRISTIANA. THE PRIME MINISTER SAID THAT IF THE FIGURES DO NOT CHANGE THE CHRISTIAN DEMOCRATS AS IN 1976, WILL HAVE TO GO FOR A ONE-PARTY GOVERNMENT OR FOR A ONE-PARTY GOVERNMENT TOGETHER WITH TECHNICAL-POLITICAL COOPERATION. THE IMPORTANT THING IS, HE ADDED, TO HAVE A GOVERNMENT WHICH WILL SUCCEED IN OBTAINING APPROVAL FOR THE 3-YEAR ECONOMIC PLAN, GO ALL OUT IN THE BATTLE AGAINST TERRORISM AND PRESENT ABROAD THE IMAGE OF A STABLE COUNTRY. FOR THIS REASON, IT WILL BE USEFUL, ANDREOTTI OBSERVED, REFERRING TO THE COMMUNISTS, IF CERTAIN FORMS OF INTRANSIGENCE CEASE. IN HIS OPINION THE COLLOCATION OF THE PCI IN OPPOSITION WILL BE EXTREMELY WORRYING--INDEED, FULL OF RISK. AS REGARDS THE SOCIALISTS ANDREOTTI INVITED THEM TO ADOPT A MORE EXPLICIT POLICY. HE DID NOT SPARE HIS PARTY OF CRITICISM, OR RATHER HE CRITICIZED THE STANCES ADOPTED BY CERTAIN IMPORTANT EXPONENTS IN RECENT TIMES, AND DESCRIBED AS A MISTAKE THE PROPOSAL TO HAVE A SOCIALIST AS THE PRESIDENT OF THE COUNCIL OF MINISTERS. HE URGED THOSE WHO WANT A REFORM OF THE ELECTORAL LAW TO EXERCISE CAUTION. THE CHRISTIAN DEMOCRATS, ANDREOTTI SAID, MUST WORK FOR A RENEWAL WITH A CLEAR SENSE OF AIMS AND ((WORDS INDISTINCT))

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CONFIDENTIAL

ROME 081430Z MAY 79
TO IMMEDIATE FCO

TELEGRAM NUMBER 152 OF 8 AMY.

INFO SAVING TO WASHINGTON, UKDEL NATO, UKDEL BRUSSELS AND ALL
OTHER EEC POSTS.

TOP COPY

WORLD	12
REC'D	14 MAY 1979
INDEX	155

MY TEL NO 140: THE ITALIAN POLITICAL SITUATION ONE MONTH BEFORE THE
GENERAL ELECTION.

1. THE FOLLOWING IS MY APPRECIATION OF THE ITALIAN POLITICAL
SITUATION APPROXIMATELY ONE MONTH BEFORE THE GENERAL ELECTION ON
3 JUNE. AT PRESENT, THERE IS LITTLE HOPE THAT THE ELECTION WILL
RESULT IN A STRONGER GOVERNMENT BUT ONE MUST NEVER UNDER-RATE THE
ITALIAN CAPACITY FOR COBBLING TOGETHER A POLITICAL MAJORITY OUT
OF UNPROMISING MATERIAL.

PUBLIC OPINION POLLS

2. CHRISTIAN DEMOCRATS, COMMUNISTS AND SOCIALISTS.

THE PUBLIC OPINION POLLS ARE REGARDED AS OF ONLY MARGINAL
SIGNIFICANCE AT THIS STAGE, PARTICULARLY AS THERE IS A HIGH
PROPORTION OF "DON'T KNOWS". BUT POLLS TAKEN AT THE BEGINNING
OF THIS MONTH, (MORE ARE EXPECTED THIS WEEK) SHOW A 1 OR 2 PERCENT
SWING IN FAVOUR OF THE CHRISTIAN DEMOCRATS (38.8% OF THE VOTE IN
1976 ELECTIONS) AND A BIT MORE AGAINST THE COMMUNISTS (34.4% IN
1976). THE SOCIALISTS (9.6% IN 1976) ARE ALSO EXPECTED TO GAIN
ONE OR TWO POINTS.

3. MINOR PARTIES

THE MAIN CHANGES EXPECTED AT PRESENT ARE A LARGE INCREASE, PARTLY
AT THE EXPENSE OF THE COMMUNISTS, FOR THE RADICAL
PARTY (1.1% IN 1976), WHICH ESPOUSES A NUMBER OF FASHIONABLE
CAUSES, E.G. ECOLOGY, AND IS NOW EXPECTED TO WIN 5%, PLUS A 2%
DROP FOR THE MSI (NEO-FASCISTS) (6.1% IN 1976). THE SOCIAL
DEMOCRATS, THE LEFT OF CENTRE REPUBLICANS, THE RIGHT OF CENTRE
LIBERALS, THE TWO SMALL EXTREME LEFT WING PARTIES (DEMOCRAZIA
PROLETARIA AND THE P.D.U.P.) AND THE EXTREME RIGHT-WING
NON-FASCIST DEMOCRAZIA NAZIONALE, ARE EXPECTED TO WIN OR LOSE A
POINT HERE OR THERE, BUT NONE OF THEM HAD MORE THAN 3.5% OF THE
VOTE IN 1976.

CURRENT ATTITUDES OF PARTIES

4. THE CHRISTIAN DEMOCRATS SAY THEY WILL NOT ACCEPT A COALITION WITH THE COMMUNISTS, BUT THAT THEY ARE OPEN TO A COALITION WITH THE SOCIALISTS AND OTHER MINOR LAY PARTIES (PRESUMABLY EXCLUDING THE EXTREME RIGHT) AND TO VARIOUS FORMULAE REGARDING THE COMPOSITION OF THE EVENTUAL PARLIAMENTARY MAJORITY (PRESUMABLY NOT EXCLUDING THE RETURN OF THE COMMUNISTS TO THE MAJORITY). THERE ARE DIFFERENCES OF OPINION WITHIN THE PARTY ABOUT THE FUTURE RELATIONSHIP WITH THE COMMUNISTS BUT VIRTUALLY ALL LEADERS ARE FOLLOWING THE LINE DESCRIBED ABOVE. THERE IS LESS HARMONY ABOUT DETAILED ATTITUDES TO OTHER PARTIES. IN FACT A MAJOR STRUGGLE FOR POWER (EXPRESSED THROUGH COMPETITION FOR "PREFERENCE VOTES") IS GOING ON WITHIN THE CHRISTIAN DEMOCRAT PARTY. THERE ARE ALSO SEVERAL POTENTIAL CONTENDERS FOR ANDREOTTI'S PREMIERSHIP, THOUGH NONE ARE YET VERY CONVINCING CANDIDATES.

5. THE COMMUNISTS HAVE SAID, ALMOST AS CLEARLY, THAT THEY WILL ACCEPT NO HALF-WAY HOUSE BETWEEN MEMBERSHIP OF THE GOVERNMENT AND STRAIGHTFORWARD OPPOSITION, THOUGH BEFORE ANDREOTTI'S FINAL PARLIAMENTARY DEFEAT ON 31 MARCH, THEY PRETENDED TO BE PREPARED TO CONSIDER INTERMEDIATE SOLUTIONS.

6. THE SOCIALISTS, THOUGH CONFUSED IN THEIR UTTERANCES, SAY THEY WANT TO REVIVE THE PRE-CRISIS POLICY OF NATIONAL UNITY. THEY ARE NOT OPPOSED TO COMMUNIST MEMBERSHIP OF A COALITION GOVERNMENT BUT WOULD NO DOUBT ACCEPT ANY SOLUTION WHICH MAXIMISED THEIR OWN IMPORTANCE WITHOUT ATTRACTING COMMUNIST CONDEMNATION. THEY ARE HOWEVER AT PRESENT ENGAGED IN AN IMPORTANT INTERNAL MEETING FROM WHICH SOME NEW LINE MIGHT CONCEIVABLY EMERGE. CHRISTIAN DEMOCRAT LEADERS ARE TRYING HARD TO COURT THE SOCIALISTS AND FANFANI, PRESIDENT OF THE SENATE, WENT SO FAR AS TO HINT THAT HE WOULD GIVE THE SOCIALISTS THE PRIME MINISTER'S POST IN A COALITION WITH HIS OWN PARTY. BUT THIS PLOY HAS BEEN CRITICISED BY OTHER CHRISTIAN DEMOCRATS AND THE SOCIALISTS ARE WARY.

