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cc Res. Dept (Mr. Gwin)

49

Mr. Kington 8/1

Mr. Henderson

Gwin

Rp

7/1



**British Embassy**  
Via XX Settembre 80A 00187 Rome

Telex 61049 Telephone 4755.441

R P Osborne Esq  
WED  
F C O

Your reference

Our reference

6 July 1981

WRJ 0142	
RECEIVED REGISTRY NO. 13	
03 JUL 1981	
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PA	PA

Dear Ray,

LAST PAPER

NEW ITALIAN GOVERNMENT

31

38

1. Our telegrams No 249 and 250. I will be sending you our complete list of the new Government with party breakdown later this week, but in the meantime you may wish to have the enclosed interim list of the 57 Under-Secretaries, named on Saturday, 4 July, by tonight's bag. The number of Under-Secretaries remains the same as that under Forlani's Government but contains 15 new names (seven D.C., four PSI, two PLI, and two PSDI). With the inclusion of the Liberals in the five-party coalition, the PSI, PRI, and PSDI have each conceded one seat to make way for the three Liberal Under-Secretaries; the balance is now therefore as follows:

Christian Democrats:	31
Socialist:	15
Social Democrats:	5
Republican:	3
Liberal:	3

2. The four Under-Secretaries at the Ministry of Foreign Affairs are not well known to us and to our knowledge have not yet been given specific areas of responsibility. We will, however, be doing our best to find out as much as we can about them over the next few weeks; Head of Chancery will be calling on Ministro Alessi of the Economic Department tomorrow morning, when he will try and discover which of the four will be most likely to have charge of European affairs.

3. Finally, as I mentioned over the telephone, with Rognoni remaining as Minister for Internal Affairs, we can now take up again the visit to Britain by his Chef de Cabinet, Gasparri.

Yours ever, *Caroline*

C REDMAN



PRIME MINISTER'S OFFICE	- Compagna, On. Francesco (PRI)
FOREIGN AFFAIRS	- Fioret, On. Mario (DC) Palleschi, On. Roberto (PSI) Corti, On. Bruno (PSDI) Costa, On. Raffaele (PLI)
INTERNAL AFFAIRS	- Sanza, On. Angelo Maria (DC) Corder, On. Marino (DC) Spinelli, Sen. Francesco (PSI)
JUSTICE	- Gargani, On. Giuseppe (DC) Lombardi, Sen. Domenico (DC) Scamarcio, Sen. Gaetano (PSI)
BUDGET	- Gorla, On. Giovanni (DC)
FINANCE	- Tambroni Armaroli, Sen. Rodolfo (DC) Moro, On. Paolo Enrico (DC) Amadei, On. Giuseppe (PSDI) Colucci, On. Francesco (PSI)
TREASURY	- Pisanu, On. Giuseppe (DC) Fracanzani, On. Carlo (DC) Tarabini, Sen. Eugenio (DC) Tiraboschi, On. Angelo (PSI) Venanzetti, Sen. Claudio (PRI)
DEFENCE	- Petrucci, On. Amerigo (DC) Ciccardini, On. Bartolo (DC) Scovacicchi, On. Martino (PSDI)
EDUCATION	- Drago, On. Antonino (DC) Falcucci, Sen. Franca (DC) Zito, Sen. Sisinio (PSI) Fassino, Sen. Giuseppe (PLI)
PUBLIC WORKS	- Santuz, On. Giorgio (DC) Casalinuovo, On. Mario (PSI)
AGRICULTURE	- Campagnoli, On. Mario (DC) Fabbri, Sen. Fabio (PSI)
TRANSPORT	- Caldoro, On. Antonio (PSI) Tiriolo, Sen. Giosi (DC) Riva, Sen. Dino (PSDI)

POSTS AND  
TELECOMMUNICATIONS

- Bogi, On. Giorgio (PRI)
- Leccisi, On. Pino (DC)
- Saladino, On. Gaspare (PSI)

INDUSTRY AND COMMERCE

- Fontana, On. Elio (DC)
- Rebecchini, Sen. Francesco (DC)
- Novellini, Sen. Enrico (PSI)

LABOUR

- Malvestio, On. Piergiovanni (DC)
- Gargano, On. Mario (DC)
- Costa, Sen. Mario (DC)
- Cresco, On. Angelo Gaetano (PSI)

FOREIGN TRADE

- Armato, On. Baldassarre (DC)
- Rizzi, On. Enrico (PSDI)

STATE PARTICIPATIONS

- Giacometti, Sen. Delio
- Ferrari, On. Silvestro (PLI)

MERCHANT MARINE - ALSO  
FISHERIES

- Patriarca, Sen. Francesco (DC)
- Nonne, On. Giovanni (PSI)

HEALTH

- Orsini, On. Bruno (DC)
- Magnani Noya, On. Maria (PSI)

TOURISM

- Quaranta, Sen. Enrico (PSI)

CULTURE

- Mezzapesa, Sen. Pietro (DC)

MEZZOGIORNO

- Giglia, On. Luigi (DC)

PUBLIC ADMINISTRATION

- Quattrone, On. Francesco (DC)



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Our reference

Date

25 June 1981

R Osborne Esq  
WED  
FCO

8/7  
Mr. Verdu. To grace  
PSI on PSDI decrease, DC and PCI  
decrease. Also a big drop for  
neo-fascist MSI/DN. Rps  
Hr

Dear Ray,

ITALIAN INTERNAL SITUATION: ADMINISTRATIVE ELECTIONS

1. As promised in our telno 239 of 23 June, I am enclosing the more detailed results of the administrative elections held on 21 and 22 June in the Region of Sicily, Provinces of Rome and Foggia and the five main Comunes of Rome, Foggia, Bari, Genoa and Ascoli Piceno, including a general summary of the results in the 93 small Comunes which had a population of over 5,000. The charts have been largely compiled from published sources.

2. There will be consequential changes in some of the local giunte; we will report on these in due course.

Yours ever,

Caroline

Caroline Redman

cc:

Mrs K Colvin, Research Dept, FCO

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# REGIONAL ELECTIONS IN SICILY

Parties	Regional Elections 1981			Regional Elections 1976			Political Elections 1979	
	Votes	%	Seats	Votes	%	Seats	Votes	%
DC	1.108.975	41.4	38	1.153.002	40.8	39	1.201.636	43.8
PCI	552.292	20.7	20	757.120	26.8	24	577.153	21.0
PSI	364.248	13.6	13	289.539	10.3	10	276.067	10.0
Lista socialista	19.639	0.7	1	-	-	-	-	-
MSI-DN	227.988	8.5	6	306.702	10.9	9	219.458	8.0
PSDI	79.941	3.0	2	97.279	3.4	2	127.843	4.6
PRI	117.162	4.4	5	92.062	3.3	4	107.114	3.9
PLI	57.669	2.2	3	59.835	2.1	2	52.450	1.9
Pri-Pli-Psdi	61.051	2.3	1	6.413	0.2	-	-	-
PLI-Psdi	16.091	0.6	1	-	-	-	-	-
Pri-Pli	2.848	0.1	-	-	-	-	-	-
Dem. Prol.	25.675	1.0	-	15.163	0.5	-	-	-
P. Radicale	-	-	-	16.639	0.6	-	82.250	3.0
OTHERS	42.041	1.6	-	28.944	1.1	-	102.102	3.8



# PROVINCE OF ROME

% of Voters in 1981 - 83.2%				% of Voters in 1976 - 94.3%		
Parties	Votes	%	Seats	Parties	%	Seats
DC	602.411	27.5	13	DC	31.7	15
PCI-PDUP	804.851	36.8	17	PCI	37.5	17
PSI	229.776	10.5	5	PSI	7.7	3
MSI-DN	198.999	9.1	4	MSI-DN	10.6	5
PSDI	108.383	4.9	2	PSDI	3.5	1
PRI	96.191	4.4	2	PRI	3.8	2
PLI	63.105	2.9	1	PLI	1.6	1
DEM PROL	24.720	1.1	1	DEM PROL	1.5	-
-	-	-	-	P. RAD	2	1
OTHERS	43.282	2.0	-	NPP	0.1	-

[illegible]



COMUNE OF ROME

Parties	Comune Elections '81		Comune Elections '76		Differ.
	%	Seats	%	Seats	Seats
DC	29.6	25	33.1	27	- 2
PCI	35.9	31	35.5	30	+ 1
PSI	10.2	8	7.6	6	+ 2
MSI-DN	8.7	7	10.6	8	- 1
PSDI	4.6	4	3.7	3	+ 1
PRI	4.1	3	4.1	3	-
PLI	3.0	2	1.7	1	+ 1
Dem. Prol.	1.1	-	1.6	1	- 1
P. Radicale	-	-	2.0	1	- 1
P. Pensionati	1.1	-	-	-	-
OTHERS	1.7	-	0.1	-	-

COMUNE OF FOGGIA

Parties	Comune Elections '81		Comune Elections '76		Differ.
	%	Seats	%	Seats	Seats
DC	47.8	24	41.1	22	+ 2
PCI	15.4	8	22.9	12	- 4
PSI	16.0	8	11.0	5	+ 3
MSI-DN	5.8	3	10.2	5	- 2
PSDI	10.4	5	9.6	5	-
PRI	2.1	1	2.5	1	-
PLI	2.5	1	1.9	-	+ 1
Dem. Prol.	-	-	0.8	-	-
OTHERS	0.9	-	0.5	-	-



COMUNE OF BARI

Parties	Comune Elections '81		Comune Elections '76		Differ.
	%	Seats	%	Seats	Seats
DC	33.4	21	38.0	24	-3
PCI	15.9	10	24.8	16	-6
PSI	23.3	15	12.6	8	+7
MSI-DN	6.4	4	10.4	6	-2
PSDI	11.4	7	6.0	3	+4
PRI	4.4	2	3.5	2	-
PLI	2.0	1	1.8	1	-
P. Pensionati	1.3	-	-	-	-
Dem. Prol.	1.0	-	1.4	-	-
P. Radicale	-	-	1.0	-	-
OTHERS	0.9	-	0.5	-	-

COMUNE OF GENOA

Parties	Comune Elections '81		Comune Elections '76		Differ.
	%	Seats	%	Seats	Seats
DC	22.5	19	28.5	24	- 5
PCI	39.6	33	41.5	34	- 1
PSI	16.4	14	12.4	10	+ 4
MSI-DN	3.3	2	4.5	3	- 1
PSDI	4.7	4	3.8	3	+ 1
PRI	3.6	3	4.6	3	-
PLI	5.2	4	2.4	2	+ 2
Dem. Prol.	1.1	-	1.0	-	-
P. Radicale	-	-	1.3	1	- 1
Lista Radicale	1.3	1	-	-	+ 1
OTHERS	2.3	-	-	-	-

GENERAL SUMMARY OF ASCOLI PICENO IN OTHER COMMUNES  
(TOTAL = 93 COMMUNES WITH A POPULATION OF MORE THAN 5,000)

Parties	Comune Elections '81		Comune Elections '76		Differ.
	%	Seats	%	Seats	Seats
DC	38.8	17	44.0	19	- 2
PCI	24.8	10	25.6	11	- 1
PSI	12.6	5	10.4	4	+ 1
MSI-DN	5.0	2	8.0	3	- 1
PSDI	7.2	3	5.5	2	+ 1
PRI	3.8	1	4.6	1	-
PLI	2.8	1	1.9	-	+ 1
P. Pensionati	1.3	-	-	-	-
Ind.	3.7	1	-	-	+ 1



# GENERAL SUMMARY OF ELECTION RESULTS IN OTHER COMUNES

(TOTAL = 93 COMUNES-WITH A POPULATION OF MORE THAN 5,000)

Parties	Comune Elections '81		Comune Elections '76		Diff.	Chamber
	%	Seats	%	Seats	Seats	%
DC	30.8	997	33.6	1016	-19	34.7
PCI	32.8	790	34.5	834	-44	30.8
PSI	13.7	411	10.0	326	+85	9.5
MSI	6.5	83	8.4	113	-30	7.6
PSDI	5.8	163	4.5	125	+38	3.4
PRI	3.8	67	3.9	60	+ 7	3.1
PLI	2.8	20	1.6	9	+11	2.4
DP	0.9	9	1.4	10	- 1	-
MISTE	0.2	19	0.2	40	-21	-
ETEROGENEE	0.2	25	0.3	43	-18	-
PENSIONATI	0.8	1	-	-	+ 1	-
OTHERS	1.7	22	0.3	22	-	2.2

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TO IMMEDIATE LUXEMBOURG  
TELEGRAM NUMBER 53 OF 29 JUNE  
AND TO PRIORITY ROME  
FOLLOWING FOR PRIVATE SECRETARY:  
NEW ITALIAN GOVERNMENT

WRJO 1412	
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3 - JUL 1981	
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1. IT WAS ANNOUNCED ON 28 JUNE THAT SIGNOR GIOVANNI SPADOLINI, LEADER OF THE REPUBLICAN PARTY, HAD SUCCEEDED IN FORMING A NEW COALITION GOVERNMENT COMPRISING REPUBLICANS, CHRISTIAN DEMOCRATS, SOCIALISTS, SOCIAL DEMOCRATS, AND UNLIKE THE PREVIOUS GOVERNMENT, LIBERALS. COLOMBO IS RETAINED AS FOREIGN MINISTER AND LAGORIO AT DEFENCE. ON THE ASSUMPTION THAT SIGNOR SPADOLINI WILL BE IN LUXEMBOURG, THE PRIME MINISTER WILL NO DOUBT WISH TO CONGRATULATE HIM PERSONALLY. BUT IT IS USUAL ON THESE OCCASIONS TO PUBLISH A WRITTEN MESSAGE OF CONGRATULATIONS AND, IF THE PRIME MINISTER AGREES, WE SUGGEST THAT ROME CONVEY TO THE NEW PRIME MINISTER'S OFFICE, FOR PUBLICATION, A MESSAGE DATED YESTERDAY 28 JUNE ON THE FOLLOWING LINES:

BEGINS. PLEASE ACCEPT MY WARM CONGRATULATIONS ON YOUR APPOINTMENT AS PRIME MINISTER. I LOOK FORWARD TO MEETING YOU IMMEDIATELY AT THE EUROPEAN COUNCIL AND TO WORKING WITH YOU CLOSELY IN THE FUTURE ON THE MANY QUESTIONS OF MUTUAL INTEREST OF OUR TWO GOVERNMENTS, PARTICULARLY IN THE EUROPEAN COMMUNITY. ENDS

2. THE PRIME MINISTER MAY ALSO WISH TO PASS A MESSAGE TO THE OUTGOING PRIME MINISTER, FORLANI, ON THE FOLLOWING LINES:  
BEGINS. I WAS SORRY THAT THE EVENTS WHICH MADE IT IMPOSSIBLE FOR YOU TO COME TO LONDON EARLIER THIS MONTH HAVE ALSO MADE IT IMPOSSIBLE FOR YOU TO CONTINUE AS PRIME MINISTER. I SHOULD LIKE TO CONVEY MY THANKS TO YOU FOR ALL THE COOPERATION AND SUPPORT WHICH YOU HAVE GIVEN ME PERSONALLY AND THE BRITISH GOVERNMENT DURING YOUR TERM AS PRIME MINISTER. I MUCH ENJOYED

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WORKING WITH YOU. ENDS

CARRINGTON

NNNN

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MR BULLARD

MR FERGUSON



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TO MODUK

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SIC U2E

GRS 320  
RESTRICTED  
FROM ROME 011515Z JUL 81  
TO PRIORITY MODUK (FOR DI3 WEST)  
TELNO SIC U2E OF 011515Z JUL 81  
AND TO FCO (WED)

FOR DI3 (WEST) FROM BRITDEFAT ROME.

SUBJECT ITALIAN CDS (TORRISI) AND ALL 192 OFFICERS OF THE ARMED FORCES (INCL CARABINIERI AND CUSTOMS AND EXCISE) IMPLICATED IN THE P2 SCANDAL TO FACE DISCIPLINARY PROCEEDINGS.

EXTRACT TAKEN FROM CORRIERE DELLA SERA DATED 1 JULY 1981.

ONE. ITALIAN VCDS (POLI), THE THREE CGS, THE HAED OF THE CARABINIERI AND THE VICE CHIEF OF THE CUSTOMS AND EXCISE HAD A MEETING ON MORNING OF 30 JUNE 81 AT WHICH IT WAS DECIDED THAT ALL OFFICERS IMPLICATED IN THE P2 SCANDAL WOULD FACE MILITARY DISCIPLINARY PROCEEDINGS.

TH Leds  
NO DISTRIBUTION  
[Signature]

1. Mr Ferguson

2. Mr Carter  
Mr Osborne

41

[Signature]

TWO. THIS DECISION WILL FIRST HAVE TO BE CONFIRMED BY MINISTER OF DEFENCE (LAGORIO).

THREE. ALL IMPLICATED OFFICERS HAVE ALREADY BEEN SENT ON 30 DAYS FORCED LEAVE (ENDING IN MID-JULY.)

FOUR. THE PROCEEDINGS WILL BE IN TWO STAGES:

ALPHA: A FORMAL INQUIRY, CARRIED OUT BY AN OFFICER OF HIGHER RANK OR SENIORITY THAN THE ACCUSED, WHO WILL BE IMPOWERED TO RECOMMEND:

ONE: NO FURTHER ACTION.

TWO: MINOR PUNISHMENT.

THREE: COURT MARTIAL

BRAVO: A DISCIPLINARY BOARD, HEADED BY COS AND CONSISTING OF THREE MEMBERS, WHO CAN TAKE A VARIETY OF MEASURES INCLUDING:

ONE: REMOVAL FROM PRESENT APPOINTMENT:

TWO: DEMOTION

FIVE. A FURTHER DECISION AT THE MEETING WAS THAT ALL 15 SENIOR OFFICERS WILL BE RELIEVED OF THEIR APPOINTMENTS AND PREPARED FOR RETIREMENT BEFORE THE VERDICTS ARE KNOWN. THE REASON GIVEN WAS THAT IT WAS FELT THAT THE LOSS OF PUBLIC CONFIDENCE IN THESE SENIOR OFFICERS AFTER THE PUBLICATION OF THE P2 LIST HAD MADE IT IMPOSSIBLE FOR THEM TO CONTINUE IN OFFICE. IT WOULD ALSO MEAN THAT THEY COULD BE REPLACED IMMEDIATELY.

SIX. THE BREAKDOWN OF OFFICERS INVOLVED IS:

112 - ARMY INCL CARABINIERI

24 - NAVY

12 - AIRFORCE

45 - CUSTOMS AND EXCISE

SEVEN. REPORT IN YESTERDAYS PAPERS OF VICE- ADMIRAL VITTORIO FORGIONE ARRESTED UNDER CHARGES OF MILITARY ESPIONAGE IS DILUTED IN TODAYS PAPERS TO BEING UNDER SUSPICION WHILE BEING IN POSSESSION OF SECRET NUCLEAR DOCUMENTS.

THE SAGA CONTINUES.

ARCULUS

BT

Mr Carter  
Mr Gladstone

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## EUROPEAN COUNCIL

1. Mr Bullard has asked for an up-date on the political situation in Italy for the Prime Minister's briefing for the European Council.

2. Rome Telno 236 of 19 June sets out the position as it then was. The administrative elections held on 21/22 produced an increase in the overall Socialist (PSI) vote from 10% to 14%. The two main parties, the Christian Democrats and the Communists, both lost votes. Signor Craxi, the Socialist leader, is now better placed to ask for Ministerial posts in a new Spadolini-led government. Signor Spadolini will again consult the leaders of the parties which will make up his coalition and he may be in a position to announce his Ministers by 27 June. This will depend on whether he can satisfy the other parties with the distribution of Ministerial posts.

3. Signor Spadolini and the Republican party command only about 3% of total votes and it seems inevitable that a general election will have to be called within a matter of months.

24 June 1981

*[Signature]*  
R P Osborne

Western European Department  
W64 233 3266



GR 450

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FM ROME 191600Z JUN 81

TO PRIORITY FCO

TELEGRAM NUMBER 236 OF 19 JUNE 1981

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MY TELNO 280: ITALIAN POLITICAL SITUATION

1. AFTER A WEEK'S CONSULTATIONS, SPADOLINI HAS "LIFTED HIS RESERVE" AND TOLD PRESIDENT PERTINI THAT HE IS IN A POSITION TO FORM A NEW GOVERNMENT.
2. SPADOLINI HAS BEEN WORKING FOR A COALITION OF FIVE PARTIES, ADDING THE LIBERALS (PLI) TO FORLANI'S COALITION. THE PARTY SECRETARIES OF THE SOCIALIST PARTY (PSI), THE SOCIAL DEMOCRAT PARTY (PSDI), THE CHRISTIAN DEMOCRAT PARTY (DC) AND THE PLI HAVE ALL EXPRESSED THEIR SUPPORT FOR HIS DRAFT PROGRAMME AND EFFORTS TO FORM A GOVERNMENT BUT SUPPORT FROM THE SOCIALISTS WAS CONDITIONAL AND FROM THE DC VERY GRUDGING. CRAXI HAS SAID THAT A CLARIFICATION OF THE POLITICAL SITUATION WOULD BE NECESSARY AFTER THE PARTIAL ADMINISTRATIVE ELECTIONS (INVOLVING 9 MILLION ELECTORS) OF 21/22 JUNE.
3. SPADOLINI SHOWED THE SAME DRAFT PROGRAMME TO PRESIDENT PERTINI AND DISCUSSED IT WITH THE "SOCIAL PARTNERS" - THE BANK OF ITALY, THE THREE UNION FEDERATIONS, THE EMPLOYERS' ORGANISATION AND THE FARMERS' ORGANISATION. THE BANK OF ITALY EMPHASISED THE SERIOUSNESS OF THE ECONOMIC DIFFICULTIES FACING ITALY. THE "SOCIAL PARTNERS" DID NOT MAKE SUBSTANTIVE DECLARATIONS AFTER THEIR CONSULTATIONS WITH SPADOLINI, BUT NOR WERE THERE ANY INDICATIONS OF OUTRIGHT OPPOSITION TO A POSSIBLE PRI-LED GOVERNMENT.
4. SPADOLINI HAS LIFTED HIS RESERVE BEFORE HAVING OBTAINED AGREEMENT FROM THE PROSPECTIVE MEMBERS OF THE COALITION ON THE DIVISION OF MINISTERIAL PORTFOLIOS. THE SOCIALISTS IN PARTICULAR HOPE THAT THE ADMINISTRATIVE ELECTIONS WILL IMPROVE THEIR BARGAINING POSITION IN THIS RESPECT SEMICOLON WHILE PICCOLI (SECRETARY OF THE DC) SAID THAT SINCE THE CHRISTIAN DEMOCRATS WERE THE PARTY WITH THE RELATIVE MAJORITY OF VOTES IN ITALY, BUT WOULD NOT HAVE THE PRIME MINISTERSHIP, THEIR POLITICAL WEIGHT IN SPADOLINI'S GOVERNMENT WOULD HAVE TO BE RECOGNISED WITH A LARGER NUMBER OF PORTFOLIOS THAN THEY HAD IN FORLANI'S. SPADOLINI'S DIFFICULTIES ARE CLEARLY NOT YET OVER: DETAILS OF HIS PROGRAMME, DIVISION OF MINISTERIAL PORTFOLIOS AND THE UNSCRAMBLING OF THE P2 AFFAIR HAVE ALL TO BE SETTLED.

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5. THE PCI INTEND TO REMAIN IN OPPOSITION, BUT THEY HAVE NOT PUT OBSTACLES IN SPADOLINI'S WAY. BERLINGUER HAS SAID THAT THE FORM THEIR OPPOSITION WILL TAKE WILL DEPEND UPON THE CHOICE OF MINISTERS AND UPON THE PROGRAMME ADOPTED BY A GOVERNMENT LED BY SPADOLINI.

FCO PASS SAVING TO EC POSTS.

ARCULUS

(REPEATED AS REQUESTED)

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WED  
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British Embassy  
Via XX Settembre 80A 00187 Rome

Telex 61049 Telephone 4755.441

WRS OHJ		
RECEIVED NO. 13		
1 - JUN 1981		
DESK OFFICER	PA	
INDEX	PA	PA
Your reference	pe 1/5	10

D Gladstone Esq  
WED  
FCO

Our reference

Date 14 May 1981

Interesting

Suggestions for further  
action

Dear David,

THE ITALIAN SOCIALIST PARTY

1. I enclose a report prepared by Robert Culshaw on the recent PSI Congress in Palermo which Robert attended.

2. The report was written before Mitterand's victory in France which has focussed attention here even more closely on the possibility of the Italian socialists providing a genuine alternanza to continuous Christian Democrat rule. These are still early days to judge precisely what the effect of the French developments will be on the PSI but there is no doubt that Mitterand's success will have given Cmaxi further encouragement. We shall let you have more on this subject as the picture becomes clearer.

3. Many European and other Socialist Parties sent delegates to the Congress but the Labour Party did not. Their absence was commented upon several times in Robert Culshaw's hearing.

4. May I leave it to you to decide whether other Western European Posts would be interested to see the report and to copy as necessary?

Yours etc,

Roger.

W R TOMKYS

cc: Research Department  
Chancery, Paris

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# THE ITALIAN SOCIALIST PARTY (PSI)

1. The PSI held their 42nd Congress in Palermo from 22-26 April. The choice of Palermo was interesting: no major party had held its Congress in Sicily before. It had the desired effect of putting the PSI at the centre of attention in Sicily just two months before the Regional elections due there on 21 June. But local people were displeased that the setting did not prompt the PSI to launch any initiative towards the south, and that Sicily's special problems were hardly touched.
2. The 350 delegates, representing almost 300,000 party members, had been selected as usual by the party sections and then at regional level. These 'pre-congresses' had shown that Craxi's supporters, the 'reformists', had a clear majority. The balance of factions was as follows:
  - "Reformists" (Craxi, Formica, Lagorio) 70-72%
  - "Lombardiani" (Lombardi, Signorile, Cicchitto) 19-21%
  - "United Left Alternative" (De Martino, Achilli) 7%
  - "Socialist Presence" (Mancini) 2%
3. This unusual dominance of one faction, the Reformists, ruled out any possibility of an internal upset at the Congress, and Craxi's position as leader was never in doubt. He was re-elected for three years as Secretary by direct vote from the floor of the Congress (a procedural innovation not to the taste of Craxi's opponents) and Formica, the Minister of Transport, was designated Vice Secretary (but not yet confirmed).
4. All parties had awaited this Congress as an important development in Italian politics, because they thought it might resolve important questions concerning the party's domestic strategy: the strength of its support for the present government, its attitude to the PCI (all three of the other groups opposed to Craxi want closer links), and its keenness to wrest the Prime Ministership away from the Christian Democrats. For the first time in years, a PSI leader seemed to have a power base secure enough to carry the party with him towards specific objectives. But Craxi's opening speech, which in three hours covered the whole range of domestic and foreign policy, showed that he preferred to keep all his options open; it was on this speech, rather than the lengthy 'theses' prepared by each faction, that all subsequent speakers concentrated. The main points were:

/a)

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- 2 -

a) Foreign Policy: On missiles, the NATO double decision of December 1979 was recalled, with emphasis on the need for arms control negotiations and support for CDE. On the Middle East, mutual recognition by Israel and the PLO had to be the starting point of a dialogue. On East/West relations, the US must recognise the complexity of inner European links, such as Italy's with Yugoslavia, Hungary, Romania and Poland. On Poland, support for Solidarnosc and their just demands was coupled with belief that the USSR would not intervene militarily.

b) The Economy: Familiar diagnosis of Italy's problems, with particular stress on the need to reduce inflation. Indexation was seen as a contributory factor (there was here a clear hint that the system of wage indexing might have to be modified). The concept of economic planning, embodied in the present 3 year plan, was supported. A preliminary balance sheet to show the effectiveness of earthquake relief was due. The rate of growth in public spending must be reduced, partly by improving efficiency in the fields of health and social security. The housing programme must have first priority. The problem of limiting strikes had to be faced, especially in the public sector. A general strike for political ends was only justifiable in extremis.

c) Terrorism: The PSI did not favour deals with terrorists, but wished to avoid useless sacrifices. The battle against terrorism was being won, at the psychological as well as the operational level. Judicial procedures and prison conditions had to be improved.

d) Institutional Reform: Changes in the workings of Parliament were needed, touching even the bicameral system itself. Electoral laws should be "perfected" to remove anomalies. The secret vote in Parliament should not be allowed to impede the passage of legislation agreed by the parties of the majority.

e) Political Alliances: Loyalty to the Forlani government was reaffirmed as signifying the party's renewed collaboration with the Christian Democrats (DC): a government crisis 'in the dark' would serve no purpose. But this was not an immutable alliance, and did not exclude

/maintenance

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maintenance of left-wing coalitions with the Communists (PCI) at local level. The PSI hoped for renewal of the DC after its thirty years of identification with the state. As for the PCI, ideological revision, a clear decision in favour of Western socialism, and independence of the USSR, were prerequisites for that unified strategy of the left which the PSI desired. With the Social Democrats (PSDI), collaboration was very close but unification not in prospect. Hopes of better agreement with the Radicals had been over-optimistic. With the Republicans (PRI) too there had been difficulties, not least because of the unrealistic Visentini proposal for a government of "technicians" less tied to parties. With the Liberals (PLI, not now in Government), dialogue remained open.

