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SAVINGRAM

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 MILAN

*Pa. lib. 7/1.*

ITALY'S INTERNAL SITUATION

1. The annual exodus for the summer has been darkened by the outrage of the Bologna railway station explosion of 2 August, attributed to right wing terrorists. This random slaughter has shocked a public hardened to a steady succession of individual acts of terrorism.
2. This has come as a blow to Prime Minister Cossiga, who had just come through the Donat-Cattin affair badly bruised and desperately in need of a good rest and change.
3. After the Christian Democrat Party Congress took a turn to the right and decided to keep the Communists out of government, and the moderates in the Socialist party under Craxi had won the day over the left wing, the Communists, outside the second Cossiga Government, had nowhere to go except to revert to hard and unscrupulous opposition.
4. They first exploited the Donat Cattin incident, accusing Cossiga of tipping off the father so that his terrorist son could escape arrest (my telno 383). The charge was trumped up and the PCI lost the battle in Parliament. The incident is closed and can have done the PCI no good generally. But specifically it did wound Cossiga personally, to the extent that he wanted to resign at various times during the siege. You will have seen how strained and ill he appeared at Venice in June, and he has not since recovered his

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former confidence and good humour. This means that the bosses of the DC are asking themselves if he should not be replaced in the autumn.

5. The PCI then turned their attack against the economy policy of the Government. The economic prospects, though Italy did remarkably well in the first half of the year and did not enter recession as early as some others, are now looking unpromising (my tel. No. 31 Saving).

6. The PCI launched a further attack on the Government over its handling of the terrorist problem, in particular against Morlino, the Minister of Justice, for failure to allay the grievances of the Magistrates or reform the administration of justice. The Government survived, but only by asking for a vote of confidence and with some further loss of credibility. Now the PCI leader, Berlinguer, is trying to make capital out of the Bologna crime, arguing not that the Government are to blame but that DC government has produced conditions in which such tragedies are inevitable.

7. By a variety of means the PCI are seeking to show that the DC cannot run Italy in alliance with the PSI (and the Republicans) alone. The PCI have probably also decided that Cossiga's time is limited and that they must be ready. Meanwhile the wily Andreotti is manoeuvring to advance his chances of getting the succession. So too is Craxi, though the DC would be likely to close their ranks against him. The real problem is that all likely successors were tried as recently as 1979 and failed to command a majority. The DC have no clear alternative to Cossiga to offer. In fact, if one discounts the cyclical nature of Italian government changes and personal weariness, there is no overriding reason for Cossiga to go. The optimistic view is that there will be no change until after the Socialist party congress in November. There are more pessimistic views. Much depends on whether Cossiga can bounce back after the holidays and whether his run of bad luck ends.

ARCULUS

[THIS TELEGRAM WAS NOT ADVANCED]

LIMITED

WED MR BULLARD  
 ECD MR HANNAY  
 NAD MR HARDING  
 ERD MR EVANS  
 MAED MISS BROWN