

FILE No. 101A/2

SECURITY
N.B.
UPGRADE

(N.B. The grading of this jacket must be the same as that of the highest graded document contained in it. The appropriate upgrading slip must be affixed when ever necessary.)

CONFIDENTIAL

D.S.R. 12

Contents checked
for transfer to
D.R.O. *il*

(Sgd.)

Date..

H.M. DIPLOMATIC SERVICE

DEPT.
or POST

WESTERN EUROPEAN

FILE No. **WR** J 014/2

(Part C.91)

TITLE: ITALIAN POLITICAL SITUATION

[illegible]SE
N.
U

(N.B. The grading of this jacket is the same as that of the highest graded document contained in it. The appropriate upgrading stamp must be affixed when ever necessary.)

CONFIDENTIAL

YEAR STAMP

1979

CONFIDENTIAL



British Embassy
Via XX Settembre 80A 00187 Rome

Telex 61049 Telephone 4755.441

sent
Des. Dept.
Sec. Dept.
MAED
PUSO

M. V. ... 28/12

D S Keeling Esq
WED
PCO

LAST PAPER

Our reference	was 014/2
Date	27 DEC 1979
PA	am

18 December 1979

Dear David,

ITALIAN POLITICAL SITUATION: ANTI-TERRORIST MEASURES

- In the face of a general deterioration of the security situation over the last few weeks the government introduced this weekend, as reported in para 8 of our Saving telno 19, a package of new anti-terrorist measures.
- Most of these measures have been introduced by decree law, which means that they will have immediate effect from 17 December (their date of publication in the official gazette) subject only to the requirement that they must be approved by Parliament within 60 days. Other measures are being put forward in the form of draft legislation for discussion and approval in Parliament in the normal way. A third category consists of the appointment of new Prefects in Genoa, Milan and Turin, the three Northern cities which have been most affected by terrorism; and the transfer of General Dalla Chiesa, Italy's best-known anti-terrorist operator, to the command of the Northern Division of the Carabinieri. I enclose a note giving further details of all these measures.
- Cossiga has chosen to introduce the bulk of these measures by decree law, without making them an issue of confidence in Parliament. This is probably not so much because he was afraid they might not be accepted in Parliament as for reasons of speed. In fact the reactions of the political parties have been generally favourable. The Christian Democrats, Social Democrats, Liberals and Republicans have all welcomed the measures. Some Socialists have expressed doubts about their effectiveness, though it is not thought likely that the party as a whole will seek to block them. There have also been the usual protests from the Radicals and other far-left groups, who can always be counted on to oppose increased security measures, and some sniping from the extreme right (MSI) on the grounds that the measures do not go far enough. The Communists have not so far expressed a view. But the PCI President of the Chamber of Deputies, Nilde Iotti, speaking at a rally in Milan on Saturday to commemorate the 10th anniversary of the Piazza Fontana bomb outrage (in which 14 people were killed by a bomb planted by right-wing extremists) made clear that she hoped

/that



that Parliament would rapidly approve the new decrees.

4. The general feeling among commentators is that the measures do not add up to very much, but are a modest step in the right direction. It is pointed out that increased penalties are only effective if the terrorists can be caught: the onus of catching them remains firmly on the security forces, whose coordination and operational effectiveness still leave much to be desired despite some successes by both the Carabinieri and the police during the past year. On the credit side, however, the new definitions of crimes of terrorism should make it easier to secure convictions once terrorists have been caught; and the increased powers of search and detention may do something to help the security forces in their task.

5. Above all, in political terms, Cossiga has given an impression of prompt and decisive action in a field which, as a former Minister of the Interior, he knows well. In so doing he appears to have won a breathing space for his government among the many difficulties with which it is currently beset.

- Re-introduction of the power of provisional arrest by the police; the arrested person to be brought before a magistrate within 48 hours; the magistrate may extend the period for a further 48 hours.
- More widespread use of telephone interception.
- Increased powers of search for the police.
- Establishment of a National Committee for Public Security and of an office for the coordination of police forces under the direction of the Chief of Police.
- Bank operations involving payments or withdrawals in cash in excess of 20 million lire to require formal identification of the person effecting the operation.

cc: HM Consul-General, Milan

PROPOSED LEGISLATION

- Attacks against members of the Government, magistrates and the forces of law and Order to be made a special category of offence.
- The possession of documents and other material connected with terrorism or subversion to be regarded as an offence.
- Incitement to subversion, eg through diffusion of documents inciting to terrorism, to be regarded as an offence.

/- increased



NEW ITALIAN ANTI-TERRORIST MEASURES

Decree Laws

- Heavier penalties generally for offences committed "for purposes of terrorism or subversion".
- Life imprisonment for terrorist killings and for the murder of magistrates or members of the police forces.
- Double penalties for terrorist woundings (eg "knee-capping").
- No provisional liberty for those accused of terrorist offences, with a consequent increase in the period of preventive detention.
- Reduced sentences for terrorists who collaborate with the police and give evidence against their accomplices.
- Re-introduction of the system of provisional arrest by the police; the arrested person must be brought before a magistrate within 48 hours; the magistrate may extend the period for a further 48 hours.
- More widespread use of telephone interception.
- Increased powers of search for the police.
- Establishment of a National Committee for Public Security and of an office for the coordination of police forces under the direction of the Chief of Police.
- Bank operations involving payments or withdrawals in cash in excess of 20 million Lire to require formal identification of the person effecting the operation.

PROPOSED LEGISLATION

- Attacks against members of the Government, magistrates and the forces of Law and Order to be made a special category of offence.
- The possession of documents and other material connected with terrorism or subversion to be regarded as an offence.
- Incitement to subversion, eg through diffusion of documents inciting to terrorism, to be regarded as an offence.

/- Increased



- Increased penalties for ordinary crime, and greater powers for judges to intervene in cases of kidnapping.
- The Public Prosecutor to be empowered to suspend conditional discharges.
- A Bill to provide for the incorporation of national servicemen as auxiliary policemen in the Public Security forces, and modification of the system of recruiting Public Security officers.

Administrative Appointments

- General Edoardo Palombi (a Carabinieri General) to be Prefect of Genoa - a significant innovation since it is the first time a military officer has ever been made a Prefect.
- Vincenzo Vicari (formerly Prefect of Pavia, Minister Rognoni's home town) to be Prefect of Milan.
- Emanuele De Francesco (formerly Questore, ie chief police officer, of Rome) to be Prefect of Turin - another unusual appointment from outside the Prefectorial Service.
- General Carlo Alberto Dalla Chiesa (formerly Commander of a special anti-terrorist liaison unit) to be Commander of all Carabinieri forces in the North of Italy (about 25,000 men).

CONFIDENTIAL

~~Brief prepared for New Italian Ambassador to London~~
was 01412.

THE POLITICAL SCENE IN ITALY

1. From 1976 until January 1979 there was a period of comparative political stability in Italy during which two successive single-party Christian Democrat governments headed by Signor Andreotti were supported first by Communist abstentions and later, from March 1978 until January 1979, by Communist participation in a broad-based Parliamentary majority. The Communists withdrew from this majority in January 1979 because they felt uncomfortable in a situation where they were trapped into supporting their Christian Democrat opponents without gaining any real increase in power. The Communist withdrawal from the majority provoked the longest period of Government "crisis" in post-war Italian history, which was only finally resolved with the formation of Signor Cossiga's government in August 1979.
2. Cossiga emerged as something of a surprise choice in early August after another Christian Democrat attempt, this time by the Treasury Minister Pandolfi, had failed at the last minute (again because of the Socialists). The Socialists were prepared to accept the Cossiga Government, which is a coalition of Christian Democrats, Social Democrats, Liberals and two independent "technicians", as sufficiently different from its predecessors to allow them to abstain.
3. The Cossiga Government is generally regarded as little more than a stop-gap. Once the political parties have clarified their political relationships it is thought that a more permanent government will be formed to reflect these new relationships. But the only conceivable new majority that can be foreseen at this stage is a Christian Democrat-Socialist Alliance, and this is still a long way off. The Christian Democrats are divided between, on the one hand, those like Andreotti and the Party Secretary Zaccagnini, who

/want

CONFIDENTIAL

CONFIDENTIAL

DAVID'S TELEGRAM

want to re-establish some sort of dialogue with the Communists and, on the other, those like Fanfani (President of the Senate), Forlani and the Vice-Secretary, Donat-Cattin, who would prefer an alliance with the Socialists. This division may come to a head at the Christian Democrat Party Congress, now scheduled for ~~January~~ ^{February}. In this confused situation there is no obvious alternative coalition in sight, and the Cosiga Government's weakness is its strength.

BY TALEO 547: ITALIAN POLITICAL SITUATION

1. It seems opportune to review the precarious Italian internal political situation a fortnight before the Italian Presidency begins.

2. Despite its honourable victory on the TNP issue (my telex 578) the Cosiga Government is beset by difficulties. Most observers believe it will last until next month and probably until after the Democrat Congress, still scheduled for late January. But few think that Cosiga has now much chance of carrying on until after the administrative elections in the early summer, as was the view until recently.

Foreign and Commonwealth Office

18 December 1979

3. In an informal press briefing on 13 December, Craxi, the leader of the Socialist Party (whose abstention in Parliament is necessary to the Government's survival) rocked the boat. He said that a government crisis was now simply a matter of timing and that an unforeseen mistake could bring it about at any time. These comments were in an unofficial declaration and Craxi has since tried, over the weekend, to deny that the Socialists will take the initiative in torpedoing Cosiga. Nevertheless Craxi's remarks were widely interpreted as marking the end of the period of truce which Cosiga's government has enjoyed since its inauguration in August.

4. The motivation for Craxi's comments is probably his need to ward off attacks from the left-wing of his party which have gained force in the last few days, following the repercussions of the ENI/Saudi Arabian oil deal scandal (my telex 576: not to all) and the split in the Socialist Party on the vote on TNP (paragraph 2 of my telex 578).