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40

Mr. Harborne
correction made
Regd: SR 915
TO note

P M Vereker Esq
WED
FCO

WR 01412	
REC'D	13
14 MAY 1979	
ENTRY	

Your reference

Our reference

Date

PM
9/15
3 May 1979

Dear Peter,

DESPATCH ON FOURTH AND FIFTH ANDREOTTI GOVERNMENTS

1. In this bag WED should be receiving copies of Sir Alan Campbell's despatch of 30 April on this subject.
2. Reading through this despatch just before the bag closed, I noted that the heading "Conclusion" had been placed over the wrong paragraph. It should have been placed over Chapter 16 and not over Chapter 15. It is a detail, but if the despatch goes to print, could you please ensure that this is put right in the printed edition.

Yours ever,

James.

W J Adams

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DSR 8

WR
(39)



WR 014/2	
RECEIVED	2.13
14 MAY 1979	
DESK 0	SUBJECT
IN-BOX	

BRITISH EMBASSY,
ROME.

SUMMARY

FOURTH AND FIFTH ANDREOTTI GOVERNMENTS, MARCH 1978 TO MARCH 1979.

1. Andreotti's Fifth Government was defeated on 31 March, two months after the demise of his fourth government though (paragraph 14) he will remain in charge of a caretaker administration until a new government is formed after the elections on 3 June. After more than 2 years of precarious stability, Italy's political future seems uncertain again (paragraph 1).
2. The inter-party truce, which had involved Communist parliamentary support for these governments, was wrecked by the Communists in January (paragraphs 2 to 4).
3. The Communist decision to withdraw from the Majority and to provoke early elections was motivated by their own internal problems, though they tried to cast the blame on the Christian Democrats. The Communists stage-managed successfully their party conference in March, which endorsed their return to parliamentary opposition. This will give them a free hand to exploit any Christian Democrat difficulties after the elections (paras 5 to 7).
4. The Socialists experienced their usual difficulties in reconciling Christian Democrat and Communist claims on their support. By voting with the Communists against the government they frustrated their own aim of postponing national elections until after the European ones. In the process, relations between the Socialists and Andreotti were damaged (paragraph 8).

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5. Andreotti's fourth government's political and economic record was not bad by Italian standards, but most fundamental questions of economic reform, e.g. the curtailment of public expenditure and wage inflation, remain unsolved (paragraphs 9 to 12).

6. The Christian Democrats have shown signs of increased unease since Moro's death. There has been a shift towards the Right within the party. Andreotti has been an outstanding Prime Minister in many respects, but recently his personal reputation has been under attack and political rivals will try to exploit the post-electoral situation to his disadvantage (paragraphs 13 to 15).

7. The Christian Democrats are expected to win a few points and the Communists to lose a few in the elections. But unless these bring significant changes in the composition of Parliament, or party attitudes, it is hard to see how the Majority Government can be formed. One must hope for a more responsible attitude by the Socialists. A sense of disquiet is thus inevitable though Italian politicians can be counted on to exercise maximum ingenuity after the elections in resolving any consequential political dilemma (paragraph 16).

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BRITISH EMBASSY.
ROME.

30 April 1979

(014/5)

The Rt Hon Dr David Owen MP
LONDON

Sir ,

THE FOURTH AND FIFTH ANDREOTTI GOVERNMENTS, MARCH 1978
TO MARCH 1979.

1. Signor Andreotti handed in the resignation of his fifth government on the 31st of March, only two months after the resignation of his fourth, which had lasted since March 1978. His fifth government, which brought the small Republican and Social Democrat parties into coalition with the Christian Democrats, never even obtained an initial vote of confidence in Parliament. The upshot was the dissolution of Parliament and the calling of new elections two years before the scheduled time. Thus, after a period of two and a half years of comparative, if precarious, stability under Andreotti's Prime Ministership, Italy seems to have returned once more to the political unease and uncertainty which characterised much of the previous decade. How has this change in the political climate come about?

Background to the Crisis

2. The political truce which followed the June 1976 elections depended initially on an arrangement whereby the Communists and other smaller lay parties agreed to support Andreotti's minority Christian Democrat government by their abstention. After the Communists had upset this arrangement by demanding a further step

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towards power, Andreotti formed his fourth government in March 1978 on the basis of a five-party political majority including the Communists, though excluding the Liberals. At this time, Andreotti appeared to have made the best of a difficult situation by giving only a very small concession to the Communists, while buying time for his government and his party to recover support lost in the 1976 elections, and if possible to lay the foundations for a renewed understanding with the Socialists who under their new leader, Craxi, seemed prepared once more to distance themselves, however stealthily, from the Communists.

3. The new majority was never so united as in the first few weeks of its existence, when the Communists and other lay parties (apart from some wavering by the Socialists) stood firmly behind the government in the face of terrorist blackmail during the Moro affair. The majority also held up well during the unexpected Presidency crisis in July after President Leone had been forced to resign 6 months before the end of his term. But as early as 9 June the Communist leader, Berlinguer, wrote to Andreotti complaining of delays in carrying out the agreed programme: by the early autumn these complaints had become accusations of a change in political direction since the death of Moro. By December, the Communists had broken ranks with the majority and voted against the government on two occasions, first because of the immediate entry of Italy into the European Monetary System and secondly because of the nomination of new chairmen of major public bodies. Finally, in mid-January, amidst a barrage of accusations against the Christian Democrats, the Communists changed



course and announced that they could no longer take part in "unitary" solutions, except on the basis of their old demand for full Communist participation in government. This meant the end of the five-party majority and of the fourth Andreotti government which had depended on it.

4. When the fourth Andreotti government resigned on 31 January, it was still not clear whether the Communists would push their intransigence to the extent of provoking an early general election which nobody except the extreme right-wing parties appeared to want. But as the crisis wore on, it became clear that neither Andreotti, nor even the late Ugo La Malfa - the widely respected Republican leader, who for a brief (and for the Christian Democrats, awkward) period was given a mandate to form a government by President Pertini after Andreotti's first effort had failed - was going to be allowed by the Communists to re-constitute a government similar to the previous one. The Communists did slightly moderate their demands during the closing phase of La Malfa's attempt, by offering to settle for the inclusion of representatives of the independent left who had been elected on the Communist list, plus an assurance that the Christian Democrat representation in the new government would not be decided on the basis of a share-out between party factions. Opinions are still divided as to the precise state of the game when La Malfa threw in his hand on 2 March. But when Andreotti, La Malfa and the veteran Social Democrat, Saragat, were jointly appointed by President Pertini on 7 March for a final attempt at forming a government,

/the



the Communists quickly insisted on a number of unacceptable conditions such as the Communist right of veto over the choice of all ministers and the participation of the Communists in certain regional councils. This was too high a price to pay and Andreotti was left with no alternative but to cobble together a three-party government, his fifth, presented on 20 March, which he knew would risk defeat on a vote of confidence because it had no prearranged majority. The Communists were certain to oppose it and the only acceptable chance of survival (since Andreotti had announced that he would not accept the support of the right-wing, though non-Fascist, National Democrats) lay in the possibility of Socialist abstentions. In the event, the Socialists were unwilling to disassociate themselves in this way from the Communists, and the government was defeated, on 31 March, by one vote in the Senate - thus precipitating the dissolution of Parliament and leaving Andreotti in charge of a still-born administration whose main task will be to manage elections, both national and European.

Communist Manoeuvring

5. The main responsibility for this change in the political climate lies with the Communists. Andreotti had hoped that his fourth government would survive with Communist support, at least until after the European elections in June. But it appears that the Communists began to find their position so uncomfortable, trapped in an association with government policy but without any increase in power, that they felt obliged to provoke a change at the beginning of the year. The timing was no doubt dictated largely by their party Congress (the



first since 1976) which took place at the end of March. Local election results last year had shown some falling off in their electoral appeal (a new and worrying phenomenon for the Italian Communists) and there was evident dissatisfaction among their rank and file. Had the leadership not changed direction when it did, Berlinguer and the "moderates" could have come under serious attack at the Congress. Moreover the publication of the government 3-year economic plan in January obliged the Communists to take up a position. Had they accepted it they would have been committed for a long time to supporting the government on most of the larger economic issues.

