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TO IMMEDIATE FCO

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TELEGRAM NUMBER 351 OF 27 MAY 1980
INFO SAVING TO EC POSTS, UKREP BRUSSELS, UKDEL NATO, WASHINGTON
AND MILAN.

22
MY TELNO 19 SAVING: ITALIAN POLITICAL SITUATION

FOLLOWING FROM MINISTER IN MY ABSENCE ON TOUR

1. WHEN THE ITALIAN FOREIGN MINISTER DINES WITH THE PRIME MINISTER ON 28 MAY, HIS PRIMARY DOMESTIC PREOCCUPATION WILL BE THE LOCAL ELECTIONS ON 8 JUNE, WHEN THE ADMINISTRATIONS OF MOST ITALIAN REGIONS, PROVINCES AND COMMUNES WILL BE ELECTED. THE RESULTS ARE NOT EXPECTED TO BE MARKEDLY DIFFERENT FROM THOSE OF THE PARLIAMENTARY ELECTIONS A YEAR AGO. ALTHOUGH HIS GOVERNMENT HAS NOT YET PRODUCED AN OVERALL ECONOMIC PLAN OR ANY MAJOR LEGISLATION, SIGNOR COSSIGA IS WELL RESPECTED AND THE CHRISTIAN DEMOCRATS SHOULD DO QUITE WELL. THE COMMUNIST PARTY (PCI) MAY BE JUDGED MORE ON THEIR LOCAL THAN THEIR NATIONAL RECORD AND ARE QUITE LIKELY TO LOSE CONTROL OF THE CITY ADMINISTRATIONS IN ROME AND NAPLES. THE PCI IS SUFFERING FROM SOME DISSATISFACTION AT THE GRASS ROOTS OVER ITS OPPOSITION TO SOVIET ACTION IN AFGHANISTAN AND BERLINGUER'S EFFORTS IN OTHER RESPECTS TO DISSOCIATE HIMSELF FROM THE SOVIET UNION. THE COSSIGA GOVERNMENT COULD THEREFORE REASONABLY LOOK FORWARD TO THESE ELECTIONS WITH SOME COMPLACENCY WERE IT NOT FOR ITS DEPENDENCE ON SOCIALIST SUPPORT. IT IS DIFFICULT TO FORECAST HOW WELL THE SOCIALISTS WILL DO. IF THEY LOSE VOTES IN THESE ELECTIONS CRAXI, THEIR LEADER, MAY BE IN DIFFICULTIES WITH THE LEFT WING OF HIS PARTY. IF THE LATTER WERE TO GAIN STRENGTH AS A RESULT OF ELECTORAL DEFEAT CRAXI WOULD BE SUBJECT TO PRESSURE TO ABANDON THE COALITION AND THE FUTURE OF THE GOVERNMENT WOULD BE UNCERTAIN.

2. THE FIGHT AGAINST TERRORISM IS PRODUCING HEADLINE NEWS WITH MANY ARRESTS AND SOME SPECTACULAR AND USEFUL CONFESSIONS. THE ITALIAN PRESS ARE HOWEVER UP IN ARMS AGAINST THE MAGISTRATES OVER THE SAVAGE SENTENCING OF A JOURNALIST FOR THE PUBLICATION OF ONE OF THESE CONFESSIONS OBTAINED FROM AN OFFICIAL OF THE SECRET SERVICE. MEANWHILE, THERE HAS BEEN A SPATE OF RED BRIGADE AND OTHER ATTACKS SEMICOLON IT IS MUCH TO EARLY TO CONCLUDE THAT THE RECENT UNDOUBTED SUCCESSES OF THE SECURITY FORCES WILL PROVE DECISIVE.

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3. COLOMBO'S PERSONAL POSITION SEEMS SATISFACTORY. HE HAS NOT BEEN SUBJECT TO CRITICISM COMPARABLE TO THAT DIRECTED AGAINST HIS PREDECESSOR FOR LACKADAISICAL CONDUCT OF THE PRESIDENCY AND HE ALSO STILL ENJOYS SOME PERSONAL PRESTIGE BROUGHT HIM BY HIS PREVIOUS TENURE OF THE PRESIDENCY OF THE EUROPEAN PARLIAMENT.

4. BUT THE ITALIAN PRESIDENCY OF THE COMMUNITY HAS BROUGHT THEM NO BOUQUETS AS YET, AND THEY ARE VERY ANXIOUS TO SECURE A SOLUTION OF THE BRITISH BUDGET PROBLEM AS A PRELIMINARY TO THE TWO VENICE SUMMITS, WHICH MUST GO WELL IF THEY ARE TO RELINQUISH THE PRESIDENCY IN GOOD ORDER. AT THE VERY LEAST THEY WILL WANT TO GET BY TO THE END OF JUNE WITHOUT DISASTER AND, IF POSSIBLE, WITH SOME INTERNATIONAL CREDIT AND GOODWILL.

FCO PLEASE PASS ALL SAVING ADDRESSEES EXCEPT MILAN.

ARCULUS

(REPEATED AS REQUESTED)

FCO WHITEHALL
WED