

Mr Vereker

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ITALIAN INTERNAL SITUATION

1. I telephoned Mr Tomkys this morning about the report in today's 'Times' that the Socialist Party Leader, Signor Craxi had resigned. Mr Tomkys confirmed that this was a tactical move on Craxi's part to reinforce his position within the party. Mr Tomkys went on to say that the current situation was that President Pertini had asked Forlani, the DC Party Chairman, to put together a government. Neither Forlani nor Piccoli, the Party Secretary, had been enthusiastic to do so. But apparently Pertini had forced Forlani's hand by threatening to call upon one of the other parties. Mr Tomkys added that the vote against Cossiga last week to a large extent represented opposition to Craxi and a move to check his ambitions. Craxi had therefore decided to call the PSI's bluff by forcing them to re-elect him, and from (he hoped) a stronger position he would then be better able to control his left wing, and force them to accept his current strategy of cooperating with the DC and excluding the PCI.

2. As far as the eventual composition of a government was concerned, Mr Tomkys said that the choices were completely open. The possibilities ranged from a minority DC to a 3-party (DC-PSI-PRI), or 4-party (DC-PSI-PRI-PSDI) or 5-party (DC-PSI-PRI-PSDI-PLI) coalition. He added that whatever government was eventually formed would naturally want to achieve a better understanding with the PCI on what the Communists would, or would not, let through Parliament in future. Mr Tomkys added that there was a possibility that the crisis could be resolved quickly, equally it could drag on.

3. I have passed these comments on to Mr Webb of the Cabinet Office Assessments Staff in time for the meeting on the 'Outlook for Italy' paper today. Mr Tomkys said he would let us have another telegram on the Italian internal situation in time for the JIC meeting on Tuesday, which will consider a paper on the current crisis.

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