



SECRET

25/014/2	
AUG 1980	

Mr Fergusson

WSD

1. After reading JIC(80)(WSI)31 you wondered whether it did *not* give a rather *full* emphasis on the position of Signor Craxi and the PSI. *False*

2. The latest substantive reporting on the Italian internal scene was in mid June when the Embassy summed up the Italian local elections. They reported that the slight improvement in the PSI vote strengthened Craxi's position and was a set back for the left wingers within the PSI who were opposed to the coalition with the Christian Democrats. It was not thought, however, that the PSI's success was great enough to enable him to achieve his ambition of becoming Prime Minister, particularly since the PSI already holds the Presidency. But pressure from the PSI for greater participation in the government was likely.

3. This assessment seems consistent with that in the JIC paper. However, I have asked the Embassy in Rome to send us a short resumé by the end of the week on Craxi and the PSI to take account of developments since the local elections. Sir R Arculus is expected back in London at the weekend at the beginning of his leave.

P. Vereker
P W M Vereker
Western European Department

4 August 1980

cc Mr Gladstone
Mr Armour

Thank you. I shall hold back it on Friday (or else it will be out of date before I return from leave)

Nothing has yet come

MSA/sg 1730 hrs.

JP
24/8

Mr. Armstrong
Miss Sayell etc
Pa. Mts.

SECRET