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SUMMARY OF ROME DESPATCH (014/5) OF THE 28TH OF OCTOBER 1980

THE NEW ITALIAN GOVERNMENT

1. The crisis caused by the fall of Signor Cossiga's Government on 27 September lasted only 21 days. Signor Forlani now leads an enlarged coalition. (Paragraphs 1-2)
2. The Christian Democrats offered 3 reluctant candidates from the centre/right of the party. President Pertini, determined that the crisis should not be prolonged, was content to choose Signor Forlani. (Para 3)
3. Signor Craxi strengthened his position as leader of the Socialist Party and agreed on a tactical pact with the Social Democrats, who were keen to re-enter the Government. This eased Signor Forlani's task. After placating the minority group within his own party he got agreement to a quadripartite coalition not including the Liberals. (Paragraphs 4-5)
4. Formation of the new Government was delayed until The Queen had left Rome. Most key Ministers are unchanged, except at Agriculture and the Treasury. (Para 6)
5. There is relief that a long vacuum has been avoided. The Government's programme contains little that is new. Signor Forlani will try to expose less flank to the Communists than Cossiga did. For the Socialists, Signor Craxi is already trying to make use of their weight in the coalition. (Paragraphs 7-9)
6. Signor Forlani has stronger Party following than his predecessor; his Parliamentary majority is bigger; and the damaging FIAT dispute is over. But the difficulties of managing the coalition remain. (Para 10)



BRITISH EMBASSY,
ROME.

(O14/5)

28 October 1980


The Rt Hon The Lord Carrington KCMG MC
Foreign and Commonwealth Office
LONDON S W 1.

My Lord,

THE NEW ITALIAN GOVERNMENT

1. In my telegram No.519 I reported the fall, on 27 September, of Signor Cossiga's second Government, Italy's 39th since the war. The background is now familiar: Cossiga was tired, and his government out of steam. The Christian Democrat (DC) ruling party were divided and ill-disciplined; the Communists (PCI) opposition was unrelenting; the economic measures on which the vote took place were contentious in substance and in form.
2. With Cossiga's fall most commentators predicted a longer crisis, say a month. But only twenty-one days later, as soon as The Queen left Rome, Signor Forlani was able to go to President Pertini with a new enlarged coalition. He secured a handsome majority of 112 in the vote of confidence in the Lower House on 25 October, and once the Senate vote of confidence is also passed Parliamentary life can restart. My purpose in this despatch is to describe, if not fully to explain, how President Pertini - who was in a hurry - and Signor Forlani - who was reluctant to be drafted - produced so prompt a solution.

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3. The Christian Democrats have held the Prime Ministership since the war and expected to receive the first mandate to form a government. It was President Pertini himself who picked Cossiga but this time he accepted a list from the DC. This contained three possible candidates, all from the centre/right of the Party which is now in the ascendancy over the Zaccagnini/Andreotti minority: Piccoli (Party Secretary), Forlani (Party Chairman) and Fanfani (President of the Senate). All were reluctant candidates. Fanfani has his eye on the Presidency when Pertini goes. Piccoli is a Party man at heart, and the position of Party Secretary suits him perfectly. Forlani, who has a reputation for laziness, must initially have regarded the prospects of the Prime Ministership as too uncertain. None of the three seemed likely to offer much by way of new policies. Faced with this unpromising material, President Pertini was determined that the crisis should not be prolonged; he brought this home to the Parties, and especially the Christian Democrats, and on 2 October chose Forlani. The President told me he was now pleased with his choice.

4. Forlani's essential task was to court the PSI without conceding so much that his Christian Democrat colleagues would take fright; many of them fear Craxi's ambition and that the PSI will erode the electoral support of the Christian Democrats. Craxi quickly signalled his willingness to keep the PSI in government and took two steps which made the task of cobbling together a coalition much easier. First, by resigning as Party Secretary, he forced the election



of a new Executive containing a higher proportion of his supporters with himself again as leader, at the expense of the left wing, perhaps 30% of the Party. Then on 7 October he agreed on a "unity of action" pact with the strongly anti-Communist Social Democrats led by Longo. Its objectives were limited and I do not think it represents a lasting re-alignment in Italian politics; the history of the Socialists and Social Democrats is full of splits and temporary reconciliations. Nevertheless, such a pact would not have been possible a year ago and shows how far the PSI under Craxi have moved away from any idea of a broad left alliance. Tactically, it enabled Craxi to demand and get parity for the lay Parties in the new coalition: they and the Christian Democrats each have 13 Ministers. It also suited the Social Democrats, always avid for Ministerial office and the patronage which goes with it (since the war they have been the Christian Democrats' most regular coalition partner).