CONFIDENTIAL

SAVING TELEGRAM

FM MAG
FROM ROME
TO: FCO
SAVING NO: 19
17 DECEMBER
CONFIDENTIAL

RECEIVED	
27 DEC 1979	
INDEX	FILE
PA	PA

TOP COPY

TO FCO SAVING TELEGRAM NO 19 OF 17 DECEMBER 1979
AND ROUTINE UKREP BRUSSELS, ALL OTHER EEC POSTS, UKDEL NATO,
WASHINGTON, MILAN

(101)

MY TELNO 547: ITALIAN POLITICAL SITUATION

1. It seems opportune to review the precarious Italian internal political situation a fortnight before the Italian Presidency begins.
2. Despite its honourable victory on the TNF issue (my telno 578)-we the Cossiga Government is beset by difficulties. Most observers believe that it can survive until next month and probably until after the Christian Democrat Congress, still scheduled for late January. But few think that Cossiga has now much chance of carrying on until after the administrative elections in the early summer, as was the view until recently.
3. In an informal press briefing on 13 December, Craxi, the leader of the Socialist Party (whose abstention in Parliament is necessary to the Government's survival) rocked the boat. He said that a government crisis was now simply a matter of timing and that an unforeseen mistake could bring it about at any time. These comments were in an unofficial declaration and Craxi has since tried, over the weekend, to deny that the Socialists will take the initiative in torpedoing Cossiga. Nevertheless Craxi's remarks were widely interpreted as marking the end of the period of truce which Cossiga's government has enjoyed since its inauguration in August.
4. The motivation for Craxi's comments is probably his need to ward off attacks from the left-wing of his party which have gained force in the last few days, following the repercussions of the ENI/Saudi Arabian oil deal scandal (my telno 576: not to all) and the split in the Socialist Party on the vote on TNF (paragraph 2 of my telno 578).

/5. The

CONFIDENTIAL

5. The ENI scandal has corroded Socialist unity badly because Craxi is believed to have spread allegations about the involvement in this murky affair of his left-wing rival Signorile and the latter's apparently close associate Mazzanti (the suspended President of ENI). The vote on TNP has encouraged other left-wing socialist elements, traditionally close to the Communist Party, to join Signorile in a challenge to Craxi's leadership.

6. Meanwhile, the tone of Communist opposition has sharpened, as has the militancy of the Communist-dominated Trades Union Confederation, CGIL. When I saw Lama, the Head of CGIL, on 14 December he was shooting a strong line about the need for PCI involvement in government to see the country through its difficulties.

7. The Government's strategy towards the unions, which has consisted in trying to avoid a formal dialogue, is weak as also its economic management, with the failure of the 1980 budget and associated finance bill to be carried into law. The impact of the oil crisis, highlighted by the ENI affair, will probably be sharpened as a result of the Caracas OPEC Meeting and the government may be obliged before long to take further measures in the energy field which will be unpopular and politically controversial, such as further increases in the price of petrol.

8. Another major source of government concern is the security situation. In the past few weeks, the morale of the security forces has been strained by the killing by terrorists of a number of police officers, particularly in Rome. On 11 December, the terrorist group, Prima Linea, occupied a management school in Turin and methodically wounded 10 students and teachers. There were other violent terrorist incidents at Fiat on 14 December. The government has prepared a package of new anti-terrorist measures which are being enacted by decree law (further details by letter to the department). The first reactions of party spokesmen are positive.

9. Cossiga's strongest card remains the lack of a credible alternative to the present parliamentary formula. The Communists have no interest in accepting a formula short of a degree of power-sharing which would probably still be unacceptable to the Christian Democrat Party as a whole though, given the present unreliability of the Socialists, the idea of some sort of deal with the Communists has been revived in certain Christian Democrat circles. But, despite what they say, the Communists may not want to make, for the time being, another bid. They certainly do not want an early general election. The Socialist Party now appears

far too divided to allow a new version of a centre-left coalition between themselves, the Christian Democrats and the three small centre parties to re-emerge. The Christian Democrats, as a whole, are not ready yet to accept a Socialist Prime Minister, which might in theory still be the key to PSI support, given that the left-wing of Craxi's party would not allow him to take office without some further opening to the PCI.

10. As no new element likely to break this impasse is likely to emerge before the Christian Democrat Congress, and perhaps not even then, there is no objective justification for provoking a new crisis. The dangerous instability of the Socialist Party and the general feeling that Cossiga faces a sea of troubles makes it seem improbable at present that he can survive for many more weeks. But in Italy the political wind can change overnight.

ARCULUS

FCO/WHITEHALL DISTRIBUTION

WED

OPS 700

UNCLASSIFIED

ONE 261030Z NOV 79

TO IMMEDIATE FCO

TELEGRAM NUMBER 548 OF 26 NOVEMBER

INFO PRIORITY UKREP BRUSSELS

INFO ROUTINE ALL OTHER EEC POSTS

INFO SAVING WASHINGTON, UKDEL NATO, MILAN.

MIPT: ITALIAN POLITICAL SITUATION AND THE ITALIAN POSITION AT THE DUBLIN EUROPEAN COUNCIL. 27/11

1. PARAGRAPHS 2 TO 5 INCLUSIVE BELOW GIVE A PRESS AGENCY ACCOUNT OF A STATEMENT ABOUT THE DUBLIN COUNCIL MADE BY SIGNOR ZAMBERLETTI, UNDER SECRETARY AT THE MFA, TO THE EXTERNAL RELATIONS COMMITTEE OF THE CHAMBER ON THE EVENING OF 22 NOVEMBER. PARAGRAPHS 6 TO 8 GIVE DETAILS OF AN AIDE MEMOIRE PRESENTED BY THE LEFT-WING PARTIES. ZAMBERLETTI'S PRIVATE OFFICE HAVE TOLD US THAT THIS ACCOUNT IS SUBSTANTIALLY CORRECT.

2. BEGINS

THE ITALIAN GOVERNMENT IS FULLY AWARE OF THE NEED FOR A COMMON EFFORT TO MAINTAIN AND CONSOLIDATE SOLIDARITY BETWEEN THE COUNTRIES OF THE EUROPEAN COMMUNITY. AT DUBLIN THE CONVERGENCE PROBLEM WILL BE DISCUSSED. THIS ENTAILS THE DEVELOPMENT AND COMPLETION OF COMMON POLICIES AS WELL AS THE HARMONIZATION OF THE COLLECTIVE NATIONAL ECONOMIC POLICIES, AN OBJECTIVE WHICH CLOSELY AFFECTS US AND FOR WHICH WE HAVE BEEN FIGHTING FOR A LONG TIME. IT ALSO IMPLIES THE INTRODUCTION INTO THE COMMON AGRICULTURAL POLICY OF SUITABLE CORRECTIONS TO ELIMINATE THE PRESENT DISTORSIONS.

3. THE EUROPEAN COUNCIL WILL BE ASKED TO ASSUME A DUAL COMMITMENT: THE RE-ESTABLISHMENT OF THE BALANCE OF THE COMMON AGRICULTURAL POLICY, WITH THE OBJECT OF FAVOURING BOTH THE MEDITERRANEAN PRODUCTS AND THE PURCHASE AND DEVELOPMENT IN ITALY OF NORTHERN COMMUNITY PRODUCTS (OF WHICH ITALY IS) IN SHORTEST SUPPLY AS WELL AS THE EXPANSION OF STRUCTURAL AND INVESTMENT EXPENDITURE OVER THE NEXT THREE YEARS.

Mr Nash - Rn

Indeed - it should give the ~~UK~~ ^{their} ~~unparliamentary~~ ^{unparliamentary} partners, the PC, a heart attack!
 UKDEL 7/12

Mr Stanning
 or Mr Rn
 17/12

Mr Keeling
 Mr Colwin

Interesting the PCI
 and support a strengthening
 of ~~communist~~ ^{competence}
 to the extent of *
 JE Rhan

14.

4. ZAMBERLETTI STRESSED THAT THE ITALIAN REQUEST THAT INCREASED RESOURCES SHOULD BE DEVOTED TO STRUCTURAL EXPENSES AND INVESTMENTS IS FRAMED NOT ONLY IN AN ITALIAN CONTEXT, BUT IS ALSO AIMED, AND MAINLY SO, AT THE PROGRESS OF THE EUROPEAN COMMUNITY AS A WHOLE. AS REGARDS AGRICULTURAL POLICIES, THE CONTAINMENT OF COMMUNITY EXPENDITURE IN THIS SECTOR SHOULD NOT BE SEEN IN TERMS OF A REVISION OF THE EXISTING SYSTEM OF GUARANTEES, BUT OF ENSURING A MORE BALANCED AND RATIONAL DEVELOPMENT OF THE COMMON AGRICULTURAL POLICY. THE PRINCIPLES OF THIS POLICY ARE NOT BEING CONTESTED: WHAT IS BEING REQUESTED IS A CORRECTION OF THE MORE OBVIOUS MISTAKES OF RECENT YEARS.

5. ITALY WILL ALSO STRESS THE NEED TO REVIEW THE RULES UNDERLYING THE OPERATION OF THE STRUCTURAL FUNDS IN ORDER TO ENSURE THAT THEY ARE MORE IN KEEPING WITH THE DIFFERENT CONDITIONS OF ECONOMIC AND SOCIAL DEVELOPMENT AND WITH THE DIFFERENT ADMINISTRATIVE STRUCTURES OF THE COUNTRIES OF THE COMMUNITY.

ENDS.

6. IN THE COURSE OF THE MEETING WITH SIGNOR ZAMBERLETTI THE PARLIAMENTARY GROUPS OF THE SOCIALIST AND COMMUNIST PARTIES AND THE INDEPENDENT LEFT PRESENTED A JOINT AIDE MEMOIRE IN WHICH THEY REQUESTED THE GOVERNMENT TO DEFEND WITH ENERGY AT THE MEETING IN DUBLIN A NUMBER OF FUNDAMENTAL POINTS.

7. IN THE FIRST PLACE THE CONVERGENCE BETWEEN MEMBER COUNTRIES MUST STRESS NOT SO MUCH THE CONVERGENCE OF THE FINANCIAL POSITION OF THE INDIVIDUAL COUNTRIES TOWARDS THE COMMUNITY BUDGET, BUT A STABLE AND BALANCED DEVELOPMENT OF THE ECONOMIES OF ALL MEMBER COUNTRIES. SECONDLY, IT IS ESSENTIAL TO GIVE A NEW DIRECTION TO THE EXPENDITURE OF THE COMMUNITY BUDGET TO ENSURE A GREATER MEASURE OF BALANCE BETWEEN AGRICULTURAL PRICE SUPPORT AND ORIENTATION EXPENDITURE OF THE AGRICULTURAL POLICY, PARTICULARLY FOR THE REGIONS FACING GREATER DIFFICULTIES. FURTHERMORE THERE MUST BE AN ADEQUATE INCREASE IN COMMUNITY EXPENDITURE FOR STRUCTURAL POLICIES AND FOR COOPERATION WITH DEVELOPING COUNTRIES.

