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Your reference

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Our reference WRJ 014/2

Date 17 March 1981

5 FORLANI: PERFORMANCE AND PROSPECTS

1. Thank you for your letter of 27 February in which you gave a resumé of the first four months of Forlani's government. The letter provides a useful backdrop against which to view developments in the immediate future.
2. I was particularly interested to read of the growing feeling that the present government could survive until the summer or autumn, although it is somewhat ironic that this assessment should be based more on a combination of weaknesses than on any new-found strength. Indeed, it seems inevitable that any attempt at giving Italy the firm government it needs can serve only to upset the present delicate balance and thereby precipitate a new crisis.
3. I can understand how some observers can conclude from the current situation that the Forlani government could safely make the autumn, helped by the usual late summer lull, but the road ahead remains bumpy. The weeks immediately preceding the June referenda may give Sig Forlani a rough ride even if he manages to avoid any unforeseen potholes that appear beforehand.

R P Osborne
Western European Department

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WRJ 0142

5 MAR 1981

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INDEX	PA
✓ Your reference	

SR RD. (S)

Mr. Verlan

A useful interp. Para 8 is interesting.

RWJ 9/3

R P Osborne Esq
WED
FCO

Rep. of also ECOC (1)
Reference Dept.

Date 27 February 1981

Dear Roy,

Dr 9/3

W. G. ...

(Italian) members will never cease

FORLANI: PERFORMANCE AND PROSPECTS

1. On 19 February, the Government coalition was defeated six times in the Chamber on amendments to the Finance Bill. The cause was not rebel voters but a high level of absenteeism, especially on the Christian Democrat (DC) benches. This is a longstanding problem: only the PCI, with their tighter party discipline, are really efficient at getting their members to attend and vote and too many DC Deputies have outside interests which can keep them away from the Chamber for all but the most critical debates. The PSI have a poor attendance record too. As you know, there is no system of "pairing", even for Government Ministers abroad an official business, although individual Deputies sometimes come to an understanding with friends on the other side of the Chamber. The scale of the problem is evident from the fact that in theory Forlani has a majority of 90, or 98 if one includes the Sudtiroler Volkspartei (SVP) who almost always vote with the DC. Gerardo Bianco, the DC group leader in the Chamber, offered his resignation in token of failure but it was not accepted by Piccoli: he does the job as well as most, but only the faction leaders are in a position to deliver the wholehearted support of the DC in Parliament.

2. On 19 February the PCI in the end came to the Government's rescue by abstaining and thus postponing discussion until the next day, by which time the absentees had taken fright and returned to the fold. By doing so, the PCI earned plaudits from the coalition partners for their 'responsibility', and once again contrived to suggest that there is some truth in the PCI claim that Italy cannot be governed without the Communists. This approach is quite different from the all-out attacks on Cossiga last September (the reasons are discussed in paragraph 7 below). Another example is the PCI willingness to examine with all the main parties the possibility of introducing new Parliamentary rules to avoid 'obstructionism': the need for such reform was underlined by the Radical filibustering during the police powers debate, which paralysed the Chamber for a week in early February and almost made the decree law fall: one of the Radicals spoke without a break for 18 hours (a record).

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3. The 19 February defeats gave the Government a scare but had no lasting repercussions. Nevertheless this may be an appropriate time to look briefly at Forlani's performance after four months in office and at his prospects for survival.

4. Leaving aside the condition of the economy, which is chronic but only poses a threat to the Government when controversial measures to cure it are proposed, Forlani's two great tests so far have been the earthquake and the D'Urso kidnapping. Both episodes exposed the fundamental differences within the coalition but also meant that it was the worst possible time for a Government crisis, let alone for anticipated elections. Any party provoking either would have risked severe criticism, not just in political circles but from the general public, and Pertini might even have refused the Prime Minister's resignation (for which there are precedents). Forlani was therefore able to sell a compromise to his partners and avoid disaster. The earthquake left the DC image bruised but Forlani himself, especially after the wise appointment of Zamberletti as Relief Commissioner, emerged more or less unscathed. After D'Urso the coalition looked in better shape than expected, thanks largely to the fact that he was released alive: the price paid by the Government in the form of concessions will only show its negative effects in the longer term.

5. Both these dramas have helped to distract attention from the lack of the effective Government which Italy so badly needs. Forlani's Prime Ministership so far has been an exercise in crisis management, with regular 'summits' held with the four party secretaries producing a series of temporary expedients. Fortunately for him few Italians expect more than this of their governments. He also enjoys the great advantage that in the centre/right of the DC, who will not at present give the job away to the left-wing minority, there is no better candidate for Prime Minister (and the party still retains enough unity to close ranks against any lay aspirant). Last October's selection process showed how few DC politicians would willingly exchange their present posts for the uncertainties of Prime Ministership.

