

CONFIDENTIAL
SAVING TELEGRAM

See Rome Telno
309 of 2/8. 78

(77)

ROME
FCO
SAVING NO: 12
30 JULY 1979
CONFIDENTIAL

ORJ 014/2.

RECEIVED		TOP COPY	
03 AUG 1979			
DESK OFFICER	REGISTRY		
INDEX	PA	Action Taken	
	14/8		

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

ROME SAVING TELNO 11: ITALIAN POLITICAL SITUATION

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

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

/from 9 - 24 July

CONFIDENTIAL

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

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

(a) Christian Democrats (DC)

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

(b) Communists PCI

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

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

(c) Socialists (PSI)

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

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

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

/(e) Liberals (PLI)

(e) Liberals (PLI)

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

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

GOODISON

FCO/WHITEHALL DISTRIBUTION:

WED