8. THE AIDE MEMOIRE ADDS THAT THE INCREASE IN THE FINANCIAL CAPABILITY OF THE COMMUNITY BUDGET MUST BE REACHED BY TRANSFERRING FUNCTIONS AND FISCAL RESOURCES FROM THE NATIONAL TO THE COMMUNITY FIELD. A DRAFT TREATY MUST THEREFORE BE PROPOSED IN ORDER TO ENABLE THE COMMUNITY TO PARTICIPATE IN THE COLLECTION OF DIRECT TAXES AND VAT. LASTLY, THE SYSTEM OF EUROPEAN RESOURCES MUST BE SUPPLEMENTED BY A PERMANENT AND GENERAL METHOD OF FINANCIAL EQUALIZATION BASED ON THE DISPARITY BETWEEN AVERAGE PRO CAPITA INCOME OF THE VARIOUS MEMBER COUNTRIES. *

9. PLEASE PASS ADVANCE COPIES TO:-

P.S. TO LORD PRIVY SEAL

FRETWELL
SPRECKLEY (EID/I)
GLADSTONE (W.E.D.)

CAB OFFICE FRANKLIN
 ELLIOTT

TSY COUZENS
 JORDAN-MOSS
 ASHFORD

10. PLEASE PASS TO SAVING ADDRESSEES.

GOODISON

(REPEATED AS REQUESTED)

FCO WHITWALL DIST:
EID

(101)

CONFIDENTIAL

GRS550

CONFIDENTIAL

FM ROME 261145Z NOV 79

TO PRIORITY FCO

TELEGRAM NUMBER 547 OF 26 NOVEMBER

INFO PRIORITY UKREP BRUSSELS

INFO ROUTINE ALL OTHER EEC POSTS.

INFO SAVING WASHINGTON, UKDEL NATO, MILAN.

99
MY SAVING TELNO 18: ITALIAN POLITICAL SITUATION

WRD 014/2
TOP COPY
COPY ON FILE

1. SIGNOR COSSIGA WILL GO TO THE DUBLIN COUNCIL AS LEADER OF A GOVERNMENT WHICH IS WEAK EVEN BY ITALIAN STANDARDS, BUT WHICH NEVERTHELESS, IN THE ABSENCE OF ANY CREDIBLE ALTERNATIVE, APPEARS TO BE IN NO IMMINENT DANGER OF FALLING.
2. HIS MAIN WEAKNESS - THE FRAGILITY OF HIS POLITICAL BASE IN PARLIAMENT - IS PARADOXICALLY ALSO HIS STRENGTH. AFTER OVER SIX MONTHS OF POLITICAL CRISIS EARLIER THIS YEAR NOBODY IS GOING TO BE IN A HURRY TO THROW HIM OUT UNLESS THERE IS AN ALTERNATIVE IN SIGHT, AND THERE IS NO SIGN YET OF AN ALTERNATIVE EMERGING FROM THE CONFUSED BARGAINING WHICH IS AT PRESENT GOING ON WITHIN AND BETWEEN THE PARTIES. SOME PEOPLE THINK THAT THE CHRISTIAN DEMOCRAT CONGRESS AT THE END OF JANUARY MAY POINT THE WAY TO A NEW GOVERNMENT. BUT IT LOOKS INCREASINGLY LIKELY THAT THE CONGRESS WILL NOT PRODUCE ANY CLEAR-CUT RESULT (SUCH AS A COMMITMENT TO SEEK AN ALLIANCE WITH THE SOCIALISTS, WHICH WOULD BE THE BEST WAY OF CREATING A STABLE MAJORITY) AND THE COSSIGA GOVERNMENT MAY WELL BE LEFT IN THE SADDLE UNTIL THE MIDDLE OF NEXT YEAR.
3. ON THE CREDIT SIDE THE GOVERNMENT CAN COUNT, FOR THE TIME BEING, ON THE BACKING OF ITS THREE COMPONENT PARTIES - CHRISTIAN DEMOCRATS, SOCIAL DEMOCRATS AND LIBERALS - ALL OF WHOM HAVE RECENTLY REAFFIRMED THEIR SUPPORT FOR COSSIGA, DESPITE SOME SNIPIG AT HIM (NOTABLY FROM THE SOCIAL DEMOCRATS) EARLIER THIS MONTH. COSSIGA HAS GIVEN THE LEADERS OF THE THREE PARTIES IN EXCHANGE SOME NOT VERY SPECIFIC ASSURANCES ABOUT SPEEDING UP ACTION ON THE GOVERNMENT'S ECONOMIC PROGRAMME. A SENIOR CHAMBER OF DEPUTIES OFFICIAL HAS COMMENTED TO US THAT

/THIS SHOULD

CONFIDENTIAL

CONFIDENTIAL

THIS SHOULD BE ENOUGH TO HOLD THE POSITION FOR THE TIME BEING. THE DISARRAY IN THE COMMUNISTS (WHO HAVE JUST FACED AN UNUSUALLY FORTHRIGHT ATTACK FROM THE VETERAN LEADER OF THEIR MODERATE WING, AMENDOLA) AND IN THE SOCIALISTS (WHO STILL CANNOT DECIDE WHETHER THEY ARE MOVING TOWARDS THE COMMUNISTS OR THE CHRISTIAN DEMOCRATS) IS ALSO HELPFUL TO THE GOVERNMENT IN THE SENSE THAT IT GIVES THE CHRISTIAN DEMOCRATS MORE TIME TO SORT THEMSELVES OUT.

4. TO COSSIGA'S CREDIT, HE HAS SHOWN HIMSELF WILLING TO GIVE A FIRM LEAD TO THE POLITICAL PARTIES OVER THE TNF ISSUE. BUT ON VIRTUALLY EVERY OTHER ISSUE WHICH HAS THREATENED DOMESTIC POLITICAL DISCORD - AND PARTICULARLY ON PRESSING ECONOMIC MATTERS SUCH AS ENERGY POLICY, UNEMPLOYMENT AND PENSIONS REFORM - HIS GOVERNMENT HAS SO FAR BEEN UNABLE TO INTRODUCE ANY WORTH-WHILE MEASURES. PART OF THE BLAME FOR THIS MUST REST WITH THE FAR-LEFT RADICAL PARTY, WHOSE 18 DEPUTIES HAVE MANAGED BY FILIBUSTERING TACTICS TO BLOCK A CONSIDERABLE AMOUNT OF ATTEMPTED LEGISLATION. BUT THE GOVERNMENT ITSELF IS ALSO SHOWING A REGRETTABLE TENDENCY - WHICH THE TREASURY MINISTER PRIVATELY DEPLORED TO ME THE OTHER DAY - TO AVOID FACING UP TO DIFFICULT ECONOMIC DECISIONS.

5. ALL THIS MAKES IT IMPORTANT FOR COSSIGA THAT HE SHOULD NOT RETURN FROM THE DUBLIN COUNCIL EMPTY-HANDED. THE ACCOUNT IN M.I.F.T. OF A MEETING ON THE EVENING OF 22 NOVEMBER BETWEEN ZAMBERLETTI (M.F.A. PARLIAMENTARY UNDER SECRETARY) AND MEMBERS OF THE FOREIGN AFFAIRS COMMITTEE ILLUSTRATES THE INTERNAL POLITICAL PRESSURES IN THIS FIELD.

6. FCO PLEASE PASS ADVANCE COPIES TO:-

P.S. TO LORD PRIVY SEAL

/FRETWELL

CONFIDENTIAL

FRETWELL
SPRECKLEY (EID/I)
GLADSTONE (W.E.D.)

CAB OFFICE FRANKLIN
 ELLIOTT

TSY COUZENS
 JORDAN-MOSS
 ASHFORD

10. . PLEASE PASS TO SAVING ADDRESSEES.

GOODISON

FCO/WHITENALL D

WRD

EID

(ADVANCED AS REQUESTED)

CONFIDENTIAL

100



~~H. Keeling~~

Jull

23/m

With the compliments of
HER BRITANNIC MAJESTY'S
CONSUL-GENERAL

was out 12	
RECEIVED IN REGISTRY NO. 13	
29 NOV 1979	
MILAN 4	ser

Very interesting
Cathy Rome, FCO

HMCg Pol _{4/4} Dr. Giancarlo Bosetti

The news editor of the Milan edition of L'Unita', with whom I had lunch, forecast a decline in the Communist vote in the 1980 administrative elections, compared to those of 1975. A decline sufficient to lose it some of the big city governments it gained then for the first time. An increase in the Socialist vote might save for the Left the less vulnerable of these administrations. Craxi and Berlinguer had reached an understanding at their Milan meeting on the occasion of the Milan - Inter ~~secret~~ football match on 28 October. The two-hour meeting had among other subjects concerned elections and post-election tactics. But it was unlikely that the Socialist gains, if any, would be enough to compensate for the Communist losses.

The Christian Democrats were also set to lose ground at the next elections. The gainers from Communist defections would be not the Christian Democrats, nor, except to a very small degree the Socialists, but the Radicals. In Milan the Radical Party was dominated by its anti-Pannella faction and had intimated willingness to consider cooperation with the PCI after the election. But elsewhere Pannella was for the most part in command and he would see to it that the Radical Party would continue its strategy of seizing on every controversial issue as a means of self-advertisement and of destabilizing the two main parties.

Bosetti mentioned a public meeting held in Milan on 10 November on the question of missile bases. The discussion had been called by the PCI, but two prominent Left-wing non-Communists, ~~socialists~~, the former theological assistant of Cardinal Siri of Genoa, Padre Gianni Baget-Bozzo, and Mario Capanna (PDuP) were among the platform speakers. Well advertised though it was, the meeting attracted only seventy people. Bosetti took this to be an indication of the PCI's loss of impetus and an illustration of public unawareness - or refusal to be aware - of serious issues.

The world had entered a critical period politically and economically and Italy was one of the countries most vulnerable to its repercussions. But there was no evidence in public opinion and very little in the media of awareness of this.

Bosetti expressed alarm at the deterioration of relations between the USSR and the West. There was every sign, he thought, that the world would soon be right back in the state of cold war of Stalin's time and it would be difficult to get back to a less tense situation because, since the emergence of China in its new role, a lasting great power agreement on peaceful co-existence had to be three sided instead of only two.

About Amendola's article in Rinascita criticising PCI policy in the trade union movement Bosetti's reaction was, predictably perhaps, much the same as that of Berlinguer reported in this morning's Corriere: namely that though there was some justification for the criticism, it presupposed a complete change in economic direction which the unions themselves alone could not be expected to achieve.