6. Nevertheless, many people thought in January that the Communists would in the end come back into the majority on the basis of an intermediate solution (such as the inclusion in the government of "technicians" acceptable to their party) which could then be presented to the faithful as a further step forward towards power. But it now seems clear that they had decided at the outset to have a showdown with the other parties of the majority. Their manoeuvring in the early stages of the crisis - for example their offer to accept representatives of the independent-left in a La Malfa government - was merely an attempt to put the blame for provoking elections on to others. They always made sure that their demands were significantly in advance of what they knew the Christian Democrats could accept. It was significant that on the very day (31 March) on which the Communists voted down the new government in the Senate, the party faithful were applauding hard line speeches at the

/Congress



Congress in support of Berlinguer's call for the party to be "in government ... or "in opposition".

7. The return to what the Communists claim to be a role of 'responsible' opposition was ably orchestrated by Berlinguer. He and his colleagues no doubt hope that the government which will be formed after the forthcoming elections will run into political and economic difficulties. In that situation the Communist Party might expect to recover any ground lost in the elections and events might lend force to the argument that Italy was ungovernable without Communist help. The Communists might also hope that, at this point, their demand to introduce their ministers in the government (which remains the main objective of their "historic compromise" policy) would prove irresistible.

Socialist disarray

8. Not for the first time in recent Italian history, the Socialists must bear a fair share of blame for allowing the crisis to develop as it did. They had always pinned their hopes on the European elections in June, in which they expected to benefit from their association with larger fraternal parties in the Community. Conversely, their local election results in Italy last autumn had not confirmed the upward trend that was apparent in the middle of last year. In these circumstances it was thought likely - indeed this was put to me in January by Andreotti's diplomatic adviser, who was no doubt reflecting his master's views - that the Socialist Party secretary, Craxi, might be willing to move some way from the Communists in Parliament in order to avoid facing national elections before the European ones. As things turned out, the Socialists



did have it in their power to keep the fifth Andreotti government in office with their abstentions, at least until after the European elections. But, as so often happens with the Italian Socialists, they proved too disunited, when it came to the point, to be able to distance themselves even that small amount from the Communists. They thus ended up by getting the worst of both worlds: the Communists, who see the Socialists as serious potential rivals on the left, have been allowed to out-manoeuvre them by provoking elections; and the elections, it turns out, are to be a week before the European ones (owing to last-minute technical difficulties, which the government ought perhaps to have foreseen, about holding them both together) which is the one solution the Socialists were seeking to avoid. The Socialists are thus going into the campaign in some disarray. Craxi has made it clear that his party will not fight an election campaign based on Communist demands to enter the government (though they would not oppose this), but on the assertion of an independent third force role for the Socialists. At the same time he has launched a bitter attack on Andreotti for his "bad faith" over the date of the elections. This perhaps augurs badly for the prospects of a future alliance between Christian Democrats and the Socialists, which in the long term, given the present parliamentary arithmetic, is probably the only way of giving Italy a government with a stable, non-Communist majority.

The fourth Andreotti Government's record

9. One of the claims made when the fourth Andreotti government took office was that the structure of the

/majority



majority in Parliament would enable the chronically slow process of Parliamentary legislation to be speeded up. This claim was not really fulfilled; in spite of the consensus which was supposed to be achieved on draft legislation between the parties, argument and amendment did not noticeably diminish while the legislation was actually before Parliament. Nevertheless, the legislative record of the fourth Andreotti government was not a bad one by Italian standards. On the political side, one long-standing (and, for the Christian Democrats, divisive) measure which has at last been passed, is a bill to legalise abortion. On the economic side, a number of measures were passed, though some of them, like the legislation on fair rents and on the financial restructuring of industry, are doubtfully workable. Important legislation was passed on the establishment of a national health service (though no one appears to know how much it is likely to cost) and on housing construction. Perhaps most important of all, a reform of the state accounting system was passed in 1978 which enables the Treasury Minister for the first time to introduce with the budget a Finance Bill which can be used as an instrument of economic policy.

10. The fourth Andreotti government can also claim some success in the short-term management of the economy. The successful turnaround of external accounts achieved in 1977 was continued in 1978, when Italy had one of the biggest balance of payments surpluses in the Western world. The level of reserves rose consistently and the Lira, not surprisingly, was stable. On the industrial front, the government's nerve held fairly well, and although there was considerable pressure for



expansionary policies to be adopted, policy in fact remained fairly cautious. A certain amount of progress was made in planning industrial reconstruction and reconversion. This began to pay off towards the end of 1978 when growth began to rise significantly, the major stimuli being the buoyancy of exports and, to a lesser extent, increases in domestic consumer expenditure. Inflation remained steady at around 12%. However, the public sector deficit remained high, and this, coupled with inflows across the exchanges, resulted in a relatively high rate of monetary expansion. Unemployment increased slightly in the period.

11. The government's main effort in the economic field was devoted to the elaboration of the three-year plan, often known as the Pandolfi Plan, which was published in January just before the government fell. This underlined two major strategies which were regarded as essential if another inflationary cycle was to be avoided: the containment of public spending, and moderation in the growth of wage costs. On the first front, something is being achieved in 1979, thanks to the Finance Bill. But legislation on structural measures, such as the important bill on reform of pensions, failed to reach the statute book before Parliament was dissolved; and there is now little prospect of much being done until the end of this year at the earliest.

12. This postponement of economic reform is disquieting. But it was noticeable that when the crisis erupted, the Communists made no serious attempt to pull the three-year plan to pieces, and indeed did not even mention it in Berlinguer's statement in January announcing their



withdrawal from the majority. Dissatisfaction with the economic management and policy of the government had been a major cause of the last government crisis in early 1978; but I do not believe that this was so this time. There is now in fact a fairly wide consensus in general terms about what needs to be done: what is lacking is agreement on specifics, since any serious measure is likely to be painful to one party or another. Measures could have been taken if there had been a wide political consensus: but such a consensus did not exist by the end of 1978.

Christian Democrat Unease

13. Another disquieting factor in the background to the crisis is a certain unease within the Christian Democrat Party. There has inevitably been a change of balance in the party since the death of Moro, the one leader who seemed to be able to pull the party together behind a policy of containing the Communists by collaborating with them while limiting concessions to the minimum. His successor as President of the Christian Democrat National Council is Piccoli, the leader of the party's powerful centre-right faction, who had hoped to be given the mandate to form a government, instead of Andreotti, after the failure of La Malfa's attempt in March. (Indeed, he had already begun negotiations with the Socialists to try to secure their support in such an eventuality.) The Party Secretary, Zaccagnini, remains loyal, as he always has been, to the Moro line, but he is now flanked by the Vice-Secretary, the former Industry Minister, Donat-Cattin, who is known for his trenchant anti-Communist views. The net result has been a marked swing to the right in the party

/accompanied



accompanied unfortunately by some personal rivalry and dissension. The party leaders are now making an effort to close ranks during the election campaign, on the basis of rejection of any government coalition with the Communists, while remaining open to the possibility of various parliamentary majority arrangements and in particular on the look-out for a deal with the Socialists. However, they are going into elections this time without any very strong rallying point - unlike 1976 when there was a real danger that the Communists might overtake them, and there is consequently some risk that they might fight a rather fragmented and inconsistent campaign. Even if, as most people expect, they manage to gain a few points in the elections their disunity may complicate their choice of a government thereafter.

14. Where does all this leave Andreotti? By all rights he ought to be riding high. He has remained Prime Minister during the period of a whole legislature, albeit a curtailed one (the only other post-war Italian Prime Minister to do so was De Gasperi who was in office throughout the 1948-53 legislature). Andreotti has been indisputably the dominant political figure of the last three years, particularly after Moro's death, and has presided over governments which have done unexpectedly well. He is now in charge of a caretaker government managing the elections; this is always said in Italy to count as some advantage to the shaping of the government which follows. (Andreotti himself managed the 1972 elections and then formed the subsequent government.) He clearly wants to head the next government and he is a master tactician who will not give up easily.