5. On 9 October the Christian Democrat Executive gave Forlani a green light to proceed with his four-party coalition. To placate the minority there was an undertaking to pursue a more flexible line towards the PCI, and perhaps also a promise of better representation in the Party for the factions of Andreotti and Zaccagnini (Forlani's post of Chairman is vacant and another Vice Secretary could also be appointed). The only remaining uncertainty was whether the small right wing Liberal Party would also join the coalition. As usual the Socialists opposed this and Forlani decided that the cost of including



them outweighed the benefits. Even so, a quadripartite coalition is likely to prove at least as difficult to manage, for all its increased majority, as Cossiga's tripartite model.

6. The week of the State Visit was spent in consultation on the programme of the new Government: we were told by Piccoli and others that the process was prolonged to avoid the embarrassment of a new Government being sworn in while The Queen was in Rome, and indeed the President made it clear to me that he had this difficulty in mind. Forlani spent much of the week rewriting his list of Ministers; apart from the new Social Democrats, the pack he shuffled is much the same as before. Pertini told me he had insisted that Colombo be retained as Foreign Minister. Other key Ministers at Defence, the Interior, Budget and Finance also remained; Pandolfi, the Treasury Minister, was made scapegoat for failure of the economic decree. Apart from Cossiga himself, the greatest loss from our point of view is the experienced Agriculture Minister, Marcora, though with the problems of enlargement of the European Community to be tackled it may be that a less skilful defence of Italian farmers' interests will be no bad thing.

7. With the formation of a new administration the mood in Rome was one of relief that a long political vacuum had been avoided; no-one wanted a repeat of 1979, with no real Government for six months and early general elections. As usual during the crisis, attention was concentrated on combinations and personalities rather than on how the new Government might tackle the serious problems facing Italy. Many



will conclude that nothing has changed and that in a few months there will be another crisis when Forlani fails to rally his Party or coalition partners in Parliament. Forlani's speech in Parliament on 22 October had little new; there was a commitment to re-enact the economic measures which caused his predecessor to fall; the rest was vague, though it did provide reassurance that basic Italian foreign policies will remain unchanged.

8. Much depends on the style of opposition chosen by the Communist Party. To keep his party base content, their leader Berlinguer needs to stick in public at least to his slogan of "either in Government or in opposition". But he knows that the first alternative is for the present a pipe dream. Meanwhile, Forlani has a limited mandate to pursue a less rigid line towards them; both sides hint obscurely at the possibility of compromise and understanding. Forlani is not likely to go too far, but will try to expose less flank to the PCI than Cossiga.

9. As for the Socialists, Crazzi sees the present coalition as another step on the road to his Prime Ministership. He had consolidated his position during the crisis, but will need to demonstrate to the Party Congress due next March that a year in Government has brought them results better than those of the centre/left coalitions of the 60s and early 70s. His bargaining position within the majority is strong and he has already begun to throw his weight about much as he did in the latter days of the Cossiga Government.



10. Forlani does start with some advantages. Not only has he stronger following in the Party than Cossiga but there may be some residual feeling of shame at the way Cossiga was let down. An agreement of a kind has ended the strike at FIAT after more than a month - one of the most damaging industrial disputes in Italy since 1969. The inclusion of the Social Democrats converts a majority of 50 in the Chamber to 90, although the problems of absenteeism and rebel voters remain (Cossiga's majority too was in theory adequate). Forlani is not an inspiring leader and may not impress the Prime Minister when they meet next month. But the main policies of the previous Government are unlikely to change and this is in our interest. As I write, the first dispute within the coalition has already begun and the difficulties of reconciling the various points of view are all too apparent. Further judgement on Forlani's prospects must await his performance in office.

11. I am sending copies of this despatch to Her Majesty's Ambassadors at Washington and European Community Posts, to Sir Michael Butler at UKREP Brussels, Sir Clive Rose at UKDEL NATO, to HM Minister to the Holy See, and HM Consuls-General in Naples and Milan.

I have the honour to be
Your Lordship's obedient Servant

R Arculus

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