Bosetti said that the radical economic changes Italy needed inevitably involved sacrifices in the standard of living. The working class would never accept these sacrifices unless there was evidence that they were being imposed fairly and throughout the community; that, for instance, tax evasion by the rich and the self-employed was being seriously combatted. To carry through the reforms essential for Italy's economic survival needed a strong government; a strong government meant a government in which the Communists participated. Whether such a government was still a practical proposition depended on the outcome of the Christian Democrat national convention next January. Bosetti himself thought the prospects of Communist participation in government had diminished since the killing of Moro and were likely to diminish further.

There was, however, he said, an influential cross-section of the DC which did accept that the Italian situation called for a return to a government of national emergency, this time with PCI support at government level and with a Socialist President of the Council. The chief agent in spreading this thinking within the DC was the Lega Democratica. This was not a "corrente", but an ideas group, of which several ministers of the present government - including Andreatta - and the Prodi brothers - Romano, Minister of Industry in the penultimate Andreotti government, and Paolo (like Romano a professor at Bologna University), two other Bolognese, Achille Ardigò, a long time influence on DC policy and, Luigi Pedrazzi, of Il Mulino, were among the members. On the whole the Base element in the DC listened willingly to the Lega Democratica proposals, so, more circumspcctly, did Andreotti and his followers. Zaccagnini kept aloof but was not unsympathetic. I asked who the Socialist President of the Council would be. "Craxi, of course". "And the PCI would accept him?" "They certainly would not oppose him". It was clear though that acceptance of a Craxi government depended on that government being a national emergency one - and not the resuscitation of the Centre Left.

The DC in Lombardy was for the most part Base dominated outside Milan; but in Milan the Centre factions and Forze Nuove (Donat Cattin) were in control. Vittorino Colombo,

About Amendola's article in Rinascita criticising PCI policy in the trade union movement Bosetti's reaction was, predictably perhaps, much the same as that of Berlinguer reported in this morning's Corriere: namely that though there was some justification for the criticism, it presupposed a complete change in economic direction which the unions themselves alone could not be expected to achieve.

Bosetti said that the radical economic changes Italy needed inevitably involved sacrifices in the standard of living. The working class would never accept these sacrifices unless there was evidence that they were being imposed fairly and throughout the community; that, for instance, tax evasion by the rich and the self-employed was being seriously combatted. To carry through the reforms essential for Italy's economic survival needed a strong government; a strong government meant a government in which the Communists participated. Whether such a government was still a practical proposition depended on the outcome of the Christian Democrat national convention next January. Bosetti himself thought the prospects of Communist participation in government had diminished since the killing of Moro and were likely to diminish further.

There was, however, he said, an influential cross-section of the DC which did accept that the Italian situation called for a return to a government of national emergency, this time with PCI support at government level and with a Socialist President of the Council. The chief agent in spreading this thinking within the DC was the Lega Democratica. This was not a "corrente", but an ideas group, of which several ministers of the present government - including Andreatta - and the Prodi brothers - Romano, Minister of Industry in the penultimate Andreotti government, and Paolo (like Romano a professor at Bologna University), two other Bolognese, Achille Ardigò, a long time influence on DC policy and, Luigi Pedrazzi, of Il Mulino, were among the members. On the whole the Base element in the DC listened willingly to the Lega Democratica proposals, so, more circumspectly, did Andreotti and his followers. Zaccagnini kept aloof but was not unsympathetic. I asked who the Socialist President of the Council would be. "Craxi, of course". "And the PCI would accept him?" "They certainly would not oppose him". It was clear though that acceptance of a Craxi government depended on that government being a national emergency one - and not the resuscitation of the Centre Left.

The DC in Lombardy was for the most part Base dominated outside Milan; but in Milan the Centre factions and Forze Nuove (Donat Cattin) were in control. Vittorino Colombo,

RESTRICTED

Reference
- 3 -

a Forze Nuove notable ("and one of the worst ministers we have ever had") was trying to extend the rather tenuous alliance between the anti-Base factions to the whole of the region in order that the Lombardy delegation to the DC national congress would be of a strongly anti-PCI stamp.

Peter Thompson
P H P Thompson
12.11.1979

RESTRICTED

(99)

CONFIDENTIAL
SAVING TELEGRAM

BY BAG
FROM ROME
TO: FCO
SAVING NO: 18
1 November 1979
CONFIDENTIAL

was orig.
TOP COPY

TO FCO SAVING TELEGRAM NO. 18 OF 1 NOVEMBER 1979
AND SAVING FOR INFORMATION WASHINGTON, UKDEL NATO, UKREP BRUSSELS,
AND OTHER EEC POSTS

MY TELNO 469: ITALIAN POLITICAL SITUATION

1. The last few weeks have been a period of intense activity by the political parties, though there is no sign yet of a new alignment developing which could provide the basis for an alternative to the Cossiga government.
2. The Christian Democrats (DC) have been holding a series of meetings of their various factions in preparation for the Party Congress which is scheduled for the last week of January. The final line-up of the factions is still difficult to predict. A month ago it looked as if those in the DC - particularly Fanfani (President of the Senate), Forlani (former Foreign Minister) and Donat-Cattin (Party Vice-Secretary) - who favoured an anti-Communist alliance with the Socialists (PSI) were likely to win in a straight fight against those - particularly Andreotti and Zaccagnini (due to retire from the Party Secretaryship at the Congress) - who were seeking to recreate a broad understanding with all parties of the former majority including the Communists (PCI). Now, however, the line-up seems less clear. The factions which have met in the past two weeks have all tended to converge around vaguely formulated positions (such as "co-involvement with the PSI and constructive dialogue with the PCI within a framework of a policy of national solidarity") by which they are seeking to blur the traditional divisions within the party and to put the emphasis on party unity rather than on any precise indication of future policy. This was most apparent at the meeting on 26/29 October of the centre-right Doroteo faction which is the largest in the party and could therefore have a decisive role at the Congress. The leaders of the group, Piccoli (the Party President)

/and

CONFIDENTIAL

and Bisaglia, were at pains to patch up any differences there may have been between them and to stake out a central position for their faction as the group around which any majority would have to be constituted. The meeting of Fanfani's faction on 29/31 October was again surprisingly conciliatory towards the PCI, although firmly excluding their participation in government. At this meeting Forlani emerged strongly as the candidate of the new centre grouping to succeed Zaccagnini as Party Secretary. Much can still happen before the Congress, but Forlani must for the time being be regarded as the leading contender.

3. Meanwhile developments in both the PSI and the PCI have served to highlight the political impracticality of the contrasting pro-PSI and pro-PCI positions at opposite ends of the DC (and have thus perhaps helped to favour the emergence of the centre grouping in the DC). The PSI Secretary, Craxi, under criticism for his idiosyncratic leadership from a group of Socialist intellectuals, has continued to move perceptibly closer to the PCI (he had another meeting with Berlinguer on 28 October, apparently to follow up the meeting of 20 September - see para 3 (c) of my Saving telno 15). A DC-PSI alliance now seems out of question for the time being, except on terms which the DC has already shown that it is collectively unwilling to accept (ie the Prime Ministership for Craxi). At the same time the PCI has reiterated, in a firm statement by Berlinguer in Milan on 27 October, that it is unwilling to consider any renewed collaboration with the DC except on the basis of PCI participation in government (which is totally unacceptable to the great majority of the DC). For the time being the PCI has clearly decided to remain in opposition, and any DC talk of bringing the PCI back into the majority can only be for the longer-term.

4. Apart from pre-Congressional manoeuvring in the DC, the other main political topic over the past month has been constitutional reform. This has been running by Craxi in an editorial in the PSI paper Avanti on 28 September, in which he put forward some vaguely formulated proposals for reform of institutions as a priority task for the current legislature.

/Craxi's

Craxi's intention was probably to keep all the political parties talking and himself in the limelight - in which he succeeded admirably - though nobody expects any very substantial results to come of it. Any changes which might actually produce greater government stability (such as weighted voting in Parliament in favour of the party with the relative majority) have been set aside as too controversial, and the only reforms which look like having some chance of being pursued further are relatively minor matters such as abolition of the 6-month "white" period during which Parliament may not be dissolved at the end of a Presidential term of office, some streamlining of parliamentary procedures (but not the abolition of the Senate as the PCI would like) and some changes in the structure of local government (eg abolition of the Provinces).

5. The Cossiga government has meanwhile run into a number of difficulties. Its economic strategy has been disrupted by the trade unions, and there are signs that the unions are preparing to press tougher demands. The episode of the Fiat sackings (para 2 of my TUR) looked for a time as if it might prove embarrassing, and the successful strike by air traffic controllers on 19 October in support of their demands for demilitarization has raised awkward issues for the government in other related areas. The small Republican Party (PRI) has recently severely criticised the government's handling of economic affairs and has threatened, together with the Socialists, to provoke a government crisis immediately after the DC Congress. Although the PRI and the PSI are outside the government majority this may not be altogether an empty threat. (It should be remembered that the PRI and PSI together started the process which led to the fall of the Third Andreotti government in January 1978.) But for the time being, with no alternative in sight, the expectation is still that the Cossiga government will continue at least until the DC Congress and possibly for some time afterwards.

ARCULUS

FCO | WHITEHALL

WED

EID

GR 550

CONFIDENTIAL

FM ROME 181120Z OCT

TO PRIORITY FCO

TELEGRAM NUMBER 469 OF 18 OCTOBER

INFO PRIORITY UKDEL NATO

INFO SAVING WASHINGTON, UKREP BRUSSELS AND OTHER EEC POSTS

MY TELNO 433 (NOT TO ALL) ITALIAN POLITICAL SITUATION

1. YOU MAY LIKE AN ACCOUNT OF CURRENT ITALIAN DOMESTIC PREOCCUPATIONS BEFORE YOUR MEETINGS WITH FOREIGN MINISTER Malfatti in Ireland over the weekend and in London on 22 October.