Conclusion

15. Yet, despite all this, one now senses a feeling, particularly in his own party, that it is time Andreotti went. There is an increasing amount of gossip about financial scandals with which his name - or at any rate of his henchmen - are said to be associated. His image has also been tarnished recently by his apparent initial reluctance to intervene in support for the Bank of Italy in its recent troubles with the magistrature. It is alleged that Andreotti's relations with the Bank of Italy are strained partly because their investigations have brought them uncomfortably close to matters in which his entourage is involved. This sort of gossip is of course not unusual in Italian politics; so long as Andreotti remains in office it is not likely to hurt him very much, and it may be significant that the Communists with whom he has enjoyed a relatively smooth working relationship have not so far made personal attacks on him. But there are several potential successors waiting in the wings, notably Piccoli and the Foreign Minister, Forlani, and even perhaps Forlani's political mentor, the veteran President of the Senate, Fanfani (who headed the first centre-left government with Social Democrat membership and Socialist support in 1960), though many feel that this old war-horse is unlikely to stage a political comeback. None of these three leaders is particularly well disposed to Andreotti and all can be relied on to exploit the post-electoral situation to their own advantage, particularly if the opportunity of some kind of deal with the Socialists emerges. In such circumstances Andreotti might well first be invited to form a government after the elections



but it would not be altogether surprising if the mantle were soon passed to someone else. But to speculate, even this far, is a dangerous matter in a country where 24 hours is a long time in politics.

Conclusion.

16. The Communists torpedoed the political consensus on which the recent Andreotti governments depended. They did so primarily for internal reasons: they know that there is little immediate prospect of inclusion in government. Most people expect them to lose a few points in the elections and the Christian Democrats to win a few; but this in itself will not make it easier to find a stable government formula. Unless the elections bring significant changes either in the composition of Parliament or in the attitude of parties, the Christian Democrats will need to rely either on elements on the extreme right, which is doubtless still unthinkable (as is a coalition of left wing parties excluding the Christian Democrats) or on the Socialists. Alas, the latter have not yet lived up to the promise of their 1978 Congress in Turin, and seemed on occasions over past weeks to have been as mesmerised by the Communist big brother as in the past. One must hope that they will pull themselves together over the next few weeks. Meanwhile, there is some danger that political deadlock will continue after the elections and that the return of the Communists to opposition may provoke, even indirectly, a deterioration in relations with the Trades Unions at a time when the economic outlook is, at best, mixed. Meanwhile, the Communists, who despite a certain setback since 1976 - and this should not be underrated - are not necessarily in retreat, can be counted on to exploit any situation




offered to spread the message that Italy cannot be governed without them. So one would be bound to view the immediate prospects with some disquiet were it not for the fact that Italian political ingenuity is almost boundless, and that Italian politicians, not excepting the Communists, have been notable, since the War, for their extreme caution and reluctance to provoke dramatic breaks with the past.

17. I am sending copies of this despatch to Her Majesty's Representatives in other EEC capitals, Washington and Moscow; to the UK Permanent Representatives to the European Communities and NATO; and to Her Majesty's Minister to the Holy See.

I am, Sir,

Yours faithfully,


(A H Campbell)



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Mr Fergusson ✓

FOURTH AND FIFTH ANDREOTTI GOVERNMENTS: MARCH 1978 TO MARCH 1979

1. I submit Sir A Campbell's despatch of 30 April, which traces the course over the past year of the Christian Democrats' (DC) fitful and ultimately unconsummated love affair with the Italian Communist Party (PCI). During this period, the relationship has moved from a position where both were in a five-party parliamentary majority to the present one of a DC/PCI standoff - the PCI demanding direct participation in the government in return for its parliamentary support; the DC resolutely refusing to contemplate such an arrangement. The country is to go to the polls on June 3-4 in a general election which it clearly does not want in order to elect a government which, at least in the short term, will almost certainly not be able to govern effectively. How did this come about?

2. The DC/PCI arrangements failed fundamentally because Signor Andreotti never saw them as more than a stop-gap: as Sir A Campbell says, his aim was to buy time and build up contacts with the Socialists (PSI) with the ultimate objective of isolating the PCI. This cannot have escaped the PCI; nor is it likely, to say the least, to have encouraged them either to trust Andreotti or behave in such a way whereby, in the national interest, they might have made the arrangement work. The seeds of the arrangement's destruction were sown by Andreotti from the outset.

/3.



3. Terrorist activity, carried out by extremists motivated by as much loathing of the "establishment" PCI as of the other parties, brought the parliamentary majority together in the defence of parliamentary government and civil order. However, once the dust had begun to settle after Signor Moro's murder, basic differences could not be hidden, above all over the solution of Italy's fundamental economic problems. The short-term indication on production, the balance of payments and reserves improved during this period: but the approach to the economy's structural problems advanced in Finance Minister Pandolfi's Three Year Plan (no real wage increases, reduced public expenditure, increases in productivity to be devoted to manufacturing investment instead of consumption) was bound to bite on the working class, who are of course the PCI's main supporters. At the same time as differences were being sharpened by the country's economic problems, the DC, in the aftermath of Moro's murder, was moving to the right.
4. PCI rank-and-file dissatisfaction with an arrangement which was shown to be costing the PCI electoral support with no compensating increase in power finally left Signor Berlinguer with little alternative but to pull the rug out from under the DC feet, faced as he was with a party congress only 2 months away.
5. The creation of a stable replacement without direct PCI involvement could only have come about with PSI support of the DC in one form or another. This was not forthcoming. As is often the case with a small (and not historically very resolute) party caught between two large opposing parties, the problem of whether to cooperate with whom and on what basis served to divide rather than unite them.



(see Rome CIA No. 179) att: 1

6. It is difficult to see how the situation is likely to be resolved. In the forthcoming elections the Communists are at present expected to slip back slightly from their 1976 position (34.4% of the vote); the DC to do slightly better (38.8% of the vote); and the Socialists (9.6%), the Social Democrats and the Republicans (neither of whom had more than 3.5% of the 1976 vote) to win or lose a point here or there. The Christian Democrats may thus be looking for coalition partners once again, while the Communists will no doubt look towards some sort of alliance of the centre/left. The largest of the minority parties - the PSI - is ad divided on this point as the PCI are on cooperating with the DC: on the one hand, they are anxious to differentiate themselves clearly from the PCI; but on the other, are furious with the DC. They believe that the latter deliberately arranged the election a week before the European Direct Elections so as to damage Socialist prospects in both contests; the Socialists wanted the two elections to be held on the same date since that, they believed, would boost their prospects in both. The major determinant of each party's behaviour will obviously be its vote in the forthcoming elections. Unless electoral shifts among voters are more dramatic than is expected, the immediate aftermath is likely to see another period of uncertainty as the DC cast around for the elements of a sustainable parliamentary majority.

7. The Embassy's judgment in early May was that the most likely scenario was a minority caretaker government presided over by Signor Andreotti continuing in office for several weeks after the election, while political leaders brooded on the results of both the national and European elections. Thereafter, using all the political /ingenuity



ingenuity for which Italian political leaders are famous, some more stable agreement may be achieved. It is very much in our interest that it should be, given that Italy is our major ally in our attempts to reform the EEC Budget and the CAP and to bring about greater economic convergence. The Embassy do not expect to see the inclusion of Communist ministers in an Italian Government even if the process of forming a stable government is somewhat delayed.

8. The despatch has been sent for printing in the departmental series.

D A S GLADSTONE
Western European Department

31 May 1979

cc.

Mr Petrie (EID-I)
Mr FitzHerbert (EID-E)
Mr Gillmore, Defence Dept
Mr Middleton, Research Dept
Mr Braithwaite, Planning Staff
Miss Pestell (Cabinet Office
Assessments Staff)

pc

Mr. Nash

Thank you.

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4 4/6.



Foreign and Commonwealth Office

London SW1A 2AH

31 May 1979

Sir Alan Campbell KCMG
ROME

1005 0142.	
RECEIVED	13
14 JUN 1979	
DESK OF	REGISTRY
INDEX	PA
	Action Team

Dear Alan

THE FOURTH AND FIFTH ANDREOTTI GOVERNMENTS: MARCH 1978
to MARCH 1979

39. I am writing to thank you for your despatch of 30 April on Signor Andreotti's last two Governments. Please excuse the delay, but the despatch only reached the department on 14 May, when we were preoccupied with the aftermath of the Anglo/German Summit and preparations for the State Visit to Denmark.

2. Your analysis of the reasons for the collapse of the last two governments, read with the sort of election outcome now generally predicted, does not encourage us to expect an early resolution of the uncertainty, not to say confusion, that seems to be the hallmark of Italian politics. We thus see no reason to quarrel with either the broad conclusions of your despatch or of your tel no 140 of 8 May. This augurs ill for the attempts which the new Government here will be making to build on the good working relations between its predecessor and the Italians with a view to securing important EEC objectives on the Budget, CAP and convergence. However, like you, we still hope that, as before, Italian political ingenuity will produce some effective rabbits out of what looks like being a pretty battered hat.