5. For the first time ever at a party congress, the secretaries of all other parties (except the Liberal Zanone, away in Romania) spoke. Berlinguer expressed a wish for better relations with the PSI and relaunched his appeal for an 'alternative, democratic government' of the left: other PCI comments, especially to the media, were more sharply critical of Craxi's line. Berlinguer, flanked always by Cossutta, listened with close attention to all the sessions on the first three days. For the DC, Piccoli expressed appreciation of Craxi's role in ensuring the 'governability' of Italy and said that the differences between the two parties, eg. over the imminent abortion referendum, need not prevent collaboration "in the interests of democracy" (ie. against the PCI).

6. The other PSI speeches which followed added little, although Craxi's specific remarks about strikes and wage indexation were picked up, not least by Benvenuto, the Socialist Union leader. The leaders of the opposing factions were given a rousing welcome and argued energetically for a break with the DC and better relations with the PCI; but the majority of the party know too well that despite its emotional appeal this is not practical politics at present. The heart of the party base remains very much on the left. Every time the DC were mentioned there was an adverse reaction from the delegates, and Piccoli in particular had difficulty in starting his speech; by contrast Berlinguer was given an ovation and his speech was listened to with rapt attention. The base of the party know that Craxi's present tactics make sense, but they do not respond emotionally to them. On the other hand phrases about social commitment and the need to oppose the establishment were always warmly applauded. Lombardi,

/although



although old and said by his critics to be making the same speech on economics as in 1962, had a standing ovation lasting four minutes when he began. De Martino, speaking brilliantly without notes, similarly attracted the sympathy of the delegates. But Craxi was clever enough to make Martelli, his right hand man, speak immediately after Signorile, his main rival on the left of the party: Martelli was tough on the PCI ("what divides our two parties is Moscow") and urged the need for a Socialist Prime Minister. He was the only Craxiano to generate real enthusiasm among the mass of the delegates. This paved the way for Craxi's final speech, which was more explicit about the need for 'alternation' at the level of Prime Minister, but otherwise restated his original argument.

7. The numerous foreign observers at the Congress included representatives of many Eastern bloc and African parties as well as the major Western European Socialist parties. The absence of anyone from the British Labour Party did not go unnoticed, and twice in speeches Craxi referred to the present split in British socialism.

8. To judge from the delegates, the PSI looks a very bourgeois party. There were few from working class or trade union backgrounds. The emphasis on youth was not very marked either. And the role of the delegates was little more than to listen and applaud; all the real decisions were taken by the leaders in the corridors.

9. A new Central Committee, enlarged to 297 members, was elected; it reflects the relative weight of the factions, as well as the new commitment made at the Congress to give 15% of party posts to women, and is in theory responsible for party policy until the next Congress. In practice, the new Directorate elected on 8 May is more important: its 42 members are

"Reformists" (28): Craxi, Acquaviva, Ando, Amato, Babbini, Balzamo, Boniver, Cassola, Conte, Coen, De Carli, Dell'Unto, Fincato, Ferrarini, Formica (subject to confirmation as Vice Secretary), Forte, Gangi, La Ganga, Martelli, Marinucci, Marzo, Monesi, Principe, Signori, Spano, Reina, Tamburrano and Tempestini.

"Lombardiani" (9): Lombardi, Signorile, Cicchitto, Covatta, Ruffolo, Spini, Guarraci, Borgoglio and Di Donato.

"United Left Alternative" (3): Achilli, De Martino and Querci.

"Socialist Presence" (2): Mancini and Landolfi.

9. Craxi thus has at present a clear majority for his line of collaboration with the DC rather than the PCI. It is based more on the attraction of exercising power and on the electoral success he has brought to the party than on any great personal popularity of Craxi's. Despite careful stage management which assured him of the necessary applause, he did not present an attractive or genuinely "reformist" image, despite the blue jeans which he wore throughout. His opening speech showed him to be a party manager in the classic mould of trasformismo, justifying support for the present Government formula for the time being but maintaining the argument for coalitions at local level with the PCI. If success deserted him, Craxi's support could fade away rapidly, like De Martino's in 1976, and there were signs at the Congress that he knows this. He is therefore likely to keep raising the price of continuing PSI alliance in Government with the DC. The referenda on 17 May should give all the lay parties a boost, but more important will be the outcome of the extensive local elections on 21 June. If these showed substantial PSI gains, Craxi might be encouraged to provoke a crisis at national level, as he has already hinted. With Forlani out of steam and the PCI in internal disarray, the initiative rests with Craxi and he has little to lose from exploiting it; even anticipated general elections, although not welcome to anyone at present, would do the PSI less harm than their major rivals.

10. The greatest uncertainty remains whether he can yet make a serious bid for the Prime Ministership. The fact of a Socialist President makes this harder (but not impossible), and the capacity of the DC to close ranks as in 1979 to prevent the job being lost to their party should not be underestimated. Craxi can expect no support from the PCI, especially after Palermo. So, unless the June results show an enormous wave of popular support for the PSI, he may well judge it better to wait. Nevertheless, on the evidence of their Congress, and after a year back in Government, the Socialists look the most dynamic force in Italian politics, with an aggressive leader and a sense of purpose not matched at present by the other parties; sooner or later they will demand, and get, a better reward for ensuring what Craxi calls Italy's "governability".

R N Culshaw  
ROME



# OUT TELEGRAM

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Classification and Caveats  
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2 GRS  
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5 DESKBY 291030Z  
6 FM FCO 291000Z Jun 81  
7 TO IMMEDIATE LUXEMBOURG  
8 TELEGRAM NUMBER 63

WRT 014/2	
2 -	1981
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12  
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1/2

9 AND TO PRIORITY ROME  
10 FOLLOWING FOR PRIVATE SECRETARY:  
NEW ITALIAN GOVERNMENT

11 1. It was announced on 28 June that Signor Giovanni Spadolini,  
12 leader of the Republican Party, had succeeded in forming a new  
13 coalition government comprising Republicans, Christian Democrats,  
14 Socialists, Social Democrats, and unlike the previous government,  
15 Liberals. Colombo is retained as Foreign Minister and Lagorio  
16 at Defence. On the assumption that Signor Spadolini will be in  
17 Luxembourg, the Prime Minister will no doubt wish to congratulate  
18 him personally. But it is usual on these occasions to publish  
19 a written message of congratulations and, if the Prime Minister  
20 agrees, we suggest that Rome convey to the new Prime Minister's  
21 office, for publication, a message on the following lines:

22 Begins. Please accept my warm congratulations on your  
23 appointment as Prime Minister. ~~it is fitting that we should~~  
24 ~~meet at once~~ at the European Council and ~~I look forward to work-~~  
25 ing with you closely in the future on the many questions of

NNNN ends  
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Catchword

mutual

File number

Dept  
WED

Distribution

Drafted by (Block capitals)

D A S GLADSTONE

Telephone number

4902

Authorised for despatch

Comcen reference

16939

Time of despatch

Minimal LIMITED

PS  
PS/LPS  
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ECD(I)  
News Dept  
PCD  
Defence Dept  
Mr Bullard  
Mr Fergussoj

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2/7



# OUT TELEGRAM (CONT)

Classification and Caveats

UNCLASSIFIED

Page

2

1 <<<<

2 mutual interest of our two governments, particularly in the  
3 European Community. Ends

4 2. The Prime Minister may also wish to pass a message to the  
5 outgoing Prime Minister, Forlani, on the following lines:  
6 Begins. I was sorry that the events which made it impossible for  
7 you to come to London earlier this month have also made it  
8 impossible for you to continue as Prime Minister. I should like  
9 to convey my thanks to you for all the cooperation and  
10 support which you have given me personally and the British  
11 Government during your term as Prime Minister. I much enjoyed  
12 working with you. Ends

13  
14 Carrington

15 NNNN

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Catchword

RESTRICTED



**British Legation to the Holy See**

91 Via Condotti

I-00187 Rome

Telephone 689-462 687-479

*1/2 cc Mr. Fergusson*

*30/6*  
*Mr. Callan*  
*Mr. Fergusson*

R P Osborne Esq  
W E D  
F & C O  
London SW1A 2AH

*rather illuminating*

Your reference

Our reference

I020/1

Date

23 June 1981

*Just*

*RA*  
*30/6*

*Dear Roy*

ITALIAN POLITICAL SITUATION

*(27)*

WRJ 014/2	
1- JUN 1981	
INDEX	PA
12 pp.	1/1

1 Please refer to Rome Tel. No. 236 of 19 June to the FCO.

2 When I asked Monsignor Tonucci yesterday what he thought about the prospect of having a government in Italy which would be the first since 1946 not headed by a Christian Democrat he replied that the change will matter little to the Vatican as he expects the coalition government to follow the line established by the Christian Democrats on most matters. He went on to say that it was a good thing that Spadolini rather than Craxi was forming the new government as the former was very well versed in Church-State affairs and the latter was too much of a cynic for his liking. He added that it might be a good thing for the Christian Democrats not to be in forefront of criticism for a change.

*Yours ever,*  
*Jim*  
J H Callan

cc Chancery - Rome

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Mr Fergusson ✓

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OFFICER	
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41	

THE FORLANI GOVERNMENT : OCTOBER 1980 TO MAY 1981

(33)

- A 1. I submit Sir Ronald Arculus's Despatch of 22 June looking back on the record of Signor Forlani's government
- B (Italy's 40th since the War). I have acknowledged the Despatch and arranged for its distribution in the departmental series.

(40)

2. In the end, Signor Forlani's parliamentary majority of 90 offered no protection against the series of accidents to which his government was prone from the outset. The Prime Minister lacked dynamism, but Signor Colombo and Signor Lagorio, still respectively Foreign Minister and Defence Minister, have helped to keep Italy on a course welcome to the UK, the EC and NATO. If anything, Italian politics are going to be even more unpredictable than usual in the months ahead and we could well see a fresh general election in the autumn.

30 June 1981

D A S Gladstone  
Western European Department

*E<sub>2</sub>/k.*





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Foreign and Commonwealth Office

London SW1A 2AH

29 June 1981

Sir Ronald Arculus KCMG KCVO  
British Embassy  
ROME

*Dear Ronald*

THE FORLANI GOVERNMENT

1. Thank you for your despatch of 22 June summarising the achievements of the Forlani Government and recording the series of setbacks that eventually brought it down. Given the gravity and frequency of those setbacks, especially in the first months, Signor Forlani did well to soldier on for as long as he did. His government never looked like beating Italy's postwar average although in the event its fall came as a surprise: it really had seemed to have a good chance of lasting through the summer in defiance of my forecast (contained in my letter of 13 November) that it would last six months.

2. Whereas Signor Forlani began his period in office with some fairly good cards in his hand, Signor Spadolini appears to have none. He will have to prove either a wizard of the finesse or an outright card-sharper if he is to survive even as long as Forlani, and I shall not be too surprised to be reading an account of the rise and fall of Italy's 41st post-war government before the summer is out. The interesting question to my mind is whether his fall will be precipitated by :

- a) another scandal
- b) a PSI bid for the premiership
- c) a change of PCI tactics
- d) DC impatience to regain control

or a combination of all four. In any event I suppose the next 'crisis' may well lead to a fresh general election, at which the 'Mitterrand effect' would be put to the test.

*Yours ever*  
*David*

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(89)

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30 JUN 1981	
DESK OFFICER	PA
INDEX	PA
1-13 306	

Mr Fergusson

THE FORLANI GOVERNMENT : OCTOBER 1980 to MAY 1981

- A
- B
1. I submit Sir Ronald Arculus's Despatch of 22 June looking back on the record of Signor Forlani's government (Italy's 40th since the War). I have acknowledged the Despatch and arranged for its distribution in the departmental series.
  2. In the end, Signor Forlani's parliamentary majority of 90 offered no protection against the series of accidents to which his government was prone from the outset. The Prime Minister lacked dynamism, but Signor Colombo and Signor Lagorio, respectively Foreign Minister and Defence Minister, have helped to keep Italy on a course welcome to the UK, the EC and NATO. It remains to be seen whether Signor Spadolini, the Republican Party leader charged with forming a new government, will decide to leave these Ministers where they are. If anything, Italian politics are going to be even more unpredictable than usual in the months ahead and we could well see a fresh general election in the autumn.

29 June 1981

D A S Gladstone  
Western European Department

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Mr Bullard

Mr Fergusson

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Cab. off

[Standard]

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Mr Colvin  
Reserve Dpt

GR 350

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DESKBY 291200Z FCO AND LUXEMBOURG

FM ROME 291025Z JUN 81

TO IMMEDIATE FCO

TELEGRAM NUMBER 250 OF 29 JUNE 1981

INFO IMMEDIATE LUXEMBOURG

INFO SAVING OTHER E C POSTS, WASHINGTON AND UKDEL NATO

INFO SAVING HOLY SEE, CAREER CONSULAR POSTS IN ITALY (ACTIONED)

MIPT: NEW ITALIAN GOVERNMENT

1. SPADOLINI'S TEAM NUMBER 27 COMPARED WITH 26 IN OUTGOING FORLANI ADMINISTRATION. THE CHRISTIAN DEMOCRATS (DC) FOUGHT HARD TO GAIN TWO MINISTERIAL PLACES TO COMPENSATE FOR THEIR LOSS OF THE PRIME MINISTER'S POSITION SEMICOLON THE INCOMING LIBERALS HAVE ONE SEAT WHILE THE REPUBLICANS (PRI) HAVE GIVEN UP TWO OTHER PLACES WHILE SECURING THE PRIME MINISTRY.

2. THE MOST IMPORTANT OF THE PORTFOLIOS FOR OUR PURPOSES ARE GENERALLY UNCHANGED. COLOMBO, LAGORIO AND ANDREATTA REMAIN AT FOREIGN AFFAIRS, DEFENCE AND THE TREASURY, RESPECTIVELY. SO TOO DO ROGNONI AND LA MALFA (INTERIOR AND BUDGET) AND, LESS HAPPILY, BARTOLOMEI AT AGRICULTURE. THE LIST OVERALL UNDERLINES THE PRESSURE ON SPADOLINI TO CONCILIATE THE MAIN POLITICAL



FORCES WITHIN THE COALITION: TWO COMPETENT MINISTERS WHO LACKED A STRONG POLITICAL BASE, PANDOLFI (INDUSTRY - DC) AND REVIGLIO (FINANCE - PSI) HAVE BEEN REPLACED BY MARCORA (DC -FORMERLY THE HIGHLY COMPETENT MINISTER OF AGRICULTURE) AND FORMICA (PSI), BOTH OF WHOM HAVE A POWERFUL POLITICAL FOLLOWING. OF THE OTHER APPOINTMENTS, ONE POINTER FOR THE FUTURE MAY BE THAT OF SIGNOR SIGNORILE, A LEFT-WING PSI LEADER, ECLIPSED BY CRAXI SEMICOLON HE GOES TO THE CASSA PER IL MEZZOGIORNO.

3. AS A WHOLE, THE TEAM LOOKS EXPERIENCED AND REASONABLY COMPETENT. IT IS NOT INNOVATIVE AND IF SPADOLINI HAS REALLY TRIED TO GIVE IT A MORE TECHNOCRATIC LOOK AND LESS DEPENDENT POLITICALLY, THEN HE HAS FAILED. ATTENTION WILL NOW CONCENTRATE ON WHETHER HE CAN BREAK TRADITION BY TACKLING A SERIOUS PROGRAMME OF INTERNAL ECONOMIC REFORM AND HE HAS STARTED BOLDLY BY UNDERTAKING TO TACKLE THE "SCALA MOBILE" OR INDEXATION SYSTEM WHICH CONTRIBUTES TO INFLATION IN THE COUNTRY. BUT THE FIRST COMMENTS ARE MOSTLY CYNICAL AND MANY SEE SPADOLINI'S GOVERNMENT AS A TRANSITIONAL STAGE LEADING EVENTUALLY TO A SOCIALIST-LED COALITION.

4. NOTES ON THE NEW MINISTERS NOT INCLUDED IN OUR PERSONALITY REPORT FOLLOW BY BAG.

FCO PLEASE PASS SAYING OTHER EC POSTS, WASHINGTON AND UKDEL NATO.

ARCULUS

NNNN

WRJ 0142

30 JUN 1981

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130

Mr. Wright  
Mr. Osborne

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DWF 0093/29  
LIC 551/29

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UNCLASSIFIED

DESKBY 291200Z FCO AND LUXEMBOURG

FM ROME 291015Z JUNE 1981

TO IMMEDIATE F C O

TELEGRAM NUMBER 249 OF 29TH OF JUNE 1981

FOR INFO IMMEDIATE LUXEMBOURG

SAVING TO FOR INFO OTHER EC POSTS, WASHINGTON, AND UKDEL NATO  
(HOLY SEE AND OTHER CAREER CONSULAR POSTS) (ACTIONED).

[Standard]

Hd/WED  
Hd/ECD(1) (2)  
Hd/News D.  
PS  
PS/LPS  
PS/PUS  
TG Bullard  
TG Ferguson  
10 Dg St  
Cabin Off.

cc/Personnel Dept

X 10

MY TEL: 239 OF 23 JUNE: ITALIAN INTERNAL SITUATION.

1. SPADOLINI SAW PRESIDENT PERTINI ON 28 JUNE AND PRESENTED  
A NEW FIVE PARTY COALITION GOVERNMENT: 15 CHRISTIAN DEMOCRATS  
(DC), 7 SOCIALIST (PSI), 3 SOCIAL DEMOCRATS (PSDI), 1 REPUBLICAN  
(PRI) AND 1 LIBERAL (PLI).

THE GOVERNMENT WAS SWORN IN ON 28 JUNE AND THE NEW MINISTERS  
ARE THEREFORE IN OFFICE. STATE SECRETARIES (JUNIOR MINISTERS)  
SHOULD BE NOMINATED BY 7 JULY WHEN THE TRADITIONAL CONFIDENCE  
DEBATE WILL BEGIN IN PARLIAMENT. THE FIVE PARTY COALITION  
GIVES SPADOLINI A COMFORTABLE PARLIAMENTARY MAJORITY AS LONG  
AS THEY STICK TOGETHER.

2. THE NEW GOVERNMENT IS AS FOLLOWS:

PRIME MINISTER	-	GIOVANNI SPADOLINI (PRI)
FOREIGN AFFAIRS	-	EMILIO COLOMBO (DC) (NO CHANGE)
INTERNAL AFFAIRS	-	VIRGINIO ROGNONI (DC) (NO CHANGE)
JUSTICE	-	CLELIO DARIDA (DC)
BUDGET	-	GIORGIO LA MALFA (PRI) (NO CHANGE)
FINANCE	-	RINO FORMICA (PSI)
TREASURY	-	BENIAMINO ANDREATTA (DC) (NO CHANGE)
DEFENCE	-	LELIO LAGORIO (PSI) (NO CHANGE)
EDUCATION	-	GUIDO BODRATO (DC)
PUBLIC WORKS	-	FRANCO NICOLAZZI (PSDI)
AGRICULTURE	-	GIUSEPPE BARTOLOMEI (DC) (NO CHANGE)
TRANSPORT	-	VINCENZO BALZAMO (PSI)
POSTS AND		
TELECOMMUNICATIONS	-	REMO GASPARI (DC)
INDUSTRY AND COMMERCE	-	GIOVANNI MARCORA (DC)
LABOUR	-	MICHELE DI GIESI (PSDI)
FOREIGN TRADE	-	NICOLA CAPRIA (PSI)
STATE PARTICIPATIONS	-	GIANNI DE MICHELIS (PSI) (NO CHANGE)
MERCHANT/MARINE		
ALSO FISHERIES	-	CALOGERO MANNINO (DC)
HEALTH	-	RENATO ALTISSIMO (PLI)
TOURISM	-	NICOLA SIGNORELLO (DC) (NO CHANGE)
CULTURE	-	VINCENZO SCOTTI (DC)
EC POLICY	-	GUSTAVO ABIS (DC)
PUBLIC ADMINISTRATION	-	DANTE SCHIETROMA (PSDI)
SCIENTIFIC RESEARCH	-	GIANCARLO TESINI (DC)
MEZZOGIORNO	-	CLAUDIO SIGNORILE (PSI)
REGIONS	-	ALDO ANIASI (PSI)
RELATIONS WITH		
PARLIAMENT	-	LUCIANO RADI (DC)
CIVIL EMERGENCIES	-	GIUSEPPE ZAMBERLETTI (DC)

3. FOR COMMENTS SEE MIFT.

4. FCO PSE PASS SAVING OTHER EC POSTS WASHINGTON AND UKDEL NATO

ARCULUS

NNNN



*Mr Fergusson hint*  
Private Secretary

*Telegram to come*

*issued 29/6*

WRJ 014/2		
RECEIVED JUN 13 1981		
DESK OFFICE	REGISTRY	
INDEX	PA	FILED
	<i>in Mr.</i>	<i>B</i>
	<i>10/6</i>	

# NEW ITALIAN GOVERNMENT

1. As agreed, I submit a draft telegram to Luxembourg containing messages for the Prime Minister to send to Signor Spadolini and Signor Forlani. According to our Embassy in Rome, the former should be in Luxembourg together with Signor Colombo.

*D. A. S. Gladstone*

29 June 1981

D A S Gladstone  
Western European Department

cc:

Mr Fergusson

*It is difficult larger over the problem of a simultaneous message & meeting. I have proposed a small change.*

2. *The Sec 7 of State primarily needs to prompt Congress to agree to Mr. Colombo. No message is necessary.*

*Edgar*

*29/6*

Folio 35 is  
empty.

34

cc PS/CPS  
PS/POS

for Osborne

WRT 014/2		
27 JUN 81		
DESK OFF		
INDEX	PA	FILE TAKEN
	No. 11	75

ADVANCE COPY

Head ~~was~~  
Head ECD (1)  
Cabinet Office

No 10 (2)  
PS

No confirm that  
Spadolini will attend to  
European Council.

R.  
19/6

DWF G 150/26

LIC 539/26

PP F C O

GRS 350

CONFIDENTIAL

FM ROME 261640Z JUNE 1981

TO PRIORITY F C O

TELEGRAM NUMBER 246 OF 26TH JUNE 81

SAVING TO FOR INFO MILAN (ACTIONED) HOLY SEE (ACTIONED)

ALL EC POSTS.

27

MY TELNO 236: ITALIAN POLITICAL SITUATION.

1. SPADOLINI HAS CONTINUED HIS ROUND OF CONSULTATIONS WITH A VIEW TO FORMING A GOVERNMENT COALITION FROM THE CHRISTIAN DEMOCRATS (DC), SOCIALISTS (PSI), SOCIAL DEMOCRATS (PSDI), REPUBLICANS (PRI - SPADOLINI'S OWN PARTY) AND LIBERALS (PLI). HE HAS TODAY BEEN SEEING THE OTHER FOUR PARTY SECRETARIES. BARRING UNFORESEEN DIFFICULTIES HE IS EXPECTED TO PRESENT THE LIST OF THE NEW COUNCIL OF MINISTERS TO PRESIDENT PERTINI TOMORROW, 27 JUNE, THOUGH IT COULD STILL SLIP.

2. THE PRESENT DISCUSSIONS CENTRE ON THE DIVISION OF MINISTERIAL POSTS BETWEEN THE PARTIES. ALTHOUGH SPADOLINI HAS TRIED TO MAINTAIN THE FORMAL CONSTITUTIONAL POSITION THAT THE RESPONSIBILITY FOR NAMING MINISTERS IS HIS ALONE, THE BARGAINING BETWEEN THE PARTIES AND THE RUMOURS ARE AS LIVELY AS EVER.



3. ONE KEY POST IS THE TREASURY, AT PRESENT HELD BY ANDREATTI (DC) WHO MAY NOT BE RETAINED, THOUGH THE DC WILL FIGHT HARD FOR THE SLOT.

THE MINISTRY OF INTERIOR ALSO PRESENTS DIFFICULTIES., THE SOCIALISTS ARE THOUGHT TO WANT THIS PORTFOLIO WHICH GIVES THE HOLDER A GREAT DEAL OF INFLUENCE ON DOMESTIC POLITICS., THE DC WILL NOT WANT TO LET IT GO. AT FOREIGN AFFAIRS, COLOMBO IS GENERALLY ASSUMED TO BE SAFE., LAGORIO (PSI) AT DEFENCE IS THOUGHT LIKELY TO STAY, THOUGH HIS POSITION IS SAID TO HAVE WEAKENED IN THE LAST FEW DAYS.

4. ONCE SPADOLINI HAS OBTAINED AGREEMENT ON THE COMPOSITION OF A NEW COUNCIL OF MINISTERS, PERTINI SHOULD SIGN TWO DECREES APPOINTING THE PRIME MINISTER AND HIS MINISTERIAL TEAM. THE NEW COUNCIL OF MINISTERS WOULD THEN TAKE THE OATH OF OFFICE WHICH COULD BE AS EARLY AS 27 OR 28 JUNE. AT THAT POINT SPADOLINI AND HIS NEW TEAM WOULD FORMALLY TAKE OVER THOUGH SPADOLINI WOULD HAVE TO SEEK A VOTE OF CONFIDENCE FROM PARLIAMENT WITHIN TEN DAYS.

5. THE IMPLICATIONS FOR ITALIAN PARTICIPATION AT THE EUROPEAN COUNCIL ON 24 JUNE (MY TEL 244) HAVE STILL NOT BEEN RESOLVED.

6. C F C O PSE PASS SAVING ADDRESSEES

ARCULUS

NNNN

CONFIDENTIAL

Enter



WRT 014/2	
24 JUN 1981	
OFFICER	
NAME	PA

SUMMARY OF ROME DESPATCH DATED 22 JUNE 1981

THE FORLANI GOVERNMENT: OCTOBER 1980 TO MAY 1981

1. The fall of Signor Forlani's government, after seven months in office, over the scandal of the secret masonic lodge "P2". (Paragraphs 1 - 2).
2. Forlani started with some advantages: tactical skill, a good team of key ministers and the backing of President Pertini, but this government was dogged by bad luck from the outset. (Paragraphs 3 - 5).
3. His record in office was mixed: there was no coherent economic policy; but there were some successes in the battle against terrorism and competent continuity in foreign policy. (Paragraphs 6 - 7).
4. The "P2" scandal broke on 21 May. Forlani's first instinct was to ride it out but this proved impossible and he resigned on 26 May. (Paragraphs 8 - 10).
5. President Pertini's first move was to ask Forlani to form a new government; when he failed the mandate was given to the Republican Spadolini. Forlani remains on the political scene; his departure is not as important, internationally, as that of Cossiga. (Paragraphs 11 - 12).

CONFIDENTIAL



BRITISH EMBASSY,  
ROME.

22 June 1981

The Rt Hon The Lord Carrington KCMG MC  
Secretary of State for Foreign and  
Commonwealth Affairs  
LONDON SW1

My Lord,

THE FORLANI GOVERNMENT: OCTOBER 1980 TO MAY 1981

1. In my Despatch of 28 October 1980, I reported the formation of the new Government of Signor Arnaldo Forlani. The Government fell after seven months in office as a consequence of a scandal - pervasive, complex and disturbing, even by Italian standards - over the implication of politicians, journalists, officials and members of the armed and secret services, in a secret masonic lodge "P2".
2. Signor Forlani came to office when his predecessor, Signor Cossiga, ran out of steam and the principal opposition party, the Communists (PCI), were determined on a change. The formation of Forlani's Cabinet took 21 days, rather less than the normal period of political crisis between Governments in Italy. At seven months, its duration has also proved to be rather on the short side; its fall, provoked, finally, by the Socialist (PSI) leader, Craxi, came at a time which was not of the choosing of the PCI and and which was unwelcome to all the members of the coalition save the PSI. Throughout its period in office, the government was preoccupied with surviving more or less accidental disasters rather than making policy.
3. Signor Forlani was a reluctant Prime Minister; he would have preferred to remain a party manager and he has run very true to type - or perhaps to the stereotype - of an Italian politician. He is by nature and habit a short-term tactician, skilled in party in-fighting and content to leave the wider issues to others, such as his Foreign Minister, Colombo, or Defence Minister, Lagorio. Tactical sense and economy of effort are no mean assets in an Italian Prime Minister. At the outset Forlani had other strengths, including the willingness of the PCI to give him a chance and an Administration based on a wider parliamentary coalition, including





the PSDI (Social Democrats) than had the Cossiga Government. He also enjoyed the important backing of the President of the Republic, Sandro Pertini, who, at 84, plays an increasingly important rôle, not only through his ability to understand and articulate the real concerns of the Italian man-in-the-street, but also through the moral ascendancy which he appears to have established and to exercise over the Italian political class as a whole. Pertini told me that despite all the difficulties that have arisen he continued to value Forlani as an honest leader whom he would have liked to succeed in forming another administration.