2. THE ANNOUNCEMENT BY FIAT ON 9 OCTOBER OF ITS INTENTION TO SACK 61 EMPLOYEES ACCUSED OF ORGANISED VIOLENCE AND INTIMIDATION HAS CAUSED A RUMPUS WHICH COULD PROVE EMBARRASSING TO SIGNOR COSSIGA'S GOVERNMENT. FIAT HAS NOT MADE PUBLIC EVIDENCE TO SUPPORT ITS ACCUSATIONS, BUT SOME OF THE EMPLOYEES CONCERNED ARE SAID TO HAVE LINKS WITH TERRORIST ACTIVITIES. FOLLOWING THE MURDER OF YET ANOTHER OF THEIR EXECUTIVES LAST MONTH FIAT WERE NO DOUBT UNDER STRONG PRESSURE FROM THEIR SENIOR MANAGERS TO TAKE THIS SORT OF ACTION. NEVERTHELESS THE WAY IN WHICH THE SACKINGS WERE ANNOUNCED HAS PROVOKED A STRONG REACTION FROM THE UNIONS (WHO HAVE, HOWEVER, BEEN CAREFUL TO AVOID GIVING THE APPEARANCE OF CONDONING TERRORISM). AFTER A FRUITLESS SERIES OF MEETINGS BETWEEN AGNELLI AND THE UNIONS ON THE ONE HAND, AND THE UNIONS AND SIGNOR COSSIGA (AS POTENTIAL MEDIATOR) ON THE OTHER DISMISSAL NOTICES HAVE NOW BEEN SENT TO ALL 61 EMPLOYEES CONCERNED, AND THE UNIONS HAVE RESPONDED BY ANNOUNCING A SHORT GENERAL STRIKE OF ENGINEERING WORKERS ON 23 OCTOBER WITH THE POSSIBILITY OF FURTHER STRIKE ACTION TO FOLLOW. THE POTENTIALLY EMBARRASSING POINT FOR THE GOVERNMENT IS THE EXTENT TO WHICH COSSIGA HAS ALLOWED HIMSELF TO BECOME PERSONALLY INVOLVED IN WHAT IS NOW A STRAIGHT TRIAL OF STRENGTH BETWEEN FIAT AND THE UNIONS.

3. MEANWHILE THE POLITICAL PARTIES ARE NO NEARER CLARIFYING THEIR POLITICAL RELATIONSHIPS. AFTER APPARENTLY MOVING TOWARDS THE COMMUNISTS LAST MONTH (IN HIS MEETING WITH BERLINGUER ON 20 SEPTEMBER) THE SOCIALIST SECRETARY, CRAXI, HAS THROWN A SMOKESCREEN OVER THE POLITICAL SITUATION BY PUTTING FORWARD SOME VAGUELY FORMULATED PROPOSALS FOR CONSTITUTIONAL REFORM WHICH WILL KEEP EVERYBODY TALKING BUT SEEM UNLIKELY TO PRODUCE ANY CONCRETE RESULTS. THE CHRISTIAN DEMOCRATS AT THE SAME TIME, IN A SERIES OF PRE-CONGRESS MEETINGS OF THEIR VARIOUS FACTIONS, SEEM IF ANYTHING TO BE BACKING AWAY FROM THE SOCIALISTS AND MOVING MORE TOWARDS THE ZACCAGNINI/ANDREOTTI IDEA OF RECREATING A BROAD UNDERSTANDING WITH THE COMMUNISTS WITHOUT LETTING THEM INTO GOVERNMENT. BUT THESE ARE ONLY STRAWS IN THE WIND AT THIS STAGE.
4. TO ADD TO HIS PROBLEMS COSSIGA NOW FACES AN AWKWARD SITUATION WITH THE COMMUNISTS OVER THE TNF ISSUE. HE HAD FORESEEN THIS, BUT BREZHNEV'S DIPLOMATIC OFFENSIVE HAS BROUGHT THE ISSUE OUT INTO THE OPEN EARLIER THAN EXPECTED.
5. FOR THE TIME BEING, EVEN IF THE COMMUNISTS MAKE DIFFICULTIES AND THE ECONOMIC AND INDUSTRIAL SITUATION TURNS NASTY, THERE IS STILL NO ALTERNATIVE IN SIGHT TO THE PRESENT COSSIGA GOVERNMENT.

FCO PLEASE ALL SAVING ADDRESSEES.

ARCULUS

FCO/WHITEHALL DISTN.

[REPEATED AS REQUESTED]

WED

EID

RESTRICTED

R & Nash Esq

WEB

FCO



With the compliments of

Mark Fellens

W25 014/31/10

RECEIVED

14 NOV 1979

BRITISH EMBASSY

ROME

RESTRICTED

RESTRICTED

1. Copy to Mr Nash (WED) without encs. *MT 16/10*
2. Enter + PA *11.10.10*

Reference

H. of CTo report to F.C.O. as necessary. *W 15/11*

VISIT TO TRIESTE ON 12-13 OCTOBER 1979

1. Trieste is a rather sad place looking for a future. It considers itself neglected by the government in Rome and betrayed by the Osimo agreement. It looks to become a port for Bavaria, Austria and Central Europe rather than for Italy. It hopes for some benefit from the enlargement of the Community. The Independent Mayor is keen on cutting a new motorway through the mountains via the shortest road to Munich, but the Prefect thought it would be easier to complete the existing roads through Villach to Bavaria and to Lubljana in Yugoslavia. The Lista per Trieste is an interesting political phenomenon and it is said that Pordenone will follow suit. The locals were very worried about President Pertini's visit to Belgrade and there was speculation that there might be some further deal disadvantageous to Trieste. Dislike of the Slavs has not diminished and there is resentment at the weekend invasion from Yugoslavia of people buying up merchandise for resale.
2. I attach a memorandum by a local British subject on the unsatisfactory state of Trieste, and a proposal by the Mayor for a new link with Austria and Bavaria.

15 October 1979

(R Arculus)

17/10/79
Mr Keeling
Rh
8/11

(1) H of C
Minister

Ref. 388/79

Restricted

(2) CC (RPN Wash Ey, WED, Fu
Mrs K Cdrin, Res Dept
FCO

It is worth noting that Sardinia
now has a lay President of the Giunta,
backed by the DC, PSI & minor parties,
with the Communists in opposition.
This is the first time this pattern has been adopted in
Dear Mark, a Regional Giunta

RECEIVED
15 OCT 1979
BRITISH VICE CONSULATE,
CAGLIARI.
REGISTRY
Action Taken
4th October, 1979

(96)
PS
Rhm
15/10

New Regional Giunta

1. Yesterday, 106 days after the Regional elections, the Regional Council at last gave a vote of confidence to the Giunta proposed by President Alessandro GHINAMI, of the PSDI. Votes in favour came from the DC, PSI, PSDI, PRI and PLI, the sum of which amounts to 46 councillors out of a total of 80.
2. For the first time since regionalisation, i.e. over 30 years, a non-DC member of the Council has become President. On.le Ghinami is the main PSDI figure in Sardinia and has served as an Assessore in several past coalition governments. He stood for Parliament in the last elections but did not make it. He is more clear-minded and practical than most of the local politicians; his statements are usually delivered in plain Italian, rather than in the incomprehensible jargon of clichés and the circumlocution used by most of his colleagues. He has always been outspokenly and adamantly against the admission of the PCI to the Executive, and was against the indefinite protraction of the "Intesa".
3. In the present Giunta Ghinami is the only member of his own party; eight of the 12 assessori are DC and four are PSI; the PRI and the PLI are to support the Giunta from outside. Half the DC assessori are new to the task.
4. If we go back to early August when I last reported that Mario Puddu's Giunta had not been passed by the Council, and then on to the 23rd August, we find On.le Mario Puddu (DC) elected again, and trying to form a DC monocolore "Giunta di tregua", with "technicians", with PCI support by abstention. The PSDI was the most firmly against this solution which they regarded as a sort of "compromesso storico" incompatible with the electoral results, and Puddu resigned again... only to be re-elected a third time!!, on 14th September, for another attempt at the same solution. There followed days of unseemly squabbling within the DC ranks and chopping and changing of "technicians", but the smaller parties held out, and Mario Puddu resigned for the third time.
5. This brings us to the present situation (see paras. 1,2 and 3 above). President Chinami has been clear: he does not regard his government as a caretaker, but he feels that it is not logical for the two main posts of authority (Presidenza del Consiglio: PRI, and Presidenza della Giunta: PSDI) to be in the hands of two small parties. His Giunta, therefore, is to be regarded as a "giunta di transizione con una maggioranza solida ma non un assetto definitivo". He has also referred to it as a "Giunta di preparazione verso solidarietà più ampie, equilibri più stabili e larghi": much will obviously depend on what happens on the national scene. In the meantime, it is hoped that the Chinami Giunta will prove to be "le provisoire qui dure", at least for months if not years.

Yours ever
Nadine
(N. Ekserdjian)

Mark Fellow, Esq.,
Chancery,
British Embassy,
Rome.



With the compliments of

PS
RM
14/10

WR 1412.		
BRITISH EMBASSY		
RECEIVED IN REGISTRY NO. 13		
15 OCT 1979		
DESK OFFICER		REGISTRY
INDEX	PA	Action Taken

Reference

1021 (15)

Mr Bolles
Minister

2/19. may like to see Azz. 24/9.
The gossip at a US Embassy cocktail party which I attended yesterday evening was on similar lines. Sferazza (DC foreign affairs office) thought that Cossiga's new Ministers were on the whole doing rather well - though he too specifically excluded Reviglio. Most people thought that the DC Congress might well be postponed from the presently planned date in December in which case the Cossiga Govt would probably last longer than had at first been supposed.

1. I had lunch to-day with On. Azzarro, who is Sottosegretario at the Ministry of Finance, and Antonio di Majo, at the Bank of Italy, who was Economic Adviser to Malfatti when he was Minister of Finance and is still involved in much of the work of the Ministry.

2. Di Majo told me that the appointments in the Bank of Italy which are heralded in this morning's press are practically certain. He himself had led a small lobbying campaign in favour of bringing back Dini to be Director-General. Ciampi had long been the obvious choice to succeed Baffi: he would be much more acceptable to the Christian Democrats, though there is no question that he was a Bank of Italy man first and foremost. Di Majo thought that the Government might send Sarcinelli to Washington to succeed Dini: this would get him well out of the way of the famous Bank of Italy scandal, and he was well qualified for the job. His international reputation was high. I asked whether the Magistrature would not object to this. Di Majo thought not: the Magistrates had been very quiet of late. He thought that they were afraid that Cossiga would be less favourable to their cause than Andreotti had been. He also thought that Andreotti and other powerful men who had been sorry to see Sarcinelli in trouble (whether or not they had instigated that trouble themselves) would be very happy to see him go to Washington, well out of the way. This was another reason why the Magistrates would probably not oppose the move.

3. Both Di Majo and Azzarro criticized the new Minister of Finance, Reviglio, very severely. Di Majo said that he was *un serio*, i.e. sig. P.L., that is to say Mr GDP. This refers to his habit of basing every suggestion on some factor related to GDP and of course implied a total lack of touch with reality. The last example of Reviglio's incompetence was the row in the press in the last two days about taxation on property. Present Italian law requires that the income imputable to residential property should be declared on income tax forms. The value used for this was based on the land register, and was something like the British system for determining the rateable value of property. It gave a very low figure for potential rent. Reviglio wanted to base this figure instead on the actual rentable value on the basis of the *equo canone*, and to index it to the relevant inflation figure. In other words Italians would pay tax on income they were not receiving and that income would be indexed. This was both unjust and politically out of the question. The row on Reviglio in *Avanti* had been the severest that Azzarro could remember seeing in the press against any Italian politician. Members of his own party had rung him up to ask what kind of madness was abroad in the Ministry. Reviglio would surely be to grief. He added darkly that Reviglio had made himself

CONFIDENTIAL

unpopular with his officials by calling meetings at the unprecedented hour of 3 pm. Di Majo who is a close friend of Ciccio, the socialist economics spokesman, told me that contrary to what had been reported in the press Reviglio was not regarded by the socialists as their man: indeed his appointment had been manipulated by Pandolfi, not the socialists.

