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FROM ROME 081655Z APR

TO PRIORITY FCO TELNO 277 OF 5TH APRIL

PRIORITY INFO BONN PARIS UKREP BRUSSELS

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DUBLIN LUXEMBOURG.

MY TEL NO 254 : ITALIAN POLITICAL SITUATION.

1. SIGNOR COSSIGA'S NEW THREE-PARTY COALITION IS MADE UP OF 16 CHRISTIAN DEMOCRATS, 9 SOCIALISTS AND 3 REPUBLICANS. BY BRINGING IN THE SOCIALISTS, COSSIGA HAS SUCCEEDED IN FORMING A GOVERNMENT WHICH WILL HAVE A MAJORITY IN PARLIAMENT WITHOUT OUTSIDE SUPPORT FOR THE FIRST TIME SINCE 1974. THIS SHOULD GREATLY STRENGTHEN COSSIGA'S PERSONAL POSITION.

2. THE INCLUSION OF SOCIALISTS AND REPUBLICANS IN PLACE OF SOCIAL DEMOCRATS AND LIBERALS SHOULD, ON THE FACE OF IT, PRODUCE A MORE LEFTWARD-LOOKING GOVERNMENT. ON THE OTHER HAND, THE NEW COALITION IS EFFECTIVELY AN ANTI-COMMUNIST ALLIANCE WHICH HAS BEEN MADE POSSIBLE THROUGH (A) THE SUCCESS OF THE ANTI-COMMUNIST (AND PRO-SOCIALIST) RIGHT WING OF THE CHRISTIAN DEMOCRAT PARTY AT THE DC PARTY CONGRESS IN FEBRUARY, AND (B) CRAXI'S SUCCESS IN RE-ESTABLISHING HIS AUTHORITY OVER THE PRO-COMMUNIST LEFT WING OF THE SOCIALIST PARTY, WHOM HE HAS SUCCEEDED IN PERSUADING TO JOIN A COALITION AGAINST THE COMMUNISTS. TO THIS EXTENT THE NEW GOVERNMENT REPRESENTS A STRENGTHENING OF THE FORCES OF THE RIGHT IN BOTH THE MAJOR COALITION PARTIES. THIS TREND IS APPARENT IN THE COMPOSITION OF THE GOVERNMENT: MEMBERS OF THE CENTRE AND RIGHT FACTIONS PREDOMINATE AMONG THE DC MINISTERS, AND THERE IS ONLY ONE ANTI-CRAXI LEFT-WINGER (ANIASI AT THE MINISTRY OF HEALTH) AMONG THE 9 SOCIALISTS.

3. THE MOST SIGNIFICANT CHANGE FROM OUR POINT OF VIEW IS AT THE MINISTRY OF FOREIGN AFFAIRS. EMILIO COLOMBO (WHO I UNDERSTAND WILL BE PRESENT AT THE COUNCIL OF EUROPE MINISTERIAL MEETING IN LISBON ON 9/10 APRIL) HAS LONG EXPERIENCE OF EC AFFAIRS AND WAS HELPFUL TO THE UK AS ITALIAN PRIME MINISTER IN 1970-72 AT THE TIME OF OUR ENTRY NEGOTIATIONS. THE MINISTER IN THE NEWLY CREATED PORTFOLIO FOR COMMUNITY AFFAIRS, SCOTTI, IS YOUNG AND ENERGETIC, BUT WE UNDERSTAND FROM THE MFA AND THE PRIME MINISTER'S OFFICE THAT HE WILL BE CONCERNED WITH THE IMPLEMENTATION OF COMMUNITY POLICIES WITHIN ITALY RATHER THAN THE CO-ORDINATION OF ITALIAN POLICY TOWARDS THE COMMUNITY, WHICH WILL REMAIN THE RESPONSIBILITY OF THE MFA. IT WILL NO DOUBT TAKE TIME FOR HIS PRECISE ROLE TO BE ESTABLISHED, BUT OUR CONTACTS SAY THAT SCOTTI WILL HAVE NO ROLE TO PLAY IN THE UK BUDGET PROBLEM, AND IS UNLIKELY TO ATTEND COUNCILS EXCEPT OCCASIONALLY FOR SPECIFIC BUSINESS CONNECTED WITH HIS RESPONSIBILITIES. ZAMBERLETTI WILL APPARENTLY CONTINUE TO BE COLOMBO'S DEPUTY FOR EC MATTERS.

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4. THE SOCIALISTS APPEAR TO HAVE INSISTED ON AT LEAST ONE MAJOR PORTFOLIO. SINCE THE DC HAS KEPT FOREIGN AFFAIRS AND THERE WERE NO VACANCIES AT THE TREASURY OR THE INTERIOR, THE LOGICAL CHOICE WAS TO MOVE SARTI FROM DEFENCE. THE NEW MINISTER, LAGORIO, WHO HAS BEEN SOCIALIST SPOKESMAN ON POLICE AND INTERNAL AFFAIRS FOR THE LAST TWO YEARS, IS CLOSE TO CRAXI AND IS ROBUSTLY ANTI-COMMUNIST. HE HAS NO DEFENCE EXPERIENCE, BUT IS PROBABLY AS GOOD A CHOICE AS ANY IF THERE HAD TO BE A SOCIALIST IN THIS PORTFOLIO. I RECOMMEND THAT MR PYM RENEW TO HIM THE INVITATION WHICH I HAD ALREADY PASSED TO SARTI TO VISIT THE UK IN THE AUTUMN.

5. IT IS NOTABLE THAT NEITHER CRAXI NOR THE REPUBLICAN PARTY SECRETARY, SPADOLINI, HAS SOUGHT TO BE INCLUDED IN THE GOVERNMENT. ALTHOUGH RUMOURS OF A "DIRECTORATE" OF PARTY SECRETARIES HAVE BEEN DENIED, COSSIGA IS CLEARLY ANXIOUS TO HAVE REGULAR CONSULTATIONS WITH THE LEADERS OF THE THREE COALITION PARTIES. THIS SHOULD HELP TO MAINTAIN THE STABILITY OF THE COALITION AND OFFSET PRESSURES FROM THE DISGRUNTLED LEFT-WING MINORITIES IN BOTH THE DC AND THE SOCIALIST PARTIES. NEVERTHELESS, CRAXI WILL STILL HAVE DIFFICULTY IN KEEPING HIS TROOPS IN LINE.

6. COSSIGA HAS FORMED HIS NEW GOVERNMENT IN ONLY 16 DAYS (WHICH IS EXCEPTIONALLY FAST BY RECENT ITALIAN STANDARDS) HE STILL HAS TO PREPARE HIS DETAILED POLICY STATEMENT FOR THE CONFIDENCE DEBATE WHICH IS DUE TO START ON 14 APRIL. THE VOTE WILL PROBABLY TAKE PLACE ABOUT 17 OR 18 APRIL. EVEN THOUGH THE RESULT IS A FOREGONE CONCLUSION HE WILL BE PREOCCUPIED UNTIL AFTER THE VOTE, WHICH LEAVES AN UNCOMFORTABLY SHORT PERIOD BEFORE THE EUROPEAN COUNCIL. BUT SENIOR ITALIAN OFFICIALS ARE WORKING HARD ON THE PREPARATIONS. I EXPECT TO SEE COLOMBO ON 11 APRIL .

FCO PLEASE PASS SAVING ADDRESSEES.

ARCULUS

[REPEATED AS REQUESTED]

[THIS TELEGRAM WAS NOT ADVANCED]

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