4. The Forlani Government was from the start a wide but incoherent coalition, cobbled together from disparate elements, which was destined to have grave difficulty in agreeing on policy. The Socialists (PSI) were evidently waiting for a chance to bid for the Prime Minister's office. Portfolios had been distributed to give balance between the coalition partners. Nevertheless, by retaining Colombo at the Ministry of Foreign Affairs and Lagorio at Defence, Forlani ensured continuity and competence in Italy's policies in NATO and the European Community; and he had a fairly strong economic team - Andreatta, La Malfa and Reviglio (responsible respectively for the Treasury, Economic Planning and for Revenue), with Pandolfi at Industry, following the resignation of Bisaglia.

5. As it turned out Forlani and his not bad team had a very unfortunate run of bad luck. From the outset, things outside the government's control began to go wrong. There was a major scandal over the evasion of duty payable on petroleum products, leading eventually to the resignation on 11 December of the Minister of Industry, Bisaglia. There was the grave earthquake in the south on 23 November (on the evening of the Prime Minister's visit for the Anglo/Italian Summit), which made plain the deficiencies of the Italian capacity to organise relief. On 12 December a senior magistrate, D'Urso, was kidnapped by the Red Brigades in Rome in a way which illustrated once again the ability of terrorists to operate with impunity in the capital and elsewhere. D'Urso was released, happily unharmed, on 15 January after 33 days of heated dispute on the principle of negotiating with terrorists, the rôle of the government, and the security services, etc, etc. Scarcely had this episode begun to drop from the front pages of the press

/than President



than President Pertini caused a diplomatic and more seriously, an internal political row by accusing, if not in so many words, the Soviet Union of sponsoring terrorism in Italy and in Turkey.

6. This series of misadventures gave the impression about the turn of the year that Forlani could not last. And yet, showing more coolness than his predecessor, he managed to cope in spite of the occasional defeat in Parliament. True, there was no sign of a coherent economic policy (except an embryo three year plan, much disputed and with a poor life expectancy) in the face of worsening recession, high inflation, large trade deficits and declining reserves. Attempts to reach an agreement with the unions on reduction of labour costs through modification of the wage-indexing system came to nothing. The Bank of Italy had to take the lead with specific actions - an adjustment of the lira within the EMS on 22 March, and a series of increasingly tight monetary measures in the form of restrictions on credit.

7. Other Italian governments have found it equally difficult to manage the economy. On the positive side, Signor Forlani had a number of successes in other fields, including the struggle against terrorism where the D'Urso case, despite the strains it imposed, did at least reach a conclusion less tragic than that in the Moro case of 1978. The government reacted well to a terrorist take-over of the top security prison at Trani, resisted any blackmail attempt and authorised an efficient military operation which succeeded in re-establishing control there. Arrests of prominent terrorists on the left and right followed with gratifying frequency. In wider political fields, the Italian Government addressed itself to the common problems of the West and to events in Poland and to the new US Administration with admirable steadfastness. Although the government continued to duck a public announcement on the siting of the American missiles, to whose installation in Italy the first Cossiga Government had given its consent, the planning and preliminary work continued. At the beginning of May it was Italy's turn to play host to the spring meeting of the North Atlantic Council; it was a source of satisfaction to the Italian Government that this passed off well and that the communiqué reaffirmed the double nature of NATO's 1979 decision on theatre nuclear forces (TNF).





8. By April, it was possible to take a more sanguine view of Forlani's prospects. None of the parties inside or outside the coalition wanted an early change. In the medium term the ambitions of the Socialist leader, Bettino Craxi, would cause difficulty, but the Socialists seemed in no hurry. Yet the ill luck that so persistently dogged Forlani's Government finally brought about its fall. On 20 May, Roberto Calvi, the President of the Banco Ambrosiano, and six other financial figures, were arrested under the charge of the illegal export of capital. The following day there were published in the press the names of 953 people allegedly belonging to a secret masonic lodge, P2, including key figures in many important areas of Italian life. Forlani, wrongly in the opinion of most of those wise after the event, including President Pertini, had done nothing to make public or act upon this list, though it had been in his possession for two months previously, until the Milan magistracy forced his hand. Pertini told me that Forlani should have immediately sacked the Ministers involved and taken the sting out of the affair.

9. I have reported separately on the P2 case as it has developed. Its significance arises only partly because of the prominence of those allegedly involved. They include the Chief of the Defence Staff, three Ministers in Forlani's Government (1 Christian Democrat and 2 Socialists), the Secretary-General of the Foreign Ministry, the Secretary-General of the PSDI and the Heads of the two Intelligence Services. The scope of the affair was also wide and seemed to cover most of the major scandals of the last decade. It had moreover a nasty appearance in that the organiser of P2, Gelli, had a Fascist past allegedly associated with right-wing terrorism, and has fled to Latin America. Among the political parties only the PCI and the small left-wing groups did not figure in the list, though Andreotti and his faction of the DC were also conspicuously absent. What was P2 for? Some suggest it was intended to serve as a parallel organisation to the State to counter a leftward turn in Italian politics. Others say that the scandal has been engineered by the left to discredit the right. And there are the usual allegations of outside interference by the CIA or the KGB. No-one yet knows.





10. As the storm over P2 developed, the first instinct of Forlani's Christian Democrat Party was to find ways to ride out the difficulty, adjusting the composition of the government slightly, without a radical change and declaring "business as usual". This was too blatant for the Socialists, themselves implicated with members of P2 in their ranks but fresh from a successful party congress in Palermo and looking to improve their relative position at the administrative elections in late June. Largely to distinguish themselves from the Christian Democrats in trouble, the PSI said that a radical renewal was necessary. The longer the scandal went on, the less it seemed possible for the government to hold together and on 26 May, only a few days before he was due to visit London for the next round of Anglo-Italian discussions, Forlani resigned following the PSI's refusal to attend a meeting of the coalition party leaders aimed at patching up the government's difficulties. Two days later, a severe foreign exchange deposit scheme was introduced to protect the lira and mop up internal liquidity in the face of a run-away public sector deficit, and economic hatches were battened down for the period of the government "crisis".

11. President Pertini, who wanted to avoid either a long power-vacuum or anticipated elections, thought Forlani could form a new government and invited him to do so. On 11 June, under pressure from Pertini, Forlani reported that he could not fulfil this mandate and Pertini turned instead to Spadolini, the leader of the tiny Republican Party. On 18 June Spadolini told President Pertini that he thought he could do the job; if he succeeds in putting together a durable government, it will reflect the importance of the P2 scandal and the degree to which it is recognised that fundamental political change in Italy is necessary: the Christian Democrats have provided every Prime Minister in Italy since 1945. If Spadolini fails or if he forms a government that lasts only a couple of summer months, Forlani may be among those whom Pertini considers, though he is heartily relieved at the prospect of leaving a premiership he has not enjoyed and did not want. In a sense, therefore, it is too early to write an epitaph. But of his Administration, from October 1980 to May this year, it could fairly be said that he coped well with a series of domestic crises

/that might



that might have destroyed a Prime Minister less capable of dispassionate manoeuvring. His cool, some say cold, detachment was quite different from Cossiga's warmth - and human weaknesses. But manoeuvring should not be an end in itself. A 19th century Secretary of State compared British foreign policy with the art of floating downstream on a raft, fending off obstacles with a boathook. Signor Forlani practises domestic politics in a similar manner. But Italy's economic, political and social problems require a skipper with a more seaworthy craft equipped with a rudder and engine, and with a clearer idea of his intended destination.

12. On the stage internationally, I have not seen Forlani perform as I saw his predecessor, Cossiga. But I have little doubt that he was not in the same class as a contributor to EC and other international affairs. Indeed he preferred to leave things much more to Colombo. Thus his loss would not be a blow to us, as was Cossiga's.

13. I am sending copies of this despatch to Her Majesty's Representatives in Washington, Paris, Bonn, UKREP Brussels, Brussels, Copenhagen, Dublin, Luxembourg, The Hague, Athens, UKDEL NATO, and the Holy See.

I have the honour to be

Your Lordship's obedient Servant,

*Michael Simpson*

*for*

R Arculus

CONFIDENTIAL



*SAS Spadolini will be  
in Luxembourg  
(Now overtaken by  
tel. to be sent)* *J. 24/6*

Private Secretary

## NEW ITALIAN GOVERNMENT

(WED)

1. Signor Giovanni Spadolini is expected to inform President Pertini on 27 June that he has succeeded in putting together a new coalition government. He will, at the same time, announce his list of Ministers. Apart from the minority Republican Party led by Signor Spadolini himself, the coalition will include the Christian Democrat, Socialist, Social Democrat and Liberal parties. A Personality Note on Signor Spadolini is attached.

2. The Embassy in Rome will telegraph confirmation of Signor Spadolini's appointment as soon as it is announced. The present Foreign Minister, Signor Emilio Colombo, is widely expected to retain his post. He is also expected to represent Italy at next week's European Council meeting. Signor Spadolini is unlikely to attend himself, but his office have as yet been unable to give a firm decision. I shall submit a message of congratulations from the Prime Minister to Signor Spadolini as soon as the situation is clearer.

*D. A. S. Gladstone*

26 June 1981

D A S Gladstone  
Western European Department

cc:

Mr Bullard

Mr Fergusson

PS/LPS  
PS/PUS

NRJ 01412	
23 JUN 1981	
INDEX	PA
<i>Pa Rpo</i> <i>3/6</i>	



SPADOLINI, Senator Giovanni

Secretary of the PRI

(Republican)

Born Florence 1925

Professor of History at Florence University. Has specialist knowledge of Church-State affairs during and after the Risorgimento and has written several books on the subject as well as a number of political biographies. Editor of 'Il Resto del Carlino' (1955-1968) and of 'Corriere della Sera' for February 1968 till March 1972 when he was sacked, allegedly because the paper lost money during his editorship. It was generally accepted that there was no political motive for the dismissal.

Senator for Lombardy since June 1972, Spadolini has continued to write articles for 'Epoca' and 'La Stampa' and to give lectures. He has been the leader of the PRI group in the Senate. Was Minister for Cultural Affairs and Environment under Moro, 1974-76. He became Party Secretary in September 1979. He is the only Party Secretary at present who chooses to sit in the Senate rather than the Chamber; this reflects his preference for a more orderly form of political debate and dislike of tactical battles in Parliament (always fought in the Chamber).

Consistently friendly towards Britain. Loquacious and somewhat pompous in manner, but can perform quite effectively on television and is popular with journalists. Highly intelligent and occasionally witty. Speaks French and some English. Unmarried.

NR 519/25

WRTJ 014/2

PP FCO 26 JUN 1981

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PA	

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RESTRICTED

FM ROME 251300Z JUN 81

TO PRIORITY FCO

TELEGRAM NUMBER 242 OF 25 JUNE 1981

INFO SAVING PARIS

FRENCH ELECTIONS AND FORMATION OF GOVERNMENT:  
 ITALIAN REACTIONS

1. THE RESULTS OF THE FRENCH LEGISLATIVE ELECTIONS AND THE INCLUSION OF COMMUNIST MINISTERS IN GOVERNMENT COME IN A WEEK WHEN THE ITALIAN SOCIALISTS (PSI) HAVE MADE SUBSTANTIAL GAINS IN ADMINISTRATIVE ELECTIONS (MY TELNO 239), ALBEIT FROM A MODEST STARTING POINT.

2. ITALIAN INTEREST IN FRENCH DEVELOPMENTS THEREFORE CONCENTRATES ON WHETHER THE "MITTERRAND EFFECT" CONTRIBUTED TO THE PSI SUCCESS. IT IS GENERALLY FELT THAT ALTHOUGH THERE IS NO DIRECT CAUSED LINK, THE PSI MAY HAVE BENEFITTED BY THE FRENCH EXAMPLE: IF CHANGE IS POSSIBLE IN FRANCE IT SHOULD NOT BE EXCLUDED IN ITALY. THERE IS ALSO SPECULATION THAT THE RESULTS IN ITALY AND FRANCE TOGETHER MAY POINT TO A GENERAL MOVE TO THE LEFT IN EUROPE.

26/6

(X2)

26/6  
 Mr Bullard  
 Mr Ferguson

(31)

Mr Osborne  
 Mr 26/6

I am sure there is  
 something in the "Mitterrand effect"

ADVANCE COPY

Hd WES  
 Hd ECD(1)  
 PS

26/6  
 of Reserve Dpt.

for what it is worth within the  
 Italian Defence Attache nor the  
 Consul-General believes the "Mitterrand  
 effect" theory, putting the results as  
 anti DC.

Rc 26/6

1 WRTJ 014/2 F28

3. SOCIALIST COMMENT HAS SOUGHT TO PRESENT THE PSI LEADER, CRAXI, AS THE "ITALIAN MITTERRAND" WHILE CONTRIVING ALSO TO SUGGEST THAT THE PSI'S GAINS ARE DUE TO THEIR OWN MERITS AND NOT TO OUTSIDE INFLUENCE. THE COMMUNISTS (PCI) HAVE WELCOMED WHAT THEY CLAIM TO SEE AS A VICTORY FOR THE LEFT AS A WHOLE. THE CHRISTIAN DEMOCRAT RIGHT-WING SEEK TO BLAME GISCARD FOR HAVING LET THE SIDE DOWN AND FOR THEIR POOR SHOWING.

4. THE APPOINTMENT OF PCF MINISTERS HAS AROUSED WIDESPREAD INTEREST BUT MOST COMMENTATORS, INCLUDING THE PCI, RECOGNISE THAT THE PCF HAS MADE SUBSTANTIAL CONCESSIONS AS THE PRICE OF THESE APPOINTMENTS. THE PCI UNDERLINE THAT A UNITED LEFT GOVERNMENT IS NOW IN POWER IN FRANCE. THEY WOULD LIKE TO SUGGEST THAT THIS UNDERLINES THE NEED FOR A UNITED LEFT ALTERNATIVE IN ITALY SEMICOLON BUT CIRCUMSTANCES ARE TOO DISSIMILAR FOR THIS TO CARRY MUCH CREDIBILITY IN THE SHORT TERM.

FCO PASS SAVING PARIS

ARCULUS

NMNN



Enter

Income protection

No. 26/6



*With the compliments of*

WRH 014/Q
25 JUN 1981
pe Rpo 26/6

BRITISH EMBASSY  
via XX Settembre, 80/A  
ROME  
Telephone 4755551

BRITISH CONSULATE GENERAL  
via F. Crispi, 122  
80122 Naples  
8 June 1981



014/1

W R Tomkys Esq  
Head of Chancery  
ROME

→ copy WED. 9.00.

*Dear Roger*

1. The 'vicenda' Cirillo which began with the kidnapping of the nationally, save in his own party (DC), unknown politician and the killing of two of his escort, differed from its outset from anything which has happened before. Forewarned by threats which, following the assassination last August of the young DC assessor Pino Amato, have been taken seriously, there were most elaborate precautions to avoid such an incident. Unlike Moro he regularly travelled in a bullet proof vehicle, the timings of his departures and his route and invariably at the end of the homeward run left his car when inside the garage - which was where the gang awaited him - and approached his apartment by an inside stairway.
2. In two more important ways however the affair has been remarkable: firstly the exceptionally little attention which, after the first impact of the crime, it has received from the media, even locally. Secondly the indifference with which it has been regarded by Neapolitans generally. The press attitude may be attributable to police pressure to play down sensation about the terrorists' messages, though we have no direct evidence to support the theory. Public indifference, which may in itself have played a part in this has been very clearly demonstrated and is much more easily explicable. Protest demonstrations which have featured after almost every major terrorist action were extremely muted; even the funerals of his escort - less understandably - were poorly attended.
3. The plain fact emerges that Ciro Cirillo, though affable to meet and undoubtedly both capable and dynamic - a prominent Socialist once remarked to me about him during his Presidency of the Region that he was "a ladrone but undoubtedly the most effective president so far" - he represents the epitome of what has disillusioned so many people here about the DC leadership. Their initial shock and instinctive feelings of compassion were accordingly somewhat tempered. His career under the wing of Antonio Gava, probably the most notorious of DC local politicians during the past 20 years, has been one of steady progress, from Mayor of Torre del Greco to Provincial President; finally in 1979 to the top job in the Region after 4 years in his most recent post as Assessore for Town and County Planning to which he returned after being ousted from the Presidency in 1980 due to his corrente's loss of ascendancy within the party. His reputation in direct contrast to that of Aldo Moro for corruption is as wide as it is scandalous. His substantial fortune - he is

*lead me:  
a thief*



undeniably a man of property - has allegedly been built up through the systematic acceptance of substantial bribes and the delivery of votes in return for licences for the local camorra specializing in building speculation. Certainly the unplanned nature of much of the more recent construction in his home town of Torre del Greco would seem to provide evidence pointing towards irregularities.

4. The reason why he was selected as the victim of this operation however is almost certainly because of his key position as Vice Chairman of the Technical Committee for reconstruction in the earthquake areas of Campania Region. Indeed the kidnapping seems to have a far more logical objective than the usual strike against the Establishment. The ransom for Cirillo's safe return is substantial requisitioning of unoccupied premises for the accommodation of homeless Neapolitans. Furthermore it might appear to have been inspired by local extremists even though carried out by highly professional and ruthless outsiders since slogans issued in the first communiqué used the same phraseology as that expressed repeatedly by the Banchi Nuovi\* who confronted the Minister for Labour, Foschi, in March and extracted a promise of 10,000 jobs. There is also the feeling that while the kidnapping typified the style of the Red Brigade hard core the subsequent handling of the affair was been awkward and inefficient by comparison and thus quite likely to have been taken over by locals. Be that as it may, they, whoever they are, have to date, as far as we know, given few clues as to their whereabouts. Though there was apparently a tip off about two weeks ago that the hideout was in the area of Vesuvius an extensive operation proved abortive.

5. Meanwhile it seems very unlikely that the terrorists' demand will be satisfied. The Mayor took steps within weeks of the earthquake to examine the possibilities of acquiring unoccupied accommodation, but as soon as the news got out landlords of such apartments took steps to get someone into them. Even where they could not the majority managed through legal procrastination or raccomandazioni to avoid requisition. Out of 40,000 - probably an unrealistic figure anyhow - originally listed by SUNIA, the tenants syndicate, only some 200 have been acquired and, though the process continues it is moving only slowly.

6. Few people even amongst his colleagues and staff at the Region think Cirillo will come out alive. They mainly fear that the inexperience of his kidnappers might at some point lead to a nervous reaction fatal for him.

\* whose leaders have however indignantly denied any association





7. In conclusion, though the operation seems to have logical motives it is also being read as part of a Red Brigade effort to exploit discontent and get a foothold in the earthquake areas. It is a sign which the authorities especially in Naples would be unwise to ignore. I very much doubt nevertheless if there is much to fear. The people in these parts are too wise or perhaps too cynical to imagine that much could be gained by following them.

J D Campbell

Mr Carter  
Mr Gladstone

WRJ 014/2
JUN 1981
1/2 1/2 25/6
6

EUROPEAN COUNCIL

1. Mr Bullard has asked for an up-date on the political situation in Italy for the Prime Minister's briefing for the European Council.

(27) 2. Rome Telno 236 of 19 June sets out the position as it then was. The administrative elections held on 21/22 produced an increase in the overall Socialist (PSI) vote from 10% to 14%. The two main parties, the Christian Democrats and the Communists, both lost votes. Signor Craxi, the Socialist leader, is now better placed to ask for Ministerial posts in a new Spadolini-led government. Signor Spadolini will again consult the leaders of the parties which will make up his coalition and he may be in a position to announce his Ministers by 27 June. This will depend on whether he can satisfy the other parties with the distribution of Ministerial posts.

3. Signor Spadolini and the Republican party command only about 3% of total votes and it seems inevitable that a general election will have to be called within a matter of months.

24 June 1981

R P Osborne  
Western European Department  
W64 233 3266

CONFIDENTIAL

CONFIDENTIAL

Mr Carter

cc Mr Arnold  
Mr Osborne ✓  
Mr Duncan

Mr Gladstone

EUROPEAN COUNCIL

by close of play 15-day pre

1. In preparation for the Prime Minister's briefing meeting at 5.30 pm tomorrow, I should be grateful if you could let me have:-

24/6

- a) A note or recent telegram<sup>(s)</sup> about the political situations in France, Italy, Iceland and the Netherlands.
- b) A note on how matters stand as regards meetings between the Prime Minister and Mitterrand, both at Luxembourg and later.

JM

24 June 1981

J L Bullard

WRJ 014/2

25 JUN 1981

12 RPO  
25/6





SPADOLINI, Senator Giovanni

Secretary of the PRI

(Republican)

Born Florence 1925

Professor of History at Florence University. Has specialist knowledge of Church-State affairs during and after the Risorgimento and has written several books on the subject as well as a number of political biographies. Editor of 'Il Resto del Carlino' (1955-1968) and of 'Corriere della Sera' for February 1968 till March 1972 when he was sacked, allegedly because the paper lost money during his editorship. It was generally accepted that there was no political motive for the dismissal.

Senator for Lombardy since June 1972, Spadolini has continued to write articles for 'Epoca' and 'La Stampa' and to give lectures. He has been the leader of the PRI group in the Senate. Was Minister for Cultural Affairs and Environment under Moro, 1974-76. He became Party Secretary in September 1979. He is the only Party Secretary at present who chooses to sit in the Senate rather than the Chamber; this reflects his preference for a more orderly form of political debate and dislike of tactical battles in Parliament (always fought in the Chamber).

Consistently friendly towards Britain. Loquacious and somewhat pompous in manner, but can perform quite effectively on television and is popular with journalists. Highly intelligent and occasionally witty. Speaks French and some English. Unmarried.

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WF G NR 049/24

LIC NR 490/24

PP FCO

GR 750

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FM ROME 240730Z JUN 81

TO PRIORITY FCO

TELEGRAM NUMBER 239 OF 23 JUNE

INFO SAVING HOLY SEE, MILAN, NAPLES, FLORENCE, GENOA (ACTIONED)

INFO SAVING EC POSTS, WASHINGTON AND UKDEL NATO.

27 MY TELNO 236: ITALIAN INTERNAL SITUATION

1. ADMINISTRATIVE (LOCAL) ELECTIONS WERE HELD ON 21 AND 22 JUNE. THE MOST SIGNIFICANT WERE THOSE IN FIVE URBAN CENTRES, INCLUDING ROME AND GENOA AND THEIR SURROUNDING COMMUNES, WHILE REGIONAL ELECTIONS WERE HELD IN SICILY.

2. IT IS DIFFICULT TO SUMMARISE THE RESULTS WHICH WERE PUBLISHED ON THE EVENING OF 22 JUNE, AND SOMEWHAT MISLEADING TO CONSOLIDATE THE VOTES CAST INTO A TOTAL PERCENTAGE FOR EACH PARTY AS AT A GENERAL ELECTION. CERTAIN BROAD CONCLUSIONS ARE, HOWEVER, CLEAR WHEN COMPARISONS ARE MADE WITH THE PRECEDING LOCAL ELECTIONS IN 1976:

(A) THE SOCIALISTS (PSI), UNDER CRAXI'S LEADERSHIP, HAVE DONE WELL EVERYWHERE, INCREASING THEIR PERCENTAGE FROM 10% TO 14% OVERALL. IN BARI, PARTLY FOR LOCAL REASONS, THEY ALMOST DOUBLED THEIR VOTE TO OVER 23%, PROVOKING COMPARISONS WITH MITTERRAND'S SUCCESSES. ELSEWHERE, THEIR VOTE WAS 16% IN GENOA AND 14% IN SICILY BUT ONLY 10% (PREVIOUSLY 8%) IN ROME.

(B) THE SOCIALIST ADVANCE HAS BEEN PARTLY AT THE EXPENSE OF THE COMMUNISTS (PCI), WHOSE OVERALL SHARE OF THE VOTE FELL FROM 34.5% TO 32.8%. THE PCI WILL BE WELL SATISFIED TO HAVE GOT 35.9% IN ROME (35.5%) AND 39.6% IN GENOA (41.5%) CONSOLIDATING THEIR POWER BASE THERE. BUT IN BARI THEY WERE ECLIPSED BY THE PSI, FALLING FROM 24.8% TO 15.9%. IN SICILY THEIR VOTE FELL FROM 26.8% TO 20.7%.

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(C) THE CHRISTIAN DEMOCRATS (DC) DID WELL IN SICILY (41.4% COMPARED WITH 40.8%) BUT GENERALLY NOT ELSEWHERE., THEY LOST GROUND IN ROME (33.1% TO 29.6%) AND GENOA (28.5% TO 22.5%).

(D) CHANGES IN THE MINOR PARTIES' POSITIONS ARE INCONSISTENT REGIONALLY. THE REPUBLICANS (PRI) HAVE GAINED VERY LITTLE, EVEN THOUGH THEIR SECRETARY GENERAL IS PRIME MINISTER-DESIGNATE. THE SOCIAL DEMOCRATS (PSDI) HAVE DONE MUCH BETTER, DESPITE THE INVOLVEMENT OF THEIR LEADER LONGO IN THE "P2" SCANDAL.

(E) THERE WERE MORE ABSTENTIONS AND SPOILT VOTES THAN IN ANY PREVIOUS POST-WAR ELECTION, AND THIS IS INTERPRETED AS A SIGN OF DISILLUSION AMONG THE ELECTORATE. BUT THE TURNOUT AT OVER 80% REMAINS VERY HIGH BY STANDARDS ELSEWHERE.

3. EARLY PRESS AND OTHER COMMENT EMPHASISES THE SOCIALIST GAINS AND THERE IS SOME DISPOSITION TO SUGGEST THAT FRENCH DEVELOPMENTS MAY HAVE ENCOURAGED SUPPORT FOR A SOCIALIST, NON-COMMUNIST, ALTERNATIVE TO DC RULE. BUT THE PSI HAVE A VERY LONG WAY TO GO.

4. IT HAS BEEN WIDELY BELIEVED THAT CRAXI WAS WAITING FOR THESE ELECTIONS TO STRENGTHEN HIS HAND IN BARGAINING FOR MINISTERIAL JOBS AND PSI INFLUENCE ON THE PROGRAMME OF THE NEW GOVERNMENT (MYTEL UR). HE WILL NOW PRESS HIS CASE, PERHAPS LOOKING TO A GENERAL ELECTION IN A FEW MONTHS' TIME TO CONSOLIDATE HIS GAINS AND MAKE HIM PRIME MINISTER. THE DC ARE DISAPPOINTED AND THIS MAY MAKE IT MORE DIFFICULT FOR THEM TO CONCEDE MINISTRIES AND PATRONAGE TO OTHER PARTIES. FOR THE PCI, BERLINGUER'S PROBLEM REMAINS THAT OF HOLDING THE LOYALTY AND DISCIPLINE OF THE PARTY BASE WITHOUT HAVING ANY RESULTS TO SHOW FOR HIS CALCULATED MODERATION. SPADOLINI'S TASK IN PUTTING A GOVERNMENT TOGETHER IS PERHAPS A BIT EASIER THAN BEFORE SEMICOLON THE GENERAL EXPECTATION IS THAT HE WILL NOW SUCCEED BUT THAT IT WILL NOT LAST LONG.

5. DETAILED ELECTION RESULTS FOLLOW BY BAG TO THE DEPARTMENT.

6. FCO PLEASE PASS SAVING TO EC POSTS, WASHINGTON AND UKDEL NATO.

ARCULUS

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FM ROME 191600Z JUN 81

TO PRIORITY FCO

TELEGRAM NUMBER 236 OF 19 JUNE 1981

INFO SAVING TO MILAN AND HOLY SEE (A) AND EC POSTS.