4. Both Di Majo and Azzarro had a high opinion of Andreatta, who they thought had made a sound start at the Ministry of the Budget, and who besides being a much better economist than Reviglio, was also thoroughly in touch with political realities.

5. Azzarro told me that much work was now being done in the Ministry on the Finance Bill which would accompany the 1980 budget. Since this Government had very little chance of getting any substantial legislation through Parliament, there was a danger that it would attempt to overload the Finance Bill, whose passage by the end of the year through Parliament was more or less guaranteed. For instance Reviglio wanted to include in it the formation of a central corps of Tax Inspectors at the Ministry, which he described as a sort of body of income tax 007s. This really should require an institutional law, and was quite inappropriate to the Finance Bill. He feared that the Finance Bill might get into difficulties as a result.

6. Azzarro confirmed that the package of energy measures had been passed at last Friday's Council of Ministers only after a very tough struggle: the original proposal had been for a much greater increase in the price of petrol.

7. I asked Azzarro whether the Government was worried about the apparent PSI flirtation with the Communists (Azzarro is a ~~fan-fan~~ fan). Azzarro said that they were not particularly worried since they believed that the socialists would allow the Government to continue ~~any~~ after the Congress season. Azzarro felt the socialists had perhaps made a mistake in seeking this meeting with the Communists: he was sure that nothing concrete would come of it, and it would be portrayed in the press as a failure or even breakdown. The socialists' strategy, as the PCI well knew, would be to try to persuade the PCI to acquiesce in a Government headed by a socialist Prime Minister in coalition with the Christian Democrats. The socialists' idea was that this would put them in a fine position for the next elections, where they would be bound to gain votes. The Communists were too aware of the dangers for their own position to fall for this. And indeed, since any substantial gain on the part of the socialists would tend to bring the alternativa di sinistra closer, he did not think that the Christian Democrats would in the end fall for it either. Within the Christian Democrat party he thought that attention was being focused away from the position of President of the Council, since it was felt that this position was likely to be an ~~unstable~~ unstable one in the foreseeable future. The scramble would now be for party jobs. However, the election of Bianco as Capogruppo in the Camera had thrown everyone into confusion. No-one wanted to be /the

Real
is an
account
of the
wrecking
of the
Hands.

CONFIDENTIAL

the first to form "schieramenti: everyone wanted to mediate between the schieramenti, which was difficult when they did not yet exist. There would be very hard infighting in the Christian Democrats Regional Congresses, which would not be reflected very much in public comment. Azzarro did not believe that Zaccagnini would in the end stand again.

Re: Azzarro

19 September 1979

A C GALSWORDTHY

Today's press does not suggest that the Craxi/Beringer meeting went the way Azzarro expected, though their alliance may not last. There is nevertheless some interesting gossip here.

Charles
2/9

CONFIDENTIAL

RTTUZYUW RUDOMKA6401 2002043-UUUU--RUTLAAA RUEBHAA RUFTTFA RUEHRY
RUKRAAA,
ZNR UUUUU ZYN
R 192010Z JUL 79
FM FBIS LONDON UK
TO RUTLAAA/FBIS WASH DC
RUEBHAA/STORAE CENTER FBIS WASH DC
RUFTTFA/FBIS VIENNA AU
RUEHRY/AMEMBASSY ROME IT
RUKRAAA/CDR SAN VITO DEI NORMANNI AS
RBLD
BT
UNCLAS RUDO BBC ✓

WASH DC 12
RECEIVED
23 JUL 1979
DESK OFFICE
INDEX PA
REGISTRY
Action Taken

ATTN BBC/BAG

ROME REPORTS DISSENSION WITHIN DC OVER FORMATION OF GOVERNMENT

LD192010 REF LD191836 (ROME DOMESTIC ITALIAN 191700--ITALY;
DC POLITICAL SECRETARY REJECTS CRAXI ATTEMPT TO FORM GOVERNMENT)

ROME DOMESTIC SERVICE IN ITALIAN 1700 GMT 19 JUL 79 LD

((EXCERPT)) THE MEETING OF THE CHRISTIAN DEMOCRATIC
((DC)) DIRECTORATE WAS PRECEDED AND ACCOMPANIED BY A NUMBER OF
STATEMENTS FROM WITHIN DC RANKS WHICH OCCASIONALLY REVEALED
RESENTMENT AND PREOCCUPATION. THE STATEMENTS WERE BASED ON THE
LIKELY PROSPECT THAT A REJECTION OF BETTINO CRAXI'S PROPOSAL
WOULD CAUSE FURTHER SOCIALIST REBUFFS OF SUBSEQUENT
NOMINATIONS OF CANDIDATES FROM THE PARTY OF RELATIVE MAJORITY.

A MEETING WAS HELD TODAY BY THE STEERING COMMITTEE OF THE
DC PARLIAMENTARY GROUP IN THE SENATE, WHICH AT THE END OF A
DEBATE ON CONFLICTING POSITIONS DEMONSTRATED LIMITED
UNITY BY NEGATIVELY ASSESSING THE STATEMENT APPROVED YESTERDAY
BY THE SOCIALIST PARTY DIRECTORATE IN RESPONSE TO THE DC REQUEST
FOR CLAIRIFICATION. AN APPEAL TO REFLECT ON THE POSSIBLE
CONSEQUENCES OF A RUPTURE WITH THE SOCIALISTS WAS MADE TO DC
POLITICAL SECRETARY ZACCAGNINI BY SEGNI, A DC DEPUTY WHO
BELONGS TO THE GROUP OPPOSING THE PARTY SECRETARIAT. GRAVE
RESPONSIBILITY WOULD BE ASSUMED, SEGNI WROTE TO ZACCAGNINI.
BY THOSE WHO, IN PROVOKING A RUPTURE, WOULD PREJUDICE NOT ONLY
THE FORMATION OF A GOVERNMENT TODAY BUT ALSO THE RESUMPTION OF
COOPERATION TOMORROW, THROWING THE COUNTRY INTO A SITUATION WITH
UNFORESEEABLE (?CONSEQUENCES). ANOTHER ZACCAGNINI ADVERSARY,
MASSIMO DE CAROLIS, STATED IN AN INTERVIEW THAT THE MEN OF THE
DC SECRETARIAT ARE BECOMING SENSELESS AND ARE INCAPABLE OF DEALING
WITH ANY OTHER SITUATION EXCEPT ((WORD INDISTINCT)) AND FLIRTING
WITH THE COMMUNISTS. ((PASSAGE OMITTED QUOTING SOME CHRISTIAN
DEMOCRATS WHO CRITICIZED THE SOCIALIST DIRECTORATE'S STATEMENT))

191700 HUGHES/NE 19/2054Z JUL

BT

#6401

CONFIDENTIAL
SAVING TELEGRAM

(94)

TOP COPY

BY BAG
FROM ROME
TO: FCO
SAVING NO: 15
25 September
CONFIDENTIAL

RECEIVED	
OCT 25 1979	
DESK	INDEX
CASH	

TO FCO SAVING TELEGRAM NO 15 OF 25 SEPTEMBER 1979
AND INFORMATION SAVING WASHINGTON, UKDEL NATO, UKREP BRUSSELS,
OTHER EEC POSTS

ROME TELNO 326: ITALIAN POLITICAL SITUATION

1. The resumption of political activity after the August summer break has shown all the main political parties more than usually uncertain about the direction in which their political relationships are moving.
2. The Christian Democrats (DC) are still fundamentally divided about whether to move towards an anti-communist alliance with the Socialists or whether to seek to re-establish some sort of relationship with the Communists in a parliamentary majority of "national solidarity". The DC Party Congress, at which these issues are expected to come to a head, has now been postponed from December until the last week of January (and could well be delayed further). The Communists (PCI) for their part have been giving conflicting signs about how they intend to play their new role of opposition. In his article in the party theoretical weekly Rinascita on 24 August (Rome saving telno 13, not to all) Berlinguer appeared to be endorsing his earlier promises of "constructive" opposition. But he took a much harder line in his closing speech at the PCI "Festival of Unity" rally in Milan on 16 September, when he promised that the PCI's opposition would be "tough and combative". Meanwhile the Socialists (PSI), far from moving further towards the DC, appear to have come to some understanding with the Communists at a meeting between delegations led by the two Party Secretaries, Craxi and Berlinguer, on 20 September after which they issued an obscurely worded communique stating that a better relationship between the PCI and the PSI could force the DC to drop its prejudices against both of them.

CONFIDENTIAL

/3. In

3. In more detail, developments in each of the main parties over the last few weeks have been as follows:

DC

- (a) The DC National Council met in Rome from 4/7 September. The main outcome of this meeting was Zaccagnini's announcement that at the forthcoming Party Congress he did not intend to offer himself for re-election to the Party Secretaryship. This provoked a flurry of speculation about possible successors. Andreotti, Piccoli and Forlani were the names most often mentioned, though some observers believe that Andreotti may be holding himself back in readiness for the Presidency of the Republic if Signor Pertini dies during his term of office. Behind the contest for the Secretaryship lies the whole question of the DC's future relations with the PSI and the PCI. Zaccagnini, in his speech to the National Council, argued for the re-establishment of some sort of dialogue with the PCI. (Andreotti, who did not speak at the National Council, stands for much the same position.) This line provoked a sharp public riposte from the PSI Secretary, Craxi, to the effect that if the DC continued to maintain the rift between themselves and the PSI there could be no prospect of stability, governability, change and progress. The former Foreign Secretary, Forlani, and the Party Vice-Secretary, Donat-Cattin, both spoke at the National Council in favour of an alliance with the PSI, while De Mita (leader of the left-wing "Base" faction, which supports the Zaccagnini line) launched a bitter attack on Craxi. At the DC's "Festival of Friendship" rally in Modena from 10/16 September Cossiga (who also comes from the "Base" faction) aligned himself openly with Zaccagnini. No final positions have yet been taken up by the party factions; but the coming months are likely to see more than the usual amount of jockeying for position in the DC in the run up to the Party Congress.