48. Your despatch has been submitted and sent for printing in the departmental series.

Yours ever

[Signature]

D A S GLADSTONE
Western European Department

CONFIDENTIAL

- 4 MAY 1979 -

cutting dated 19

Italy.

WOR 01412

Italians fear growth in election violence

BY PAUL BETTS IN ROME

ITALIAN TERRORISTS launched a raid yesterday which it is feared may be the continuation of a campaign of violence to coincide with the Italian general election campaign.

Extreme Left-wing terrorists raided the Rome branch headquarters of the Christian Democratic Party killing one police officer, seriously injuring two others and causing extensive damage by throwing bombs in the building in the centre of the city.

Immediately after the raid, Senator Amintore Fanfani, the Christian Democrat President of the Italian Senate, described the attack as "particularly serious." It confirms fears that the campaign for the elections on June 3 and 4 could be marred by an intensification of politically-motivated violence.

The country's main trade union confederations called a one-hour general strike yesterday afternoon in protest against the raid, which marked the climax of a fresh outburst of political violence in Italy. Other incidents include the kidnapping by Red Brigade terrorists of a Genoa State company manager and some 27 bomb attacks earlier this week in the northern region of Veneto.

The centre of Rome was partially closed yesterday as police and special anti-terrorist units using helicopters attempted to find the terrorists, who escaped after breaking into the building in Piazza Nicosia.

About 10 terrorists, including three women, armed with

machine-guns were reported to have broken into the building, forced a number of people out into the street, some handcuffed by the extremists, and set off a series of bombs after scrawling on the walls slogans against the general elections and the five-pointed star which is the symbol of the Red Brigade movement.

When a police car rushed to the scene, a gunfight followed. The terrorists managed to escape, killing a police officer and seriously wounding two others.

The renewed wave of political violence comes as Italian magistrates appear to be making significant progress in the investigation of the kidnapping and killing 12 months ago by Red Brigades of Sig. Aldo Moro, the late Christian Democrat leader.

Now political violence and the restoration of law and order will inevitably become the main theme of the general election campaign, officially starting today.

The weekly news magazine Panorama yesterday published an opinion poll carried out by the Doxa agency and based on 205 Italian municipalities.

At this early stage, the Christian Democrats, according to the poll, are expected to increase their lead by 1.5 per cent securing 40 per cent of the total vote compared with 38.8 per cent in the last general election three years ago.

For their part, the Communist Party's share of the vote is forecast to drop from 34.4 per cent to 31 per cent. The Socialists are expected to increase their share from 9.6 per cent to 11 per cent.

However, the biggest gains are expected to be made by the small and unconventional Radical Party which Doxa estimates will increase its share of the vote from 1.1 per cent to 5 per cent.

All the other smaller parties, according to Doxa, are expected to forfeit electoral support.

Mr. Verghese H/S

Mr. G. B. B. B. B.

To see. Both the terrorist activity, sadly, & the opinion poll findings are much as expected.

Regn

P.O.F.

P. R. H. B. B. B.

4v

Mr Harborne WED

✓

DISTR	OP
HA BKS	///

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03:07

C O N F I D E N T I A L

FM ROME WIGF0780 6APF79

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DISTF PSI GEP

REF OURTEL WIGF0727 (2APR)

---ITALIAN ELECTIONS-BACKGROUND AND PROSPECTS ←

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g/v

SYNOPSIS:

WHETHER ITALIAN NATL AND EUROPEAN ELECTIONS WILL COINCIDE ON
JUNE 9-10 OR NATL ELECTIONS BE HELD FIRST, REMAINS TO BE DECIDED
BY GOVT ON POLITICAL AND TECHNICAL CONSIDERATIONS. DEFEAT IN
PARLIAMENT OF ANDREOTTI'S LATEST GOVT HAD CHARACTER OF HAFA-KIPI.
DEGRADATION OF POLITICAL SITUATION INCREASING INFLATION AND
PROSPECT OF REFERENDUM LIKE ELECTION CAMPAIGN OF ISSUE OF
COMMUNIST PARTICIPATION IN GOVT ARE DISTURBING. UNLESS CHRISTIAN
DEMOCRATS (DC) AND/OR COMMUNISTS (PCI) CHANGE THEIR LINES, STABILITY
AND EFFICIENCY OF FUTURE GOVTS AND PARLIAMENT WILL BE PROBLEMATIC
EVEN IF, AS EXPECTED, DC ADVANCES marginally AND PCI REGRESSES IN
NATL ELECTIONS.

2. REPORT: HEAD OF STATE DISSOLVED PARLIAMENT ON APRIL 2/2
CONCLUDING THAT DEFEAT IN SENATE ON MARCH 31/31 OF ANDREOTTI'S FIFTH
GOVT AFTER TWO MONTHS OF CRISIS INDICATED THAT NO/NO GOVT WITH
PARLIAMENTARY MAJORITY COULD BE FORMED. DATE OF NATL ELECTIONS

...2

PAGE TWO WIGRO780 CONFID

HAS YET/YET TO BE DECIDED BY GOVT BUT IT MUST FALL BEFORE OF
COINCIDE

WITH EUROPEAN ELECTIONS ON WEEK-END OF JUNE 9-10. DATE CHOSEN WILL
TAKE INTO ACCOUNT POLITICAL AND TECHNICAL ISSUES, INCLUDING
SOCIALISTS AND CENTRE PARTIES PREFERENCE FOR COINCIDENCE WITH
EUROPEAN ELECTIONS AND INCONSISTENCY OF SUCH COINCIDENCE WITH
ITALIAN ELECTORAL LAW.

3. ANDREOTTI'S FIFTH GOVT WAS FORMED OVER SOCIALIST AND PCI
OPPOSITION TO ITS EXCLUDING PCI MEMBERS AND PCI NOMINEES.
SELECTION AS MINISTERS OF PARTICULAR INDIVIDUALS FROM DC AND
DEFENESTRATION OF RESPECTED TECHN NFKHMPP JPLA AND PPODI WAS
CONSIDERED PROVOCATIVE. DC WAS ACCUSED OF UPHOLDING ITS WORST
TRADITIONS IN CONFERRING MINISTERIAL APPOINTMENT SOLELY IN FUNCTION
OF DISTRIBUTION OF POWER BETWEEN FACTIONS WITHIN PARTY. DC
SEC-GEN ZACCAGNINI AND OTHER QUOTE REFORMIST UNQUOTE DC LEADERS
EXPRESSED PUBLICLY THEIR DISLIKE OF CABINET COMPOSITION WHICH
IT WAS SUGGESTED WAS DICTATED BY ANDREOTTI WITHOUT REGARD FOR
DC IMAGE. (WE SUSPECT ON BASIS OF VIEWS OF RELIABLE CONFIDANT
OF HIS THAT ANDREOTTI'S CHOICE OR ACCEPTABLE OF PARTICULAR
DC MINISTERS WAS CALCULATED TO HELP ENSURE GOVT'S DEFEAT IN
PARLIAMENT. SEE PARA 5/5 BELOW).

4. SARAGAT, SOCIAL DEMOCRAT, AND FORMER HEAD OF STATE, WHOM CURRENT
HEAD OF STATE HAD INVITED TO JOIN GOVT AS ONE OF TWO DEPUTY PRIME

PAGE THREE WTGR0780 CONF

MINISTERS, HAD REFUSED INVITATION BECAUSE OF DC'S REJECTION OF INCLUSION IN GOVT OF QUOTE INDEPENDENTS OF LEFT UNQUOTE ELECTED IN COMMUNIST LISTS. LAMALFA, REPUBLICAN LEADER, WHO ACCEPTED OFFICE AS DEPUTY PRIME MINISTER, AND WHOSE PRESENCE WAS REGARDED AS GUARANTEE OF RESPONSIBILITY, DIED ON MARCH 27/27 AFTER EXPRESSING PUBLICLY IN LETTER TO PROMINENT NEWSPAPER WHICH HAD CRITICIZED ANDREOTTI'S CABINET THAT HE HIMSELF WAS BITTER OVER CABINET'S INADEQUACIES. COMPOUNDING PERCEPTION ON INSTITUTIONAL DISARRAY WERE CRIMINAL INDICTMENTS OF GOVERNOR AND ASSISTANT DIRECTOR GENERAL OF ITALIAN CENTRAL BANK ON MARCH 25/25 (REF OUFTEL WTGR0655 MAR26/26).

