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SAVING FOR INFO MOSCOW

MY TELNO ³70: ITALIAN POLITICAL SITUATION

1. AS EXPECTED, FOLLOWING THE COMMUNISTS' ANNOUNCEMENT ON 26 JANUARY OF THEIR WITHDRAWAL FROM THE 5-PARTY PARLIAMENTARY MAJORITY, SIGNOR ANDREOTTI YESTERDAY (31 JANUARY) HANDED HIS RESIGNATION TO THE PRESIDENT OF THE REPUBLIC, THUS FORMALLY OPENING A PERIOD OF POLITICAL "CRISIS". IT IS THOUGHT LIKELY THAT WITHIN ABOUT THREE DAYS HE WILL BE INVITED BY THE PRESIDENT TO ATTEMPT TO FORM A NEW GOVERNMENT. BUT IT IS BY NO MEANS CLEAR WHETHER HE WILL SUCCEED IN THIS, OF WHAT THE FINAL OUTCOME WILL BE, AND THE PROCESS IS LIKELY TO TAKE SOME TIME. YOU MAY LIKE SOME BRIEF REFLECTIONS ON THE PROSPECTS

2. THE KEY FACTOR WILL BE THE ATTITUDE OF THE COMMUNISTS. ANDREOTTI HAD HOPED THAT THE GOVERNMENT WHICH HE FORMED LAST MARCH, SUPPORTED BY A MAJORITY INCLUDING THE COMMUNISTS, WOULD SURVIVE AT LEAST UNTIL AFTER THE EUROPEAN ELECTIONS IN JUNE. HE RECOGNIZED THAT THEREAFTER THE PARTIES MIGHT DRAW CONCLUSIONS FROM THE EUROPEAN ELECTIONS WHICH COULD LEAD TO CHANGES ON THE NATIONAL SCENE. BUT WHAT IN FACT SEEMS TO HAVE HAPPENED IS THAT THE COMMUNISTS BEGAN TO FIND THEIR POSITION SO UNCOMFORTABLE, TRAPPED IN ASSOCIATION WITH GOVERNMENT POLICY BUT WITHOUT ANY REAL INCREASE IN POWER, THAT THEY HAVE BEEN OBLIGED TO PROVOKE A CHANGE IN ADVANCE OF THEIR PARTY CONGRESS IN MARCH, WHEN BERLINGUER AND OTHER MODERATES IN THE LEADERSHIP WOULD OTHERWISE HAVE COME UNDER HEAVY ATTACK.

3. IN ANNOUNCING THEIR WITHDRAWAL FROM THE MAJORITY THE COMMUNISTS HAVE PUT UP A BARRAGE OF CRITICISMS (SOME MORE JUSTIFIED THAN OTHERS) OF CHRISTIAN DEMOCRAT FAILURES,

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BUT HAVE OFFERED NO REAL ALTERNATIVE OF THEIR OWN - APART FROM THE OLD IDEA OF AN EMERGENCY GOVERNMENT OF ALL THE PARTIES. IT IS NOTEWORTHY THAT THEY HAVE AVOIDED COMMITTING THEMSELVES TO OPPOSITION TO THE PANDOLFI PLAN, RECENTLY PUBLISHED, WHICH LAYS DOWN GUIDELINES FOR THE MANAGEMENT OF THE ECONOMY OVER THE NEXT THREE YEARS. GIVEN THAT THEIR POSITION, ON THE EVIDENCE OF THE POLLS, IS RELATIVELY WEAKER VIS-A-VIS THE CHRISTIAN DEMOCRATS THAN IT WAS A YEAR AGO, THEY CANNOT SERIOUSLY EXPECT TO ACHIEVE WHAT THEY FAILED TO ACHIEVE IN THE LAST CRISIS. I THINK THE IDEA OF COMMUNIST PARTICIPATION IN GOVERNMENT, AT ANY RATE IN ADVANCE OF A GENERAL ELECTION, CAN BE RULED OUT. IT IS POSSIBLE HOWEVER THAT THE COMMUNISTS MAY BE PREPARED TO PUSH MATTERS TO THE EXTENT OF PROVOKING ELECTIONS (IN WHICH, ALTHOUGH THEY WOULD PROBABLY FARE WORSE THAN IN JUNE 1976, THEY MIGHT EXPECT TO PICK UP SOME VOTES ON THE LEFT THROUGH HAVING GONE INTO OPPOSITION). ON THE WHOLE I THINK IT UNLIKELY THAT THEY WILL GO FOR ELECTIONS AT THIS STAGE. WHAT SEEMS MORE PROBABLE IS THAT THEY WILL SEEK TO PROLONG THE CRISIS IN ORDER TO DELAY TAKING ANY DECISIONS UNTIL AFTER THEIR PARTY CONGRESS (23/25 MARCH).