6. It has become almost a cliché here in political circles that the present Government formula is the only one possible. The consequence, that a crisis might precipitate elections, is certainly a factor for stability in the short run: none of the major parties would welcome elections now. The DC are split and unlikely to make electoral gains in the aftermath of the earthquake and with several scandals hanging over them. They are also a little exposed over the Catholic abortion referendum, which poses a difficult choice between political expediency (alignment with the lay parties to reject the referendum), and the religious convictions of many of the party's leaders and voters. The PSI might gain votes in an election, especially if the Radicals

/boycotted

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boycotted it, but Craxi would probably prefer to get his Congress in April over first and if possible confirm his grip on the Party: only 2 small factions, totalling about 10% of the Central Committee, are now in complete opposition, whereas the largest left-wing faction (perhaps 20%) will instead dispute Craxi's programme on its merits at the Congress. He might also decide to await the result of the Sicilian elections in June, which have often in the past been a good pointer to national developments, and the outcome of the six referenda due this spring. In any case his main objective is the Prime Ministership for himself, not one or two percent more for the party, and the time for that is not yet ripe.

7. The position of the PCI is more complex. We are reporting separately their relations with the USSR: suffice it to say here that they know the international situation could well have an adverse effect on their electoral prospects. Despite the notorious indifference of the Italian voter to foreign affairs, an invasion of Poland or even the continuing threat of one would make it impossible for the PCI to concentrate pre-election debate on those internal areas where the DC are weakest - corruption, inefficiency, and the social inequalities within Italy. More important still, the party is in the throes of rethinking its policy of the historic compromise to embrace only the forces of the left (possibly including some members of the DC) under the hegemony of the PCI. This debate continues below the surface and many in the Berlinguer camp have doubts about the wisdom of seeking power in this way, especially with the present PSI cast in the role of main allies. Others feel the swing has not gone far enough. The party needs time to evolve a new policy acceptable to all the leaders and to the rank and file, as well as to implement some of the internal administrative 'reforms' proposed by Napolitano to the Central Committee in January. It is therefore not the ideal moment for them to seek to arrest their unprecedented electoral decline which began in 1976.

8. A combination of these negative factors, rather than any achievements by Forlani, is now leading many observers to predict the survival of the present Government until the summer or even the autumn (allowing for the usual moratorium on crises in August), whereas at Christmas hardly anyone gave it more than a few months, or less. For example Fanfani, a very shrewd observer and close to Forlani, told the Ambassador the other day that he (Fanfani) did not think anyone wanted a crisis now and expected the present Government to last until after the administrative elections. Forlani has stood up to pressure better than expected, and looked much less haggard during the D'Urso case than Cossiga last summer. He has also shown skill at playing off the various interests within the party and the

/coalition

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coalition, even if the result is hardly inspiring leadership. His summits with Party Secretaries are unpopular in many quarters, but are probably the only way of keeping his four-horse chariot on the track. So that although there are any number of hazards both known and unforeseen which could cause his downfall - and I doubt whether he could long resist an all-out onslaught by the PCI - it should no longer be taken as a foregone conclusion that the Government will not last beyond the spring.

Yours ever,

Robert Culshaw

R N Culshaw

cc: Chanceries: Paris
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UKREP Brussels
Washington
UKDEL NATO

WINNN

P393 EPA046

WRJ 014/2

Int Pol file (4)

1445 :NIGHTLEAD GOVERNMENT:

ROME, FEB 27, REUTER -- ITALY'S SHAKY FOUR-PARTY COALITION GOVERNMENT TODAY WON TWO VOTES OF CONFIDENCE ON PROPOSED AMENDMENTS TO ITS 1981 FINANCE BILL AND WAS EXPECTED TO WIN FIVE MORE WHICH IT HAD TABLED IN AN EXTRAORDINARY MANOEUVRE.

Rp 2/27

P.A.

PRIME MINISTER ARNALDO FORLANI, CONCERNED THAT THE BILL MIGHT BE VOTED OUT IN SECRET BALLOTING, SOUGHT OPEN VOTES OF CONFIDENCE TO CONTROL POSSIBLE DISSIDENTS IN THE COALITION CAMP.