MY TELNO 200: ITALIAN POLITICAL SITUATION

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WRJ 014/2		13
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22 JUN 1981		
DESK OFFICER	PA	AY
INDEX	PA	Ken

- (14)
1. AFTER A WEEK'S CONSULTATIONS, SPADOLINI HAS "LIFTED HIS RESERVE" AND TOLD PRESIDENT PERTINI THAT HE IS IN A POSITION TO FORM A NEW GOVERNMENT.
  2. SPADOLINI HAS BEEN WORKING FOR A COALITION OF FIVE PARTIES, ADDING THE LIBERALS (PLI) TO FORLANI'S COALITION. THE PARTY SECRETARIES OF THE SOCIALIST PARTY (PSI), THE SOCIAL DEMOCRAT PARTY (PSDI), THE CHRISTIAN DEMOCRAT PARTY (DC) AND THE PLI HAVE ALL EXPRESSED THEIR SUPPORT FOR HIS DRAFT PROGRAMME AND EFFORTS TO FORM A GOVERNMENT BUT SUPPORT FROM THE SOCIALISTS WAS CONDITIONAL AND FROM THE DC VERY GRUDGING. CRAXI HAS SAID THAT A CLARIFICATION OF THE POLITICAL SITUATION WOULD BE NECESSARY AFTER THE PARTIAL ADMINISTRATIVE ELECTIONS (INVOLVING 9 MILLION ELECTORS) OF 21/22 JUNE.
  3. SPADOLINI SHOWED THE SAME DRAFT PROGRAMME TO PRESIDENT PERTINI AND DISCUSSED IT WITH THE "SOCIAL PARTNERS" - THE BANK OF ITALY, THE THREE UNION FEDERATIONS, THE EMPLOYERS' ORGANISATION AND THE FARMERS' ORGANISATION. THE BANK OF ITALY EMPHASISED THE SERIOUSNESS OF THE ECONOMIC DIFFICULTIES FACING ITALY. THE "SOCIAL PARTNERS" DID NOT MAKE SUBSTANTIVE DECLARATIONS AFTER THEIR CONSULTATIONS WITH SPADOLINI, BUT NOR WERE THERE ANY INDICATIONS OF OUTRIGHT OPPOSITION TO A POSSIBLE PRI-LED GOVERNMENT.
  4. SPADOLINI HAS LIFTED HIS RESERVE BEFORE HAVING OBTAINED AGREEMENT FROM THE PROSPECTIVE MEMBERS OF THE COALITION ON THE DIVISION OF MINISTERIAL PORTFOLIOS. THE SOCIALISTS IN PARTICULAR HOPE THAT THE ADMINISTRATIVE ELECTIONS WILL IMPROVE THEIR BARGAINING POSITION IN THIS RESPECT SEMICOLON WHILE PICCOLI (SECRETARY OF THE DC) SAID THAT SINCE THE CHRISTIAN DEMOCRATS WERE THE PARTY WITH THE RELATIVE MAJORITY OF VOTES IN ITALY, BUT WOULD NOT HAVE THE PRIME MINISTERSHIP, THEIR POLITICAL WEIGHT IN SPADOLINI'S GOVERNMENT WOULD HAVE TO BE RECOGNISED WITH A LARGER NUMBER OF PORTFOLIOS THAN THEY HAD IN FORLANI'S. SPADOLINI'S DIFFICULTIES ARE CLEARLY NOT YET OVER: DETAILS OF HIS PROGRAMME, DIVISION OF MINISTERIAL PORTFOLIOS AND THE UNSCRAMBLING OF THE P2 AFFAIR HAVE ALL TO BE SETTLED.

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5. THE PCI INTEND TO REMAIN IN OPPOSITION, BUT THEY HAVE NOT PUT OBSTACLES IN SPADOLINI'S WAY. BERLINGUER HAS SAID THAT THE FORM THEIR OPPOSITION WILL TAKE WILL DEPEND UPON THE CHOICE OF MINISTERS AND UPON THE PROGRAMME ADOPTED BY A GOVERNMENT LED BY SPADOLINI.

FCO PASS SAVING TO EC POSTS.

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(REFERRED AS REQUESTED)

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Mr. [unclear] 18/6 Recd 18/6/81  
Mr. [unclear] 18/6  
and a 'sciopero bianco' is a go show!

2/6  
Research Dept

18/6

R P Osborne Esq  
WED  
FCO

Your reference

Our reference

WRJ 01412	
REC'D	15
22 JUN 1981	
BY	
IN	18/6

11 June 1981

Dear Roy,

#### GOVERNMENT CRISIS

1. We have found ourselves embarrassed in correspondence by constant need to refer to "the crisis". I therefore thought it worthwhile to take this opportunity to remind you (and you may care to draw it to the attention of those of your colleagues who are less familiar with the Italian scene) that "crisis" does not mean what it says.

2. My little dictionary of political and parliamentary usage makes it clear that a crisi di governo is simply the technical term for the fall of a Government by whatever means it takes place. It is a parliamentary crisis or an extra parliamentary crisis according to whether it has its origin within or without Parliament. It is a "crisi bianca" if the Government's fall is the result of a gentlemen's agreement among the parties. It can be a "guided crisis" if the party managers have got together and decided what the outcome should be in advance; there are those who say that this was what Piccoli wanted this time. The crisis then continues until a new Government is effectively in power. The average life of Government is around 8 to 10 months; the average span of each "crisis" is about a month. While therefore "crisis" sounds to the Anglo/Saxon ear somewhat alarming, in Italian political terminology it is more or less the technical term for the period following the resignation of a Prime Minister and lasting until his successor has taken over.

3. We will continue to refer to "the crisis" but hope that readers will not be too alarmed. There have, after all, been more than 40 such since the war.

Yours ever,

Roger.

W R TOMKYS

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**Foreign and Commonwealth Office**  
London SW1A 2AH

Telephone 01- 233 3266

25  
pw minute under  
reference in the file  
15/6

Miss C Redman  
ROME

Your reference

Our reference

Date 15 June 1981

24  
**ITALIAN NATIONAL DAY RECEPTION: 4 JUNE**

1. In his minute of 5 June, the Ambassador recorded conversations with various personalities attending the National Day reception at the Quirinale.
2. Paragraph 7 of the minute noted that Signora Fanfani and Signora Vattani would be in London from 12-20 June, where they would stay with the Italian Ambassador. I telephoned the Italian Embassy to ask if the FCO could assist in any way but was told that the visit is entirely private. In fact, Signora Fanfani did not come but Signora Forlani did, accompanied by Signora Vattani. The primary purpose of the visit is to enable the ladies to attend the racing at Ascot. I hope the weather stays fine for them!

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5 JUN 1981	
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R P Osborne  
Western European Department

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Minister  
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cc: Head WED

*Ente.*

*Italy Italian Political.*

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16 JUN 1981

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PA

*Pa. R. 17/6*

*Mr. G. S. Yes*

*Mr. S. 176*

*17/6*

*This is the interesting.*

*Spadolini has the new mandate to form a govt.*

*R. 17/6*

# ITALIAN NATIONAL DAY RECEPTION AT THE QUIRINALE ON 4 JUNE

1. The following is fall-out from this national occasion. I have recorded separately what the President and his staff said to me about the Royal Wedding.

2. *2 June* **New Government.** President Pertini said it was slow and uphill work. The parties would simply not agree among themselves. The Socialists were being the most tiresome. He had confidence in Forlani and did not want delay. I also discussed the present state of affairs with Secretary-General Maccanico, Ministers Colombo, Andreatta, La Malfa and Rognoni, and with General Bartolucci and Secretary-General Malfatti. I was able to speak only briefly to Spadolini, Zanone, Zamberletti and Amadei. The general impression was that progress was slow and a solution might not be reached before the Administrative elections. The most likely outcome might be another Forlani Government based on a pact with the Socialists, with some formula on alternation for the Presidency of the Council. Malfatti, himself a Socialist, said the PSI wanted to play it long. They hoped to get a lift from the results of the French election in mid-June and again from the Italian elections a week later. He discounted the possibility of Communist ministers in the French Government. He gave the impression that it was accepted that President Pertini had ruled out the premiership for Craxi at this point. I heard only one opinion that another lay prime minister might solve the problem, ie Spadolini. The DC Ministers gave the impression that the Socialists were being excessively demanding. The Spanish Ambassador, who has good Socialist links, said that they were being very tough on the distribution of portfolios. For example, they wanted the Ministry of the Interior - difficult because Rognoni had been a good minister. They even aspired to the MFA - even more difficult because of Colombo's evident qualities. (I see the press mentions the candidature of Giolitti.) Piccoli and Forlani were discussing this in a corner while I was in the smaller room with the President; and earlier in the day Umberto Vattani from Forlani's office had said that he thought that things were moving towards a solution - but his was the only optimistic voice I heard during the day. Several interlocutors were worried about the length of the gap if a new government were not in place until after the elections. The President himself spoke of the undesirability of "un vuoto". I asked Andreatta whether this would be bad for the economy and he said his main preoccupation was that of the strength of the Dollar. Vattani added that Forlani was bearing up well, and was extremely cool, calm and collected. President Pertini said that Forlani did not want to stick to office and was really fed up with the whole thing, which showed that he was an honest man. The President obviously wanted him to succeed, was trying to force the pace, and was fed up with the Socialists. In short, the situation is obviously a difficult one and the Socialists are trying to drive a hard bargain despite the fact that they are fairly heavily implicated in P2.





3. P2. I asked Rognoni and Andreatta why certain senior officials etc were resigning or going on leave when nothing had been proved against anybody, nor indeed against P2 itself. Rognoni said that conflicts had to be cleared out of the way. For example, he could not very well give orders for this or that course of action to heads of SISDE and SISMI who were implicated in P2: therefore they had to be set aside. Andreatta on the other hand said that officials in his Ministry had gone voluntarily. Some did not deny the charges and some went with a sense of shame. Both of these Ministers said that it was incompatible with public service to belong to something like P2. They even said that taking the ordinary Masonic oath was in conflict with loyalty to the state. They and others had made it clear that they distinguished between British Masonry and Italian. Andreatta indeed said that he had been to a Masonic lodge in Britain and found it little more than Rotary/Lions, ie a mutual-help society with charitable overtones. I clarified with Umberto Vattani that Gregorio of the Quirinale was now being returned to Montecitorio had acted as personal valet to President Pertini and handled visitors, telephone calls and other personal services. Between them, he and Piscitello must have been an embarrassment to the President as their link with P2 emerged. Vattani suggested that Malfatti's position was anomalous; other prominent figures had resigned while he stayed put. He added that there was beginning to be criticism in the press and perhaps somebody was trying to unseat Malfatti. The general impression is that the Government had not handled the crisis very well. One has the spectacle of people resigning all over the place or being sent on leave without any statements being put out officially, while some are defending themselves vigorously, eg Fiori. The scandal is one which brings in a number of others, Sindona and ENI, for example. Gelli was also said to have had easy access to the Palazzo Chigi. There seemed to be fewer and fewer people who are not involved in some way. Everybody comments on how Andreotti has managed to keep his name out of it so far.

4. Italian Economic measures. Andreatta said he hoped we would not make difficulties in Brussels. I said I did not think we had. He said he really meant the Germans, who had raised some complaints. I asked if there was any criticism of the measures inside Italy, and he replied that there had been a misguided demonstration by hoteliers in the South, who did not seem to understand that the measures worked the other way round.

5. Meeting in London. Signor Forlani merely said that we would have to see what could be done about a new date for the meeting. I grumbled a bit to Secretary-General Malfatti, saying that it did not help the Italians to play the rôle they wanted in Europe if they could not keep these appointments. As regards other appointments, I see that Cheysson is coming to Rome and the Japanese Ambassador told me that the visit of his Prime Minister is still on, and indeed I have received an invitation for a function on 12 June. Nevertheless I have the impression that the visit might not be quite firm and that there might even be doubts about that of Chancellor Schmidt.





7. Visit to London. I learned that Signora Maria Pia Fanfani and Signora Vattani are going to London for ten days from 12-20 June, staying with the Italian Ambassador. Signora Vattani is taking her two sons along. They hope to go to Glyndebourn, Trooping the Colour, Ascot and so on. I expect Ambassador Cagiati will make all the arrangements but some help might be needed from WED and/or PCD.

8. Oxfam Concert. Signora Maria Pia Fanfani confirmed definitely that she would see us on Monday evening in the box at the Opera for the concert.

9. The May case. I spoke to General Cappuzzo. He said that the air search really proved to be impracticable because of the rugged terrain. I said that Mr May believed that an air search might turn up traces of graves, but the General was not impressed. I then explained Mr May's main point, which was that the possibility of search be exhausted in order that it could be ruled that a crime appeared to have taken place, in which case the door would be kept open. The General said he still thought more in terms of an accident, but he gave me an assurance that the file would not be closed.

10. Europe/Japan/United States Seminar: 9/10 June. Minister Speranza said he hoped I could come to a luncheon he would be giving on 10 June. Foresti said he thought it would be appropriate to attend the opening ceremony, and possibly the closing remarks, as well as the lunch. He clearly did not expect an Ambassador to attend all the time.

*R Arculus*

5 June 1981

R Arculus

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TELEGRAM NUMBER 221 OF 11 JUNE 1981

INFO SAVING MILAN AND HOLY SEE -(ACTIONED)

INFO SAVING EC POSTS.

MY TELNO 200: (NOT TO ALL) ITALIAN POLITICAL SITUATION WRJ 01712

1. ON 10 JUNE SIGNOR FORLANI INFORMED PRESIDENT PERTINI THAT HE COULD NOT FULFIL THE MANDATE TO FORM A NEW GOVERNMENT. THE SECRETARY-GENERAL OF THE SMALL REPUBLICAN PARTY (PRI), SIGNOR SPADOLINI, CALLED ON PRESIDENT PERTINI TODAY AND WAS ASKED TO MAKE AN ATTEMPT IN HIS TURN.

2. THE BACKGROUND REMAINS COMPLICATED. THE SCANDAL OVER THE P2 AFFAIR WIDENS. SPADOLINI, AMONG OTHERS, HAD SAID THAT PATCHING UP A NEW DC-LED GOVERNMENT WOULD NOT MEET THE REQUIREMENTS OF THE MOMENT: FIRM AND RAPID ACTION TO DEAL WITH P2 WAS A CONDITION FOR PRI PARTICIPATION IN A NEW GOVERNMENT. AT THE SAME TIME, THE SOCIALIST (PSI) LEADER, CRAXI, IS GENERALLY SUPPOSED TO HAVE BEEN PLAYING FOR TIME, DEMANDING ASSURANCES ON THE POLICIES OF A NEW GOVERNMENT, AND WAITING FOR THE ADMINISTRATIVE ELECTIONS DUE ON 21/22 JUNE. AS A RESULT, THE EFFORTS OF PRESIDENT PERTINI AND SOME SECTIONS OF THE CHRISTIAN DEMOCRAT PARTY (DC) TO PUT TOGETHER A NEW GOVERNMENT UNDER FORLANI QUICKLY, LEAVING OUT MINISTERS IMPLICATED IN P2 AND POSSIBLY BRINGING IN THE LIBERALS, RAN INTO DIFFICULTY. EVEN SO, FORLANI'S DECISION TO GIVE UP CAME AS A SURPRISE EVEN TO THE DIREZIONE OF THE DC, WHO WANTED HIM TO SOLDER ON. PRESS COMMENT TODAY ECHOES DISSATISFACTION AT THE TIME WASTED BY FORLANI'S DISCUSSIONS SINCE 28 MAY: THE COMMUNIST PARTY (PCI) HAS COMMENTATED THAT FORLANI SHOULD HAVE REALISED THAT HIS TASK WAS IMPOSSIBLE. THEY HAVE NOT RULED OUT COOPERATION WITH ANY NON-DC PRIME MINISTER.

3. COMMENTATORS DO NOT GIVE SPADOLINI MUCH CHANCE OF FORMING A GOVERNMENT. ON TWO EARLIER OCCASIONS (BOTH IN 1979), LAY PARTY LEADERS (LA MALFA FROM THE REPUBLICAN PARTY AND CRAXI) HAVE BEEN INVITED TO MAKE THE ATTEMPT BUT HAVE FAILED. WHAT IS GENERALLY RECOGNISED, HOWEVER, IS THAT THIS IS A BAD MOMENT FOR A PROTRACTED CRISIS. THERE IS CONSIDERABLE ANXIETY ABOUT THE ECONOMIC SITUATION AND THE WEAKNESS OF THE LIRA AS THE DOLLAR CONTINUES TO RISE. THE P2 SCANDAL HAS TAKEN ITS TOLL. THERE IS SOME WRY COMMENT TO THE EFFECT THAT SINCE SPADOLINI BEARS SOME RESPONSIBILITY FOR FORLANI'S INABILITY TO PUT A GOVERNMENT TOGETHER IT IS ONLY RIGHT THAT HE SHOULD BE INVITED TO SEE IF HE CAN DO ANY BETTER. MEANWHILE FORLANI AND HIS GOVERNMENT CONTINUE IN OFFICE AS CARETAKERS.

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Your reference

Our reference 012/1

Date 4 June 1981

WRJ 01412

RECEIVED JUN NO. 13

10 JUN 1981

OFFICE PA

PA 11/10 10/10

R P Osborne Esq  
WED  
FCO

Dear Roy,

## REFERENDA

1. My letter of 11 February.
2. On 17 May five of the six referenda allowed by the Constitutional Court were put to the vote. The sixth, on military tribunals, was rendered unnecessary by a change in the law, to which all parties had agreed; even the Radicals accepted the change, content to have made their point about the unsatisfactory state of much of the Penal Code.
3. The results were as follows:-

Subject	In Favour	Against
i) Abortion (Radical)	11.5%	88.5%
ii) Abortion (Movement for Life)	32.1%	67.9%
iii) <u>Legge Cossiga</u>	14.8%	85.2%
iv) Life imprisonment	22.7%	77.3%
v) Bearing arms	14%	86%

Since all referenda are by definition abrogative, these results mean no change in present legislation.

4. All the parties had made their position clear on the referenda. The Christian Democrats (DC) were in favour of the Movement for Life proposal and gave their supporters clear guidance on how to vote, although stressing that this was a moral choice and should not become a bone of contention between parties. As Jim Callan has reported (not to all) the Pope came out strongly in favour of the proposal and this may have influenced the DC towards more committed support, instead of leaving the Movement for Life to fight its own battle. The other four referenda attracted a negative DC vote. The PCI opposed all the referenda except life imprisonment, on which they counselled party members to vote yes: the figures, especially in some regions, show that their

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famous party discipline was less tight on this occasion. The Socialist (PSI) position was the same as that of the PCI. Only the Radicals (apart from the extreme left, who are numerically insignificant) supported the referendum on Legge Cossiga, bearing arms, and full liberalisation of abortion; they therefore claimed, disingenuously, that the outcome proves a degree of support for Radical policies in the country as a whole far higher than their representation in Parliament would suggest. In fact what the results as a whole show is the extent to which voters followed their conscience rather than a party line; for example, if all voters had followed the guidance of the party for which they voted at the last general election, the Movement for Life referendum would have received 44% 'yes' votes and that on life imprisonment 46%.

5. The Movement for Life referendum was the one on which most of the polemics and propaganda were concentrated. Despite the efforts of the Catholic church, which in many areas put vivid posters on Church noticeboards, and a widespread expectation that the attack on the Pope only four days before might generate some form of sympathy vote, only in one Region (Trentino/Alto Adige) did the 'yes' votes outnumber the 'no'. Despite having themselves called on the DC not to make the issue divisive between parties, lay party leaders and spokesmen could not resist interpreting the result as a victory for them over the Catholic establishment. But politically this was the less unsettling of the two possible outcomes; had the referendum proposal been approved, accusations of Vatican interference would have increased and there could, according to hints dropped by Craxi and others, have been a split in the coalition itself. What it shows, just as much as the Divorce referendum in 1974 (when the votes were more evenly balanced) is the extent to which Italian society has become less dominated by Catholic doctrine and more by lay principles; and this is a development with which all the parties, but especially the DC, have to reckon in future.

6. The differences in voting pattern between regions and especially between north and south Italy on this referendum were instructive, showing wide discrepancies in attitudes. Many lay observers have pointed out that now that the present Law, no. 194, has survived it needs to be implemented better. The proportion of legal abortions to live births ranges from about a third in Liguria to about a tenth in Calabria. Doctors can refuse to perform abortions on grounds of conscience and a recent survey showed that 65% of obstetricians take this view; in parts of the South the figure is much higher (said to be over 95% in Lucania). Knowledge of the

present/



present legislation is not widespread in many poor areas and social factors still make recourse to clandestine abortion, however risky, more common. Both sides in the referendum campaign naturally sought to use these facts to their own advantage. What the result proves is that the present law, itself a compromise hammered out with some difficulty in 1978, commands the support of more than two-thirds of the Italian public - including a good number of DC voters.

7. The results on bearing of arms and Legge Cossiga are widely interpreted as a victory for common sense. Most Italians regard the right of the individual to possess a weapon for self-protection as inalienable, and the weakness of the State security apparatus tends to reinforce them in that view. The opposition to the restrictive provisions of Legge Cossiga is less than it was to the previous legislation, Legge Reale, on which a referendum was held three years ago. This result, and the firm commitment of the main parties to supporting the present law, must be at least a crumb of comfort to the hard-pressed security forces.

8. The proposal to abolish life imprisonment as inhumane received less support than expected. In fact in Italy it is normal for those who receive such a sentence not to serve more than 28 years; most are released a year or two before that period is completed, unless they remain too dangerous to be trusted in free society. Much more controversial is the proposal to re-introduce the death penalty, for which the MSI (Neo-Fascists) are campaigning. This could never be the subject of a referendum because the Constitution (Article 27) expressly forbids it except in time of war. But that has not prevented the MSI from holding rallies on the theme (eg. in Bologna, for obvious reasons) and there is at least some public support for their view in respect of terrorists. The MSI argument when pressed on the Constitutional point is that the struggle against terrorism is a form of war, (as a party they are outside the Constitution anyway).

9. The electoral turnout was the lowest since the war and the number of blank or spoiled votes reached record levels. This was due in part to the unprecedented complexity of the choice facing the voters. A vast amount of money and effort was expended to explain that those who were against abortion should vote yes to one of the proposals and no to the other and vice-versa, but one wonders how many votes were nevertheless cast in error, especially among the older rural population where illiteracy rates remain high. Many are now arguing that the conditions for holding a referendum should be made more stringent (eg. by requiring more than the present 500,000 signatures). Especially as none of the 8 referenda held so far in the Italian Republic have resulted

in/





in any change to the law - although, as with military tribunals, the threat of one sometimes has. Some at least of the major parties would be sympathetic to such a proposal to modify the referenda rules; but the Radicals would fight tooth and nail to avoid being deprived of their single most effective political tool.

Yours ever,

A handwritten signature in dark ink, appearing to read 'R N Culshaw', with a horizontal line drawn underneath it.

R N Culshaw

cc: Chanceries:  
Holy See  
Washington  
Bonn  
Paris  
Moscow

Mrs K Colvin, Res. Dept, FCO  
P Thompson Esq, Milan (with letter under ref)



(21)

1833

Teletype Section

Shute.

Please confirm.

Ryde  
10/6

FDW G 243/09

LIC 311/09

PP FCO

GRS N/C

CONFIDENTIAL

FROM ROME 090840Z JUN 81

TO PRIORITY FCO

TELNO 090840Z JUN 81

NRJ 01412	
RECEIVED TELETYPE NO. 13	
10 JUN 1981	
OFFICER	RY
PA	van
✓	⊙

SERVICE MESSAGE

(19)

REF OUR TELETYPE 276 FROM R N CULSHAW  
FOR R P OSBORNE ESQ, WED  
AND COPIED BY BAG TO MILAN, AND HOLY SEE  
FLIL REF : 014/12

ITALIAN POLITICAL SITUATION

PARA 5 LAST WORD SHOULD READ "ALTERNATION" ✓

CORRECTION ACTIONED TO ADDRESSEES

ERROR REGRETED

ARCULUS

NNNN

CONFIDENTIAL



Minister  
H of C

cc: Mr Gladstone, WED

WRS 0142
RECEIVED
09 JUN 1981
101

*Mr. [Signature] 8/6*  
*Mr. [Signature]*  
*na*  
*(Internal Patient)*

NOTE OF A CONVERSATION WITH MINISTER COLOMBO ON 29 MAY

1. I saw the Italian Foreign Minister at the Second Pan-European Meeting of National Research Institutions at the Italian National Research Council this morning.
2. Signor Forlani's Visit to London. Minister Colombo said that he had not wanted this to be cancelled and had tried to keep the door open in case Signor Forlani could form another government quickly. This did not look very likely and he supposed therefore it really would not be practicable to go to London on 2/3 June. I said we had received a message from Signor Forlani's office definitely putting it off, and we were acting on the assumption that unfortunately it was deferred. Signor Colombo asked when it would be possible to reinstate the visit and I said I thought that there might be difficulties in finding a mutually convenient date before the summer holiday, so I supposed it might slip to the autumn. He said that he proposed to discuss the matter with Signor Forlani and promised to let me know the outcome.
3. Political situation. I asked Signor Colombo what was the way out. If Craxi would not join a Forlani bis government, and if, as he confirmed, the DC would not tolerate Craxi as Prime Minister at this stage, and if the President did not want to agree to anticipated elections, what was the solution? Could one envisage some other party stepping in, eg Spadolini? Colombo said no. Neither could the DC tolerate Craxi as their Prime Minister because that would look as if they were being punished for corruption and ineptitude and so on. I had the impression from this conversation and from talking to members of President Pertini's entourage that Forlani was in considerable difficulties.
4. On the P2 affair, Signor Colombo said there were three questions to be gone into:
  - (a) was the P2 compatible with the Constitution;
  - (b) was membership of the P2 by officials and politicians etc compatible with their duties; and
  - (c) what, if any, crimes had those named in the published lists of so-called members of the P2 committed?

He said that question (a) could be answered quite quickly. Question (b) was not so simple, and question (c) would take a long time. I asked, incidentally, what was the position of Signor Malfatti of the MFA, and he said he remained at his post. His case was different from that of Admiral Torrisi, who as Chief

/of the Defence Staff

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of the Defence Staff had responsibility for the Secret Services etc which made it desirable to set him aside for the time being (ie on leave). This did not apply to Malfatti, who could continue to work at the Farnesina, as he is doing.

5. We left it that Minister Colombo would be in touch with me in due course after he has spoken to Signor Forlani.

29 May 1981

*R Arculus*  
R Arculus



ROME TL 276

GRS 650

19  
Encl. (Italy Future Political)

CONFIDENTIAL

TELELETTER

FROM R N CULSHAW

FILE REF: 014/12 05 JUN 1981

FOLLOWING FOR R P OSBORNE ESQ, WED

COPIED BY BAG TO P THOMPSON, MILAN, J H CALLAN, HOLY SEE

WRJ 014/12	
RECEIVED	NO. 13
08 JUN 1981	
OFFICER	TRY
IND. K	PA
No No. 1/1	
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ITALIAN POLITICAL SITUATION

14 1. OUR TELEGRAM NO 200, AND THE AMBASSADORS MINUTE OF 4 JUNE ABOUT CONVERSATIONS ON THE NATIONAL DAY PARTY.

2. THE WILLINGNESS OF THE PRI AND PSDI TO SUPPORT A GOVERNMENT OF SIMILAR COMPOSITION TO FORLANI'S FIRST, AND OF THE PLI TO JOIN IT IF INVITED, HAS NEVER BEEN IN DOUBT. THE MOOD OF THE PCI AND THE DC IS SUCH THAT NO RETURN TO THE 1979 FORMULA OF 'NATIONAL SOLIDARITY' IS CONCEIVABLE AT PRESENT. THE CRITICAL DECISION THEREFORE RESTS WITH THE PSI, AND DEPENDS ON HOW FAR CRAXI WISHES TO PRESS HIS OWN AMBITIONS THIS TIME ROUND OR OTHERWISE RAISE THE PRICE OF PSI SUPPORT FOR A GOVERNMENT LED BY THE DC. THAT WAS THE BASIS OF THE JUDGEMENT IN THE SECOND SENTENCE OF OUR TELEGRAM NO. 200.

14 3. SINCE PLAUSIBLE ALTERNATIVE PRIME MINISTERS WITHIN THE DC MAJORITY ARE HARD TO FIND, AND ALL THE DC FACTIONS SEEM AGREED ON BLOCKING A LAY CANDIDATURE AT THIS STAGE, THERE HAS ALWAYS BEEN AT THE BACK OF ALL THE PARTY LEADERS' MINDS THE THOUGHT THAT, IF FORLANI FAILED, THE RESULTING IMPASSE COULD LEAD TO EARLY ELECTIONS. THESE WOULD BE EXPENSIVE FOR THE PARTIES, BAD FOR THE GOVERNMENT'S ECONOMIC POLICY, AND UNLIKELY TO PRODUCE ANY SIGNIFICANT CHANGE IN THE RELATIVE STRENGTH OF THE MAJOR PARTIES. PERTINI AND THE PUBLIC MIGHT WELL ACCUSE THE PARTY WHICH FORCED ELECTIONS OF PLAYING POLITICS TO THE DETRIMENT OF THE NATIONAL INTEREST. TO MAKE FORLANI FAIL WAS THEREFORE NOT A STEP TO BE TAKEN LIGHTLY.

