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TO FCO SAVING TELEGRAM NO. 18 OF 1 NOVEMBER 1979
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MY TELNO 469: ITALIAN POLITICAL SITUATION

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

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

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

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

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

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

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