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TO IMMEDIATE FCO

TELEGRAM NUMBER 92 OF 8 FEBRUARY

INFO PRIORITY TO WASHINGTON, UKREP BRUSSELS,

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MY TEL NO 80: ITALIAN POLITICAL SITUATION.

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WRJ 01412

RECEIVED

19 FEB 1979

UKDEL NATO.

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1. SIGNOR ANDREOTTI WAS DULY INVITED BY THE PRESIDENT OF THE REPUBLIC ON 3 FEBRUARY TO ATTEMPT TO FORM A NEW GOVERNMENT. AFTER A PAUSE FOR REFLECTION, DURING WHICH HE MADE CLEAR HIS BELIEF THAT THE CONDITIONS EXISTED FOR RECONSTITUTING A PARLIAMENTARY MAJORITY SIMILAR TO THE PREVIOUS ONE, ANDREOTTI HAS NOW STARTED HIS FIRST FORMAL ROUND OF CONSULTATIONS WITH THE OTHER PARTIES, BEGINNING WITH THE COMMUNISTS AND SOCIALISTS ON 7 FEBRUARY. ALTHOUGH NO SIGNIFICANT PROGRESS HAS SO FAR BEEN MADE, ALL PARTIES APPEAR AT THIS STAGE TO BE SET ON AVOIDING AN EARLY BREAKDOWN.
2. THE COMMUNISTS ARE CONTINUING TO INSIST ON THEIR INCLUSION IN GOVERNMENT, BUT ARE DOING SO IN TERMS WHICH SUGGEST THAT THERE IS AT LEAST SOME ROOM FOR MANOEUVRE IN THEIR POSITION (EG BERLINGUER SAID IN A WEEKEND SPEECH IN SARDINIA THAT THE ONLY WAY OF GUARANTEEING A RECONSTITUTED MAJORITY WOULD BE BY "EFFECTIVELY OVERCOMING" THE EXCLUSION OF THE PCI FROM GOVERNMENT). MOST COMMENTATORS BELIEVE AT THIS STAGE THAT THE COMMUNISTS WILL IN THE END ACCEPT ANOTHER CHRISTIAN DEMOCRAT-BASED GOVERNMENT, WHICH MIGHT BRING IN MORE MINISTERS ACCEPTABLE TO THE OTHER PARTIES, RATHER THAN CARRY THEIR INSISTENCE ON INCLUSION IN THE GOVERNMENT TO THE POINT OF PROVOKING EARLY ELECTIONS.
3. THE SOCIALISTS FOR THEIR PART, NO DOUBT SPURRED ON BY THEIR FEAR OF EARLY ELECTIONS, ARE PLAYING A GENERALLY CONSTRUCTIVE ROLE. THEIR PARTY SECRETARY CRAXI MADE CLEAR, AFTER HIS CONSULTATIONS WITH ANDREOTTI ON 7 FEBRUARY, THAT HE BELIEVED A WAY COULD BE FOUND TO CREATE A NEW PARLIAMENTARY MAJORITY, BUT THAT IT WAS UP TO THE CHRISTIAN DEMOCRATS AND THE COMMUNISTS TO CLARIFY THEIR RELATIONSHIP FIRST.

4. MEANWHILE THE NORMALLY FISSILE CHRISTIAN DEMOCRAT PARTY SEEMS TO BE STANDING REASONABLY FIRMLY BEHIND ANDREOTTI, AND HAS GIVEN HIM A FULL MANDATE TO NEGOTIATE, PROVIDED THERE IS NO BREACHING OF THE PRINCIPLE OF EXCLUSION OF COMMUNISTS FROM GOVERNMENT. SIGNOR FORLANI IS REPORTED IN THE ITALIAN PRESS AS HAVING STRESSED IN HIS INTERVENTION AT THE FOREIGN AFFAIRS COUNCIL (FCO TELNO 203 TO UKREP BRUSSELS, NOT TO ALL) THAT THE CHRISTIAN DEMOCRATS WOULD NOT ALLOW COMMUNISTS INTO THE GOVERNMENT. ANOTHER OF HIS REPORTED STATEMENTS HOWEVER, TO THE EFFECT THAT THE MARGINS OF MANOEUVRE WERE LIMITED AND THE RISK OF EARLY ELECTIONS WAS GREATER THAN WAS GENERALLY THOUGHT, MAY NOT HAVE BEEN WELCOME TO ANDREOTTI AND SHOULD BE VIEWED IN THE CONTEXT OF THE FACT THAT IF ANDREOTTI FAILS, FORLANI IS SOMETIMES SPOKEN OF HERE AS A POSSIBLE ALTERNATIVE CANDIDATE TO FORM A GOVERNMENT.

5. IT IS STILL GENERALLY AGREED THAT A SOLUTION OF THE CRISIS WILL TAKE A LONG TIME.

CAMPBELL

FCO/wH DISTX.