4. MOST ATTENTION FOCUSED ON THE PSI DIRECTORATE MEETING WHICH LASTED ALL DAY ON 3 JUNE. THE RESULTING STATEMENT DOES NOT PRESS FOR A NON-DC PRIME MINISTER, AND MOST OBSERVERS TAKE THIS TO MEAN THAT CRAXI HAS REALISED THAT HE WOULD NOT HAVE THE NECESSARY SUPPORT AND HAS FOR THE TIME BEING GIVEN UP HOPES OF BECOMING PRIME MINISTER. INSTEAD, IT SPEAKS OF THE NEED FOR CLARIFICATION FROM THE DC ON SIX ISSUES: P2, THE ECONOMY, FOREIGN POLICY, INSTITUTIONAL REFORM, EARTHQUAKE RECONSTRUCTION AND THE INDEPENDENCE OF THE MAGISTRACY - AN OMNIBUS LIST, THE DISCUSSION OF WHICH COULD LAST AS LONG AS CRAXI WISHES. THERE WILL SOON BE A MEETING BETWEEN DELEGATES OF THE TWO PARTIES TO TRY AND HAMMER OUT A FORMULA. AS USUAL, THE MOST DIFFICULT PROBLEMS WILL CONCERN NOT THE NEW GOVERNMENT'S PROGRAMME BUT THE DISTRIBUTION OF MINISTERIAL POSTS. RUMOURS AROUND, ONE OF THE MORE PERSISTENT BEING THAT THE PSI WANT THE MINISTRY OF THE INTERIOR - BUT THE DC WILL NOT GIVE AWAY JOBS LIGHTLY, LEAST OF ALL THOSE LIKE INTERIOR, WHICH HAVE IMPORTANT NETWORKS OF PATRONAGE. THE DC ALSO HAVE TO CONSIDER HOW TO PRESERVE THE BALANCE BETWEEN THEIR VARIOUS FACTIONS. IF IT WERE DECIDED QUIETLY TO DROP THE MINISTERS CONNECTED WITH THE P2 SCANDAL, OR TO BRING IN THE LIBERALS, SOME RESHUFFLING OF POSTS WOULD IN ANY CASE BE NECESSARY.

THE PSI HAVE SAID THAT A GENUINE "RENEWAL" IS NECESSARY, AND NOT JUST A RESHUFFLE: BUT THAT IS CAPABLE OF SEVERAL INTERPRETATIONS.

5. FORLANI'S TASK IS STILL DIFFICULT, BIK THE ATTITUDE OF THE PSI AS EXPRESSED ON 3 JUNE MUST IMPROVE HIS CHANCE OF FORMING A GOVERNMENT SIMILAR TO HIS FIRST. HE ENJOYS THE FULL SUPPORT OF HIS OWN PARTY. FRESH REVELATIONS IN THE P2 SCANDAL ARE ONE OF THE MANY THINGS WHICH COULD UPSET HIS PLANS, AS THE INVESTIGATIONS OF THE PARLIAMENTARY COMMISSION AND THE MAGISTRACY CONTINUE. THE PCI ARE MAKING MUCH OF THEIR COMPLETE ABSENCE FROM THE LISTS, AND CONSPIRACY THEORISTS CONTINUE TO PONDER THE FACT THAT NONE OF ANDREOTTI'S SUPPORTERS ARE INCLUDED. BUT THE DETAILS OF GELLI'S ACTIVITIES, AND THE ACCUSATIONS THAT MASONRY IS INCOMPATIBLE WITH BEING A MEMBER OF THE DC OR HOLDING PUBLIC OFFICE, ARE OTHERWISE UNLIKELY TO HAVE MUCH EFFECT ON THE PROCESS OF HARD POLITICAL BARGAINING TO FORM A NEW GOVERNMENT, IE. OVER POLICIES AND PORTFOLIOS AND FUTURE "ALTERATION". "AKTERNATION"

6. FINALLY, OUR SUMMIT HAS NOT BEEN THE ONLY DIPLOMATIC CASUALTY OF THE CRISIS. THE PRESIDENT OF VENEZUELA HAS CANCELLED A VISIT SCHEDULED FOR 8 JUNE. IT IS DOUBTFUL WHETHER COLOMBO WILL GO TO OSLO AS PLANNED ON 9 JUNE THOUGH CHEYSSON WILL COME TO ROME. THE JAPANESE PRIME MINISTER'S VISIT NEXT WEEK IS STILL ON, BUT THERE MAY BE A QUESTION MARK OVER SCHMIDT'S VISIT TO ROME ON 17/18 JUNE. .  
PRESS COMMENT (ALMOST CERTAINLY INSPIRED BY THE MFA) LAMENTS THE DAMAGE TO ITALY'S INTERNATIONAL STANDING CAUSED BY HER GOVERNMENTAL INSTABILITY.

MILAN AND HOLY SEE ACTIONED

R N CULSHAW

NNNN

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*Enter* *Political*

18



**British Embassy**  
Via XX Settembre 80A 00187 Rome

Telex 61049 Telephone 4755.441

*Useful background.*

R P Osborne Esq  
WED  
FCO

WRJ 014/2	
RECEIVED IN REGISTRY NO. 13	
08 JUN 1981	
DESK OFFICER	REGISTRY
INDEX	PA
<i>Mr. M. 1/1</i>	<i>sd</i>

Your reference

Our reference

Date 4 June 1981

*Dear Roy,*

PRI CONGRESS

1. The Republican Party held their Congress in Rome from 22-25 May. It was unremarkable, and overshadowed by the Government crisis which looked probable from Sarti's resignation on 23 May onwards; nevertheless you may welcome a short report.
2. More than 2000 delegates attended this Congress, the party's first since the death of its 'father figure', Ugo La Malfa. There were only a few foreign observers, but they included Richard Holme of the British Liberal Party.
3. The main question was whether the Party Secretary, Spadolini, would be able to maintain the unity of the party and his own position; for some months he had been engaged in polemics with the Party President, Visentini, after the latter had proposed that the role of the parties in government should be reduced (which many interpreted as an opening to the PCI). Each of the two was thought to have the personal support of between 30 and 35% of the delegates. A further complicating factor was the presence of a significant Sicilian group united more by regional affiliation than ideology, and led by Gunnella (Junior Minister at the MFA). And Compagna, one of the PRI's three Ministers in the Government (whose support for Spadolini would be essential), was known to have a number of allies in wanting a line well to the right of the Secretary's.
4. As it turned out there was no power struggle. Spadolini's opening speech put the emphasis on party unity and held out an unmistakable olive branch to Visentini, which was gratefully accepted. Visentini did not abandon his proposal but came down firmly against the PCI entering government and explained that he did not have in mind a government of 'technicians', merely one in which party interests would be more subordinated to those of the nation. In his final speech Spadolini also made clear that he would not wish to be Secretary of a party split on north/

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/south





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- 2 -

south lines, thus ensuring that the Sicilian opposition would not be pressed too hard.

5. The 130 members of the National Council finally voted on 3 motions, and results were as follows:

- |   |   |
|---|---|
| i) Left Wing Republicans (favouring the alternative government of the left proposed by the PCI) | 2% (less than hitherto because deprived of the Sicilian votes, which went this time to Gunnella's group). |
| ii) Gunnella's group  | 16%   |
| iii) Majority (Spadolini, Visentini, the three Ministers, Battaglia etc.)                       | 82%   |

This represented a personal success for Spadolini, whose re-election as Secretary was not opposed, and an endorsement of the party's present policy. But differences of emphasis remain, and the majority is clearly divided into a Visentini wing and a Spadolini wing. There is also a group of Republicans - larger than the 2% left-wing Republicans referred to above, and more influential - who favour greater involvement of the PCI in the government of Italy, rather as the left wing of the DC do.

6. Spadolini is not much of an orator - his style is too academic, with interminable historical references - and even his friends in the party would not call him an inspiring leader of the Ugo La Malfa stamp. He did however demonstrate considerable tactical skill at this Congress and can claim to have avoided a possible damaging split in the party at a time when they have hopes of raising the price of their support for the present coalition. He insisted throughout that the PRI was a party of the left, but he distinguished it sharply from the Marxist tradition, and one looks in vain through the majority motion for socialist elements. The truth is that although the PRI's natural allies are in many respects the non-Communist lay parties, their support among the working class is very limited and continues to decline. Their appeal is rather to the middle class (as the composition of the delegates at the Congress showed) and their real electoral rivals are the PLI. Room for expansion is limited, and any success the party may

CONFIDENTIAL

/have



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- 3 -

have is likely to be on an electoral base similar to the 3% or so (and concentrated in certain areas) which it has today; Spadolini knows that the only way for him or any other Republican to attain high office is if the larger parties with prior claim fail to agree. It is therefore not surprising that this underlying element of opportunism should lead often to a lack of clarity in the party's policies, as we saw at this Congress.

Yours ever,

R N Culshaw

cc: Mrs K Colvin, Research Dept, FCO

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TOP COPY

GRS 27  
UNCLASSIFIED  
FROM ROME 027737Z JUN 81  
TO PRIORITY FCO  
TELNO 202 OF 02 JUN 81  
INFO SAVING MILAN, HOLY SEE (BOTH ACTIONED)

WRJ 01412	
RECEIVED	NO. 13
2 - JUN 1981	
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INDEX	PA
	Taken

12 140  
46

(A) MY TELNO 200: ITALIAN POLITICAL SITUATION

1. LINE TWO OF PARA TWO SHOULD READ 30 SEPTEMBER NOT 30  
DECEMBER. ERROR REGRETTED.

ARCULUS

LIMITED  
WED  
ECD  
MR BULLARD  
MR FERGUSSON  
MR BRAITHWAITE  
MR GILLMORE  
CABINET OFFICE

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No. 10 DOWNING STREET



CONFIDENTIAL

Enter. Future Political



20/5

14/5

12. Bureau - 10/1/81

Mr Fergusson

8/19/5

Very interesting!  
(Especially on Chai and  
Dadiff).

1. I attach a note of a conversation between HM Ambassador Rome and President Pertini of Italy on 12 May. HM Ambassador appears to have established a relationship of unusual confidence with the President and these conversations provide some fascinating insights into the workings of Italian political life. This latest conversation also contains some interesting asides on France: I found it interesting that the President should regard M Giscard as 'anti-American' and cannot imagine that M Giscard would be pleased to hear it.

2. Mr du Boulay will note the message in the last paragraph.

*D. A. S. Gladstone*

19 May 1981

D A S Gladstone  
Western European Department

cc:

Mr du Boulay, PCD  
Mr Spreckley, ECD(I)  
Mr FitzHerbert, ECD(E)  
NENAD  
Research Department

WRJ 014/2
RECEIVED IN DEPT. 3
2 - JUN 1981
16/10/81

CONFIDENTIAL



Minister  
H of C  
Mr Culshaw

cc: Mr Gladstone WEB

NOTE OF CONVERSATION WITH PRESIDENT PERTINI ON TUESDAY, 12 MAY

1. When I saw the President at the Spanish Embassy the other night during the King of Spain's visit, he said "come to lunch" and this duly occurred today, the second such occasion on which he has given me lunch at the Quirinale à deux. It would be wise not to quote anything which he said nor to refer to the fact that the lunch took place.

*interesting*  
*Army*  
*'Socialist'*  
*Communist!*

2. M Mitterrand. The President was obviously preoccupied with the implications of Mitterrand's victory. He recalled that he had seen him in Rome only about three weeks ago and found him quietly optimistic, believing that enough Gaullists might withhold their votes from Giscard to enable him, Mitterrand, to scrape through. The President was obviously glad to see the back of Giscard, whom he found pompous and thoroughly unsound in his anti-Americanism and pro-Soviet behaviour. The Soviet Union would now be embarrassed at seeing their preferred candidate defeated. And this would make their relations with Mitterrand start badly. He argued with some emphasis that Mitterrand was under no obligation whatever to bring the Communists into his government. Marchais had behaved in a way which made it easy for Mitterrand to take the line that he owed him nothing. Mitterrand might turn out to be better in some respects for the rest of us, because he would not make a point of being anti-American and could play a constructive role in the European Community, where he would not listen as much as Giscard did to the voices of the agriculture and other lobbies. The President recalled having spoken to President Giscard about the importance of letting Spain into the Community and Giscard had been reluctant because of the damage to French agricultural interests which would be caused, and had merely said he would look at the question again after the French elections. Italy, too, would suffer damage as in the case of Greece, but it was important for the democratic future of these countries to bring them into the Community. The Schmidt/Giscard relationship would also disappear and the President obviously did not regret that. On the other hand he said that Mitterrand's relationships with the PSI were good.

3. I said that possible difficulties might be in the EMS if the Franc continued to have a rough ride, and in the EC where the French elections might cause delay in, for example, restructuring, to which we attached importance. I mentioned that the Spanish Foreign Minister had also expressed anxiety to me that a Mitterrand victory would be followed by French elections which would cause the French to drag their feet for even longer over the entry of Spain into the Community. The President agreed. He said that

/Mitterrand's





Mitterrand's success would depend upon the skill with which he chose his Ministers.

4. Constitutional problems. His disparaging remarks about the French presidential system and the superiority of the Italian one, where the President was less powerful, led to a discussion of the possibilities of constitutional reform in Italy. The President said some modest reforms might be made, particularly to streamline the legislative process, which badly needed it. Also it would be desirable to find a specific role for the Senate, which should not merely duplicate that of the Assembly. It might, for example, have some responsibility for the affairs of the regions. In that context he said that regional devolution was working; at least in the northern areas the regional governments were working well. It was true that giving more power to the regions had occasional disadvantages, eg if the particular region objected to the siting of a nuclear power plant. But on the whole it was a good tendency. He also thought that the Presidential term should be cut from 7 to 6 years. There had originally been some point in having different lengths of mandate for the Senate, Assembly and Presidency of 5, 6 and 7 years, but now the first two were 5, the last should be 6. He wanted to continue to the end of his term.

5. Domestic politics. The President said that it was true that Craxi would be much encouraged by the victory of Mitterrand, but he hoped he would not exaggerate. Indeed he had warned him in this sense shortly after the PSI Congress in Palermo. The President had warned specifically that he would not in the event of a change of government give a mandate to Craxi to form a new government unless he were one hundred per cent certain that the DC would accept him as President of the Council. The President added somewhat disingenuously that he could not risk a third failure, having given a mandate which failed to La Malfa and then to Craxi himself - in the latter case the President told me that he had known Craxi would fail. Therefore Craxi would need the sympathy of a good part of the DC. He should not be overhasty and should concentrate on consolidating his own party base. I said it looked as if he was in for a long haul if it was true that he could not be President of the Council while President Pertini remained at the Quirinale. The President said he did not see why he should move out of his chair, which he enjoyed, to give Craxi his turn at the Chigi. He would have to wait. Meanwhile Forlani was doing perfectly well and a government crisis was to be avoided. Indeed, he hoped the government would serve out its term, though it was possible that there might be agitation for a change if the PSI did particularly well in the administrative elections. After Forlani there was really no-one suitable in the DC. He was not sure that there would be general acceptance of Fanfani. But he saw no need for a crisis. He thought the fuss over the abortion referendum would soon die down and would not split the majority in a damaging way; he did think the Pope had been overdoing it. On the other hand the fuss over the P2 Lodge of the Masonic Order was a serious and unpleasant - and ugly - affair. Here he said in strict confidence that he thought Forlani had made a mistake and should have heeded the President's advice and dropped the three ministers concerned, namely Sarti, Foschi and Manca. I said that the dropping of three ministers would surely provoke a





crisis of some kind. But the President was very outspoken about the activities of P2, which he described as a "nest of Fascists". He said that Masons in Italy were quite different from those in Britain or France and that they maintained secrecy. He was under the impression that the heads of the Order were dissociating themselves from P2. (I refrained from saying that P2 is the one Lodge which has invited me to its functions). He thought the battle against terrorism was going reasonably well, but that it thrived on social discontent. This is why it had moved into Naples where there was a housing problem - hence the kidnapping of Cirillo. In this context he blamed Zamberletti for choosing Naples as his HQ, and said he had himself advised Zamberletti to station himself at Avellino where he could have avoided the troubles that have descended upon him because the Napolitans have taken advantage of the situation. As regards Cossiga, the President said he was now fully recovered and looked ten years younger. The President particularly regretted his disappearance from the political scene and had wanted him to stay, but had realised when Cossiga came to see him finally that his health was broken and he must go. The President also revealed that Berlinguer had been warned that it would be a mistake for the PCI to bring Cossiga down, which they evidently intended doing. The President had told Berlinguer that the only result would be a government further to the Right - which is what happened. Berlinguer, he commented, was not providing effective leadership for the PCI; he simply did not know what the leadership was up to. First it was the compromesso storico, then playing along with the Andreotti government, and then outright opposition. Now what would it do? The other personality he particularly mentioned was Emilio Colombo, whom he described as an outstanding Foreign Minister. I was able to agree, and to say how satisfactory was the relationship between Lord Carrington and Colombo.

6. On the Scala Mobile debate, the President thought that a compromise could be found. He thought Lama would have his way and had always found him most moderate of the three Union leaders, while Carniti was the most extreme, though a pleasant fellow. The Unions were evidently willing to talk and this must mean that they would compromise.

7. Libya. As soon as I mentioned this, the President said that he was on the horns of a dilemma. He could not bring himself to receive Qadhaffi in Rome. The man was mad. Oriana Fallaci had had 6 hours of interviews with Qadhaffi recently, and said he really was a crackpot, though an extremely dangerous one. Suppose that the Soviet Union gave him nuclear weapons? If the issue really were forced, the President would go out of Rome, or have a diplomatic illness in order to avoid receiving Qadhaffi.

8. As regards foreign visits, the President confirmed that he would be going to Switzerland but that the Portuguese had asked him to put off his State Visit because of the difficult internal situation there. He was worried about Portugal. He did not mention Northern Ireland.

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9. I took advantage of the occasion to inform the President about my visit to the earthquake zone on Saturday last to hand over the keys of our prefabricated buildings to the Mayors of Solofra and Serino. The President was obviously not familiar with all this aid, but expressed approval of the way we had gone about our task, and great appreciation for what we had done.

10. Secondly, I mentioned the forthcoming visit of Signor Forlani to London for bilateral talks with Mrs Thatcher, and indicated the ground that might be covered. I explained briefly our position on restructuring and on the strengthening of the Community's political work, explaining why we preferred Lord Carrington's approach to Genscher's. The President said he thought we were entirely on the right lines.

11. The President ended as usual with a warm and kind message of greetings to The Queen, whose visit he recalled with the greatest pleasure.

A handwritten signature in dark ink, appearing to read 'R Arculus'.

R Arculus

12 May 1981

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GRS 330

RESTRICTED

RESTRICTED

TOP COPY

FROM ROME 290700Z MAY 81

TO PRIORITY FCO

TELNO 200 OF 29 MAY 81

INFO SAVING MILAN (ACTIONED), AND HOLY SEE (ACTIONED)

WRS 0142	
RECEIVED	NO 13
1- JUN 1981	
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INDEX	
12 Mo/h	

13

MY TELNO 198: ITALIAN POLITICAL SITUATION

1. SIGNOR FORLANI ACCEPTED ON 28 MAY PRESIDENT PERTINI'S MANDATE TO ATTEMPT TO FORM A NEW GOVERNMENT. HE HAS TO SATISFY THE SOCIALISTS, WHO CAUSED THE CRISIS, OR EXCLUDE THEM. THE PCI CONTINUE TO CALL FOR A FUNDAMENTAL CHANGE. PRESIDENT PERTINI AND FINANCIAL CIRCLES WANT THE CRISIS RESOLVED QUICKLY BUT THE SOCIALISTS AND OTHERS MAY SEE ADVANTAGE IN SEEKING TO PROLONG IT UNTIL THE 21 JUNE ADMINISTRATIVE ELECTIONS.
2. TO DEFEND THE LIRA AGAINST THIS BACKGROUND, THE GOVERNMENT INTRODUCED ON 27 MAY AN IMPORTS DEPOSIT SCHEME UNDER WHICH UNTIL 30 DECEMBER IMPORTERS WILL BE REQUIRED TO DEPOSIT WITH THE BANK OF ITALY, WITHOUT INTEREST, FUNDS IN LIRE TO THE VALUE OF 30% OF THE COST OF IMPORTED GOODS FOR WHICH THEY SEEK FOREIGN EXCHANGE FOR PAYMENT. GRAINS AND CRUDE OIL WILL BE EXCLUDED FROM THE SCHEME WHICH IS SAID TO HAVE BEEN NOTIFIED TO THE EUROPEAN COMMISSION AND MEMBER STATES IN ACCORDANCE WITH ARTICLE 109 OF THE TREATY OF ROME.
3. THERE HAS BEEN NO RECENT SIGN OF PRESSURE ON THE LIRA AND THE BANK OF ITALY CLAIM THAT THEY HAVE NOT HAD TO INTERVENE "MORE THAN USUAL" IN ITS DEFENCE IN RECENT WEEKS. BUT THERE HAS BEEN A VERY LARGE TRADE DEFICIT DURING THE FIRST QUARTER, ITALIAN RESERVES FELL BY MORE THAN 4 BILLION US DOLLARS DURING MARCH, AND WITH THE PRESENT STRESSES IN THE INTERNATIONAL FOREIGN EXCHANGE MARKET, AND A GOVERNMENT CRISIS WHICH RULES OUT ANY EASY ATTEMPT TO TACKLE THE ECONOMIC CAUSES OF ITALIAN INFLATION, PROMPT ACTION WAS CLEARLY NEEDED.
4. MEANWHILE, THE POLITICAL SCANDAL OF THE P2 AFFAIR CONTINUES. SENIOR MILITARY AND SECRET SERVICE OFFICERS LISTED, INCLUDING THE CHIEF OF THE DEFENCE STAFF, ARE TAKING LEAVE WHILE INVESTIGATIONS CONTINUE. IMPLICATED DC POLITICIANS HAVE TEN DAYS IN WHICH TO PROVIDE THE PARTY WITH A FULL EXPLANATION. THE NEWSPAPERS CARRY FURTHER DETAILS AND FRESH DENIALS OF INVOLVEMENT DAILY. IT IS NOT AN EASY TASK FOR FORLANI TO COBBLE TOGETHER A NEW GOVERNMENT.

ARCULUS

STANDARD

WED

ECD

CABINET OFFICE

[COPIES SENT TO NO 10 DOWNING ST.]

RESTRICTED



Mr Osborne  
p. 11  
RESTRICTED  
GRS 330  
FROM ROME 290700Z MAY 81  
TO PRIORITY FCO  
TELNO 200 OF 29 MAY 81  
INFO SAVING MILAN (ACTIONED), AND HOLY SEE (ACTIONED)

WRJ 01412  
RECEIVED  
2 MAY 1981  
DESK OFFICE  
INDEX  
NO. 13  
TRY

MICHAEL PALLISER

1. SIGNOR FORLANI ACCEPTED ON 28 MAY PRESIDENT PERTINI'S MANDATE TO ATTEMPT TO FORM A NEW GOVERNMENT. HE HAS TO SATISFY THE SOCIALISTS, WHO CAUSED THE CRISIS, OR EXCLUDE THEM. THE PCI CONTINUE TO CALL FOR A FUNDAMENTAL CHANGE. PRESIDENT PERTINI AND FINANCIAL CIRCLES WANT THE CRISIS RESOLVED QUICKLY BUT THE SOCIALISTS AND OTHERS MAY SEE ADVANTAGE IN SEEKING TO PROLONG IT UNTIL THE 21 JUNE ADMINISTRATIVE ELECTIONS.

2. TO DEFEND THE LIRA AGAINST THIS BACKGROUND, THE GOVERNMENT INTRODUCED ON 27 MAY AN IMPORTS DEPOSIT SCHEME UNDER WHICH UNTIL 30 DECEMBER IMPORTERS WILL BE REQUIRED TO DEPOSIT WITH THE BANK OF ITALY, WITHOUT INTEREST, FUNDS IN LIRE TO THE VALUE OF 30% OF THE COST OF IMPORTED GOODS FOR WHICH THEY SEEK FOREIGN EXCHANGE FOR PAYMENT. GRAINS AND CRUDE OIL WILL BE EXCLUDED FROM THE SCHEME WHICH IS SAID TO HAVE BEEN NOTIFIED TO THE EUROPEAN COMMISSION AND MEMBER STATES IN ACCORDANCE WITH ARTICLE 109 OF THE TREATY OF ROME.

3. THERE HAS BEEN NO RECENT SIGN OF PRESSURE ON THE LIRA AND THE BANK OF ITALY CLAIM THAT THEY HAVE NOT HAD TO INTERVENE "MORE THAN USUAL" IN ITS DEFENCE IN RECENT WEEKS. BUT THERE HAS BEEN A VERY LARGE TRADE DEFICIT DURING THE FIRST QUARTER, ITALIAN RESERVES FELL BY MORE THAN 4 BILLION US DOLLARS DURING MARCH, AND WITH THE PRESENT STRESSES IN THE INTERNATIONAL FOREIGN EXCHANGE MARKET, AND A GOVERNMENT CRISIS WHICH RULES OUT ANY EASY ATTEMPT TO TACKLE THE ECONOMIC CAUSES OF ITALIAN INFLATION, PROMPT ACTION WAS CLEARLY NEEDED.

4. MEANWHILE, THE POLITICAL SCANDAL OF THE P2 AFFAIR CONTINUES. SENIOR MILITARY AND SECRET SERVICE OFFICERS LISTED, INCLUDING THE CHIEF OF THE DEFENCE STAFF, ARE TAKING LEAVE WHILE INVESTIGATIONS CONTINUE. IMPLICATED DC POLITICIANS HAVE TEN DAYS IN WHICH TO PROVIDE THE PARTY WITH A FULL EXPLANATION. THE NEWSPAPERS CARRY FURTHER DETAILS AND FRESH DENIALS OF INVOLVEMENT DAILY. IT IS NOT AN EASY TASK FOR FORLANI TO COBBLE TOGETHER A NEW GOVERNMENT.

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TO PRIORITY FCO

TELEGRAM NUMBER 198 OF 27 MAY 1981

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12 MY TELNO 196: ITALIAN GOVERNMENT CRISIS

- PRESS REACTION

1. PRESS COMMENT SPECULATES ON THE LENGTH OF TIME TAKE TO APPOINT A NEW GOVERNMENT AND ON THE COMPOSITION OF A NEW COALITION. CRAXI IS IDENTIFIED AS THE INSTIGATOR OF THE PRESENT CRISIS, ITS OUTCOME WILL DEPEND ON HIS ASSESSMENT OF THE BEST COURSE FOR THE PSI.

2. POSSIBILITIES CANVASSED INCLUDE:

(1) A NEW FORLANI GOVERNMENT WITH INCREASED REPRESENTATION FOR THE SOCIALISTS,

(2) A LAY PRIME MINISTER WHO IS NOT A SOCIALIST. THIS POSSIBILITY WOULD ONLY EMERGE AFTER A LONG CRISIS IN WHICH BOTH FORLANI AND CRAXI HAD TRIED AND FAILED TO FORM AN ADMINISTRATION,

(3) A NON-POLITICAL PRIME MINISTER,

(4) EARLY ELECTIONS (PRESIDENT PERTINI HAS SAID, HOWEVER, THAT HE IS UNWILLING TO DISSOLVE THE CHAMBER OF DEPUTIES).