PCI

- (b) Apart from the joint PSI/PCI communique of 20 September, interest has mainly focussed on Berlinguer's speech on 16 September (para 2 above). The main theme was that the PCI's function was not to rescue the capitalist system but to open the way to a new and better society. He said little about the historic compromise, and defined Euro-communism as "an effort to open in Western Europe a way of Socialist transformation based on full respect for democracy and all liberties". He strongly defended democratic centralism as a system which set the PCI apart as more democratic than other parties (a change of tack from his Rinascita article in August, when he sought to argue that democratic centralism was a feature which the PCI had in common with other parties). He did not refer specifically to his recent visit to the Soviet Union, but said that while the PCI would not simply follow the Soviet model it also refused to make opportunistic concessions ("against the wishes of millions of workers") to those who systematically denigrated the Socialist countries. All this, together with his remarks about the tough line the PCI would take in opposition, represents a considerable hardening as compared with other recent statements by Berlinguer. But this is thought to relate more to the occasion on which the speech was delivered (when it was natural for him to give some rousing slogans to the party faithful) than to any change that may have taken place as a result of his recent holiday in Moscow, when TASS gave an account of his meeting with Brezhnev full of praise for the Soviet Union.

PSI

- (c) The PSI took the initiative in calling the meeting with the PCI on 20 September (para 2 above). It is not clear exactly why Craxi is apparently now flirting with the Communists in this way when recent tendencies in the PSI have been more towards forging an alliance with the DC. But Craxi may have felt that a counter-balance was necessary to hold his party, which still has a strongly pro-Communist left wing, together. (There have, for

example, been signs of disagreement recently between Craxi and his Vice-Secretary, Signorile, who comes from the traditional left wing of the party.) At all events the meeting seems to have been a success for Craxi, at least in the short-term, in the sense that the PSI have now collectively buried the hatchet with the PCI with whom they have had bad inter-party relations for some time. There is also now at least a framework of a tactical understanding between the two parties whereby the PSI would support the PCI's claim to enter a government of national unity in exchange for PCI support for the PSI's claim to have the Prime Ministership of such a government. But the longer-term significance of this PSI/PCI understanding remains to be seen. There is no question, at least for the foreseeable future, of a common programme of action of the left against the DC. For the time being the PSI will continue to support the Cossiga government with its abstention as before, while the PCI remains in opposition.

4. In this confused political situation the Cossiga government's weakness is its strength. There is no obvious alternative in sight. With the PCI in opposition, Cossiga has nothing to lose by being tough; and the Socialists, who have the power to bring the government down by withdrawing their abstentions, will be reluctant to do so while there is nothing to put in its place. Cossiga's Ministers have made a generally businesslike start, and Cossiga himself is both determined and capable. Many people now think that his government may last rather longer than was at first thought likely - perhaps into the spring - though it is fragile and therefore accident-prone.

ARCULUS

FCO/WHITEHALL DISTRIBUTION

WED

CONFIDENTIAL



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

Enter
PS
Rly
25/5

93

R & Nash Esq
W & E
FCO

Your reference	
Our reference	
Date	
RECEIVED	
25 SEP 1979	
10.43	
INDUSTRY	
PA	
10.43	

Dear Ronald,

ITALIAN POLITICAL SITUATION

I enclose a photocopy of a draft savingsman which I hope we shall get off to you in something like its present form in the next bag. I have sent you a private advance copy like this so that you have something to chew on in response to your letter of 14 September about developments in the DC and PSI. But please do not copy it round, since it has not yet been approved by others in the Embassy.

2. I came back from holiday last week with a foul cold & chest - and promptly took to my bed for 2 days, which is one reason why you have not heard much from me!

Best wishes,
Yours ever,
Mark

CONFIDENTIAL

File No.
 Department
 Drafted by
 (Block Capitals)
 Tel. Extn.

OUTWARD
 TELEGRAM

Security Classification
CONFIDENTIAL
Precedence
DESKBY Z

FOR
 COMMS. DEPT.
 USE

Despatched

(Date)
 (Time) Z

POSTBY

Z

PREAMBLE

(Time of Origin) Z (G.M.T.) (Restrictive Prefix)
 (Security Class.) CONFIDENTIAL (Caveat)
 (Codeword) (Privacy marking)
 (Deskby) Z

TO SAVING P.C. Tel. No. of
 (precedence) (post)

AND TO (precedence/post)

AND SAVING TO

REPEATED TO (for info) WASHINGTON UNDER NATO UNITED NATIONS OTHER REG. TOPICS

SAVING TO (for info)

Distribution:-

H of C
 [Signature]
 24/9

Copies to:-

[TEXT]

BY TELNO 526: ITALIAN POLITICAL SITUATION

1. The resumption of political activity after the August summer break has shown all the main political parties more than usually uncertain about the direction in which their political relationships are moving.
2. The Christian Democrats (DC) are still fundamentally divided about whether to move towards an anti-communist alliance with the Socialists or whether to seek to re-establish some sort of relationship with the Communists in a parliamentary majority of "national solidarity". The DC Party Congress, at which these issues are expected to come to a head, has now been postponed from December until the last week of January (and could well be delayed further). The Communists (PCI) for their part have been giving conflicting signs about how they intend to play their new role of opposition. In his article in the party theoretical weekly *Avanti!* on 24 August 1954, which set out the policy of the party, (my Italian telno 13, not to all) Berlinguer appeared to be endorsing his earlier promises of "constructive" opposition. But after his speech in the Soviet Union - and an apparently cordial meeting with

CONFIDENTIAL

Agreghnev - he took a much harder line in his closing speech at the PCI "Festival of Unity" rally in Milan on 16 September, when he promised that the PCI's opposition would be "tough and combative". Meanwhile the Socialists (PSI), so far from moving further towards the DC, appear to have come to some sort of agreement with the Communists at a meeting between ^{delegations led by} the two Party Secretaries, Craxi and Berlinguer, on 20 September after which they issued an obscurely worded communique stating that a better understanding between the PCI and the PSI could force the DC to drop its prejudices against both of them.

3. In more detail, developments in each of the main parties over the last few weeks have been as follows:

DC

(a) The DC National Council met in Rome from 4/7 September. The main outcome of this meeting was Zaccagnini's announcement that at the forthcoming Party Congress he did not intend to offer himself for re-election to the Party Secretaryship. This provoked a flurry of speculation about possible successors. Andreotti, Niccoli and Forlani were the names most often mentioned. Behind this race for the Secretaryship lies the whole question of the DC's future relations with the PCI and the PCI. Zaccagnini in his speech to the National Council, argued for the re-establishment of some sort of dialogue with the PCI, (Andreotti, who did not speak at the National Council, stands for much the same position.) This line provoked a sharp public riposte from the PSI Secretary, Craxi, to the effect that if the DC continued to maintain the rift between themselves and the PSI there could be no prospect of stability, governability, change and progress. The former Foreign Secretary, Forlani, and the Party Vice-Secretary, Donat Cattin, both spoke at the National Council in favour of an alliance with the PSI, while De Mita (leader of the left-wing "Base" faction) ^{who} ~~which~~ supports the Zaccagnini line) launched a bitter attack on Craxi. At the DC's Festival of Friendship" rally in Modena from 10/16 September Consiga (who also comes from the "Base" faction) aligned himself openly with Zaccagnini. No final positions have yet been taken up by the party factions; but the coming months are likely to see more than the usual amount of jockeying for position in the DC in the run up to the Party Congress.

PSI

(b) Apart from the joint PSI/PCI communique of 20 September,

CONFIDENTIAL /interest

NOTHING TO BE WRITTEN IN THIS MARGIN

interest has mainly focussed on Berlinguer's closing speech at the "Festival of Unity" rally in Milan on 16 September. Berlinguer gave a hard line performance to rally the party faithful. The main theme was that the PCI's function was not to escape the capitalist system but to open the way to a new and better society. He said little about the historic compromise, and defined Euro-communism as "an effort to open in Western Europe a way of Socialist transformation based on full respect for democracy and all liberties". He strongly defended democratic centralism as a system which set the PCI aside as more democratic than other parties (a change of tack from his Rinascita article in August, when he sought to argue that democratic centralism was a feature which the PCI had in common with other parties). He did not refer specifically to his recent visit to the Soviet Union, but said that while the PCI would not simply follow the Soviet model ~~the PCI at the same time~~ ^{it also} refused to make opportunistic concessions ("against the wishes of millions of workers" to those who systematically denigrated the Socialist countries. All this, together with his remarks about the tough line the PCI would take in opposition, represents a considerable hardening as compared with other recent statements by Berlinguer. But this is thought to relate more to the occasion on which the speech was delivered (when it ^{was} ~~was~~ the natural ^{for him} ~~to~~ give some rousing slogans to the party faithful) than to any change that may have taken place as a result of his recent visit to Moscow.

PSI

(c) The PSI took the initiative in calling the meeting with the PCI on 20 September ^(see 2 above). It is not clear exactly why Craxi is apparently now flirting with the Communists in this way when recent tendencies in the PSI have been more towards forging an alliance with the DC. But Craxi may have felt that a counter-balance was necessary to hold his party, which still has a strong pro-Communist left wing, together. (There have, for example, been signs of disagreement recently between Craxi and his Vice-Secretary, Signorile, who comes from the traditional left wing of the party.) At all events the meeting seems to have been a success for Craxi, at least in the short-term, in the sense that the PSI have now collectively buried the hatchet with the PCI with whom ^{they} ~~they~~ have had bad inter-party relations for some time. There is also now at least a framework of a tactical understanding between the two parties whereby the PSI would support the PCI's claim to enter a government of national unity in exchange for PCI support for the PSI's claim to have the Prime Ministership of such a government. But the longer-term significance of this PSI/PCI understanding remains to be seen. There is no question, at least for the foreseeable future, of a common programme of action of the left against the DC. For the time being the PSI will continue to support the Cossiga government with its attention as before, while the PCI remains

in opposition.

4. In this confused political situation there is no obvious alternative to the ~~new Cossiga government in sight~~, and the Cossiga government's weakness is its strength. ^{There is no obvious alternative in sight.} With the PCI in opposition, Cossiga has nothing to lose by being tough; and the Socialists, who have the power to bring the government down by withdrawing their abstentions, will be reluctant to do so while there is nothing to put in its place. Cossiga's Ministers have made a generally businesslike start, and Cossiga himself is both determined and capable. Many people now think that his government may last a little longer than was at first thought likely - ie that it will merely be a stop-gap until the next DC Party Congress early next year. But it would be rash to make firm predictions at this stage.



cc
R.D.