IT WAS THE FIRST TIME IN ITALY'S POST-WAR HISTORY THAT A PRIME MINISTER HAD SOUGHT CONFIDENCE VOTES ON AMENDMENTS TO A PROPOSED BILL. IT REFLECTED GROWING ANXIETY IN THE FOUR-MONTH-OLD GOVERNMENT.

A WEEK AGO MR FORLANI WAS DEFEATED SIX TIMES IN THE CHAMBER OF DEPUTIES IN SECRET BALLOTS ON MINOR AMENDMENTS TO OTHER SECTIONS OF THE BILL.

THE DEFEATS WERE CAUSED MAINLY BY THE ABSENCE OF MANY DEPUTIES FROM THE CHAMBER, BUT SOME GOVERNMENT BACKBENCHERS ALSO VOTED WITH THE OPPOSITION.

IN TODAY'S FIRST VOTE OF CONFIDENCE 344 DEPUTIES VOTED FOR THE GOVERNMENT AND 246 AGAINST. THERE WERE SIX ABSTENTIONS.

MORE AVB/TW/CBA

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UKP394 EPA047

1448 :NIGHTLEAD GOVERNMENT 2 ROME:

THIS APPROVED AN INCREASE IN MINIMUM PENSIONS, PART OF THE COMPLEX DISCUSSION OF THE FINANCE BILL. A SECOND VOTE REJECTED A COMMUNIST BID TO EXTEND THE STATE'S MINIMUM PENSIONS SCHEME TO SELF-EMPLOYED WORKERS.

UP TO FIVE SIMILAR VOTES COULD FOLLOW DURING THE COURSE OF TODAY'S MARATHON SESSION, WITH THE GOVERNMENT AT THIS STAGE EXPECTED TO WIN ALL OF THEM, PARLIAMENTARY SOURCES SAID.

BUT AN ALL-OUT GOVERNMENT VICTORY ON THE AMENDMENTS COULD BE REVERSED IN A VOTE ON THE WHOLE BILL TOMORROW, WHICH ACCORDING TO THE CONSTITUTION HAS TO BE SECRET. IF APPROVED, THE BILL WILL THEN GO BEFORE THE SENATE (UPPER HOUSE).

PARLIAMENTARY OBSERVERS DESCRIBED THE SITUATION IN THE CHAMBER OF DEPUTIES AS ONE OF TOTAL CONFUSION.

+EVEN THE MOST EXPERIENCED PARLIAMENTARY REPORTERS HAVE GIVEN UP ATTEMPTING TO EXPLAIN THE TECHNICALITIES OF THE ISSUE INVOLVED TO THEIR READERS,+ THE INFLUENTIAL DAILY CORRIERE DELLA SERA WROTE.

MORE AYB/TW/CBA

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1451 :NIGHTLEAD GOVERNMENT 3 ROME:

THE 1981 BUDGET, DRAWN UP IN SEPTEMBER, SETS OUT SPENDING PLANS TOTALLING ABOUT 170 BILLION DOLLARS BEFORE AMENDMENTS, FINANCED BY TAX REVENUES ESTIMATED AT SLIGHTLY MORE THAN 100 BILLION DOLLARS AND BORROWINGS OF NEARLY 70 BILLION.

IN ONE OF THE AMENDMENTS MR FORLANI WANTS TO ALTER THE INFLATION-LINKED INCREASES FOR PENSIONERS FROM TWICE TO THREE-YEARLY PAYMENTS.

GOVERNMENT MINISTERS SAID THE PRIME MINISTER COULD BE AIMING AT A CHANGE IN THE INFLATION-INDEXED SALARY INCREASES FOR ITALIAN WORKERS FROM FOUR TO THREE TIMES A YEAR IN THE HOPE THAT IT MIGHT CURB THE RATE OF INFLATION, NOW RUNNING AT 20 PER CENT.

THE SYSTEM IS JEALOUSLY PROTECTED BY ITALIAN TRADE UNIONS.

TODAY'S VOTE OF CONFIDENCE IS THE THIRD SINCE MR FORLANI FORMED HIS COALITION GOVERNMENT IN OCTOBER WHICH GAVE HIM ON PAPER A BROAD PARLIAMENTARY MAJORITY.

HIS GOVERNMENT OF CHRISTIAN DEMOCRATS, SOCIALISTS, SOCIAL DEMOCRATS AND REPUBLICANS, REPLACED THAT OF FORMER PRIME MINISTER FRANCESCO COSSIGA WHICH WAS BROUGHT DOWN IN A SECRET ECONOMIC POLICY VOTE IN SEPTEMBER.

REUTER AWP/TW/CBA