4. ONE NEW FACTOR IN THE SITUATION IS THE ATTITUDE OF THE SOCIALISTS. THEIR RECENT LOCAL ELECTION RESULTS HAVE NOT CONFIRMED THE UPWARD TREND THAT WAS APPARENT IN THE MIDDLE OF LAST YEAR. CONVERSELY THEY EXPECT TO DO WELL IN THE EUROPEAN ELECTIONS IN JUNE, AND ARE CONCENTRATING ALL THEIR EFFORTS ON THIS OBJECTIVE. ANDREOTTI'S DIPLOMATIC ADVISER LA ROCCA, PUT IT TO ME THE OTHER DAY THAT IN THESE CIRCUMSTANCES THE SOCIALIST PARTY SECRETARY, CRAXI, MIGHT BE WILLING TO MOVE SOME WAY AWAY FROM THE COMMUNISTS IN PARLIAMENT IN ORDER TO AVOID HAVING A NATIONAL ELECTION BEFORE THE EUROPEAN ONE. IF SO, THIS COULD POINT THE WAY TO THE RECONSTITUTION OF AN ANDREOTTI GOVERNMENT WITH SOCIALIST ABSTENTION AND COMMUNIST OPPOSITION, OR POSSIBLY EVEN WITH SOCIALIST SUPPORT AND COMMUNIST ABSTENTION.

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5. I CONCLUDE THAT WE MAY WELL FACE A LONG PERIOD IN WHICH ANDREOTTI WILL CONTINUE IN CHARGE OF A CARETAKER GOVERNMENT, TAKING NO INITIATIVES BUT ADMINISTERING DOMESTIC AND EXTERNAL POLICY ON ESTABLISHED LINES. THERE IS NO REASON TO SUPPOSE THAT THE CRISIS WILL BE RESOLVED ON A BASIS WHICH WOULD CAUSE DISQUIET TO ITALY'S ALLIES AND PARTNERS.

FCO PLEASE PASS SAVING ADDRESSEE.

CAMPBELL.

[REPEATED AS REQUESTED]

FCO WHITEHALL
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CONFIDENTIAL

31 JAN 1970

cutting dated 19

Italy's Communists demand places in Cabinet

By FRANK TAYLOR in Rome

THE Italian Communist party intensified its fight for power yesterday with an outright demand for Cabinet representation.

If this was not forthcoming the party would go into "hard" opposition.

The demand and the warning came from Signor Gian Carlo Pajetta, one of the party's leaders.

He called on Sgr Andreotti, the Prime Minister, to recognise that the time had come for a change in the Italian political structure.

Sgr Andreotti, whose Christian Democrat minority government has foundered, following the Communists' decision to withdraw Parliamentary support, is due to hand in his resignation today.

Like the other Communist leaders, Sgr Pajetta is well aware that with his party in opposition no government could hope to last long and early elections would ensue. He called on Sgr Andreotti to "give a sign" that Communist demands for a more representative government team were being heeded.