R

(92)

BRITISH EMBASSY,

ROME.

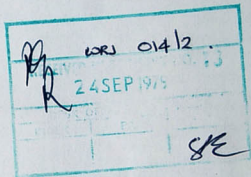
28/8

ENTW

Mr. Nash

21 August 1979

J D Campbell Esq, MBE MC
British Consulate-General
NAPLES



My dear John,

1. Thank you very much for your contribution of 6 August to the debate on the north/south division of Italy. I do not think I will add further comment to the correspondence except to say that your contribution has been read with great interest here and I am sending a copy of it to the Foreign Office.

Yours ever,

Alan

A C Goodison

cc: British Consulate-General, Milan
D A Gladstone Esq, WED, FCO ✓

RESTRICTED

RESTRICTED

014/14

BRITISH CONSULATE GENERAL
NAPLES

6 August 1979

15/8. *He* *14*
10/8
15/8

A C Goodison Esq CMG
British Embassy
ROME

Req
and Bu tone. *Noted for*
20th 14/8

Major Dr. ... (25)

1. I have read Paul Scott's despatch on the North/South division of Italy with great interest. With my limited experience of Northern affairs confined, apart from my recent contacts with settentrionali expatriates, principally through my sojourn in the North during the war and a number of brief visits since, I generally agree with the views expressed therein. I think however that some comment is called for particularly regarding the speculation it contains about Southern Italian reactions to the Northerners' attitude towards them.

2. I may of course only speak for the 4 most southerly mainland regions of the Mezzogiorno; these latter, as you are well aware, differ vastly from each other not only geographically but in terms of the outlook, habits, even the ethnic background of their inhabitants and Naples, which I naturally know better than the rest of my consular district, is certainly sui generis. Furthermore Southern sentiments about the Northerners while undoubtedly existent are much less widely and regularly expressed than vice versa. There may accordingly be some apparent risk in attempting to generalise. I can nevertheless confidently say that virtually every, certainly every literate Meridionale, is perfectly aware and has been for a long time, of what his Northern compatriots think and say of him. His reaction is at the very most only mildly resentful.

3. Obviously within this overall picture there is a wide range of opinion depending not only on the region of the person holding it, but on his or her social or economic position and educational standard. The most important common factor is objective recognition that the South is economically worse off and less well run than the North. This is also combined to a greater or lesser degree with a none too grudging admiration of Northern business acumen and know-how, even to the extent of favourable comparison with the home product; without however the jealousy which might

RESTRICTED

logically accompany such emotions. None of the above however amounts to recognition that the plight of the Mezzogiorno could even partially be attributable to the failings of its inhabitants. Responsibility for this is firmly placed on history, the politicians, or as some of the Neapolitan societa' put it, not totally in jest, by neglect and exploitation of the "Piemontese invaders".

4. The Southerner is far from being humiliated by Northern contempt; indeed his attitude might be compared with that many years ago of the American South towards the 'Yankees', though with far less hostility. He accepts that his environment may be less comfortable, efficient (or clean - in the case of Naples though by no means necessarily elsewhere) but feels that even if he has something to learn from his detractors he has many qualities far superior to theirs, notably perhaps in the field of human relations. He considers he knows how to live while they, the "polentoni" have no time for anything more than working, money grubbing and eating polenta. (I understand the corresponding epithet in the North is "terrori" or bumpkins.)

5. The point is not whether his pride is justified or not; rather than it is strong enough to insulate him from the effects of ridicule. There is moreover at least some justification for his feelings. For example, many Northern people, not only Italians, might regard the noisy camaraderie of the Neapolitan bassi as anathema or the close-knit communities in poor Lucanian, Apulian and Calabrian villages as archaic, but it is undoubtedly the qualities which these units display which has enabled the people in them to maintain their fortitude and dignity in the face of almost continuous adversity.

6. The negative image of the South is doubtless justified up to a point but far less than anyone who is ignorant of the Mezzogiorno might imagine. Southerners are by and large neither indolent nor incapable but the tendency to become barrackroom lawyers, which is so prevalent, especially among the Neapolitans, has been encouraged by the generous labour laws and made them more difficult than ever to employ. This has been told me on numerous occasions in many different places each time by Northern managers who have however invariably added that once labour problems (which are, incidentally far less serious in smaller concerns) are out of the way the workers, after training, are as good as any in Italy.

7. In the above connection it is often overlooked by critics that a very substantial proportion of the national airframe industry (Aeritalia), both a high technology and very successful one, is situated near Naples and manned almost exclusively by workers from the Province. Reference is far more frequently made to Alfa Sud, the gigantic loss-making enterprise which, admittedly, demonstrates Southern defects, but whose failure is generally accepted as being more fairly attributable to mistaken planning. A lot has changed since Carlo Levi wrote "Christ Stopped at Eboli" though perhaps this is not generally recognized. Industry in the Mezzogiorno by pan-Italian standards is still in its infancy, progress continues to be patchy and many social attitudes which militate against development prevail; against this there are, however, also remarkable examples of prosperity in the South and many individual enterprises, including those employing sophisticated rather than artisan techniques, which are making a positive contribution to the economy and balance of payments. A recent addition to the list has been the Saviem factory near Foggia. This is the exclusive producer of the new range of high speed silent diesel engines being put into Fiat cars and light vehicles. The plant went into production within three years of the laying of the foundations and is manned exclusively by local labour (under Northern management). It is only one of several similar examples which could be quoted.

8. A further point which merits attention concerns Italian institutions. Southern Italians have traditionally played a major role in the civil service and in politics. This does not mean that the dissatisfaction with politicians and the bureaucracy, which is such a feature of Italian life, is not shared to full measure by citizens of the South. They also, however, occupy most of the places in other institutions such as the Carabinieri, which by contrast, command the deep respect of everyone. The Force is certainly a source of pride, not only to those serving, but to their numerous families and communities and does much to offset any inferiority complex. The Navy too, both nationally and internationally, I believe, better regarded than most of the rest of the armed forces, contains a high proportion in its permanent cadre of Southern Italians. Mario Bini, the Florentine 4-Star Admiral who commands NAVSOUTH, told me that while the latter were by far the most difficult to handle, once officers had gained their confidence they made the best sailors of all.

9. It has not been my aim in the last 3 paragraphs above to whitewash my hosts, rather to show that the Northern view of them owes more to prejudice based on the past and the distaste which human beings often feel towards poor relations, than from any knowledge or objective study of the Mezzogiorno today. That they will have both to pay for and to help with rehabilitation process may be an unpleasant reality to them, but they need not worry that their sacrifice and efforts will not bear fruit, at least in so far as this depends on the calibre of Southern manpower.

10. It must, in fairness, be recorded that no one living here, however fond they may become of the countryside and the people, can fail to see how Southerners have achieved their bad reputation. They would also, however, I suggest, easily be able in spite of frequent exasperation with unreliability, uncouthness, insincere flattery and bombast, balanced nonetheless by many examples of friendliness, humour and generosity, to perceive qualities which make Southern self-confidence understandable and render it inconceivable that the South is, or ever will become, a fertile breeding ground for terrorists let alone that anti-Northern sentiment could father or motivate them.

11. I am convinced that whatever his faults the Southern Italian is basically non-violent unless very seriously provoked. He is noisy, querulous and difficult but rarely vicious except in a minority of cases, most of which concern the Calabrian mafia, where personal gain or revenge is involved. Crime is on the increase here, except in Basilicata, so it is not strange that the still substantial "emigré" population in the North should have contributed to the latter's statistics. Even in Naples, however, which remains top of the league here, the incidence of violence on a percentage basis is far lower than the average for the country. I should accordingly be very surprised if it were shown that even a sizeable proportion of known terrorists were Southerners. Certainly I have not gained that impression from press reports of convictions, indictments and wanted lists.

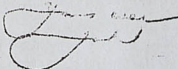
12. In conclusion I agree with Paul that the North-South "division" to the extent that it has any real meaning is unlikely to deepen. I have yet to meet any Italian who thinks of himself foremost as anything other than Italian. He will never say, unless asked, that he is e.g. Tuscan or Calabrian in the way that Scotsmen or Welshmen often insist upon their separate identities. Regarding 'racial'

RESTRICTED

RESTRICTED

5.

antagonism Northern acceptance of the economic situation and their corrective rôle as a fact of life, albeit if accompanied by invective, is matched by Southern lack of resentment based partly on self-confidence or insensitivity and to a lesser extent on native wit which disallows the biting of a helping hand; There is thus little friction. Achievement of the massive Southern development for which the stage has been set and in the face of which are few financial and no political obstacles may well take a long time. There will be many lets and hindrances; the most serious of these may be union inspired labour attitudes which even now are discouraging outside entrepreneurial activity so vital to any real progress here. That the obstacles can, however, be overcome even if not everywhere at the same time, has already been demonstrated and I have no doubt that the process will continue. The economic gap, which remains the prime ingredient of divisiveness, will thus close. I predict however that prejudices will die hard and will still be around long after a far more prosperous South has emerged. By then, though, they will be of even less importance than they are today.



J D Campbell

c.c. Consul General, Milan
Consuls in Florence
Genoa
Palermo
Venice

RESTRICTED

233 5150

A C Goodison Esq CMG

ROME

WRI 01412	
RECEIVED IN REGISTRY NO. 13	
14 AUG 1979	
DESK OFFICER	REGISTRY
INDEX	PA
	Action Taken

15 August 1979

REPORTING BY SUBSIDIARY POSTS

1. Over the past couple of months we have received copies of a series of reports from subordinate posts in Italy and I would just like to say how very useful Kathryn Colvin and I find these.
2. We are writing separately on the correspondence on the North/South division in Italy. But, on the remaining reports, I thought I might, as an example, comment on Paul Scott's letters to you of 24 July (Reggio Emilia) and 30 July (Varese). On the earlier letter, we were interested to see (and this was a point also brought out by Sir Alan Campbell in his valedictory despatch) how bourgeois the PCI has become in its style. This report was also interesting in illustrating the school of thought in the PSI which advocates cooperations with the PCI rather than the DC (and also incidentally, PSI suspicion over DC/PCI collaboration).
3. On the 30 July letter, paragraph 4 of the attached report gave a further example of a local PCI move into opposition following a central decision by the Party which seemed unconcerned that this move might run counter to the interests of the local party. The relationship between PCI activities at local and national level is always of interest to us.
4. I thought it just worth setting down these thoughts. I apologise if we do not always have time to acknowledge these local reports. But please accept my assurance that such background reporting is always read with interest here.

R P Nash
Western European Department

cc
McEs K Colvin (Research Dept)