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*pa Ryan*

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TELEGRAM NUMBER 109 OF 9 MARCH

INFO SAVING TO WASHINTQON, UKDEL NATO, UKREP BRUSSELS AND OTHER EEC POSTS.

MY TELNO 1 SAVING: ITALIAN POLITICAL SITUATION.

1. ANDREOTTI WAS GIVEN A NEW MANDATE TO FORM A GOVERNMENT BY PRESIDENT PERTINI ON 7 MARCH. IN A SOMEWHAT UNUSUAL MOVE (POSSIBLY INSPIRED BY THE PRESIDENT HIMSELF, WHO IS PLAYING A VERY ACTIVE ROLE IN SEEKING A SOLUTION TTO THE CRISIS). ANDREOTTI ACCEPTED THE MANDATE "WITHOUT RESERVATION", WHICH MEANS THAT HE IS NOW COMMITTED TO FORMING A NEW GOVERNMENT TO FACE A VOTE OF CONFIDENCE IN PARLIAMENT WHETHER OR NOT HE SUCCEEDS IN OBTAINING A PREVIOUSLY GUARANTEED MAJORITY.

2. IN ANOTHER SURPRISE MOVE PRESIDENT PERTINI NOMINATED THE VETERAN SOCIAL DEMOCRAT AND REPUBLICAN LEADERS SARAGAT AND LA MALFA AS JOINT DEPUTY PRIME MINISTERS UNDER ANDREOTTI. LA MALFA ALSO ACCEPTED THE TASK "WITHOUT RESERVATION", BUT SARAGAT MADE HIS ACCEPTANCE CONDITIONAL ON THE INCLUSION OF MINISTERS FROM THE INDEPENDENT LEFT. IN A NEW FOUR-PARTY GOVERNMENT (IE A CHRISTIAN DEMOCRAT, SOCIALIST, REPUBLICAN AND SOCIAL DEMOCRAT COALITION).

THE COMMUNISTS ANNOUNCED LAST WEEK THAT THEY WERE PREPARED TO SETTLE FOR THE INCLUSION OF MINISTERS FROM THE INDEPENDENT LEFT, THOUGH THIS WAS STILL UNACCEPTABLE TO THE CHRISTIAN DEMOCRATS IN A GOVERNMENT OF WHICH THEY THEMSELVES DID NOT HAVE THE LEADERSHIP (PARA 2 OF MY SAVING TUR). THE KEY ISSUE NOW IS WHETHER THE CHRISTIAN DEMOCRATS CAN AGREE ON THE INCLUSION OF INDEPENDENT LEFT MINISTERS IN A COALITION GOVERNMENT HEADED BY ANDREOTTI AND WHETHER THE COMMUNISTS WOULD BE SATISFIED WITH THIS.

ONE OF THE INDEPENDENTS WHO IS SPOKEN OF AS A MINISTERIAL CANDIDATE IS ALTIERO SPINELLI, THE FORMER EEC COMMISSIONER, WHO WAS ELECTED ON THE COMMUNIST LIST BUT IS NOT A MEMBER OF THE PARTY.

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3. IF THE COMMUNISTS AND CHRISTIAN DEMOCRATS CAN AGREE ON A FORMULA ON THESE LINES ANDREOTTI STILL HAS A CHANCE OF SUCCESS OTHERWISE THE CHANCES ARE THAT THE COMMUNISTS WILL NOW CHOOSE TO GO INTO OPPOSITION, IN WHICH CASE THE SOCIALISTS SEEM UNLIKELY TO BE WILLING TO SUPPORT A NEW ANDREOTTI GOVERNMENT, OR EVEN TO ABSTAIN.

IN THESE CIRCUMSTANCES THE VOTE OF CONFIDENCE WOULD BE LOST AND EARLY ELECTIONS WOULD BECOME INEVITABLE.

4. THERE IS STILL SOME WAY TO GO BEFORE THE FINAL POINT OF DECISION IS REACHED, AND THE PICTURE IS NOT YET CLEAR ENOUGH TO ALLOW FIRM PREDICTIONS. BUT THE RE-APPOINTMENT OF ANDREOTTI AS PRIME MINISTER-DESIGNATE, AND THE CERTAINTY THAT HE WILL NOW EITHER FORM A NEW GOVERNMENT OR AT LEAST REMAIN IN CHARGE UNTIL EARLY ELECTIONS SHOULD GIVE HIM ADEQUATE STANDING FOR NEXT WEEK'S EUROPEAN COUNCIL.

5. PLEASE PASS ADVANCE COPIES TO THOSE BRIEFING FOR THE EUROPEAN COUNCIL (E.G. WED, EID(1) AND (E)).

6. PLEASE PASS SAVING AS SOON AS POSSIBLE TO OTHER EEC POSTS.

CAMPBELL

[REPEATED AS REQUESTED]

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