3. THE PRESS RECOGNISES THAT THE CRISIS HAS COME AT A DIFFICULT TIME FOR CRAXI WHOSE SOCIALISTS ARE AT LEAST AS MUCH INVOLVED AS OTHER PARTIES IN THE P2 SCANDAL. NEVERTHELESS, 'LA STAMPA' (FIAT OWNED/CENTRE) SAYS THAT CRAXI WILL SEEK TO USE THE CRISIS TO GET CLOSER TO THE APPOINTMENT OF A SOCIALIST PRIME MINISTER. THE PAPER COMES OUT AGAINST ANTICIPATED ELECTIONS, SAYING THAT IT WOULD LEAVE THE COUNTRY WITHOUT LEADERSHIP FOR TOO LONG. 'CORRIERE DELLA SERA' (CENTRE) ALSO CALLS FOR AN EARLY SOLUTION TO THE CRISIS SO THAT ITALY'S ECONOMIC PROBLEMS CAN BE DEALT WITH. 'IL GIORNALE' (RIGHT) SAYS THAT THERE IS A RISK THAT CRAXI WILL KEEP THE CRISIS OPEN UNTIL 21 JUNE, IN THE HOPE THAT THE RESULTS OF THE PARTIAL ADMINISTRATIVE ELECTIONS TO BE HELD ON THAT DAY WILL LEAVE THE SOCIALISTS BETTER PLACED TO INCREASE THEIR REPRESENTATION IN A NEW GOVERNMENT. IT GIORNALE ALSO FEARS THAT THE LEFT-WING OF THE SOCIALIST PARTY WILL SEEK TO BRING THE PCI INTO A NEW GOVERNMENT. 'IL TEMPO' (RIGHT) SAYS THAT THE CHRISTIAN DEMOCRATS WILL BE UNWILLING TO GIVE UP THE PRIME MINISTERSHIP AT A TIME WHEN THEY ARE WEAKENED BY THE P2

SCANDAL. 'REPUBBLICA' (LEFT) CALLS FOR A UNITED LEFT TO OPPOSE THE CHRISTIAN DEMOCRATS.

4. AMONG THE PARTY NEWSPAPERS, 'UNITA' (PCI) CARRIES A SPEECH BY BERLINGUER ON 26 MAY IN WHICH HE REPEATS HIS CALL OF LAST NOVEMBER FOR A DEMOCRATIC ALTERNATIVE TO THE CHRISTIAN DEMOCRATS, AND CALLS FOR A NEW GOVERNMENT WITH THE PCI AS THE MOTIVE FORCE, COMPOSED OF CAPABLE AND HONEST MEN FROM THE POLITICAL PARTIES AND FROM OUTSIDE THE PARTIES. 'AVANTI' (PSI) REPORTS DE MICHELIS' STATEMENT THAT THE SOCIALISTS WANTED THE POSSIBILITY OF A SOCIALIST PRIME MINISTER CONSIDERED (HIS FIRST OUTRIGHT STATEMENT WAS MODIFIED LATER, PROBABLY FOLLOWING DISCUSSIONS WITH CRAXI). 'UMANITA' (PSDI) REPORTS PRETI, ONE OF THE PSDI'S LEADERS, AS SAYING THAT FORLANI SHOULD FORM A NEW GOVERNMENT QUICKLY, BASED ON THE CURRENT FOUR PARTY COALITION AND IF POSSIBLE WITH ADDED LIBERAL SUPPORT, TO FACE UP TO THE PCI'S OPPOSITION. 'IL POPOLO' (CHRISTIAN DEMOCRAT) CRITICISES CRAXI FOR INSTIGATING THE CRISIS AND SAYS THAT FORLANI HAS THE FULL CONFIDENCE OF THE DC; THE SOLUTION OF THE CRISIS IS TO BE FOUND IN THE FRAMEWORK OF THE CURRENT FOUR-PARTY COALITION.

5. THE OVERALL IMPRESSION GIVEN IS THAT NONE OF THE PRESS IS SURE OF THE OUTCOME SEMICOLON THE SCANDAL GOES TOO WIDE TO BE EASILY COVERED OVER BY ANOTHER D.C.-LED COALITION AND BUSINESS AS USUAL SEMICOLON THE SOCIALISTS ARE NOT SHOWN UP TO ADVANTAGE SEMICOLON AND THERE IS LITTLE DISPOSITION ON THE PART OF THE REST TO GIVE ANY OPENING TO THE COMMUNISTS.

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MY TELNO 193 (NOT TO ALL): ITALIAN POLITICAL SITUATION

1. FORLANI HAS TODAY TENDERED HIS GOVERNMENT'S RESIGNATION AND PRESIDENT PERTINI HAS STARTED CONSULTATIONS AIMED AT THE FORMATION OF A NEW GOVERNMENT. THE SCANDAL OVER THE MASONIC LODGE P2 BUILT UP OVER THE WEEKEND, FOLLOWING THE PUBLICATION OF THE LIST OF 953 NAMES FEATURING MANY MEMBERS OF THE ESTABLISHMENT. SARTI, THE CHRISTIAN DEMOCRAT (DC) MINISTER OF JUSTICE, RESIGNED ON 23 MAY, BUT IT BECAME APPARENT THAT A GOVERNMENT RESHUFFLE, INCLUDING THE REPLACEMENT OF MINISTERS INVOLVED, WOULD NOT SUFFICE. THE LAST STRAW CAME WHEN CRAXI, THE PSI LEADER, REFUSED TO ATTEND A MEETING OF THE SECRETARIES OF THE 4 COALITION PARTIES WITH FORLANI ON 25 MAY TO PATCH UP A COMPROMISE SOLUTION.

2. IT IS NOT CLEAR WHOSE INTERESTS ARE BEST SERVED BY A CRISIS NOW. THE PCI ALONE SHOULD HAVE NOTHING TO FEAR FROM THE SCANDAL SINCE NONE OF THEIR MEMBERS ARE INVOLVED, BUT THEY HAVE BEEN CONTENT TO AWAIT FORLANI'S DOWNFALL RATHER THAN TAKE ACTIVE STEPS TO HASTEN IT (CONTRAST COSSIGA LAST AUTUMN). THE DC WOULD HAVE PREFERRED THE MATTER BURIED, SINCE ANY "ESTABLISHMENT" SCANDAL OF THIS KIND MUST DAMAGE THEM IN THE RUN-UP TO LOCAL ELECTIONS ON 21 JUNE: THERE IS NO HARD EVIDENCE THAT THESE REVELATIONS ARE PROMPTED FACTIONAL INFIGHTING WITHIN THE PARTY. THE PSI SEEMED SET TO AWAIT THE JUNE ELECTIONS, IN WHICH THEY EXPECT AN INCREASED PERCENTAGE OF THE VOTE, BEFORE INSISTING ON A REDISTRIBUTION OF MINISTERIAL POSTS IN THEIR FAVOUR. A PLAUSIBLE EXPLANATION IS THAT THIS SCANDAL, WITH ITS SIDE-EFFECTS IN POLITICAL, FINANCIAL AND MILITARY CIRCLES, DEVELOPED A MOMENTUM OF ITS OWN. CRAXI'S FINAL DECISION WAS PROBABLY BASED ON THE CALCULATION THAT EVEN CONFUSION IN THE PRE-ELECTION PERIOD WOULD SERVE HIS PARTY BETTER THAN AN APPARENT COVER-UP INVOLVING THE PSI, NOT LEAST BECAUSE THERE ARE STRONG HISTORICAL LINKS BETWEEN ITALIAN SOCIALISM AND MASONRY.

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3. THE WIDER IMPLICATIONS OF THE SCANDAL ARE HARDER TO ASSESS. FOR THE DC, PICCOLI HAS REAFFIRMED THE INCOMPATIBILITY BETWEEN MEMBERSHIP OF THE PARTY AND MASONRY, AND SOME EXPULSIONS ARE THEREFORE EXPECTED. FOR OTHERS ON THE LIST, MUCH WILL DEPEND ON WHETHER ANY BREACH OF OFFICIAL SECRECY CAN BE PROVED AGAINST THEM, OR WHETHER THEY WERE INVOLVED IN ANY OF THE APPARENT BLACKMAIL PERPETRATED BY GELLI, THE LODGE MASTER (MANY ARE DISCLAIMING ANY CONNEXION WITH HIM). FULL INVESTIGATIONS WILL TAKE TIME AND THE ITALIAN CAPACITY TO BURY SUCH SCANDALS SHOULD NOT BE UNDERESTIMATED; BUT THE DEPTH OF SUSPICION IS SHOWN BY THE FACT THAT THE (PSI) MINISTER OF DEFENCE IS SAID ALREADY TO HAVE WITHDRAWN AUTOMATIC NATO SECURITY CLEARANCE FROM ALL MILITARY COMMANDERS WHO WERE ON THE LIST OF P2 MEMBERS (WE ARE CHECKING WHAT THIS WILL MEAN IN PRACTICE).

4. IT WOULD ACCORD WITH TRADITION FOR THE FIRST MANDATE TO FORM A NEW GOVERNMENT TO GO TO FORLANI. THE PROCESS OF CONSULTATION MAY TAKE SOME TIME. WITH THE PRESIDENT'S SUPPORT, FORLANI WOULD HOPE TO PUT TOGETHER AT LEAST A STOP-GAP ADMINISTRATION, PERHAPS INCLUDING THE LIBERALS (PLI). IF THIS FAILS, PERTINI MAY LOOK FIRST TO ANOTHER DC CANDIDATE, PROBABLY FROM THE MAJORITY WING OF THE PARTY WHICH OPPOSES COLLABORATION WITH THE PCI: AS LAST OCTOBER, PICCOLI AND FANFANI ARE BOTH POSSIBLE CHOICES, ALTHOUGH THE LATTER'S REAL AMBITION IS THOUGHT TO BE THE PRESIDENCY ITSELF WHEN PERTINI GOES. CRAXI'S OWN INTENTIONS ARE THE SUBJECT OF INTENSE SPECULATION BUT THIS STILL HARDLY LOOKS THE MOMENT FOR A NON-DC PRIME MINISTER, AT LEAST AT THE PRESENT STAGE.

5. UNTIL A NEW GOVERNMENT IS FORMED, FORLANI REMAINS PRIME MINISTER AND HIS MINISTERS (WITH DARIDA SUBSTITUTING FOR SARTI) RETAIN OFFICE. FORLANI WILL WANT IF POSSIBLE TO ATTEND THE ANGLO/ITALIAN SUMMIT AS PLANNED (MY TELNO 195, NOT TO ALL); WE SHALL TRY TOMORROW TO GET DEFINITE CONFIRMATION OF HIS INTENTIONS. PAST EXPERIENCE SUGGESTS THAT, ALTHOUGH DOMESTIC LEGISLATION IS USUALLY POSTPONED IN A CRISIS, EC COMMITMENTS ARE USUALLY KEPT: FOR EXAMPLE, COSSIGA ATTENDED A EUROPEAN COUNCIL LAST APRIL IN THE CARETAKER PERIOD BEFORE HIS SECOND GOVERNMENT WAS FORMED. UNLESS CONSULTATIONS ARE AT A CRUCIAL STAGE AND GOING BADLY FOR FORLANI, THEREFORE, HE MIGHT STILL BE ABLE TO COME, IF NECESSARY SHORTENING THE PROGRAMME.

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TELEGRAM NUMBER 193 OF 21 MAY 1981

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POLITICAL SCANDAL

1. A POLITICAL SCANDAL WHICH HAS BEEN BREWING HERE DURING THE PAST FEW WEEKS DETERIORATED ON 20 MAY IN A WAY WHICH DOES NOT HELP AND MIGHT JUST ENDANGER PRIME MINISTER FORLANI'S POSITION.

2. FOR SOME MONTHS INVESTIGATIONS HAVE BEEN GOING ON INTO THE AFFAIRS OF THE ROME MASONIC LODGE PROPAGANDA 2 (P2). ON MARCH 18, THE VILLA OF LICIO GELLI, GRAND MASTER OF P2, WAS RAIDED BY THE GUARDIA FINANZA, PROBABLY IN CONNECTION WITH THE FINANCIAL SCANDALS ASSOCIATED WITH MICHELE SINDONA (A MEMBER OF THE LODGE), THE ENI/SAUDI ARABIAN PETROLEUM AFFAIR, AND THE MORE RECENT PETROLEUM SCANDAL WHICH LED TO BISAGLIA'S RESIGNATION FROM THE GOVERNMENT AT THE END OF LAST YEAR. THE RAID APPEARS TO HAVE PRODUCED DOCUMENTS, INCLUDING A LIST OF 953 ALLEGED MEMBERS OF THE LODGE, OF WHOM THE MOST NOTABLE ARE THREE MINISTERS (MANCA, FOSCHI AND SARTI), THE SECRETARY GENERAL OF THE SOCIAL DEMOCRAT PARTY, LONGO, THE CHIEF OF THE DEFENCE STAFF, ADMIRAL TORRISI, THE SECRETARY GENERAL OF THE MINISTRY OF FOREIGN AFFAIRS, MALFATTI AND FORLANI'S CHEF DE CABINET, SEMPRINI. NOT ALL THOSE NAMED ARE SAID TO BE ACTIVE MEMBERS OF THE LODGE, THE LIST MAY ALSO INCLUDE CONTACTS AND ASSOCIATES OF THE MEMBERSHIP.

3. ON 8 MAY, FORLANI ANNOUNCED IN A DEBATE IN THE ASSEMBLY THE FORMATION OF A THREE-MAN COMMISSION OF ENQUIRY INTO THE P2 AFFAIR. ON 20 MAY A SERIES OF ARRESTS WERE MADE AMONG THE LEADERS OF THE BANKING COMMUNITY, NOTABLY ROBERTO CALVI, PRESIDENT OF THE AMBROSIAN BANK, HIMSELF LISTED AS A P2 MEMBER. THIS IS LINKED TO THE P2 AFFAIR ALSO THROUGH THE VICE-PRESIDENT OF THE HIGHER COUNCIL OF MAGISTRATES, PROFESSOR ZILLETTI, A MEMBER OF THE LODGE WHO RESIGNED HIS POST AFTER A SEARCH CONDUCTED AT HIS HOUSE BY THE GUARDIA DI FINANZA IN APRIL SEMICOLON ZILLETTI IS SAID TO HAVE ASSISTED ROBERTO CALVI OVER ILLEGAL EXPORT OF CAPITAL.

4. THERE ARE WIDER RAMIFICATIONS AND THE AFFAIR IS PARTICULARLY COMPLEX EVEN BY ITALIAN STANDARDS. BUT IT IS REGARDED SERIOUSLY HERE: PRESIDENT PERTINI TOLD ME ON 12 MAY (RECORD COPIED TO GLADSTONE) THAT HE THOUGHT FORLANI SHOULD HAVE DROPPED THE THREE MINISTERS CONCERNED AND SCOTTI, MINISTER WITHOUT PORTFOLIO, SAID MUCH THE SAME TO ME ON 19 MAY. THE LEFT-WING ARE HAVING A FIELD DAY, ALLEGING THAT THIS FURTHER PROOF OF THE CORRUPTNESS OF THE GOVERNING CLASS IN ITALY CALLS FOR FUNDAMENTAL CHANGES SEMICOLON THEY WILL NOT BE SATISFIED WITH THE RESIGNATION OF THOSE MOST DIRECTLY CONCERNED.

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5. MASONRY HAS DEEP AND POLITICALLY SENSITIVE ROOTS IN ITALY. IT WAS ASSOCIATED WITH THE LIBERAL REVOLUTIONARY MOVEMENTS OF THE EARLY 19TH CENTURY AND MOST CLOSELY, WITH MAZZINI AND GARIBALDI. BANNED UNDER FASCISM, IT IS APPARENTLY INCOMPATIBLE WITH THE PRESENT CONSTITUTION BUT WAS RESTARTED (ALLEGEDLY UNDER AMERICAN PROTECTION) IN 1945. THE LIST OF P2 NAMES SPANS MOST OF THE POLITICAL SPECTRUM FROM THE NEO-FASCISTS (MSI) TO THE SOCIALIST PARTY.

6. IT IS DIFFICULT TO BE SURE HOW FAR THIS PARTICULAR SCANDAL WILL GO BUT IT LOOKS LIKE MAKING LIFE UNCOMFORTABLE FOR A WHILE.

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ITALIAN PREMIER ON CURRENT POLITICAL, ECONOMIC OPTIONS

LD111541 TAKE 1 OF 3--FORLANI INTERVIEW

ROME LA REPUBBLICA IN ITALIAN 29 APR 81 PP 1,4

((GIORGIO ROSSI INTERVIEW WITH ITALIAN PRIME MINISTER ARNALDO  
FORLANI: "FORLANI DEFENDS HIMSELF"))

((TEXT)) ROME--((QUESTION)) PRIME MINISTER FORLANI, ARE YOU  
SATISFIED WITH THE SOCIALIST CONGRESS?

((ANSWER)) YES, I BELIEVE IT WAS AN IMPORTANT CONGRESS,  
CRAXI'S REPORT WAS CLEAR AND RECEIVED BROAD CONSENSUS, AND THE ENSUING  
DEBATE TOO HAD SOME PARTICULARLY INTERESTING MOMENTS;

((QUESTION)) AND YET THE SOCIALIST DID NOT DEAL SO GENTLY IN  
PALERMO WITH EITHER THE GOVERNMENT OR THE DC,

((ANSWER)) I CONSIDER THE SOCIALIST PARTICIPATING IN THE  
GOVERNMENT ESSENTIAL, BUT I DO NOT REGARD EVERYTHING SAID IN PALERMO  
AS GOSPEL. THE PRESENT ECONOMIC CRISIS IS AFFECTING A LARGE PART OF  
THE WORLD, AND IF IT IS MORE ACUTE IN ITALY THAN IN OTHER  
INDUSTRIALIZED COUNTRIES, BECAUSE OF THE SYSTEM'S LOWER  
PRODUCTIVITY, THERE ARE COMPLEX REASONS FOR THIS AND IT CANNOT BE  
SIMPLISTICALLY BLAMED ON A SINGLE PARTY. THE DC DOES NOT SET OIL  
PRICES, AND SIMILARLY THE COMPETITIVENESS OF COSTS AND THE ONV  
EXPLOITATION OF PLANT DO NOT DEPEND SOLELY ON THOSE IN GOVERNMENT;  
NOR CAN ANY PARTY EVADE RESPONSIBILITY FOR INCREASED PUBLIC  
SPENDING....

((QUESTION)) IN OTHER WORDS, THE GOVERNMENT IS NOT TO BLAME FOR  
ANYTHING....

((ANSWER)) NO, I AM NOT SAYING THAT. WE ALL HAVE OUR  
RESPONSIBILITIES FOR BOTH GOOD THINGS AND BAD THINGS. GOOD,  
BECAUSE THE COUNTRY HAS GROWN AND LIVING CONDITIONS HAVE IMPROVED  
EVERYWHERE, AND BAD, BECAUSE WE HAVE NOT MANAGED TO BUILD  
DEFENSES, TO ESTABLISH THE CONDITIONS TO SAFEGUARD US AGAINST CYCLICAL  
CRISES AND FORESEEABLE OUTSIDE INFLUENCES. IT WAS FORESEEABLE  
THAT EXCHANGE RATES WOULD CHANGE....

((QUESTION)) FROM WHAT YOU SAY, IT DOES NOT SEEM THAT YOU ARE  
EXPECTING AN IMMINENT CRISIS, BUT IN PALERMO CRAXI HIMSELF SPOKE IN

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TERMS WHICH ARE NOT REASSURING FOR THE GOVERNMENT,  
(ANSWER)) WE SHALL SEE, THE PARTIES HAVE THEIR DEMANDS AND ARE  
SOMEWHAT TOUCHY AT ELECTION TIMES; BE THAT AS IT MAY,  
WHETHER THERE IS A CRISIS OR NOT, THE COUNTRY'S  
PROBLEMS EXIST AND WHOEVER IS CALLED ON TO TACKLE THEM WILL HAVE TO  
COME TO TERMS WITH REALITY AND CANNOT PURSUE TOO MANY WHIMS;

PCI TRYING TO ISOLATE DC((SUBHEAD))

((QUESTION)) YOU SEEM TO BE DISMISSING THE ISSUE OF THE SOCIALIST  
PREMIERSHIP, BUT IN PALERMO,...

((ANSWER)) I DO NOT REGARD IT AS AN ISSUE TO BE RAISED WITH  
PARTICULAR SET DATES IN MIND, THE GOVERNMENT MUST NOT CONSTITUTE  
A STRAITJACKET FOR ANYONE; IT STEMS NOT FROM ANY CONSTRAINT BUT  
FROM A POLITICAL ACT, FROM AUTONOMOUS AND FREE DECISIONS, ITS  
COMPONENT PARTIES ARE NOT DEPRIVED OF THE RIGHT TO  
RIVALRY AND TO DIALOGUE DESIGNED TO MAKE THEIR VARIOUS  
IDEOLOGICAL OUTLOOKS PREVAIL IN THE COUNTRY, WHEN COALITION  
GOVERNMENTS ARE FORMED, THE QUESTION OF WHO IS TO ASSUME THE PRIME  
MINISTERSHIP IS ONE THAT MUST BE DECIDED BY THE PRESIDENT OF THE  
REPUBLIC WHO, HEEDED BY THE PARTIES, INDICATES THE MAN WHO IN HIS  
BELIEF HAS THE LARGEST POTENTIAL CONSENSUS AND THE BEST CHANCE OF  
ACHIEVING A BALANCED SOLUTION, PERSONALLY I HAVE NEVER MADE IT A  
TABOO SUBJECT OR THE SUBJECT OF ANY PREJUDICES, AS SOME ALLEGE,  
THE MOST IMPORTANT THING IS THAT THERE BE REAL AGREEMENT AMONG THE  
PARTIES ON POLICY AND ON AN OVERALL POLITICAL LINE;

((QUESTION)) ONCE AGAIN IT SEEMS THAT YOU DO NOT MUCH BELIEVE IN  
THE POSSIBILITY OF A CRAXI GOVERNMENT,

((ANSWER)) THAT IS NOT SO; WHAT I SAID WAS THAT THERE MUST BE  
NO PREJUDICED ATTITUDES, BE THAT AS IT MAY, FOR THE TIME BEING I  
BELIEVE IN THE GOVERNMENT THAT WE HAVE NOW, I REPEAT THT IT IS  
NECESSARY TO COME TO TERMS WITH REALITY, AND ONE OF THE FIRST  
THINGS TO BE UNDERSTOOD IN THIS CONTEXT IS THE PARTIES' OBJECTIVE  
POSSIBILITIES OF CONVERGENCE,

((QUESTION)) YOU SAY THAT IT IS NECESSARY TO COME TO TERMS WITH  
REALITY, PERHAPS YOUR PARTY COULD REFUSE THE POST WHICH YOU  
NOW HOLD TO A CRAXI WITHOUT ALTERNATIVES, BUT IF THE COMMUNISTS  
SUPPORTED SUCH A DEMAND,...

((ANSWER)) I DO NOT KNOW, THE COMMUNIST LEADERSHIP CHANGES ITS  
MIND EASILY, THEY HAVE REVERSED A POLITICAL LINE, AN OUTLOOK WHICH  
THEY DESCRIBED AS HISTORICAL, ONLY BECAUSE THE LOST A FEW VOTES OR FOR  
SOME OTHER REASON WHICH THEY HAVE FAILED TO EXPLAIN,

((QUESTION)) IT SEEMS TO ME THAT THEY HAVE EXPLAINED SEVERAL  
REASONS,

((ANSWER)) THEY ARE UNCONVINCING, BE THAT AS IT MAY, WHEN  
CRAXI WAS ASKED TO FORM A GOVERNMENT 2 YEARS AGO, THE IMPRESSION WAS  
THAT SOME FAMILY DISASTER HAD OCCURRED, BUT THAT IIS NOT THE  
POINT, TO FORM A COALITION GOVERNMENT IT IS NECESSARY TO ASSEMBLE  
THE PARTIES THAT ARE AGREED ON SPECIFIC DOMESTIC AND FOREIGN POLICY  
ISSUES, AND THAT FACT IS THAT THE COMMUNIST PARTY--FOR  
REASONS WHICH IT HAS FAILED TO EXPLAIN--HAS DISTANCED ITSELF INSTEAD  
OF MOVING CLOSER, 29 APR JH/OWEN/PS 12/0140Z MAY MORE

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LD111543 TAKE 2 OF 3 LD111541--FORLANI INTERVIEW

ROME LA REPUBBLICA ITALIAN 29 APR /// OF MOVING CLOSER

((TEXT)) ((QUESTION)) THERE IS NO DOUBT THAT IT IS MOVING AWAY FROM THE DC, IN PALERMO BERLINGUER GAINED MORE APPROVAL THAN PICCOLI, AND A KIND OF THAW OR RAPPROCHEMENT WITH THE PSI SEEMS TO HAVE BEGUN,

((ANSWER)) A LARGE NUMBER OF PEOPLE ATTEND NATIONAL CONGRESSES OF THE PSI, AND OF THE DC,..., I WAS NOT IN PALERMO AND IT COULD NOT SAY WHO APPLAUDED AND WHO WHISTLED, IN ANY CASE, WE SHALL SEE; LET ME MAKE THIS CLEAR: IT IS NOT THAT I AM UNAWARE OF THE COMMUNISTS' ATTEMPT TO DRAW CLOSER TO THE PSI--AND THE OTHER PARTIES TOO--IN ORDER TO ISOLATE THE DC AND TO BRING THE GOVERNMENT DOWN, BUT I BELIEVE THAT IT IS A TACTICAL AND MANIPULATORY MOVE, WHICH FAILS TO CONCEAL THE SUBSTANCE, WHICH IS PRECISELY A MOVING AWAY, A DISTANCING FROM THE LINE OF ALL THE OTHER DEMOCRATIC PARTIES,

((QUESTION)) ALL, OR ALMOST ALL, THE PARTY SECRETARIES ATTENDED THE SOCIALIST CONGRESS, AND THAT IS A MAJOR INNOVATION WHICH HIGHLIGHTS CRAXI'S "CENTRALITY," SO TO SPEAK, DO YOU NOT BELIEVE THAT THIS WILL HAVE REPERCUSSIONS WITHIN THE GOVERNMENT WHICH YOU LEAD?

((ANSWER)) LET US NOT TALK ABOUT "CENTRALITY," WHICH IS A TERM NOW THREATENED BY AMBIGUOUS INTERPRETATIONS, LET US LOOK AT THINGS SIMPLY; IT SEEMS TO ME THAT CRAXI CONFIRMED THE SOCIALIST PARTY'S PRESENT GOVERNMENT COMMITMENT, HIS REPORT, APPROVED BY THE CONGRESS, REPRESENTS AN IMPETUS TO THE CONTINUITY OF THE GOVERNMENT'S ACTION, THE SECRETARIES OF THE OTHER PARTIES OF THE MAJORITY, SPEAKING AT THAT FORUM, WERE AGREED ON THE VALIDITY OF THIS COMMITMENT,

((QUESTION)) IN OTHER WORDS THERE IS NOTHING TO WORRY ABOUT, BUT DOES A PSI FREE OF COMPLEXES WITH REGARD TO THE DC AND THE PCI NOT CREATE NEW PROBLEMS, AT LEAST WITH REGARD TO POLITICAL SPACE?

((ANSWER)) THE PSI'S JUSTIFIED REFUSAL TO ACCEPT A SUBORDINATE ROLE ON THE BASIS OF THE MERE BALANCE OF POWER IS NOTHING NEW, IN FACT THE SAME APPLIES TO THE OTHERS, FROM SPADOLINI TO LONGO ((PRI AND ITALIAN SOCIAL DEMOCRATIC PARTY SECRETARIES RESPECTIVELY --FBIS))...., WHAT COUNTS IS MUTUAL RESPECT AND ASSESSMENTS BASED

ON POLITICAL PROPOSALS. THERE IS FUNDAMENTAL AGREEMENT AMONG THE GOVERNMENT ALLIES ON THIS AND NATURALLY ON DECISIVE FOREIGN AND DOMESTIC POLICY ISSUES;

((QUESTION)) ONE OF THESE DECISIVE ISSUES IS THE ECONOMIC CRISIS; YOU TALK ABOUT SOLIDARITY AMONG THE GOVERNMENT PARTIES, BUT THE CRISIS HAS BECOME ALMOST UNGOVERNABLE.

((ANSWER)) THE INGREDIENTS OF THE CRISIS WERE ALREADY ALL PRESENT IN THE SITUATION WHEN THIS GOVERNMENT WAS FORMED; WHAT I MEAN IS THAT WE DID NOT INVENT THE CRISIS, WE HAVE INTERVENED WITH MEASURES DESIGNED TO CONTAIN THE MOST DANGEROUS THRUSTS, AND WE AIM TO CREATE THE CONDITIONS TO EXTRICATE US FROM THE CRISIS AND TO IMPLEMENT A NEW DEVELOPMENT POLICY.

((QUESTION)) WHAT SPECIFICALLY ARE YOU THINKING OF DOING?

((ANSWER)) THE ANTI-INFLATION STRUGGLE, THE CONTAINMENT OF PUBLIC SPENDING, THE REDUCTION OF ABSENTEEISM ARE ABSOLUTE PRIORITY COMMITMENTS AND THE PRECONDITIONS WHICH MAKE THE MEDIUM-TERM PLAN POSSIBLE TO IMPLEMENT, IN OTHER WORDS, WHICH MAKE INVESTMENTS AND DEVELOPMENT POSSIBLE IN THE KEY SECTORS OF THE ECONOMY, THE ONLY WAY OUT OF THE CRISIS IS BY IMPROVING THE SYSTEM'S PRODUCTIVITY.