5. ANDREOTTI'S MAR30/30 STATEMENT TO PARLIAMENT SEEKING VOTE OF CONFIDENCE PORTRAYED HIS NEW GOVT AS COMMITTED TO CONTINUE ITS PREDECESSOR'S PROGRAM INCLUDING THREE YEAR ECONOMIC PLAN BUT GAVE IMPRESSION THAT ANDREOTTI WAS INVITING PARLIAMENT TO DENY CONFIDENCE. INTER ALIA, ANDREOTTI STATED THAT HIS GOVT WOULD ONLY SEEK AND ACCEPT PARLIAMENTARY MAJORITY INCLUDING SOCIALISTS AND COMMUNISTS THAT SUPPORTED ITS PREDECESSOR. IN CURIOUS DEMISEMENT OF CONFIDENCE VOTE IN SENATE ANDREOTTI WAS DEFEATED BY ONE VOTE BECAUSE OF ABSENCE OF DC SENATORS (INTIMATES OF ANDREOTTI) WHOSE VOTES, COMBINED WITH THOSE OF PARTIES OF GOVT COALITION AND OF SOME MEMBERS OF RIGHT WING PARTIES, WOULD HAVE GUARANTEED CONFIDENCE. IT THUS APPEARS REASONABLE TO ASSUME THAT, CONSISTENT WITH HIS CONVICTION THAT GOVERNING ITALY REQUIRES

PAGE FOUR WTGR0780 CONF

DC-PCI COLLABORATION, AND PEOITI IN FORMATION OF HIS CABINET
AND WEAKNESS OF HIS PRESENTATION OF IT TO PARLIAMENT INVITED
DEFEAT OF GOVT TO WHICH PCI WAS OPPOSED AND DISSOLUTION OF
PARLIAMENT.

6. APRIL 3/3 QUOTE CORRIERE DELLA SEFA UNQUOTE LISTED NUMEROUS
AND SERIOUS PROBLEMS WHICH LAST PARLIAMENT AND GOVT LEFT
UNRESOLVED. QUOTE STIMULATED BY INCREASE IN PRICES OF OIL AND
SOME RAW MATERIALS, BY WAGE DEMANDS AND RELATED STRIKES OF
UNIONIZED LABOR, INFLATIONARY PRESSURES ARE ERUPTING AGAIN.
GOVT DID NOT/NOT ACT QUICKLY ENOUGH TO REVISE AND PARLIAMENT
TO APPROVE PROPOSED THREE YEAR ECONOMIC PLAN TO COMBAT
INFLATION AND ENCOURAGE INVESTMENT AND EMPLOYMENT.
SOME LAWS WERE PASSED BY PARLIAMENT BUT THESE INCLUDE
MEASURES SUCH AS NEW RENT LAW AND HEALTH REFORM WHICH HAVE
INFLATIONARY EFFECTS. RESTRUCTURING OF HEAVY INDUSTRY WAS IMPOSED
IN MAKESHIFT AND UNCOORDINATED MANNER. INEFFICIENCY OF PUBLIC
ADMINISTRATION CONTINUES TO INCREASE. INSTITUTION OF REGIONAL
GOVT HAS NOT/NOT GIVEN HOPED FOR RESULTS. EVEN MORE DRAMATIC
IS CRISIS IN PUBLIC ORDER AND ADMINISTRATION OF JUSTICE.
MANY CRIMES AMONG WHICH ARE ACTS OF CORRUPTION AND VIOLENCE
REMAIN UNPUNISHED. THOUSANDS OF CRIMINALS BEGINNING WITH
NUMEROUS TERRORISTS NOT/NOT TO MENTION THEIR FELLOW TRAVELERS,
WHO ARE ALMOST NEVER BOUGHT TO JUSTICE, HAVE BEEN RELEASED

PAGE FIVE WIGR0780 CONF

FROM PRISON BECAUSE OF STATES INABILITY TO BRING THEM TO TRIAL. PERSONS OF CERTAIN INTEGRITY, SUCH AS BAFFI AND SARCIVELLI, TO WHOM COUNTRY OWES RECOGNITION FOR THEIR EXEMPLARY ACTION AT BANK OF ITALY, ARE ON OTHER HAND INCRIMINATED UNQUOTE. (CORRIERES LISTING OF PARLIAMENTS SHORTCOMINGS IS NOT/NOT EXHAUSTIVE, OMITTING, FOR EXAMPLE, FAILURE TO PASS PENSION REFORM, AND SOME POSITIVE LEGISLATION IS OVERLOOKED).

7. PCI, WHICH CONCLUDED NATL CONGRESS ON APRIL 3/3, ON WHICH WE SHALL BE REPORTING SEPARATELY, HAS REJECTED RETURN IN FUTURE TO SUPPORTING DC LED GOVT TO WHICH IT IS NOT/NOT ADMITTED, AS IT DID FROM AUGUST 1976 TO JAN 1979. COMMUNISTS NEW SLOGAN, SANCTIONED BY CONGRESS, IS QUOTE ITS TIME TO CHANGE; PCI MUST GOVERN UNQUOTE WHICH IN PLAIN LANGUAGE MEANS THAT PCI LIMITS ITS OPTIONS TO GOVT OR OPPOSITION. CHRISTIAN DEMOCRATS ARE BOUND BY THEIR LAST PARTY CONGRESS HELD IN 1976 WHICH OPPOSED DC PARTICIPATION WITH PCI IN GOVT AND THIS POSITION REMAINS THAT OF MAJORITY OF DC ELECTORATE AND LEADERSHIP. THUS NATL ELECTION CAMPAIGN WILL BE FOUGHT BY TWO LARGE PARTIES, DC AND PCI, ON ISSUE OF PCIS ENTERING GOVT AND WILL CERTAINLY LEAVE SCARS WHICH WILL NOT/NOT FACILITATE RECONSIDERATION BY DC AND PCI OF THEIR POSITIONS IN NEXT PARLIAMENT. ONE IMPONDERABLE THOUGH IS HOW NEXT DC CONGRESS, SCHEDULED FOR EARLY AUTUMN WOULD REACT TO SITUATION OF DEMONSTRATED

UNGOVERNABILITY OF ITALY WITH PCI IN OPPOSITION.

8. DC IS EXPECTED TO ADVANCE IN NATL ELECTIONS TO ABOUT 40 PERCENT OF VOTE AND PCI TO REGRESS FROM 34 PERCENT. THIS PROGNOSIS IS BASED ON RESULTS IN LOCAL ELECTIONS AND IN 1978 REFERENDUM CAMPAIGNS AND ASSUMES PCIS LOSING VOTES AMONG MIDDLE CLASSES AND EXTREME LEFT. AS PARTY OF RELATIVE MAJORITY IN NEW PARLIAMENT, DC WOULD BE ENTRUSTED WITH FORMATION OF GOVT, STABILITY OF WHICH WOULD DEPEND PRIMARILY OR INITIALLY ON DC'S ABILITY TO FORM PARLIAMENTARY MAJORITY WITH SMALLER PARTIES OF CENTRE AND CENTRE LEFT INCLUDING SOCIALISTS, ITALY'S THIRD LARGEST PARTY. HOWEVER, EVEN IF DC WERE SUCCESSFUL IN INDUCING SOCIALISTS TO JOIN THEM IN PARLIAMENTARY MAJORITY, THERE WOULD BE SCEPTICISM ABOUT PROSPECTS OF SUCH MAJORITIES GOVERNING AND LEGISLATING EFFICIENTLY. ANDREOTTI IN PARTICULAR HAS PUBLICLY EXPRESSED HIS DOUBTS ABOUT PARLIAMENT'S ABILITY TO FUNCTION WITH PCI IN OPPOSITION.