"A sign would be useful," he declared. "And the sign should be the presence of Communists in government. This would show that there is a will to change."

After Sgr Andreotti submits his resignation to President Pertini there is likely to be

a pause of two or three days: then Sgr Pertini will no doubt ask Sgr Andreotti to try to form a new government.

The party leadership was reported yesterday to be agreed that Sgr Andreotti is their obvious choice to lead another government.

Many political observers were struck by the cool fashion in which he faced the Chamber of Deputies on Monday. He gave less the impression of a Prime Minister on his way out than one confident of the future.

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31 JAN 1979

cutting dated 19

Crisis debate in Rome

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From Reuter in Rome

Italy's Parliament opened a debate last night on a political crisis which is expected to force the Prime Minister, Mr Giulio Andreotti, to resign today.

The powerful Communist Party launched the debate with a fresh attack on the Government.

Calling for a new Government based on "full collaboration and operational ties" between the ruling Christian Democrats and the Communists, a Communist Party Deputy, Mr Alessandro Natta, stressed his party did not want to return to the opposition but wanted to become part of a ruling coalition with increased power. "We are not running away... rather we are appealing for politics of unity and solidarity based on full collaboration and operational ties with the Christian Democrats and other parties," he said.

The Christian Democrats, who polled 38 per cent of the vote against a Communist vote of 34 per cent in the 1976 elections, say they will come to any new arrangement provided the Communists are not actually in the new Government.

But Italy's third largest party, the Socialists, argued again yesterday for a Communist role, indicating that negotiations to form a new Administration may reach total deadlock.

"We are more than ever convinced of the need for a Government of national unity with all democratic forces," Socialist deputy, Mr Vincenzo Balzamo said.

The Prime Minister is expected to submit his resignation to President Sandro Pertini today and the President, anxious to avoid elections, will probably hand Mr Andreotti the mandate to continue in a caretaker Government.

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13.1 JAN 1979
MORNING
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THE crisis that has shaken the Italian government has once again emphasised that Italy cannot be governed without the Communists.

There are 228 Communist MPs in the Chamber, representing 34 per cent of the voters, and for the last ten months the minority Christian Democrat government has ruled with the parliamentary support of the Communists, Socialists, Social Democrats, Radicals and Republicans.

The Communists, however, only gave their support on condition that they were consulted on major issues. They were not consulted when Italy joined the European monetary system, and this, the last instance in a series of failures to keep the promise of consultations, was the last straw.

The government has been under pressure from the United States to adopt EMS and other financial measures, so the Communist withdrawal of support is aimed against American interference as well as broken pledges.

The Communists have over the last few months constantly warned that the government's failure to keep its promises of meaningful consultation could lead to a major campaign outside Parliament by the working-class movement to force the Christian Democrats to honour their pledge.

STRONGER ACTION

Such a campaign could bring about a big change in the political situation and set Italy on an entirely new course. In particular the Communist Party has been demanding stronger action on unemployment and agrarian reform.

One of the possibilities is that the Communist Party will be asked to take part in a coalition government.

Asked at a recent press conference whether the Communist Party would not find it difficult to accommodate itself to the gradualism of a reformist government in any coalition, party general secretary Enrico Berlinguer reminded the journalists that the party was not yet in the government. He made it clear that the programme of such a government would have to be agreed in consultation with the other parties involved in the coalition.

"If we use the formula 'party of government' (in describing the Communist Party) it is to signify that the Communist Party feels that it has the res-

Italy needs new course

ERIC SCOTT looks at the Italian Communists' campaign which may lead to their forming a coalition government.



Italy's future generation — and the symbol which will mean so much to it.

possibility and function of putting forward positive proposals for all the country's concrete problems and not to limit itself to denunciation but to advance just and realisable solutions," he said.

"We must link our political action in Parliament with adequate action in the country to bring pressure to see what agreements reached are respected."