((QUESTION)) BY REVISING THE INDEXING SYSTEM...;

((ANSWER)) WE WILL BE DISCUSSING THIS WITH THE TRADE UNIONS IN THE NEXT FEW DAYS.

BERLINGUER BACKTRACKING ((SUBHEAD))

PRIME MINISTER, DO YOU NOT BELIEVE THAT THE ECONOMIC CRISIS IS SO GRAVE AND THE NECESSARY MEASURES SO BURDENSOME THAT THERE MUST BE AN IMMEDIATE GENERAL AGREEMENT AMONG ALL THE PARTIES; AND THEREFORE WITH THE PCI TOO, WHICH REPRESENTS THE GREAT MAJORITY OF THE WORKERS?

((ANSWER)) ALL THE PARTIES REPRESENT PEOPLE'S ATTITUDES AND INTERESTS, PARLIAMENTARY MAJORITIES, HOWEVER, ARE FORMED ON THE BASIS OF CONVERGENCE ON PLANNING AND POLICY AND NOT ON THE BASIS OF PREDETERMINED SCHEMAS. THE DC HAD BEGUN WITH THE PCI A SERIOUS PROCESS OF PROGRESSIVE ASSESSMENT OF MUTUAL POSSIBILITIES OF CONVERGENCE AND DEMOCRATIC SHARING OF RESPONSIBILITY. IN THIS EXCHANGE OF VIEWS--WHICH IT WOULD BE ABSURD TO REGARD IN TERMS OF A CIRCUMVENTION OF THE PSI--THE DC SOUGHT TO ESTABLISH AT ITS CONGRESS THE MAXIMUM SOLIDARITY WITH THE OTHER DEMOCRATIC PARTIES, THIS IS THE POLICE THAT WE HAVE TRIED TO PURSUE, BUT THE COMMUNIST PARTY HAS CHANGED, HAS BACKTRACKED TO A LINE OF DIMATRIC OPPOSITION.

((QUESTION)) YOU HAVE NOT ANSWERED MY QUESTION...;

((ANSWER)) I WILL TELL YOU MY OPINION FRANKLY; THERE IS NO DOUBT THAT WE COULD EMERGE FROM THE CRISIS MORE EASILY--OR RATHER, WITH LESS DIFFICULTY--IF ALL THE POLITICAL, SOCIAL AND PRODUCTION FORCES CONVERGED IN A CONSTRUCTIVE COMMITMENT. THIS IS OBVIOUS, BUT IF NOT EVERYONE DOES SO, IF THE COMMUNIST PARTY HAS DECIDED TO PUSH ITS OPPOSITION TO THE LIMITS, A MAJORITY MUST STILL PERFORM THE TASKS OF GOVERNMENT.

((QUESTION)) IT IS A MATTER OF ENDING DISCRIMINATIONS AND ESTABLISHING CONSTRUCTIVE RELATIONS. NOW THE PCI IS DEMANDING A DIFFERENT KIND OF GOVERNMENT, CPOSED OF HONEST MEN...;

((ANSWER)) IT ALREADY EXISTS, SO IT SHOULD SUPPORT ME.

((QUESTION)) YOU ARE CRITICIZED FROM THIS VIEWPOINT BY VISENTINI TOO, WHO IS AFTER ALL CHAIRMAN OF ONE OF THE GOVERNING PARTIES...;

((ANSWER)) I DO NOT WANT TO ENTER INTO POLEMICS WITH VISENTINI; I RESPECT HIM AND ON SOME THINGS I DO NOT EVEN DISAGREE WITH HIM, HE IS ACQUAINTED WITH THE ECONOMIC SITUATION AND THE DIFFICULTIES; WE ARE ATTACKING PROBLEMS THAT HAVE BECOME ENTANGLED OVER THE YEARS AND WHICH CANNOT BE RESOLVED BY MAGIC. 29 APR JH/OWEN/JB 12/0150Z MAY MORE

BT

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*Mr Osborne*

ATTN BBC/BAG

LD111545 TAKE 3 OF 3 LD111541--FORLANI INTERVIEW

ROME LA REPUBBLICA ITALIAN 29 APR /// RESOLVED BY MAGIC,

((TEXT)) ((QUESTION)) VISENTINI KNOWS THIS, YET HE TOO IS PROPOSING A DIFFERENT KIND OF GOVERNMENT, MORE "INSTITUTIONAL" AND AT LEAST CAPABLE OF REOPENING THE DIALOGUE AMONG THE POLITICAL FORCES AND CLARIFYING THE SITUATION,

((ANSWER)) I DO NOT BELIEVE THAT HE HAS FORMULATED ANY SPECIFIC PROPOSALS IN THIS CONNECTION,

((QUESTION)) ANOTHER OF THE DECISIVE ISSUES IS THE MORAL ONE, THE NEED FOR A CLEAN SWEEP, DO YOU CONSIDER YOURSELVES CONVINCING IN THIS REGARD? IS THE SYSTEM NOT IN DANGER OF AN IRREDEMIABLE CRISIS HERE TOO?

((ANSWER)) ELEMENTS OF CORRUPTION AND DISHONESTY ARE ATTACKING POLITICAL LIFE TOO, BUT THE DEMOCRATIC SYSTEM MAKES IT POSSIBLE TO HIGHLIGHT THESE LAMENTABLE ASPECTS AND TO COMBAT THEM, NOW THAT THERE ARE LEGAL CONTROLS ON PARTY FINANCING, WE CAN, BY MEANS OF FURTHER IMPROVEMENTS TO THE LAW, MORE EASILY CARRY OUT A CLEANSING OPERATION,... IT IS NOT TRUE THAT THE POLITICAL WORLD IS DISHONEST! THE LARGE MAJORITY OF LEADERSHIP CADRES, PARLIAMENTARIANS AND PARTY MEMBERS ARE PEOPLE WHO BELIEVE IN THEIR OWN IDEALS AND ACT CONSISTENTLY WITH THEM,

((QUESTION)) BUT NEITHER CAN IT BE SAID--AS THE SECRETARY OF YOUR PARTY OFTEN DOES--EVERY TIME A SCANDAL EXPLODES THAT IT IS ALL DUE TO CONSPIRACIES AND SHADY MANEUVERS DESIGNED TO HARM THE DC.

I KNOW THAT THESE LODGES EXIST ((SUBHEAD))

((ANSWER)) I DO NOT BELIEVE THAT THE PICCOLI DISCUSSES IT SO OFTEN! THE TURBID CLIMATE THAT IS BEING NURTURED AND THAT TO SOME EXTENT SURROUNDS OUR POLITICAL SYSTEM IS NOTHING NEW, SINCE THE DC CERTAINLY REPRESENTS AN IMPORTANT LINCHPIN IN THIS SYTEM IT IS FAIRLY LOGICAL FOR PICCOLI TO SEE A DANGER AND A THREAT TO THE DC TOO IN CERTAIN CORROSIVE CAMPAIGNS, WHICH SOMETIMES APPEAR ORCHESTRATED,

I BELIEVE, HOWEVER, THAT THIS APPLIES TO OTHER PARTIES TOO, TO ALL THE PARTIES THAT, COME WHAT MAY, EVEN IF DIVIDED, WANT TO DEFEND AND SAFEGUARD THE INSTITUTIONS, I BELIEVE THAT IN A DEMOCRAT-



TO SYSTEM EVERYTHING SHOULD TAKE PLACE CLEARLY AND OUT IN THE OPEN.

((QUESTION)) BY THE WAY, THERE IS A GREAT DEAL OF TALK ABOUT FREEMASONRY AT THE MOMENT, WHAT IS THERE IN WHAT IS BEING SAID ABOUT P2 ((A LODGE--FBIS))?

((ANSWER)) I DO NOT BELIEVE THAT I KNOW MUCH MORE ABOUT IT THAN YOU, OF COURSE I KNOW THAT THESE LODGES EXIST, MORE OR LESS AS IN OTHER COUNTRIES, THOUGH IN OUR COUNTRY THEY ARE SURROUNDED WITH MORE MYSTERY, I REPEAT THAT IN A DEMOCRATIC SYSTEM ALL FORMS OF ASSOCIATION SHOULD TAKE PLACE IN THE OPEN.

((QUESTION)) BUT LISTS OF NAMES ARE BEING CIRCULATED, AND THERE ARE RUMORS OF MANY PROMINENT PEOPLE BEING IMPLICATED;

((ANSWER)) WE SHALL SEE, I TOO HAVE HEARD AND READ THESE NAMES, BUT I HAVE ALSO HEARD AND READ THE DENIALS, I WOULD NOT LIKE ANYONE TO SET HIS SIGHTS ON A ANOTHER WITHCH-HUNT, SINCE AS FAR AS I KNOW MEMBERSHIP OF THE FREEMASONS IS NOT A CRIME AND I DO NOT BELIEVE THAT IT IS UP TO THE GOVERNMENT TO CARRY OUT INDIVIDUAL INQUIRIES TO ASCERTAIN WHO IS OR IS NOT A MEMBER OF THESE LODGES, IT WOULD BE A DIFFERENT MATTER IF ONE OF THESE LODGES WERE SHOWN TO BE A CRIMINAL ASSOCIATION WITH ILLEGAL AIMS.

((QUESTION)) THIS COULD IN FACT BE THE CASE WITH P2, THERE ARE DOCUMENTS FOUND IN GELLI'S HOUSE WHICH THE JUDICIARY IS EXAMINING BECAUSE THEY SUGGEST A POSSIBLE CRIME.

((ANSWER)) THE JUDICIARY WILL LET US KNOW WHEN IT HAS COMPLETED ITS INQUIRIES.

((QUESTION)) YOU SEEM VERY CALM--ALMOST UNCONCERNED, BUT I WONDER HOW YOU CAN UNDERTAKE SUCH DEMANDING PLANS WHEN MANY PEOPLE ARE ALREADY TALKING ABOUT THE POST-FORLANI PHASE....

((ANSWER)) IF THAT IS ALL, I CAN ASSURE YOU THAT I FOR ONE HAVE NEVER BELIEVED THAT THERE SHOULD BE NO POST-FORLANI GOVERNMENTS: IT IS A WISE THING FOR THEM PARTIES TO REFLECT, TO COMPARE NOTES AND TO SEEK BROAD CONVERGENCES, BUT I DO NOT WANT TO ENTER INTO THIS ISSUE NOW, THE GOVERNMENT MUST CONTINUE TO WORK AND TO DO ITS DUTY FOR THE REMAINDER OF THE TIME GRANTED TO IT, BE THAT AS IT MAY, THE PROBLEMS TO WHICH WE HAVE POINTED CANNOT BE EVADED AND, IF WE WANT TO RECOVER, ANOTHER, FUTURE GOVERNMENT WILL HAVE TO TACKLE THEM IN THE SAME TERMS.

((QUESTION)) FOREIGN POLICY TOO HAS BECOME A POINT OF DIVISION AGAIN, WHEREAS DURING THE PREVIOUS LEGISLATIVE PERIOD PARLIAMENT UNANIMOUSLY APPROVED A NUMBER OF DOCUMENTS, INCLUDING SOME PRESENTED BY THE COMMUNISTS, DO YOU NOT BELIEVE THAT THERE HAS BEEN A CHANGE IN THE GOVERNMENT'S LINE?

((ANSWER)) THE GOVERNMENT COALITION HAS HAD AND STILL HAS A CONSISTENT AND CLEAR LINE ON FOREIGN POLICY: ACTIVE PARTICIPATION IN EC LIFE AND IN THE ATLANTIC ALLIANCE'S DEFENSE COMMITMENTS UNDER CONDITIONS OF EQUAL STATUS; SUPPORT FOR THE POSSIBILITIES OF A RESUMPTION OF EAST-WEST DIALOGUE AND NEGOTIATION; THE QUEST FOR GOOD RELATIONS AND INTENSIVE COOPERATION WITH THE MEDITERRANEAN, MIDDLE EASTERN AND AFRICAN COUNTRIES, PARTICULARLY WITH THOSE HAVING TRADITIONAL SPECIAL TIES WITH ITALY; A MORE ACTIVE PRESENCE IN LATIN AMERICA; AND THE IMPROVEMENT OF OUR CONVENTIONAL MILITARY FORCE SO AS TO SAFEGUARD AN AUTONOMOUS NATIONAL RESPONSIBILITY. THE DOCUMENTS TO WHICH YOU REFER WERE APPROVED BY THE COMMUNISTS TOO ON THE BASIS OF REPORTS WHICH I DELIVERED TO PARLIAMENT, IN MY CAPACITY AS FOREIGN MINISTER. THIS GOVERNMENT'S POLICY STATEMENTS REFLECT THE POINTERS INDICATED THEN, AND OUR ENTIRE ACTION DURING THIS PERIOD HAS BEEN ENTIRELY CONSISTENT WITH THOSE POINTERS. IT IS NOT WE WHO HAVE CHANGED!

((QUESTION)) IN THE MEANTIME, HOWEVER, THERE HAS BEEN THE NATO DECISION TO DEPLOY NEW MISSILES IN EUROPE, INCLUDING ITALY.

((ANSWER)) IT WOULD BE MORE ACCURATE TO SAY THAT IN THE  
MEANTIME THERE HAD BEEN THE LARGE-SCALE DEPLOYMENT OF NEW SOVIET  
MISSILES, WHICH HAVE ALTERED THE BALANCE IN EUROPE;  
NATO'S MEASURES TO RESTORE THE BALANCE CANNOT BE REALIZED BEFORE  
1983, AND SO THERE IS TIME TO NEGOTIATE SO THAT A  
BALANCED SITUATION CAN BE ESTABLISHED BETWEEN THE TWO SYSTEMS  
AT THE LOWEST POSSIBLE LEVELS. WE ARE MOVING IN THIS DIRECTION,  
29 APR JH/OWEN/RL 12/0257Z MAY ENDALL

BT

#7694

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WED, FCO

re Air Pollution  
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*With the compliments of*  
HER BRITANNIC MAJESTY'S  
CONSUL-GENERAL

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VISIT TO TRIESTE: 22 APRIL 1981

1. I paid my first visit to Trieste on 22 April and called on (1) the Commissario del Governo nella Regione Friuli-Venezia Giulia, Avv Dott Mario Marrosu, (2) the President of the Regional Giunta, Avv Antonio Comelli, (3) the Deputy Sindaco, Dott Alfieri Seri, and (4) the President of the Trieste Chamber of Commerce, Dott Marcello Modiano. Major Lister, Hon. British Consul accompanied me.

2. Trieste gives the impression of a well-ordered and active city, though the port area is noticeably in the doldrums. The large number of daily shoppers from Yugoslavia, often buying in substantial quantities, gives the city's retail trade and markets a considerable stimulus. The basic infrastructure is however less bright because of the decline in shipbuilding and port traffic as well as the loss of jobs from the containerisation of cargo handling. Unemployment is, however, said to be negligible and the Commissario del Governo indicated that some 'clandestine' daily employment by border-crossing Yugoslavs was tolerated. The feeling that Trieste felt itself rather neglected by the Central Government was voiced by the Deputy Sindaco. He spoke of disillusionment at the Government's 'broken promises' over a dry-dock project and their current delay in helping to sustain a small shipyard in Muggia employing 400 workers. On the other hand it is acknowledged that progress has been made in the last few years in developing autostrada connexions through the Region.

3. The future development of Trieste is seen to lie mainly in the revival of its activities as an international port serving Austria, Southern Germany and areas of Eastern Europe; and, hopefully, some expansion of its industrial area. I was told that the Sindaco (whom I was due to have met) was discussing in Rome proposals which had been presented to the European Parliament for greater use to be made of the Trieste port on the basis that the short Adriatic sea route from Suez and its onward motorway connexions offered energy-saving advantages in transportation. The President of the Chamber of Commerce, himself a Member of the European Parliament and a Vice-President of Confindustria, was also pursuing this project. Meanwhile the Aquila oil refinery and the pipeline to Germany and Austria operate smoothly.

4. I enquired about local industrial development in the context of the provision of the joint free zone provided for in the 1978 Osimo Treaty. Both the Commissario and the Deputy Sindaco confirmed that this feature of the Treaty was now dormant as far as the Italian side was concerned. The Commissario said that the original proposal and its implications had been inadequately considered and that, apart from ecological considerations, the practical difficulties of developing the cargo area made such a scheme virtually impossible. As the Deputy Sindaco commented, the Trieste List's opposition to the scheme was a main factor in their success at the last communal election. The T.L. had good popular support and the Deputy Sindaco seemed confident that their minority Government would continue without difficulties.

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5. The President of the Regional Giunta gave an interesting account of the reconstruction in the Udine area following the Friuli earthquake. A high priority had been given to the establishment of new small industries to supplement the predominantly agricultural base of the area. These diverse industries including electrical goods and furniture manufacture had prospered rapidly and in some respects the area was now in better shape than before the disaster. He told me that British Consultants (he was not absolutely confident of the name but it seems likely to be W.S. Atkins) had recently submitted a proposal for the further development of small and medium industries in the area under an EC-funded scheme.

6. I heard of no Slovene minority problems and the Deputy Mayor spoke of good and easy contacts with Italian nationality groups in Istria. Considerable movement in both directions over the frontier takes place smoothly. There are no special youth problems. The Trieste area has also been free of terrorist activity. The Commissario attributes this largely to the effective way in which the neck of the Italian coast strip leading to Trieste can be controlled. He added however that the police were at the moment looking into some suggestions that the area, with its absence of overt activity, was being used by extremists as a planning base.

23 April 1981

J E Reeve  
HM Consul-General

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14/3/81

R P Osborne Esq  
WED  
FCO

Our reference 14/11

Date 16 March 1981

Shale  
of Miss G.W.  
9/5 MD

Dear Roy,

#### REGIONAL GOVERNMENT IN ITALY

1. Last June elections were held in the 15 'ordinary' regions of Italy (see our telno 383, not to all) but it took more than six months for agreement to be reached on the composition of all the new juntas, which constitute for general purposes the government of the regions, with a President and Assessors responsible for specific sectors. I enclose a note on the new regional administrations, with brief explanations where necessary: with the help of Consular posts in Italy, to whom this letter is copied, I shall try to let you know of significant changes as they occur.

2. Apart from the 5 special statute regions, where the presence of linguistic minorities or separatist movements made some measure of devolution an urgent necessity at the beginning of the Republic, the move towards regionalisation in Italy has been slow: you may find it useful to look out Anthony Layden's paper of December 1976 which gives the background. Little has changed since that paper was written, and even now the effective powers of the regions are limited. Central Government remains apprehensive about giving them too much authority or financial control; last year, for example, a circular was issued which sought to ensure that they could take no independent initiatives in foreign affairs. The presence of a Central Government 'watchdog' in each region (Articles 124 and 127 of the Constitution) ensures that the state can keep a close eye on all regional activities. The administrative structure is weak; their control of funding is limited; and key sectors remain controlled by the central authority. The result is that in Liguria, for example, the President of the Junta told us that the Assessorate of Tourism was the most important post. Nevertheless the regions are beginning to make their presence felt. Their opposition, for example, is one of the factors delaying Italy's construction of nuclear power stations, and in choosing TNF sites the Government had to take care to find a region which could easily give the necessary agreement.

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3. Last month the Presidents of the 15 regions came to Rome for meetings with Forlani and the Minister for the Regions to discuss regional powers and budgets; press speculation that they will set up a new organisation to continue the dialogue with Central Government is premature, but this initiative may nevertheless show a new determination to make the regions function more as originally envisaged in the Constitution. Whether vested interests will allow it to succeed is another matter. Meanwhile, as seen from Rome at least, there is no great public enthusiasm for regional government as preferable to the defective central apparatus of the state: in fact the long delays in forming these new administrations, and the subordination in many cases of local to national interests, have led to a good deal of cynicism about the value and efficiency of the regions. Another argument often heard is that devolution is only possible when the state itself is strong: in Italy it is weak, unity is recent, and there is a consequent risk of gradual disintegration if the regions are allowed to become increasingly independent of Rome.

4. One lesson to be learned from the protracted negotiations to form new juntas is that apart from the PCI, the various party headquarters in Rome cannot always control their local representatives as tightly as they would wish. In both Calabria and Sardinia (see paragraph 6 below), the local Christian Democrats had ideas of bringing in the PCI, only dropped when Piccoli, the Party Secretary, brought pressure to bear from Rome. The relative strength of factions within a party may be quite different in a region from what it is at national level, with obvious consequences for the choice of coalition partners. This applies especially to the PSI, who often hold the balance between DC and PCI; in Piedmont, for example, they preferred an alliance with the PCI to the 'centre left' coalition which would have been numerically possible. In Liguria, the PSI had to take a different line but wished to retain PCI support for other local posts, so did not favour an alliance with the DC. The result is a weak coalition of lay parties with neither the PCI nor the DC included, although the latter give support from outside; this arrangement is not expected to last much beyond the administrative elections (including Genoa) in June. The PRI President of the junta, Persico, only took the job after his Party Secretary, Spadolini told him to, having reached an agreement in Rome with Craxi and Zanone. It is not surprising that the model provided by the Central Government coalition of the day often proves unworkable in the regions, even if the arithmetic of seats would allow it - to the annoyance of the DC. Particularly galling to them was Lazio, where they tried hard but in vain to create a quadripartite or pentapartite coalition to deprive the PCI of control of the region.

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5. The regional structure brings benefits as well as frustrations to the parties. Apart from the increased possibilities of patronage at local level which these administrations provide, they can also be useful as a training ground for those destined for national politics (or in some cases as a dumping ground for senior colleagues who have been discredited at the top level). The PCI are well aware of this and now support regionalisation as fervently as any party: they are also trying to put more emphasis within their own party structure on the regional committees rather than the better established federations (based on provinces), but with little success as yet. Regional government gives the PCI a chance to demonstrate efficiency and 'responsibility' and can therefore be seen by them as a stepping stone towards active participation in central government: when they were aiming at the 'historic compromise' with the DC it would have been a great achievement to implement it in a region (in the early 1960's the centre/left formula was first tried in a region and then became national policy). For the DC, on the other hand, it is another way of extending their control from the centre. The smaller parties look for gains where they can, making the maximum possible use of local issues and attitudes.

6. Sardinia did not have regional elections last year but it was known that Ghinami's PSDI/DC/PSI junta would not last long after the administrative elections of June 1980. He resigned in September and the PCI, playing on autonomist sentiments within the island, proposed a junta uniting all the parties so as to promote Sardinian interests better. They were helped by the fact that the local DC and PSI are both more open to alliance with the communists than their party leaderships in Rome. Once Piccoli had ruled this out, it was hard to find a solution to the impasse, since the local PSI were not prepared to form a quadripartite coalition with the DC. Eventually in December a left wing junta was formed with Franco Rais (PSI) as its President; Armando Corona (PRI) remains President of the Assembly. The junta is PCI/PSI/PSDI/PSDAZ (Sardinian Action Party), with Radical and PRI support from outside by favourable vote or abstention. This is the first time that the DC have ever been excluded from the Sardinian regional junta, and represents a significant PCI success (balancing their loss of Liguria to leave them in control of 6 regions).

7. Sicily is the only region to have elections this year (probably on 21 June). Despite such local factors as the pervasive influence of the Mafia, the strength of the Neo-Fascist MSI, and the prominent role of the church, Sicily has in the past often been a good pointer to national trends: already there is considerable interest here in the outcome (and the PSI choice of Palermo for their April Congress is no accident). I give below the results of the 1976 regional elections:

/Percentage

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	<u>Percentage</u>	<u>Seats</u>
DC	40.8	39
PCI	26.8	24
PSI	10.3	10
PSDI	3.4	2
PRI	3.3	4
PLI	2.1	2
MSI	10.9	9
DP	0.5	
PR	0.6	
Others	1.3	
		<hr/>
	Total	90

This was a good result for the DC (7% better than 1971) but the PCI also gained (4%). The junta which emerged was DC/PSI/PRI/PSDI with PLI support from outside, and in October 1976 all the parties (except the untouchable MSI) voted for the regional government's programme. This was in line with developments at national level at the time, as was the inclusion of the PCI in the regional majority (not junta) in 1978. Mattarella (DC) was by now President of the junta. When the PCI changed tack away from 'national solidarity' in early 1979, they withdrew their support from the Sicilian junta, but there was no crisis in Sicily until December 1979 when the PSI also backed out. In January, 1980, Mattarella was killed by the Mafia, the most senior victim of Mafia or terrorist violence since Moro (because of Sicily's unique status, the Regional President may attend and vote at Council of Ministers' meetings). This seems to have been part of a successful offensive by the Mafia to strengthen their control of the island. Since then the DC/PSDI/PRI coalition has limped along, with Mario D'Acquisto (DC) as President: all attempts to persuade the local PSI to rejoin have failed.

8. The general expectation, shared by John Campbell who was recently in Palermo on Consular business, is that in June the DC - despite local splits which reflect more than just political differences of view - will retain about 40% of the vote. The

/PSI

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PSI hope to gain about 2% (consistent with their overall increase in last year's local elections) probably from the PCI. If so, they might then be tempted back into the junta by being offered the Council Presidency and some Assessor posts. The outcome of their Congress will be an important factor, as could also be the impression made by Capria, the PSI Minister for the South who is Sicilian. Craxi will certainly want to use any electoral gain both as a propaganda tool and as a lever on the other parties, not just in Sicily but also at national level. The PCI will denounce DC corruption but know that they can make little headway against the entrenched interests of the Sicilian establishment; their main aim is rather to discredit the DC as a whole for tolerating such local bosses. Thus, although everyday life in Sicily will not be changed much by these or any other elections, they are of broader political interest. We shall report any significant developments.

*Yours ever,*

*Robert Curman*

R N Culshaw

cc: Mrs K Colvin, Research Department (with enc)  
Consuls in Italy (except Cagliari) (with enc)  
Chanceries: Paris  
Bonn  
UKREP Brussels  
Washington  
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THE NEW REGIONAL ADMINISTRATIONS

For each region where elections were held in 1980, the list below gives the seats held by each party: the previous junta: the new junta: the name of the President of the Regional Council (PRC), equivalent to Speaker, and the President of the Junta (PRJ) who is the Head of each Regional Government: and any special notes.

PIEDMONT

Seats: DC 20, PCI 20, PSI 9, PSDI 3, PRI, 2, PLI 3, MSI 2, PDUP 1 = 60

Previous Junta: PCI/PSI

New Junta: PCI/PSI (with PSDI outside support)

PRC: Germano Benzi (PSDI)

PRJ: Ezio Enrietti (PSI)

Notes: The PSDI have declined to join the coalition.

LOMBARDY

Seats: DC 34, PCI 23, PSI 11, PSDI 3, PRI 2, PLI 2, PDUP 1, DP 1, MSI 3 = 80

Previous Junta: DC/PSI/PSDI/PRI

New Junta: DC/PSI/PSDI/PRI

PRC: Sergio Marvelli (PSI)

PRJ: Giuseppe Guzzetti (DC)

Notes: The previous President of the Regional Council had been PCI - Smuraglia.

VENETO

Seats: DC 32, PCI 13, PSI 7, PSDI 3, PRI 1, PLI 1, PDUP 1, MSI 2 = 60

Previous Junta: DC

New Junta: DC

PRC: Bruno Marchetti (PSI)

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PRJ: Carlo Bernini (DC)  
Notes: One of only 2 regions where the DC have an absolute majority: the other is Molise.

LIGURIA

Seats: DC 13, PCI 15, PSI 5, PSDI 2, PRI 1, PLI 2, MSI 2 = 40  
Previous Junta: PCI/PSI  
New Junta: PSI/PSDI/PRI/PLI (with DC outside support)  
PRC: Armando Magliotto (PCI)  
PRJ: Gianni Persico (PRI)  
Notes: The PSI held the balance; a PCI/PSI junta was not possible without outside support.

EMILIA-ROMAGNA

Seats: DC 13, PCI 26, PSI 4, PSDI 2, PRI 2, PLI 1, PDUP 1, MSI 1 = 50  
Previous Junta: PCI/PSI  
New Junta: PCI  
PRC: Ottorino Bartolini (PSI)  
PRJ: Ianfranco Turci (PCI)  
Notes: The only Region where the PCI have an absolute majority (as they do also in the regional capital, Bologna). The PSI agreed to abstain after refusing to join the majority. Their support is not essential: nor was it before the elections of June 1980, when the seats were the same but the PSI were in the junta.

