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Miss M Savill
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Your reference

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Date 15 September 1980

Dear Margaret,

POLITICAL BRIEFING

1. Thank you for your letter of 9 September which arrived today.
2. To catch the bag I enclose a rapid redraft of the brief: it needs polishing and also updating to take account of current developments like those reported in our Savingram no. 33 of 23 August. Above all the brief must not give the impression that the PCI are the only factor of importance on the Italian political scene.
3. We shall bear in mind nearer the time the need to report by telegram anything which should feature in your briefing for a particular visit.

Yours ever,

Robert Cushman

R N Cushman

THE ITALIAN POLITICAL SCENE

The Balance of Power

1. Prime Minister Cossiga's 3-party coalition (which includes his Christian Democrat Party (DC), the Socialists (PSI) and the Republicans) has been in power since early April, when by including the PSI Cossiga succeeded in forming his second Government. This has a majority in Parliament without outside support; there has been no other such majority Government since 1974. The Communists (PCI) are seeking to show that Cossiga cannot run Italy without them and have reverted to a strategy of tough opposition. The Socialists, with 12% of the national vote, hold the balance between DC and PCI: Craxi, on the right of the Party, is firmly in control and seems to favour supporting the present Government at least until the Socialist Congress, which is expected around the end of 1980.

PCI Opposition Tactics

2. In late May, the PCI exploited the so-called Donat-Cattin incident, which arose when a terrorist in prison alleged that Cossiga had indirectly aided a member of the Red Brigades who was the son of the Deputy Secretary-General of the Christian Democrat Party (Donat-Cattin) to escape arrest. The PCI lost the Parliamentary battle to impeach Cossiga. But the incident was an ordeal for Cossiga, despite the staunch support of his party.

3. The PCI have also launched a sustained attack on the government's economic policy. Although Italy did remarkably well in the first half of the year and has yet to enter the recession now affecting most of Western Europe, the economic prospects are uncertain. The Government introduced in July a

/package

package of economic measures designed to reduce demand, stimulate investment in the South and combat inflation (still over 20% per annum). These failed to get Parliamentary approval in the face of Communist and other opposition, with consequential loss of Government prestige. But the provisional application of the measures has nevertheless contributed to the restriction of domestic demand.

4. The PCI launched a further attack on the government (in particular the Minister of Justice) for failure to allay the grievances of the magistrates or reform the administration of justice. This is a deeprooted problem in Italy. The Government survived, but only by asking for a vote of confidence: excessive reliance on this tactic damages their credibility.

5. There was a major bomb outrage at Bologna in August, in which over 80 persons were killed. This is attributed to right-wing terrorists although there is no conclusive evidence; it has shocked even a public hardened to a steady succession of individual acts of terrorism. The PCI argue that 35 years of Christian Democrat rule has produced conditions in which such tragedies are inevitable and hint at government complicity, in shielding the perpetrators.

6. Berlinguer restated the present PCI policy of outright opposition to the present Government in a major speech at Bologna on 14 September. No return to the earlier policy of tacit collaboration with Cossiga can be expected.

The Christian Democrats

7. The DC is divided into a minority (42% at the last count) who favour involving the Communists in the governing /consensus

consensus and a majority who reject this approach and prefer to woo the Socialists and minor lay parties. Neither has much to gain from a Government reshuffle at present: the obvious alternatives to Cossiga were tried in vain last year, and there is also the threat that the Socialist leader Craxi might profit from an impasse to renew his bid for ^{the} Prime Ministership. The power struggle within the party is traditionally the greatest source of danger to Christian Democrat Prime Ministers but Cossiga, a compromise candidate in the first place, is less vulnerable to this than most. A change forced upon the party by his personal weariness or a sharp decline in his performance cannot be ruled out.

Prospects

8. At national and local level (there were local elections in June) the Christian Democrats have won back some of the ground lost to the PCI in 1975/6. The Cossiga Government may well survive into 1981 but is unlikely to make much impact on such pressing problems as Italy's economic weakness and terrorism. A change in direction by the PSI is always possible if they see it as bringing clear advantages in terms of electoral support, patronage, or political influence. The PCI have little choice but to attack the present coalition in the hope that its successor will be more favourable to their long term aim of entering Government. The best guess is that a combination of these factors around the end of the year will produce a reshuffle: the shape of the new administration will depend on the balance of power at the time inside the DC and the PSI.

THE ITALIAN POLITICAL SCENE

1. Prime Minister Cossiga's 3-party coalition (which includes his own Christian Democrat Party (DC), the Socialists (PSI) and the Republicans) has been in power since early April, when Cossiga succeeded in forming a Government which has a majority in Parliament without outside support for the first time since 1974. But the Communists (PCI) are seeking to show that Cossiga cannot run Italy without them and have reverted to a strategy of tough opposition.
2. The PCI first of all exploited the so-called Donat-Cattin incident which arose in late May when a terrorist in prison alleged that Cossiga had ^(indirectly) aided a member of a terrorist group, the son of the Deputy Secretary-General of the Christian Democrat Party, Donat-Cattin, ^{to escape arrest.} ~~The PCI accused Cossiga of tipping off the father so that his terrorist son could escape arrest.~~ ^(PCI) ~~But they~~ ^{(to impeach Cossiga) (But)} ~~lost the battle in Parliament.~~ [^] The incident ~~nevertheless~~ wounded Cossiga personally in that he wanted to resign at various times during the siege.
3. The PCI then directed their attack against the government's economic policy. Although Italy did remarkably well in the first half of the year and did not enter the recession as early as some others, the economic prospects now look unpromising.
4. The PCI launched a further attack on the government for its handling of the terrorist problem, in particular against 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.
5. Then the bomb outrage at Bologna in August, attributed to right-wing terrorists, has shocked a public hardened to a steady succession of individual acts of terrorism and has come as a further blow to Cossiga. The PCI are now trying to make

capital out of the Bologna crime, arguing that DC government has produced conditions in which such tragedies are inevitable.

6. The real problem, however, 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, discounting 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, however. Much depends on Cossiga's resilience and whether his run of bad luck ends.