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FM ROME 211415Z MAY 81

TO PRIORITY FCO

TELEGRAM NUMBER 193 OF 21 MAY 1981

AND SAVING TO MILAN AND HOLY SEE (A)

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2 MAY 1981

REGISTRY

Section Taken

Pa No. 11

POLITICAL SCANDAL

1. A POLITICAL SCANDAL WHICH HAS BEEN BREWING HERE DURING THE PAST FEW WEEKS DETERIORATED ON 20 MAY IN A WAY WHICH DOES NOT HELP AND MIGHT JUST ENDANGER PRIME MINISTER FORLANI'S POSITION.
2. FOR SOME MONTHS INVESTIGATIONS HAVE BEEN GOING ON INTO THE AFFAIRS OF THE ROME MASONIC LODGE PROPAGANDA 2 (P2). ON MARCH 18, THE VILLA OF LICIO GELLI, GRAND MASTER OF P2, WAS RAIDED BY THE GUARDIA FINANZA, PROBABLY IN CONNECTION WITH THE FINANCIAL SCANDALS ASSOCIATED WITH MICHELE SINDONA (A MEMBER OF THE LODGE), THE ENI/SAUDI ARABIAN PETROLEUM AFFAIR, AND THE MORE RECENT PETROLEUM SCANDAL WHICH LED TO BISAGLIA'S RESIGNATION FROM THE GOVERNMENT AT THE END OF LAST YEAR. THE RAID APPEARS TO HAVE PRODUCED DOCUMENTS, INCLUDING A LIST OF 953 ALLEGED MEMBERS OF THE LODGE, OF WHOM THE MOST NOTABLE ARE THREE MINISTERS (MANCA, FOSCHI AND SARTI), THE SECRETARY GENERAL OF THE SOCIAL DEMOCRAT PARTY, LONGO, THE CHIEF OF THE DEFENCE STAFF, ADMIRAL TORRISI, THE SECRETARY GENERAL OF THE MINISTRY OF FOREIGN AFFAIRS, MALFATTI AND FORLANI'S CHEF DE CABINET, SEMPRINI. NOT ALL THOSE NAMED ARE SAID TO BE ACTIVE MEMBERS OF THE LODGE, THE LIST MAY ALSO INCLUDE CONTACTS AND ASSOCIATES OF THE MEMBERSHIP.
3. ON 8 MAY, FORLANI ANNOUNCED IN A DEBATE IN THE ASSEMBLY THE FORMATION OF A THREE-MAN COMMISSION OF ENQUIRY INTO THE P2 AFFAIR. ON 20 MAY A SERIES OF ARRESTS WERE MADE AMONG THE LEADERS OF THE BANKING COMMUNITY, NOTABLY ROBERTO CALVI, PRESIDENT OF THE AMBROSIAN BANK, HIMSELF LISTED AS A P2 MEMBER. THIS IS LINKED TO THE P2 AFFAIR ALSO THROUGH THE VICE-PRESIDENT OF THE HIGHER COUNCIL OF MAGISTRATES, PROFESSOR ZILLETTI, A MEMBER OF THE LODGE WHO RESIGNED HIS POST AFTER A SEARCH CONDUCTED AT HIS HOUSE BY THE GUARDIA DI FINANZA IN APRIL SEMICOLON ZILLETTI IS SAID TO HAVE ASSISTED ROBERTO CALVI OVER ILLEGAL EXPORT OF CAPITAL.
4. THERE ARE WIDER RAMIFICATIONS AND THE AFFAIR IS PARTICULARLY COMPLEX EVEN BY ITALIAN STANDARDS. BUT IT IS REGARDED SERIOUSLY HERE : PRESIDENT PERTINI TOLD ME ON 12 MAY (RECORD COPIED TO GLADSTONE) THAT HE THOUGHT FORLANI SHOULD HAVE DROPPED THE THREE MINISTERS CONCERNED AND SCOTTI, MINISTER WITHOUT PORTFOLIO, SAID MUCH THE SAME TO ME ON 19 MAY. THE LEFT-WING ARE HAVING A FIELD DAY, ALLEGING THAT THIS FURTHER PROOF OF THE CORRUPTNESS OF THE GOVERNING CLASS IN ITALY CALLS FOR FUNDAMENTAL CHANGES SEMICOLON THEY WILL NOT BE SATISFIED WITH THE RESIGNATION OF THOSE MOST DIRECTLY CONCERNED.

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5. MASONRY HAS DEEP AND POLITICALLY SENSITIVE ROOTS IN ITALY. IT WAS ASSOCIATED WITH THE LIBERAL REVOLUTIONARY MOVEMENTS OF THE EARLY 19TH CENTURY AND MOST CLOSELY, WITH MAZZINI AND GARIBALDI. BANNED UNDER FASCISM, IT IS APPARENTLY INCOMPATIBLE WITH THE PRESENT CONSTITUTION BUT WAS RESTARTED (ALLEGEDLY UNDER AMERICAN PROTECTION) IN 1945. THE LIST OF P2 NAMES SPANS MOST OF THE POLITICAL SPECTRUM FROM THE NEO-FASCISTS (MSI) TO THE SOCIALIST PARTY.

6. IT IS DIFFICULT TO BE SURE HOW FAR THIS PARTICULAR SCANDAL WILL GO BUT IT LOOKS LIKE MAKING LIFE UNCOMFORTABLE FOR A WHILE.

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CABINET OFFICE

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