The current crisis gives added interest and importance to the theses which have been published by the Communist Party for its congress in March.

The perspective offered in the theses is that of an extension of democracy in the workplaces and in the localities until the people have become strong enough to make a decisive change in Italy.

The draft resolution for congress says, "The participation of the workers in making decisions regarding the productive process (in the factories and elsewhere) is essential for a programme of democratic advance." It goes on to demand further extension of the rights won by

the unions on information about investments and employment.

In a call for the defence of democracy, the resolution says: "The fight against terrorism in all its aspects, is in the fundamental interest of the workers' movement and involves military Communists as a priority and must be conducted constantly with political initiative and the firmest and most intransigent campaign in the battle of ideas."

The resolution goes on to say that history has shown that every advance of the workers' and democratic movement arouses resistance and violent reactions, and even attempts to overthrow the democratic regime, terrorist actions and campaigns of various types, and attempts at open or creeping coups.

"But the conditions today are such that violence and attempts to attack the democratic regime could be defeated and frustrated by the support of the overwhelming majority of the population for the democratic institutions, by reform of the economic structure, and by the mass struggles of the workers."

The resolution says that Socialists and Communists should work for a Socialist transformation in their various countries corresponding to the traditions and peculiarities of individual countries and parts of the world.

Paying tribute to the building of a new society as the result of the October Revolution in Russia, the resolution says: "At the same time their great historic experiment has revealed limits, contradictions and errors which adversely affect the economic life of all Socialist countries, especially as regards democracy.

ERRORS

"These limits, contradictions and errors also adversely affect the relations between the different Socialist countries and limit the attractiveness of Socialist ideas in the whole world."

In any case it was evident that the roads followed in these countries were not applicable to Socialist transformation in countries like Italy and those of West Europe.

The resolution also says: "The social democratic parties, and particularly those that are or have been the governments of many European countries, although they have brought about improvements in the social and economic conditions of the working class, have not brought society out of the logic of capitalism."

Social democracy did not show itself capable, faced with the actual crisis, of finding a solution to the great problems of unemployment, justice, emancipation and democratic participation by the great masses of men, women, and young people.

The resolution spoke of transition to Socialism with the characteristics of a Socialist society having deep roots in the history of Western Europe and in the struggles for political, cultural and religious liberty, especially in the great battles for democracy, liberty and social progress which had been fought and conquered by the workers' movement.

The theses say: "The peculiarity of the Italian situation is that it is 'without doubt' more advanced, from the point of view of democracy and the social and material gains of the workers, than that of the other capitalist countries."

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Italian parties harden positions

BY PAUL BETTS IN ROME

ITALY'S TWO largest parties, the Christian Democrats and the Communists, appear to be hardening their positions. This leaves little room for an eventual compromise to avoid an early general election following the collapse of the minority Christian Democrat Government of Sig. Giulio Andreotti.

Although the Prime Minister, after tendering his formal resignation to President Sandro Pertini, is expected to be asked later this week to attempt to form a new Government, the general view here is that the Communists are likely to insist on the appointment of Communist ministers in any new administration.

This has already been flatly rejected by the ruling Christian Democrats, who have described the demands of the Communists as "unrealistic."

In the face of the renewed outburst of political violence and continuing economic difficulties, most of the country's main parties claim to be against an early electoral confrontation. But it is unlikely that a lasting political compromise can be reached as long as the two leading parties maintain their current intransigent stand.

The Communists are now coming under increasing pressure from the Left of the party. With the prospect of a key national congress in March, Communist leaders are now clearly attempting to recover some of the electoral ground lost to the Christian Democrats during the two and a-half years of collaboration with the ruling party.

In these two and a-half years, the Communist Party has seen its electoral support drop in a series of regional polls and its

position increasingly undermined by extreme Left-wing factions and militant non-aligned union movements. These groups have accused the Communist Party of becoming increasingly conservative by collaborating with the Christian Democrats.

