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Prime Minister

FM ROME 281550Z JUN

TO IMMEDIATE FCO

TELNO. 304

OF 28 JUNE 1983

INFO PRIORITY EC POSTS, WASHINGTON, MOSCOW, UKDEL NATO,

INFO ROUTINE MADRID, LISBON

INFO SAVING HOLY SEE, CONSULAR POSTS IN ITALY

Lord Bridges' assessment - the best I have seen.

mt A.S.C. 29/6.

MY TELNO. 303: ITALIAN GENERAL ELECTIONS

1. THE DRAMATIC DECLINE OF OVER 5 PC IN THE DC VOTE IS THE KEY TO THESE ELECTIONS. NO-ONE HAD EXPECTED IT, LEAST OF ALL THE DC THEMSELVES. THE LOWEST ESTIMATE WE SAW OF THEIR CHANCES, EVEN IN THE LEFT WING PRESS, WAS 35-36 PC. SINCE THE WAR THE PARTY HAD NEVER POLLED LESS THAN 38 PC. 32.9 PC IN THE CHAMBER AND 32.4 PC IN THE SENATE IS THEREFORE A BOMBHELL: OVER TWO MILLION VOTERS DESERTED THEM, AND THE PATTERN IS FAIRLY EVEN ACROSS THE COUNTRY.

2. THIS DC FAILURE WAS PROBABLY DUE TO A COMBINATION OF THE FOLLOWING FACTORS:

A) BECAUSE THERE APPEARED TO BE NO RISK OF THE PCI ADVANCING SIGNIFICANTLY OR OF A PCI-LED COALITION TAKING OFFICE, SOME OF THOSE WHO VOTED IN PREVIOUS ELECTIONS FOR THE DC AS AN ANTI-COMMUNIST BULWARK CHOSE THIS TIME TO VOTE FOR THE MORE RESPECTED LAY PARTIES.

B) DE MITA, THE DC SECRETARY, HAD MADE ECONOMIC RIGOUR THE WATCHWORD OF HIS CAMPAIGN, BUT MANY OF THE PARTY'S SUPPORTERS ARE MORE INTERESTED IN THE IMMEDIATE BENEFITS WHICH THE STATE CAN PROVIDE THAN IN LONG TERM PLANNING. SOME OF THOSE WHO BELIEVE IN AUSTERITY MAY THIS TIME HAVE VOTED REPUBLICAN.

C) INCREASED ABSENTEEISM (ALTHOUGH LESS THAN EXPECTED) MAY HAVE HURT THE DC MORE THAN OTHER PARTIES: THE PCI ELECTORATE IS BETTER DISCIPLINED, AND SUPPORT FOR THE LAY PARTIES IS MORE MOTIVATED.

D) DISILLUSION WITH CORRUPT POLITICIANS AND THE WAY ITALY IS GOVERNED AFFECTS THE DC VOTE MOST, BECAUSE THEY HAVE ALWAYS BEEN IN POWER. IN PARTICULAR THE UNEXPECTED ADVANCE OF THE NEO-FASCIST MSI SHOULD BE SEEN AS A PROTEST VOTE AGAINST ITALIAN PARTY POLITICS.

E) DE MITA HAS TRIED TO INJECT NEW BLOOD INTO SOME AREAS, AND THE OLD DC GUARD MAY HAVE RESENTED THIS INTERFERENCE FROM HEADQUARTERS. COMPARISON OF CHAMBER FIGURES WITH THOSE OF THE SENATE (WHERE THE MINIMUM VOTING AGE IS HIGHER) DOES NOT (NOT) SUGGEST THAT YOUNG NEW VOTERS WERE TO BLAME FOR THE DC LOSSES.

3. ALTHOUGH THE DC REMAINS THE LARGEST PARTY, ITS POSITION IN PARLIAMENT WILL BE MUCH WEAKER (SEE PARA 8 BELOW). DE MITA IS LIKELY TO BE MADE THE SCAPEGOAT SOONER OR LATER, BUT IT IS FAR FROM CLEAR WHO WOULD REPLACE HIM AS SECRETARY. MUCH DEPENDS ON WHETHER THE PARTY RETREATS INTO ITS SHELL, RELYING ON AN OLD-STYLE LEADER OF PROVEN TACTICAL SKILL, OR TAKES THE BOLDER COURSE OF SELF-RENEWAL AND CLEARER DEFINITION OF POLICIES WHICH DE MITA HIMSELF STROVE FOR. THE FORMER SEEMS MORE LIKELY.

4. THE VOTES LOST BY THE DC HAVE NOT (NOT) GONE TO THE LEFT WING PARTIES: THE PCI, PSI, RADICALS AND FAR LEFT POLLED LESS BETWEEN THEM THAN IN 1979. IT WOULD BE WRONG TO INTERPRET THESE RESULTS AS A LURCH TO THE LEFT IN ITALY. RATHER, THEY SHOW A MOVE TOWARDS THE FOUR LAY PARTIES (PSI, PSDI, PLI, PRI), WHICH BETWEEN THEM GAINED 5 PC.