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cutting dated 110 FEB 1979 19

Italian Communists risk losing workers' support

By FRANK TAYLOR in Rome

THE Italian Communist party's bid for a share of governmental power appeared last night to be in danger of losing the vital support of organised labour.

The country's National Trade Union Federation was reported to be in favour of a compromise solution to the current political deadlock, one which would continue to exclude Communists from the Cabinet.

Leaders of the federation which encompasses the three biggest Communist, Socialist and Social Democratic unions, were said to be ready to back the compromise first put forward by the Socialist party and later taken up by the Christian Democrat caretaker Prime Minister, Signor Andreotti.

It envisages a new Cabinet in which the Christian Democrats would share power with an unspecified number of Ministers agreed upon by all parties, including the Communists.

One of the Communist union leaders, Signor Agostino Mariannetti, said he regarded the Socialist proposal as "the only one which would realise the two objectives for which the trade unions stand—to avert an early general election and to maintain national unity."

The non-Christian Democrat ministers in the proposed Cabinet scheme could be drawn from a number of parties in the Centre and on the Left, but at the insistence of the Christian Democrats they could not be from the Communist party. The Communists were said to be still pondering the suggestion last night.

Communist withdrawal

The present crisis began over a fortnight ago when the Communists, Italy's second biggest party withdrew their parliamentary support from the ruling Christian Democrats. They alleged that the ruling party had not carried out promises to consult them on major issues. The Communists said they would hold out for Cabinet posts or go into outright opposition.

But the attitude of the trade union movement could be a key element in forcing them into a compromise. While they are clearly reluctant to break Left-wing unity at a time of political uncertainty, the unions apparently feel that a solution must be found quickly if economic objectives are not to be prejudiced.

The Christian Democrats' new three-year economic plan, much of which has the backing of the unions, is in abeyance because of the political vacuum.

In Italy internal

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13 FEB 1979

cutting dated 19

ones dim for Political compromise in Italy

By Rupert Cornwell in Rome

SIG. GIULIO ANDREOTTI, the Italian Prime Minister designate, is tomorrow expected to begin a second round of consultations to try to rebuild a government majority, amid mounting pessimism over his chances of success, and thus of avoiding early general elections.

Preliminary soundings last week failed to produce any new grounds for a possible compromise between the two major parties, the Christian Democrats and the Communists. Over the weekend, both camps appeared to harden their positions further.

A fortnight after the Communists pulled out of the five-party parliamentary majority supporting Sig. Andreotti, the Communist chief whip, Sig. Alessandro Natta, flatly resisted his party's demand for direct ministerial portfolios in a new government.

In doing so, he virtually ruled out the one compromise that has been floated—that of an administration made up of Christian democrats and so-called "technocrat" ministers picked by the other four parties in the majority.

Such a formula has been implicitly rejected by Christian Democrat leaders—and not only by the hardline wing of the party keen to force an electoral showdown with the Communists—who argue that it would be little more than thin camouflage for direct participation by the Communists.

The possibilities seem to boil down to no more than an offer to renegotiate the future government's programme, including the recently published three-year economic recovery plan, and minor structural changes in the administration acceptable to his own party.

With an end to the crisis apparently further off than ever, attention is focusing on the Socialists. Caught in the crossfire between the two major parties, they have been the most ardent backers of a mixed Christian Democrat-technocrat government.

If the Communists cannot be lured out of opposition, the chances of forming a new Christian Democrat-led government depend on the support, or at the very least the abstention, of the Socialists, the third largest party with 37 of the 630 parliamentary seats.

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Mr Bonifazi:

Mr. Vereker:

To see. Please dig out the papers overleaf.

ROME TEL NO 80: ITALIAN POLITICAL SITUATION

1. The TUR is a sound analysis of recent events which tends to bear out earlier reporting & analysis by resident correspondents (Telegraph, Guardian, FT, Economist).
2. Where do we go from here, given the starting positions of the PCI (seats in a new government) and the DC (unwillingness to countenance this before a new election)? There is a widespread feeling that the PCI will not want elections before the 23-5 Party Congress; that the PSI will want to postpone them at least until the June European elections, when they hope to do well; & that though the DC might be tempted to fore the issue by the prospect of ~~doing so~~ electoral gains, they will not do so.
3. It is anybody's guess how this stalemate might be ended. Rather than speculate, let us wait & see how Pres. Pertini gets on over the weekend. If the eventual outcome is a long period of ~~stalemate~~ caretaker governance, then the most worrying

Result
~~Consequence~~ wd. be the consequent
inability of that government to begin
to tackle the economic problems
confronted by the "Pandoji Plan".

Peter Harbom?

2/11

Mr. Harbom
P.H.

Thank you. I agree. The key point here is that in the first sentence of the TOR, that that assessment changed we shd. have to have expert consultations with our other NATO Allies. You may like to glance at the AP prepared in the FCO when it last looked at it (the DCI might actually participate in government).

P.H.

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