9. ITALY'S POLITICAL SITUATION THUS APPEARS OMINOUS. CONSOLATION MAY BE DRAWN FROM PROSPECT OF PCI ELECTORAL LOSSES. AND, IN THEORY, THERE MAY BE WAYS OUT OF IMPASSE: PCI MIGHT SUFFER DEFEAT SIGNIFICANT ENOUGH TO VITIATE ITS CLAIMS TO GOVT PARTICIPATION; SOCIALISTS MIGHT ADVANCE ENOUGH AND RECOMPOSE THEIR INTERNAL UNITY SUFFICIENTLY TO PERMIT THEM TO LEAVE PCI ISOLATED IN OPPOSITION; DC MIGHT SEDUCE SOCIALISTS INTO RELATIVELY STABLE COALITION GOVT BY OFFERING THEM PRIME MINISTERS OFFICE; DC MIGHT BUY OFF PCI BY OFFERING IT PURELY SYMBOLIC PRESENCE IN GOVT.

ITALIAN INGENUITY SHOULD NOT/NOT BE DISCOUNTED AS EVIDENCED BY FORMULAE DEVISED AFTER 1976 ELECTIONS

FORTIER

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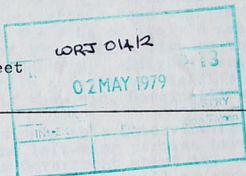


British Embassy
Via XX Settembre 80A 00187 Rome

Telex 61049 Telephone 4755.441

pa
30/W

C J Baker Esq
HM Treasury
IFI
Parliament Street
LONDON



Your reference

Our reference 102/1

Date 26 April 1979

SCANDAL AT THE BANK OF ITALY

1. Please refer to my letter of 19 April. Things now seem likely to go quiet for a while, so I will bring you up to date with further developments.
2. As I said in my last letter, the meeting of the Council of Ministers to consider the reappointment of Sarcinelli on 19 April was cancelled. That evening Baffi called on Andreotti, and is reported to have told him that if the Government did not meet and take up a minimum position of support for the Bank, the entire direction of the Bank would resign the following day. Contacts at the Bank of Italy have confirmed to me that this is what happened. The meeting of the Council of Ministers was duly called the following morning, although Andreotti's office had been putting it about until the last moment that no meeting was necessary. A decision was duly taken to ratify the recommendation of the Bank that Sarcinelli should be reinstated, and to recommend the necessary decree to the President. The Council of Ministers also put out a statement with the intention of avoiding a direct clash with the magistrature, to the effect that the Council of Ministers had not entered into a detailed examination of the affair insofar as the competence of other organs of the State was concerned. The decision of the Council does not mean that Sarcinelli can return to his job: he remains suspended by direct order of the magistrates. It does however mean that were the order by the magistrates to be lifted he could return immediately.
3. The magistrature appear to be reasonably satisfied with this decision. However the inquiring judge, Alibrandi, gave an extraordinary interview to the Roman newspaper "Messaggero" on the same day, in which he attempted to justify his actions by alleging that Sarcinelli had shown political partiality in Bank of Italy investigations into commercial bank dealings, and pointed to the large number of notifications to the magistracy which had been made in respect of banks operating in known Christian Democrat strongholds. /He

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He said that many bank directors had spoken to him of their resentment of Sarcinelli's "one way" investigations, and he pointed in particular to the Bank of Italy's denunciation of a loan by the Bank of Naples of 150 million lire to the parliamentary group of the Christian Democrat Party. Alibrandi said that the magistrature might decide within a few weeks to lift the ban on Sarcinelli, and he hoped that, if they did, Sarcinelli would have learned his lesson.

4. Not surprisingly this interview has provoked another furore in the press, and left-wing parties have put down a number of questions to the Government about it. We understand that the Higher Council of the Magistrature will be considering it at the end of this week. I personally think that it is unlikely that they will take action against Alibrandi.

5. We do not think that there will be any further important developments for a while now. It is possible that the magistrates will in due course lift the ban on Sarcinelli, so that things can return more or less to normal, although tension in the Bank will remain. The actual charges against Baffi and Sarcinelli will probably not be heard for some time to come. There are however still rumours that Baffi will decide to leave the Bank this year, if not at the Annual General Meeting on 31 May (which could be an awkward moment for the Government given the election date of 3 June), then in the summer.

A C GALSWORTHY

CC: D Gore-Booth Esq, FRD, FCO
P G Harborne Esq, WED, FCO
A M Porter Esq, Overseas Dept, Bank of England
Mrs K Colvin, RD, FCO

CONFIDENTIAL

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Rome. *eff. 19/4*

Mr Mills, Director of Communications

WRB 014/2	
01 MAY 1979	
DESK OF	
100-1	100-2
<i>ues</i>	<i>gc</i>

TELEGRAMS

1. With your circular minute of 3 April, you attached copies of Rome telegram no 135 of 28 March (Confidential and Immediate) and of Bonn telegram no 762 of 29 March (Priority and received in cypher, but not apparently classified). You asked for our comments on Mr McCarthy's view that the first 'could have been Unclassified and Routine. Adds nothing to the press anyway' and that the second was 'all in the press'.

2. While I sympathise with your and Mr McCarthy's justified concern about abuse of the priority system, I have considerable reservations about Mr McCarthy's assumption that material which may be partially covered in sections of the British press is ipso facto inappropriate material for a telegram. The fact is that these two telegrams sum up in a succinct and clear manner developments in the Italian political situation and in FRG monetary policy (respectively) which in our view it would have been wrong for the posts to assume could be satisfactorily covered by the British press. We do not think posts should be expected to wait for the (often delayed) receipt of UK newspapers before deciding what they should report, nor do we consider that many of those principally concerned in Whitehall have access to, or the time to read, all the relevant press reports. The Rome telegram was no doubt sent Immediate because, given the present communication difficulties, it was thought likely otherwise to be held up for some days. The same reasoning no doubt underlay the selection of Priority for the Bonn telegram (FRD may have views about how quickly those included in 'financial distribution' would need to know about, eg. the change in the Bundesbank discount rate).

3. In short, we have reasons of substance, not based merely on loyalty to our posts, for defending the posts' action in these two cases.

4. On one point however we are in agreement with Mr McCarthy. There is nothing in the department's view in Rome telegram no 135 to justify this being classified Confidential and we think it should have been sent unclassified (with suitable amendments to the text if the post thought that necessary). Sir A Campbell's riposte to this argument might be that he is not particularly anxious for all and sundry to know what his estimate is of the life expectancy of the Government to which he is accredited, but we think the telegram could have been doctored without too much difficulty to take account of this point. That much conceded, however, would the telegram have been handled differently if it had been unclassified?

cc FRD

10 April 1979

D A S GLADSTONE
Western European Department

/South

Mr Mills, Director of Communications

TELEGRAMS

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cc FRD

10 April 1979

D A S GLADSTONE
Western European Department

minute attaches
Mr. Herby
Mr. Beeler (consulting)
GRDP.)
Mr. Verker
57w
our countries (posts right or wrong?)
574

As you may know, Mr Donal McCarthy has been conducting an enquiry into the operation of our telegram system (with and without strikes): and his report is now with the Chief Clerk.

2. One of his conclusions, with which I very much agree, is that the abuse of the priority system by posts and departments is reaching absurd limits. Of course we acknowledge that the introduction of various uncertainties, such as the spread of 5-day working at posts abroad, and various other factors, have increased the pressure on originators to exaggerate the urgency of what they are doing. These considerations do not really justify the present indiscriminate use of "Immediate" and "Priority", particularly the former.

3. We shall be considering what to do about this, but in the meantime you might be interested to see Mr McCarthy's scribbled comments on telegrams of interest to you on the attached telegrams. He and I would be interested to know whether you could defend the points to which he has drawn attention, and (separate question) whether on balance you think such a defence would be justified. One of our problems is of course that in such matters departments loyally tend to defend their posts, right or wrong.

F. Mills

F. Mills
Director of Communications

3 April 1979

Copies to: Heads of Central African Department
Cultural Relations Department
Defence Department
East African Department
Eastern European and Soviet Department
Energy, Science and Space Department
European Integration Department (Ext.)
Far Eastern Department
Financial Relations Department
Maritime Aviation and Environment Department
Mexico and Caribbean Department
Middle East Department
Near East and North Africa Department
Protocol and Conference Department
South African Department

/South

CONFIDENTIAL

(Contd.)