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5. CRAXI, WHO PROVOKED THESE ELECTIONS, MUST BE DISAPPOINTED WITH THE PARTY'S RESULTS IN ALL LOCAL ELECTIONS OVER THE LAST THREE YEARS. THE REAL VICTOR THIS TIME IS SPADOLINI, WHOSE PERIOD AS PRIME MINISTER WON HIM GREAT POPULARITY: THE PRI HAVE NEVER BEFORE TOPPED 5 PC, AND THEY ARE AHEAD OF THE PSI, IN MILAN AND NOT FAR BEHIND IN SOME OTHER BIG CITIES.

6. COMMENT FROM PARTY LEADERS WAS ON PREDICTABLE LINES: MOST CONCENTRATED ON THE DC FAILURE, AND BERLINGUER WAS QUICK TO POINT OUT THAT FOR THE FIRST TIME A PCI/LAY PARTY COALITION COULD IN THEORY HAVE A PARLIAMENTARY MAJORITY. TODAY'S PAPERS HAVE NOT HAD TIME TO DIGEST THE RESULTS (WHICH APPEARED OVERNIGHT): WE SHALL REPORT THEIR REACTIONS BY TELEGRAM ON 29 JUNE.

#### THE FUTURE

7. THESE ELECTIONS HAVE MADE ITALY EVEN LESS GOVERNABLE. AT THE SAME TIME, THE COALITION OPTIONS HAVE NARROWED. THE MOST LIKELY OUTCOME IS A COALITION OF THE FIVE PARTIES THAT COMPRISED SPADOLINI'S TWO GOVERNMENTS. THERE IS NO MAJORITY FOR A CENTRIST COALITION EXCLUDING THE SOCIALISTS, THE DC LOOK IN NO CONDITION TO FORM A SINGLE PARTY MINORITY ADMINISTRATION. BERLINGUER'S DREAM OF A LEFT-WING GOVERNMENT EXCLUDING THE DC IS NOT (NOT) ABOUT TO COME TRUE.

8. THE BALANCE OF POWER WITHIN A RESUMED FIVE-PARTY COALITION HAS HOWEVER SHIFTED. THE DC ARE NO LONGER THE SUN AROUND WHICH THE SMALLER PARTIES REVOLVE. PSI SUPPORT REMAINS ESSENTIAL AND CRAXI WILL NEED TO SHOW HIS VOTERS THAT THE ELECTION WAS WORTHWHILE. THE GROWING RIVALRY BETWEEN SPADOLINI AND CRAXI FOR THE LAY VOTE WILL NOT HELP. DC SHOCK AND CONFUSION MAY PREVENT THEIR TAKING QUICK DECISIONS OVER RELATIONS WITH THE LAY PARTIES OR THE DISTRIBUTION OF PORTFOLIOS. SO IT WILL BE DIFFICULT TO FORM A NEW COALITION, AND EITHER THE PSI OR PRI MIGHT ELECT TO STAY OUT TEMPORARILY UNLESS THE TERMS WERE RIGHT.

9. ASSUMING A RENEWED CENTRE-LEFT COALITION, THE OUTLOOK FOR DEFENCE AND FOREIGN POLICY REMAINS UNCHANGED. IN THE INF CONTEXT, IT IS DESIRABLE THAT THE PSI SHOULD BE IN THE GOVERNMENT. THE QUESTION MARK HANGS INSTEAD OVER THE MANAGEMENT OF THE ECONOMY. IF THE DC CONCLUDE THAT 'RIGOUR' DID NOT PAY THEM ELECTORALLY, WE MAY SEE A FURTHER WEAKENING OF GOVERNMENT RESOLVE TO TACKLE THE PSBR AND REDUCE INFLATION. THE PCI, FORTIFIED BY THEIR VOTE, WILL MOUNT STRONG OPPOSITION.

10. FANFANI CONTINUES AS CARETAKER PRIME MINISTER TILL THE NEW GOVERNMENT IS FORMED. NO MESSAGES ARE REQUIRED UNTIL THEN.

#### CONCLUSION

11. DESPITE THE RISK OF INCREASED UNGOVERNABILITY, AND DISMAY IN THE DC CAMP, THESE RESULTS ARE NOT NECESSARILY AS BAD FOR ITALY (OR FOR HER PARTNERS AND ALLIES) AS THE FIGURES SUGGEST AT FIRST SIGHT. THE PRI SUCCESS IS A REWARD FOR INTEGRITY IN POLITICS. THE DC'S SHOCK COULD LEAD TO NECESSARY REFORM IN A PARTY WHICH HAS BEEN COMPLACENT TOO LONG. ABOVE ALL, A FIVE-PARTY COALITION WOULD AGAIN HAVE A COMFORTABLE MAJORITY (AROUND 100 IN THE CHAMBER), WITH THE SOLE DIFFERENCE THAT 35 MORE OF ITS SEATS WOULD BELONG TO THE LAY PARTIES RATHER THAN TO THE DC. BUT SOME DIFFICULT NEGOTIATIONS LIE

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AHEAD, AND HOPES THAT ITALY WOULD QUICKLY EMERGE FROM THE ELECTIONS  
WITH A STRONGER GOVERNMENT TO DEAL WITH THE COUNTRY'S REAL ECONOMIC  
PROBLEMS HAVE BEEN DISAPPOINTED.

ADVANCE COPY: SIR B HAYES, DTI  
BRIDGES

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