For their part, the Christian Democrats have indicated that only after an election could the party re-examine the controversial issue of direct Communist participation in Government. In any case, the ruling party is generally confident it would gain votes in an election at the expense of the Communists.

Against this background, both leading parties would clearly lose face towards their respective electorate should they accept a compromise which would inevitably involve concessions from both sides on the crucial question of Communist entry into Government.

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UKP601 EPA604

1323 :URGENT * * * :LEAD GOVERNMENT * * * :

ROME, JAN 31, REUTER -- ITALIAN PRIME MINISTER GIULIO ANDREOTTI TOLD PARLIAMENT TODAY THAT HE WILL SUBMIT THE RESIGNATION OF HIS CHRISTIAN DEMOCRATIC MINORITY GOVERNMENT TO PRESIDENT SANDRO PERTINI TONIGHT.

MORE AVB/PMS/AEM.

Copy to M. Good
Mr. Kern
Mr. Hasbrouck

Pa. King
2/1/71

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UKP603 EPA605

1327 :LEAD GOVERNMENT 2 * * * ROME:

SUMMING UP A THREE-DAY DEBATE IN THE CHAMBER OF DEPUTIES DISCUSSING THE WITHDRAWAL OF A FIVE-PARTY PARLIAMENTARY PACT WHICH PROPPED UP HIS 10-MONTH-OLD GOVERNMENT, MR ANDREOTTI SAID THE DEBATE MADE CLEAR THAT HE NO LONGER HAD A MAJORITY TO RULE.

MR ANDREOTTI, WHO HAS HEADED FOUR GOVERNMENTS IN SEVEN YEARS, SAID THE POLITICAL DIVISIONS EMERGING FROM DEBATE REQUIRED A COMPLETELY NEW INITIATIVE.

(PICKUP AS REQUIRED)

REUTER AVB/PMS/AEM.

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1346 : LEAD GOVERNMENT 3 ROME (EPA605):

THE PRIME MINISTER SAID HE WOULD INFORM HIS CABINET ABOUT THE COLLAPSE OF THE PARLIAMENTARY PACT AT 1700 GMT, THEN HAND IN HIS RESIGNATION TO PRESIDENT PERTINI.

THE COMMUNISTS, DISSATISFIED WITH WHAT THEY CALLED A MISMANAGED AND INEFFICIENT GOVERNMENT, ARE CALLING FOR CABINET SEATS IN A GOVERNMENT OF NATIONAL UNITY, A DEMAND WHICH ALSO TOPPLED MR ANDREOTTI'S PREVIOUS MINORITY GOVERNMENT.

THEIR BID FOR MORE GOVERNMENT RESPONSIBILITY IS BEING SUPPORTED BY THE SOCIALISTS, ITALY'S THIRD LARGEST PARTY.

BUT THE CHRISTIAN DEMOCRATS, WHICH LED ALL ITALIAN POST-WAR GOVERNMENTS, ARE FIRMLY REJECTING THE COMMUNIST AND SOCIALIST DEMANDS, THUS MAKING PREMATURE ELECTIONS ALMOST INEVITABLE. PRESIDENT PERTINI IS EXPECTED TO ASK MR ANDREOTTI TO STAY IN OFFICE IN A CARETAKER CAPACITY.

THE 82-YEAR-OLD HEAD OF STATE WILL OPEN A SERIES OF TALKS WITH THE COUNTRY'S LEADING POLITICIANS TOMORROW.

BUT HE IS ALMOST CERTAIN TO ASK MR ANDREOTTI TO TRY AND FORM A NEW GOVERNMENT WHEN HE COMPLETES HIS ROUND OF TALKS ON SATURDAY.