TOSCANA

Seats: DC 15, PCI 25, PSI 5, PSDI 1, PRI 1, PLI 1, PDUP 1, MSI 1 = 50  
Previous Junta: PCI/PSI/PDUP  
New Junta: PCI/PSI  
PRC: Loretta Montemaggi (PCI)

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PRJ: Mario Leone (PSI)

Notes: Before the June 1980 Elections the PCI/PSI combined were 1 seat short of a majority, so needed PDUP support.

UMBRIA

Seats: DC 9, PCI 14, PSI 4, PSDI 1, PRI 1, MSI 1 = 30

Previous Junta: PCI/PSI

New Junta: PCI/PSI

PRC: Enzo Paolo Tiberi (PRI)

PRJ: Germano Marri (PCI)

MARCHE

Seats: DC 16, PCI 15, PSI 4, PSDI 1, PRI 1, PLI 1, PDUP 1, MSI 1 = 40

Previous Junta: PSI/PSDI/PRI (with DC external support)

New Junta: DC/PSI/PSDI/PRI

PRC: Rodolfo Giampaoli (DC)

PRJ: Emidio Massi (PSI)

Notes: The DC wanted this centro-sinistra all along, but the PSDI were awkward and only agreed when Longo put pressure on the Regional Branch of his party.

LAZIO

Seats: DC 22, PCI 19, PSI 6, PSDI 3, PRI 2, PLI 1, PDUP 1, MSI 6 = 60

Previous Junta: PCI/PSI/PSDI (with PRI external support)

New Junta: PCI/PSI/PSDI/PDUP (with PRI external support)

PRC: Mario di Bartolomei (PRI)

PRJ: Giulio Santarelli (PSI)

Notes: One of the few significant changes in voting pattern, compared with 1975. The DC gained 3% and the PCI lost 3%: in 1975 the PCI had 21 seats, one more than the DC. The DC unsuccessfully proposed a return to centro-sinistra.

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ABRUZZO

Seats: DC 20, PCI 12, PSI 4, PSDI 1, PRI 1, MSI 2 = 40

Previous Junta: DC/PSDI/PRI

New Junta: DC/PSI/PSDI/PRI

PRC: Egidio Marinaro (PSI)

PRJ: Romeo Ricciuti (DC)

Notes: The DC increased their lead over the PCI by 6%.

MOLISE

Seats: DC 17, PCI 5, PSI 3, PSDI 2, PRI 1, PLI 1, MSI 1 = 30

Previous Junta: DC/PSDI

New Junta: DC/PSDI

PRC: Gabriele Veneziale (PSI)

PRJ: Florindo D'Aimmo (DC)

Notes: This was one of the DC's best results: a 5% increase over 1975. The PSI sought in vain for exclusive alliance with the DC. They got the Presidency of the Council because the DC could not agree on a candidate. (cf also the note on Veneto).

CAMPANIA

Seats: DC 25, PCI 15, PSI 7, PSDI 3, PRI 1, PLI 1, DP 1, MSI 7 = 60

Previous Junta: DC/PSDI/PRI

New Junta: DC/PSI/PSDI/PRI

PRC: Mario del Vecchio (PRI)

PRJ: Emilio de Feo (DC)

Notes: This was the PSI's best result: an increase of 2.4% over 1975, at the expense mostly of the PCI.

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PUGLIA

Seats: DC 22, PCI 13, PSI 6, PSDI 2, PRI 1, PLI 1, PDUP 1, MSI 4 = 50

Previous Junta: DC/PSI/PSDI/PRI

New Junta: DC/PSI/PSDI/PRI

PRC: Luigi Tarricone (PSI)

PRJ: Nicola Quarta (DC)

Notes: The DC lead over the PCI increased by 7% compared with 1975. A dispute between DC and PSI over the allocation of jobs delayed the return to the former centro-sinistra arrangement.

BASILICATA

Seats: DC 14, PCI 8, PSI 4, PSDI 2, MSI 2 = 30

Previous Junta: DC/PSI/PSDI

New Junta: DC/PSI/PSDI

PRC: Giuseppe Guarino (DC)

PRJ: Vincenzo Verrastro (DC)

CALABRIA

Seats: DC 18, PCI 10, PSI 7, PSDI 2, PRI 1, MSI 2 = 40

Previous Junta: DC/PSDI/PRI

New Junta: DC/PSI/PSDI/PRI *Now DC/PRI/MSI Socialists and Communists unhappy*

PRC: Rosario Chiriano (DC)

PRJ: Bruno Dominijanni (PSI)

Notes: Formation of this junta was bedevilled by a row over jobs and became much more difficult than the arithmetic of seats would suggest. The local DC leaders at one stage contemplated enlisting PCI support, but Piccoli ruled this out as inconsistent with present party policy.

SARDEGNA

*Junta resigned 25 April 6.*

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British Legation to the Holy See

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I-00187 Rome

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678.9462 679.7479

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R P Osborne Esq  
WED  
F C O  
LONDON

226/25

Dear Roy,

ABORTION

1. In his homily following the Angelus celebration attended by an estimated 25,000 people in St Peter's Square on Sunday, 22 March, the Pope praised an Italian Bishops' Conference statement made on Tuesday, 17 March, which called for abortion laws "to be overcome with all legitimate means and opportunities". "I make their pastoral intention mine," the Pope said. "I make it mine," he repeated.
2. Quoting from the statement, the Pontiff said, "It is the special task of the Church and our Episcopal ministry to reaffirm first of all that procured abortion is death, the killing of an innocent creature". He added that no one can have an attitude of pliant consent or passivity in the face of abortion.
3. Reaffirming traditional Roman Catholic teaching, the Pope said, "the image of God is present in every human being from the first instant of conception. It is in this context that one places the effort to inscribe divine law in the daily life of the earth, so that beyond any equivocation the value of motherhood and the full defence of human life is guaranteed."
4. The Bishops' Conference statement condemning abortion was issued in the midst of a heated campaign to repeal Italy's three-year old abortion law. Italy's state provides abortion-on-demand for women in the first three months of pregnancy. Italians will go to the polls in June to vote on a series of referenda, including two opposing abortion proposals: One, sponsored by the Church-supported Movement for Life, seeks to limit abortion only to cases of extreme physical danger for the mother. The other, sponsored by the small left-wing Radical party, proposes to liberalize the law by extending the time restriction and allowing for abortions to be performed outside public facilities.
5. Italy's left-wing political parties have accused the Vatican of political interference because of its anti-abortion statements.

cc Chancery, Rome

J H Callan

Now May 12  
Referendum.

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**Foreign and Commonwealth Office**  
London SW1A 2AH

Telephone 01-

*Pr. No. 143*

R N Culshaw Esq  
British Embassy  
ROME

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Your reference

Our reference WRJ 014/2

Date 17 March 1981

5 FORLANI: PERFORMANCE AND PROSPECTS

1. Thank you for your letter of 27 February in which you gave a resumé of the first four months of Forlani's government. The letter provides a useful backdrop against which to view developments in the immediate future.

2. I was particularly interested to read of the growing feeling that the present government could survive until the summer or autumn, although it is somewhat ironic that this assessment should be based more on a combination of weaknesses than on any new-found strength. Indeed, it seems inevitable that any attempt at giving Italy the firm government it needs can serve only to upset the present delicate balance and thereby precipitate a new crisis.

3. I can understand how some observers can conclude from the current situation that the Forlani government could safely make the autumn, helped by the usual late summer lull, but the road ahead remains bumpy. The weeks immediately preceding the June referenda may give Sig Forlani a rough ride even if he manages to avoid any unforeseen potholes that appear beforehand.

R P Osborne  
Western European Department

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R &amp; R (Int Pol)



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Our reference	

R P Osborne Esq  
WED  
FCO

Date 27 February 1981

Rep. of also ECOC (1)  
Reference Dept.

Dear Roy,

Dr 9/3

W. G. S. S. S.

FORLANI: PERFORMANCE AND PROSPECTS

(Italian) members will never cease

1. On 19 February, the Government coalition was defeated six times in the Chamber on amendments to the Finance Bill. The cause was not rebel voters but a high level of absenteeism, especially on the Christian Democrat (DC) benches. This is a longstanding problem: only the PCI, with their tighter party discipline, are really efficient at getting their members to attend and vote and too many DC Deputies have outside interests which can keep them away from the Chamber for all but the most critical debates. The PSI have a poor attendance record too. As you know, there is no system of "pairing", even for Government Ministers abroad an official business, although individual Deputies sometimes come to an understanding with friends on the other side of the Chamber. The scale of the problem is evident from the fact that in theory Forlani has a majority of 90, or 98 if one includes the Sudtiroler Volkspartei (SVP) who almost always vote with the DC. Gerardo Bianco, the DC group leader in the Chamber, offered his resignation in token of failure but it was not accepted by Piccoli: he does the job as well as most, but only the faction leaders are in a position to deliver the wholehearted support of the DC in Parliament.

2. On 19 February the PCI in the end came to the Government's rescue by abstaining and thus postponing discussion until the next day, by which time the absentees had taken fright and returned to the fold. By doing so, the PCI earned plaudits from the coalition partners for their 'responsibility', and once again contrived to suggest that there is some truth in the PCI claim that Italy cannot be governed without the Communists. This approach is quite different from the all-out attacks on Cossiga last September (the reasons are discussed in paragraph 7 below). Another example is the PCI willingness to examine with all the main parties the possibility of introducing new Parliamentary rules to avoid 'obstructionism': the need for such reform was underlined by the Radical filibustering during the police powers debate, which paralysed the Chamber for a week in early February and almost made the decree law fail: one of the Radicals spoke without a break for 18 hours (a record).

/3.

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3. The 19 February defeats gave the Government a scare but had no lasting repercussions. Nevertheless this may be an appropriate time to look briefly at Forlani's performance after four months in office and at his prospects for survival.
4. Leaving aside the condition of the economy, which is chronic but only poses a threat to the Government when controversial measures to cure it are proposed, Forlani's two great tests so far have been the earthquake and the D'Urso kidnapping. Both episodes exposed the fundamental differences within the coalition but also meant that it was the worst possible time for a Government crisis, let alone for anticipated elections. Any party provoking either would have risked severe criticism, not just in political circles but from the general public, and Pertini might even have refused the Prime Minister's resignation (for which there are precedents). Forlani was therefore able to sell a compromise to his partners and avoid disaster. The earthquake left the DC image bruised but Forlani himself, especially after the wise appointment of Zamberletti as Relief Commissioner, emerged more or less unscathed. After D'Urso the coalition looked in better shape than expected, thanks largely to the fact that he was released alive: the price paid by the Government in the form of concessions will only show its negative effects in the longer term.
5. Both these dramas have helped to distract attention from the lack of the effective Government which Italy so badly needs. Forlani's Prime Ministership so far has been an exercise in crisis management, with regular 'summits' held with the four party secretaries producing a series of temporary expedients. Fortunately for him few Italians expect more than this of their governments. He also enjoys the great advantage that in the centre/right of the DC, who will not at present give the job away to the left-wing minority, there is no better candidate for Prime Minister (and the party still retains enough unity to close ranks against any lay aspirant). Last October's selection process showed how few DC politicians would willingly exchange their present posts for the uncertainties of Prime Ministership.
6. It has become almost a cliché here in political circles that the present Government formula is the only one possible. The consequence, that a crisis might precipitate elections, is certainly a factor for stability in the short run: none of the major parties would welcome elections now. The DC are split and unlikely to make electoral gains in the aftermath of the earthquake and with several scandals hanging over them. They are also a little exposed over the Catholic abortion referendum, which poses a difficult choice between political expediency (alignment with the lay parties to reject the referendum), and the religious convictions of many of the party's leaders and voters. The PSI might gain votes in an election, especially if the Radicals

/boycotted

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boycotted it, but Craxi would probably prefer to get his Congress in April over first and if possible confirm his grip on the Party: only 2 small factions, totalling about 10% of the Central Committee, are now in complete opposition, whereas the largest left-wing faction (perhaps 20%) will instead dispute Craxi's programme on its merits at the Congress. He might also decide to await the result of the Sicilian elections in June, which have often in the past been a good pointer to national developments, and the outcome of the six referenda due this spring. In any case his main objective is the Prime Ministership for himself, not one or two percent more for the party, and the time for that is not yet ripe.

7. The position of the PCI is more complex. We are reporting separately their relations with the USSR: suffice it to say here that they know the international situation could well have an adverse effect on their electoral prospects. Despite the notorious indifference of the Italian voter to foreign affairs, an invasion of Poland or even the continuing threat of one would make it impossible for the PCI to concentrate pre-election debate on those internal areas where the DC are weakest - corruption, inefficiency, and the social inequalities within Italy. More important still, the party is in the throes of rethinking its policy of the historic compromise to embrace only the forces of the left (possibly including some members of the DC) under the hegemony of the PCI. This debate continues below the surface and many in the Berlinguer camp have doubts about the wisdom of seeking power in this way, especially with the present PSI cast in the role of main allies. Others feel the swing has not gone far enough. The party needs time to evolve a new policy acceptable to all the leaders and to the rank and file, as well as to implement some of the internal administrative 'reforms' proposed by Napolitano to the Central Committee in January. It is therefore not the ideal moment for them to seek to arrest their unprecedented electoral decline which began in 1976.

8. A combination of these negative factors, rather than any achievements by Forlani, is now leading many observers to predict the survival of the present Government until the summer or even the autumn (allowing for the usual moratorium on crises in August), whereas at Christmas hardly anyone gave it more than a few months, or less. For example Fanfani, a very shrewd observer and close to Forlani, told the Ambassador the other day that he (Fanfani) did not think anyone wanted a crisis now and expected the present Government to last until after the administrative elections. Forlani has stood up to pressure better than expected, and looked much less haggard during the D'Urso case than Cossiga last summer. He has also shown skill at playing off the various interests within the party and the

/coalition

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coalition, even if the result is hardly inspiring leadership. His summits with Party Secretaries are unpopular in many quarters, but are probably the only way of keeping his four-horse chariot on the track. So that although there are any number of hazards both known and unforeseen which could cause his downfall - and I doubt whether he could long resist an all-out onslaught by the PCI - it should no longer be taken as a foregone conclusion that the Government will not last beyond the spring.

*Yours ever,*

*Robert Culshaw*

R N Culshaw

cc: Chanceries: Paris  
Bonn  
UKREP Brussels  
Washington  
UKDEL NATO



NNNN

P393 EPA046

1445 :NIGHTLEAD GOVERNMENT:

ROME, FEB 27, REUTER -- ITALY'S SHAKY FOUR-PARTY COALITION GOVERNMENT TODAY WON TWO VOTES OF CONFIDENCE ON PROPOSED AMENDMENTS TO ITS 1981 FINANCE BILL AND WAS EXPECTED TO WIN FIVE MORE WHICH IT HAD TABLED IN AN EXTRAORDINARY MANOEUVRE.

PRIME MINISTER ARNALDO FORLANI, CONCERNED THAT THE BILL MIGHT BE VOTED OUT IN SECRET BALLOTING, SOUGHT OPEN VOTES OF CONFIDENCE TO CONTROL POSSIBLE DISSIDENTS IN THE COALITION CAMP.

IT WAS THE FIRST TIME IN ITALY'S POST-WAR HISTORY THAT A PRIME MINISTER HAD SOUGHT CONFIDENCE VOTES ON AMENDMENTS TO A PROPOSED BILL. IT REFLECTED GROWING ANXIETY IN THE FOUR-MONTH-OLD GOVERNMENT.

A WEEK AGO MR FORLANI WAS DEFEATED SIX TIMES IN THE CHAMBER OF DEPUTIES IN SECRET BALLOTS ON MINOR AMENDMENTS TO OTHER SECTIONS OF THE BILL.

THE DEFEATS WERE CAUSED MAINLY BY THE ABSENCE OF MANY DEPUTIES FROM THE CHAMBER, BUT SOME GOVERNMENT BACKBENCHERS ALSO VOTED WITH THE OPPOSITION.

IN TODAY'S FIRST VOTE OF CONFIDENCE 344 DEPUTIES VOTED FOR THE GOVERNMENT AND 246 AGAINST. THERE WERE SIX ABSTENTIONS.

MORE AYB/TW/CBA

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1448 :NIGHTLEAD GOVERNMENT 2 ROME:

THIS APPROVED AN INCREASE IN MINIMUM PENSIONS, PART OF THE COMPLEX DISCUSSION OF THE FINANCE BILL. A SECOND VOTE REJECTED A COMMUNIST BID TO EXTEND THE STATE'S MINIMUM PENSIONS SCHEME TO SELF-EMPLOYED WORKERS.

UP TO FIVE SIMILAR VOTES COULD FOLLOW DURING THE COURSE OF TODAY'S MARATHON SESSION, WITH THE GOVERNMENT AT THIS STAGE EXPECTED TO WIN ALL OF THEM, PARLIAMENTARY SOURCES SAID.

BUT AN ALL-OUT GOVERNMENT VICTORY ON THE AMENDMENTS COULD BE REVERSED IN A VOTE ON THE WHOLE BILL TOMORROW, WHICH ACCORDING TO THE CONSTITUTION HAS TO BE SECRET. IF APPROVED, THE BILL WILL THEN GO BEFORE THE SENATE (UPPER HOUSE).

PARLIAMENTARY OBSERVERS DESCRIBED THE SITUATION IN THE CHAMBER OF DEPUTIES AS ONE OF TOTAL CONFUSION.

+EVEN THE MOST EXPERIENCED PARLIAMENTARY REPORTERS HAVE GIVEN UP ATTEMPTING TO EXPLAIN THE TECHNICALITIES OF THE ISSUE INVOLVED TO THEIR READERS,+ THE INFLUENTIAL DAILY CORRIERE DELLA SERA WROTE.

MORE AYB/TW/CBA

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1451 :NIGHTLEAD GOVERNMENT 3 ROME:

THE 1981 BUDGET, DRAWN UP IN SEPTEMBER, SETS OUT SPENDING PLANS TOTALLING ABOUT 170 BILLION DOLLARS BEFORE AMENDMENTS, FINANCED BY TAX REVENUES ESTIMATED AT SLIGHTLY MORE THAN 100 BILLION DOLLARS AND BORROWINGS OF NEARLY 70 BILLION.

IN ONE OF THE AMENDMENTS MR FORLANI WANTS TO ALTER THE INFLATION-LINKED INCREASES FOR PENSIONERS FROM TWICE TO THREE-YEARLY PAYMENTS.

GOVERNMENT MINISTERS SAID THE PRIME MINISTER COULD BE AIMING AT A CHANGE IN THE INFLATION-INDEXED SALARY INCREASES FOR ITALIAN WORKERS FROM FOUR TO THREE TIMES A YEAR IN THE HOPE THAT IT MIGHT CURB THE RATE OF INFLATION, NOW RUNNING AT 20 PER CENT.

THE SYSTEM IS JEALOUSLY PROTECTED BY ITALIAN TRADE UNIONS.

TODAY'S VOTE OF CONFIDENCE IS THE THIRD SINCE MR FORLANI FORMED HIS COALITION GOVERNMENT IN OCTOBER WHICH GAVE HIM ON PAPER A BROAD PARLIAMENTARY MAJORITY.

HIS GOVERNMENT OF CHRISTIAN DEMOCRATS, SOCIALISTS, SOCIAL DEMOCRATS AND REPUBLICANS, REPLACED THAT OF FORMER PRIME MINISTER FRANCESCO COSSIGA WHICH WAS BROUGHT DOWN IN A SECRET ECONOMIC POLICY VOTE IN SEPTEMBER.

REUTER AHB/TW/CBA



cc R.P.

Mr. Vereker interesting

Reference ..... L.H. 014/2 (3)  
18/2  
19 FEB 1979  
Pr. P. 18/2

Mr Vereker

There will be interesting esp. 3-6 but the subject of referenda are not a substitute for a law (see from the government.)

ITALIAN REFERENDA

1. The referenda due to take place in Italy are as follows:

- (1.) Abortion - put forward by the Radical Party and proposing the easing of restrictions on the termination of pregnancy within the first 90 days.
- (2.) Abortion - put forward by the Catholic Movement for Life and restricting abortion to cases where there is danger to mother or child.
- (3.) The abrogation of Articles 17 and 22 of the Penal Code thus banning life imprisonment. (Of the 10 original Radical referenda, this attracted the least votes.)
- (4.) The repeal of Cossiga's Decree 625 of 15 December 1979 which concerned terrorism. Amongst other things, the decree increases sentences for terrorist crimes, reduces sentences for "terroristi pentiti" and enables the police to hold suspects without access to lawyers for 72 hours.
- (5.) A ban on the carrying of firearms.
- (6.) A call for military trials to be abolished. The Party consider Military tribunals to be repression rather than justice and would like them transferred to the Civil Courts.

2. Apart from the above, 6 other referenda were rejected by the Constitutional Court on 4 February as follows:

- (1.) The repeal of 31 Articles of the Penal Code dealing with blasphemy, insulting behaviour, etc.
- (2.) A call for a nationwide ban on hunting. This was possibly the referendum with the most popular support but met with stiff resistance from Italy's vested interests/2,000,000 hunters.
- (3.) Relaxation of the laws regarding the acquisition and cultivation of "light" drugs - specifically Indian cannabis.
- (4.) A ban on the construction of nuclear power stations on Italian soil.
- (5.) The demilitarisation of the Guardia di Finanza - the Partito Radicale believes that demilitarisation would lead to democratisation and help curb corruption.
- (6.) Abortion - the second referendum proposal by the Catholic Movement for Life. It would have called for the tightest restrictions on abortion, whatever the purpose.

3. There is speculation that the reason why the proposed referendum calling for a ban on hunting was rejected is because a ban on the carrying of firearms would have the same effect in the long term.

R P Osborne

Western European Department

W64 2333266

17 February 1981



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**British Embassy**

Via XX Settembre 80A 00187 Rome

Telex 61049 Telephone 4755.441

*Handwritten:*  
 1812  
 Mr. Veretier  
 my minute of 17 Feb reference  
 Voting is most likely on 18th  
 7 or 14 June and the DC will  
 campaign only for (ii), calling for  
 rejection of the other five.

R P Osborne Esq  
 WED  
 FCO

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R.P. 10/2		⑤

*Dear Ray,*

**REFERENDA**

1. On 4 February the Constitutional Court pronounced on the admissibility of 12 referenda for which the necessary 500,000 signatures had been collected. Their judgement is based, in theory at least, on whether or not proposed referenda conflict with provisions of the Constitution or fail to fulfil all the conditions for referenda which the Constitution lays down. Ten of these referenda had been promoted by the Radical Party, which sees this tactic as a way of exerting a political influence far greater than its minute party membership (no more than a couple of thousand throughout Italy) and limited Parliamentary strength (18 deputies) would otherwise allow: Radical efforts to publicise the referenda in fact put them into debt, but they took care to keep the finances for the referendum campaign separate from those of the party. The other two referenda were sponsored by the "Movement for Life", a Catholic organisation which aims to ban or at least severely restrict opportunities for abortion in Italy: with considerable assistance from the Church in some areas they collected more than enough signatures without difficulty.

2. The Court has allowed exactly half the proposed referenda (as it did in 1978). Those which survive, with a brief description of each, are as follows:

- i) Abortion (Radical), calling for the abrogation of 13 articles of the present Law No. 194 of 1979: its effect would be almost complete liberalisation;
- ii) Abortion (Movement for Life), calling for the abrogation of 8 articles of Law 194: its effect would be to limit abortion to cases where the mother's life or physical health was at risk;

/iii)

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- iii) Legge Cossiga, calling for repeal of the anti-terrorism law of February 1980 which gives extensive powers to the authorities (at the time the Radicals waged a fierce campaign of obstruction against it in Parliament: they are now doing the same on the proposal to extend by decree law the police powers of preventive arrest - "Fermo di Polizia" - which forms part of Legge Cossiga);
- iv) Life Imprisonment, calling for it to be abolished as inhumane: the relevant articles of the penal code are nos. 17 and 22;
- v) Bearing arms, calling for the repeal of those provisions of the 1931 Law on Public Security which (enshrined in Law 110 of 1975) permit private citizens to bear arms under certain circumstances: weapons would be restricted to the forces of the state, and private security firms etc. would have to operate unarmed;
- vi) Military tribunals, calling for the repeal of some of the provisions of the 1941 law which governs their composition: the aim is to open the way to a substitution of civil for military judges (military tribunals as such cannot be abolished by referendum because they are enshrined in the Constitution);

Voting on all 6 of these referenda should take place on a Sunday between 15 April and 15 June (more probably in the second half of that period).

3. The rejected referenda were

- vii) Abortion (Movement for Life) calling for a complete prohibition of abortion;
- viii) Hunting, calling for it to be banned;
- ix) "Soft" drugs, calling for freedom to use cannabis;
- x) Nuclear power stations, calling for them to be banned;
- xi) Demilitarisation of the Guardia di Finanza, (that section of the state authorities concerned with finance, fraud, tax evasion etc);

/xii)

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xii) "Crimes of opinion", calling for the repeal of 31 articles of the Fascist penal code (still in force) which can make it illegal to hold opinions or arrange meetings.

4. The Court must in the next day or two publish the legal argument behind its decision in each case. According to press reports, iii) and vi) above were passed only by the casting vote of the Court's President, Amadei: on the two successful abortion referenda the Court was more united (9 to 5). The arguments for rejection of the rest are likely to include incompatibility with international treaties (Nuclear power centres and soft drugs), inconsistency (crimes of opinion), interference with the competence of the regions (hunting) and use of the referendum for a purpose other than abrogation of a law (xi above). The most interesting will be the decision on vii): Amadei has said that to ban abortion entirely would be a return to the situation existing before 1975, when the Court declared it not to be a crime.

5. The Radicals are protesting at the rejection of 5 of their referenda and some commentators think that those which are politically most controversial have deliberately not been allowed. It is true that the Court, like so many other parts of the judicial structure in Italy, reflects political interests: a third of its members are appointed by Parliament and another third by the President, and often they base their argument more on political factors than points of law. None of the major parties really likes the principle of the referendum: opposition to it from the DC establishment delayed its implementation for 20 years, despite the provisions in the Constitution, and there have still only been three referenda held (Divorce, Party Financing, and Legge Reale on police powers) - although in one or two other cases the threat of a referendum has proved sufficient to get the law changed. The PCI have different reasons for not wanting to see the party and Parliament bypassed by public opinion in this way. The PSI have the particular objection that a successful referendum campaign would rebound to the credit of the Radicals, who are a potential threat to them in electoral terms. Against this background it is more significant that six referenda survived than that six were dropped - and those which survive include abortion, which remains a very sensitive subject for the DC.

6. There are two possible ways of avoiding referenda. One is to call early elections, which none of the main parties claim to want at present. The other is to change the law which is the subject of the referendum sufficiently to

/invalidate

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invalidate the collection of signatures (as was done with abortion in 1979): the proponents of the referendum then have to start all over again. The Liberals have already suggested the second course and the other small lay parties may well agree, except on abortion. The PCI will decide their attitude at a Central Committee meeting this week: on abortion they will remain strong defenders of the present law (which they were instrumental in passing) but on life imprisonment and military tribunals they might be willing to modify the law. Here the Radicals are in effect attacking the unreformed Fascist penal code (the "Rocco code") which remains the basis of criminal law in Italy, and the PCI are not alone in being uncomfortable about defending its more outmoded and repressive provisions. It is conceivable that on some issues the PCI might allow its members a free vote, on the grounds that the subjects are more moral or social than political: but even this would displease the old guard.

7. For the DC, Forlani's main aim will be to ensure that none of the referenda leads to a split within the party or the coalition. On life imprisonment and military tribunals this might mean letting the PSI vote differently from the other three coalition parties: the Socialists, anxious lest the Radicals steal all their clothes on these issues, would be inclined to support both referenda in their present form. The Catholic abortion referendum is still more difficult, since this is the issue above all others which can unite the smaller lay parties against the DC, who are under pressure from the Church and are expected by many of their electorate to give a firm lead. Nevertheless, the party has not forgotten the 1974 debate when, with Fanfani in the van, they threw their whole weight against the divorce proposal and lost. That was one of the most significant developments in post-war Italy: Forlani will be anxious not to make the same mistake over abortion. Already the Party Secretary Piccoli has said that the DC will not seek to make a crusade out of the abortion issue or turn it into a squabble between parties. It remains to be seen whether the DC can hold this line, and whether the coalition with its disparate elements can survive the strain which these 6 referenda will put upon it.

*John*

*Robert Culshaw*

R N Culshaw

cc: Holy See  
Chanceries: Bonn  
Paris  
Washington  
Moscow

Mrs K Colvin, Research Dept

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folio 1 transferred  
to WRT 010/1 folio 1