South Asian Department
South East Asian Department
Southern European Department
South Pacific Department
Trade Relations and Exports Department
United Nations Department
West African Department
Western European Department

could have been

handled & handled

with authority & the

proper manner

under Brussels, and then

in 1960

was the first

BY TEL 1200: ITALIAN POLIT. CH. SITUATION

1. DESPITE THE SUDDEN DEATH OF AMB LA MALFA THE TIMETABLE FOR THE PRESENTATION OF AMBROTTI'S NEW 3-PARTY GOVERNMENT IS GOING AHEAD AS PLANNED. THE LIST OF UNDER-SECRETARIES (FORMER MINISTERS) IS TO BE ANNOUNCED THIS EVENING. IT IS EXPECTED THAT AMBROTTI HIMSELF WILL FOR THE TIME BEING ASSUME LA MALFA'S PORTFOLIO (DEPUTY PRIME MINISTER AND MINISTRE) AT LEAST UNTIL IT IS KNOWN WHETHER THE GOVERNMENT WILL LAST.

2. AMBROTTI WILL OPEN A CONFIDENCE DEBATE ON THE NEW GOVERNMENT IN THE SENATE ON 20 MARCH. THE VOTE IN THE SENATE IS EXPECTED TO TAKE PLACE SOMETIME ON SATURDAY OR MONDAY. IF THE RESULT IS A CLEAR DEFEAT THERE WILL BE NO NEED FOR A FURTHER DEBATE IN THE LOWER HOUSE. IF HOWEVER THE GOVERNMENT SURVIVES THROUGH IN THE SENATE OR IF THE RESULT IS AMBIGUOUS, ITS IN THE MENTION IS CARRIED ONLY WITH THE DETERMINING VOTE OF THE RIGHT WING NATIONAL ASSEMBLY, WHICH THE GOVERNMENT WILL PROBABLY NOT ACCEPT, THERE WILL THEN BE A FURTHER DEBATE IN THE CHAMBER OF DEPUTIES WITH A VOTE PROBABLY TAKEN PLACE ON 2 APRIL.

3. THE GENERAL ASSUMPTION NOW IS THAT IN THE CHAMBER, IF LOST, THE VOTE WILL BE LOST, AND IT WILL THEN REMAIN ONLY FOR AMBROTTI TO HAND IN HIS RESIGNATION AGAIN AND FOR PRESIDENT PLATTINI TO DISSOLVE PARLIAMENT AND CALL EARLY

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FM ROME 281540Z MAR

TO IMMEDIATE ECO

TELEGRAM NUMBER 135 OF 28 MARCH 1979.

INFO SAVING TO WASHINGTON, UKDEL NATO, UKREP BRUSSELS, AND OTHER
EEC POSTS.

*could have been
unclassified & Routine.
Add nothing to the
press anyway.*

Mr Mills

WED (Mr Jordall)

MY TELNO 130: ITALIAN POLITICAL SITUATION

1. DESPITE THE SUDDEN DEATH OF UGO LA MALFA THE TIMETABLE FOR THE PRESENTATION OF ANDREOTTI'S NEW 3-PARTY GOVERNMENT IS GOING AHEAD AS PLANNED. THE LIST OF UNDER-SECRETARIES (JUNIOR MINISTERS) IS DUE TO BE ANNOUNCED THIS EVENING, 28 MARCH. IT IS EXPECTED THAT ANDREOTTI HIMSELF WILL FOR THE TIME BEING ASSUME LA MALFA'S PORTFOLIO (DEPUTY PRIME MINISTER AND BUDGET) AT LEAST UNTIL IT IS KNOWN WHETHER THE GOVERNMENT WILL LAST.

30/3

2. ANDREOTTI WILL OPEN A CONFIDENCE DEBATE ON THE NEW GOVERNMENT IN THE SENATE ON 29 MARCH. THE VOTE IN THE SENATE IS EXPECTED TO TAKE PLACE SOMETIME ON SATURDAY 31 MARCH. IF THE RESULT IS A CLEAR DEFEAT THERE WILL BE NO NEED FOR A FURTHER DEBATE IN THE LOWER HOUSE. IF HOWEVER THE GOVERNMENT SCRAPES THROUGH IN THE SENATE OR IF THE RESULT IS AMBIGUOUS (EG IF THE MOTION IS CARRIED ONLY WITH THE DETERMINING VOTES OF THE RIGHT WING NATIONAL DEMOCRATS, WHICH THE GOVERNMENT WILL PROBABLY NOT ACCEPT) THERE WILL THEN BE A FURTHER DEBATE IN THE CHAMBER OF DEPUTIES WITH A VOTE PROBABLY TAKING PLACE ON 2 APRIL.

3. THE GENERAL ASSUMPTION NOW IS THAT IN THE CHAMBER, AT LEAST, THE VOTE WILL BE LOST, AND IT WILL THEN REMAIN ONLY FOR ANDREOTTI TO HAND IN HIS RESIGNATION AGAIN AND FOR PRESIDENT PERTINI TO DISSOLVE PARLIAMENT AND CALL EARLY

CONFIDENTIAL

/ ELECTIONS

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ELECTIONS (WHICH WOULD ALMOST CERTAINLY BE COUPLED WITH THE EUROPEAN ELECTIONS ON 10 JUNE). IN THESE CIRCUMSTANCES THE NEW ANDREOTTI GOVERNMENT WOULD MERELY SERVE AS A CARETAKER UNTIL THE ELECTIONS. AS ALWAYS, HOWEVER, IN ITALY THERE IS AN ELEMENT OF UNCERTAINTY TO THE LAST, AND UNTIL THE DECISIVE VOTE HAS OCCURED ONE CANNOT ALTOGETHER DISCOUNT THE POSSIBILITY THAT THE NEW GOVERNMENT WILL SURVIVE.

4. BARRING UNFORESEEABLE DEVELOPMENTS I WILL NOT REPORT FURTHER UNTIL EARLY NEXT WEEK AFTER THE VOTE(S) OF CONFIDENCE.

5. FCO PLEASE PASS SAVING ADDRESSEES.

CAMPBELL

[REPEATED AS REQUESTED]

FCO/WHITEHALL DISTRIBUTION:
WED

W. Tiller
FRD (W. Tiller)

OTHER DATA

??

THE FOLLOWING RECEIVED FROM BONN
[CWH]

All in press.

30/3

BONN NO 762 29.3.79

FROM: BRITISH EMBASSY, BONN, (I C SLOANE) ECONOMIC DEPARTMENT

TO: PRIORITY FCO

AND SAVING TO:

BMG BERLIN, ALLCONSULATES GENERAL IN FRG AND WEST BERLIN,
WASHINGTON, UKREP BRUSSELS, UKDEL OECD.

FRG ECONOMY: MONETARY POLICY

1.

THE BUNDESBANK TODAY RAISED THE DISCOUNT RATE FROM 3 TO 4 PER CENT AND THE LOMBARD RATE FROM 4 TO 5 PER CENT WHILE AT THE SAME TIME INCREASING REDISCOUNT ~~QUOTAS~~ QUOTAS (THE CEILING UP TO WHICH COMMERCIAL BANKS MAY DISCOUNT BILLS OF EXCHANGE AND PROMISSORY NOTES) BY DM 4 MRD TO DM 27 MRD, EFFECTIVE 1 APRIL. A RISE IN THE TWO RATES HAD BEEN WIDELY EXPECTED ALTHOUGH THE FULL PERCENTAGE POINT CAME AS A SURPRISE. BANKS HAD BEEN UP AGAINST THEIR QUOTA CEILINGS BECAUSE OF THE DEMAND FOR CREDIT.

2.

THE PRESIDENT OF THE BUNDESBANK, EMMINGER, DANGER RECENTLY BEEN SOUNDING THE ALARM ABOUT THE INFLATIONARY DANGER OF THE RISING MONEY SUPPLY, INCREASING AT 11-13 PER CENT P.A. AND WELL ABOVE TARGET. THIS INCREASE IS DUE TO EXPANDING BANK CREDIT AND HAS OCCURRED DESPITE THE STEADY OUTWARD FLOWS THIS YEAR OCCURRING IN REACTION TO THE MASSIVE INFLOWS OF END 1978. (THIS TURN AROUND IS ATTRIBUTED TO THE RECENT STEADY FOREIGN EXCHANGE MARKETS AND PARTICULARLY THE DM/DOLLAR RATE.) THE GERMAN INFLATION RATE IF ALREADY RISING AND REACHED 3.3 PER CENT AT AN ANNUAL RATE IN MARCH COMPARED TO LAST YEAR'S 2.6 PER CENT.

1/3. THE FEDERAL