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TO PRIORITY FCO

TELEGRAM NUMBER 236 OF 19 JUNE 1981

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

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MY TELNO 200: 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. SPADOLONI'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

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