(PICK UP AS REQUIRED)

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Miss P. Kenwick

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Copy to M. Ferguson

M. Goodal

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ADREOTTI'S RESIGNATION ALMOST INEVITABLE
ROME FRIDAY - ITALY'S COMMUNIST PARTY TODAY MADE PRIME MINISTER
ADV TO ADREOTTI'S RESIGNATION ALMOST INEVITABLE BY WITHDRAWING
ITS SUPPORTING FROM THE MINORITY CHRISTIAN DEMOCRATIC GOVERNMENT.
COMMUNIST PARTY LEADER ENRICO BERLINGUER ANNOUNCED THE WITHDRAWAL
AFTER A FIVE-PARTY SUMMIT TO DECIDE THE FATE OF MR ADREOTTI'S
TEN-MONTH-OLD ADMINISTRATION.

THE COMMUNISTS, ITALY'S SECOND LARGEST PARTY WERE A KEY
ELEMENT IN THE LOOSE FIVE-PARTY PACT WHICH KEPT MR ADREOTTI'S
MINORITY GOVERNMENT IN POWER.

THE COMMUNISTS HAVE ACCUSED THE RULING PARTY OF BETRAYING
THE PACT UNDER WHICH THE GOVERNMENT PLEDGED TO CONSULT THE
PARTIES ON ALL MAJOR DECISIONS.

PRIME MINISTER ADREOTTI, WHO HAS GOVERNED WITHOUT A MAJORITY
IN TWO MINORITY ADMINISTRATIONS SINCE STATEMATE ELECTIONS IN
JUNE 1976, WAS EXPECTED TO RESIGN EARLY NEXT WEEK.
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Italia internel.

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1313 :URGENT* *SECOND LEAD GOVERNMENT. .:

ROME, JAN 26, REUTER -- ITALY'S COMMUNIST PARTY TODAY MADE THE MINISTER GIULIO ANDREOTTI'S RESIGNATION ALMOST INEVITABLE BY WITHDRAWING ITS SUPPORT FROM THE MINORITY CHRISTIAN DEMOCRATIC GOVERNMENT.

COMMUNIST PARTY LEADER ENRICO BERLINGUER ANNOUNCED THE WITHDRAWAL AFTER A FIVE-PARTY SUMMIT TO DECIDE THE FATE OF MR ANDREOTTI'S 10-MONTH-OLD ADMINISTRATION.

+AFTER A CAREFUL EXAMINATION OF THE FACTS, WE REACHED THE CONCLUSION THAT OUR PRESENCE IN THE PARLIAMENTARY MAJORITY PACT WHICH SUPPORTS THIS GOVERNMENT HAS BECOME IMPOSSIBLE,+ MR BERLINGUER SAID.

MORE BH/AVB/REG/AEM.

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1315 :SECOND LEAD GOVERNMENT 2 ROME:

THE COMMUNISTS, ITALY'S SECOND LARGEST PARTY, WERE A KEY ELEMENT IN THE LOOSE FIVE-PARTY PACT WHICH KEPT MR ANDREOTTI'S MINORITY GOVERNMENT IN POWER.

MR BERLINGUER'S ANNOUNCEMENT FOLLOWED A MEETING BETWEEN THE LEADERS OF THE FIVE PARTIES -- THE RULING CHRISTIAN DEMOCRATS, THE COMMUNISTS, SOCIALISTS, SOCIAL DEMOCRATS AND REPUBLICANS.

THE COMMUNISTS HAVE ACCUSED THE RULING PARTY OF BETRAYING THE PACT UNDER WHICH THE GOVERNMENT PLEDGED TO CONSULT THE PARTIES ON ALL MAJOR DECISIONS.

PRIME MINISTER ANDREOTTI, WHO HAS GOVERNED WITHOUT A MAJORITY IN TWO MINORITY ADMINISTRATIONS SINCE STATEMATE ELECTIONS IN JUNE 1976, WAS EXPECTED TO RESIGN EARLY NEXT WEEK.

(PICK UP AS REQUIRED)

REUTER BM

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Miss P. Kenwick

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