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MYTELNO 307: ITALY INTERNAL

1. ALL THE PARTIES HAVE SPENT THE LAST WEEK DIGESTING THE ELECTION RESULTS AND PREPARING FOR THE NEGOTIATIONS TO FORM A NEW GOVERNMENT.

PARLIAMENT

2. THE NEW PARLIAMENT WILL MEET ON 12 JULY. ITS FIRST TASK IS TO ELECT THE PRESIDENTS OF THE SENATE AND THE CHAMBER (IN THE LAST LEGISLATURE THEY WERE DC AND PCI RESPECTIVELY) AND THE PRESIDENTS OF THE VARIOUS PARLIAMENTARY COMMISSIONS. THE PCI HAVE ARGUED FORCEFULLY THAT THEY SHOULD NOT BE EXCLUDED, AND THE GOVERNMENT PARTIES SEEM INCLINED TO ACCEPT THIS. FANFANI HAS MADE CLEAR THAT HE IS NOT (NOT) A CANDIDATE FOR THE SENATE PRESIDENCY (WHICH HE HELD UNTIL BECOMING PRIME MINISTER).

GOVERNMENT

3. PERTINI WILL BEGIN HIS FORMAL CONSULTATIONS ON FORMATION OF A NEW GOVERNMENT SOON AFTER 12 JULY. SO FAR THERE IS MORE TALK ABOUT COALITION FORMULEA AND POSTS FOR INDIVIDUALS THAN ABOUT POLICY. RECENT PARTY STATEMENTS (SEE BELOW) SUGGEST THAT A FIVE-PARTY COALITION WILL EMERGE. BUT THE DC'S LOSS OF CONFIDENCE, THE UNCERTAINTIES OF THE COMPROMISE THEY MAY EVENTUALLY MAKE WITH THE PSI, THE GROWING RIVALRY BETWEEN SPADOLINI AND CRAXI, AND THE NON-COOPERATION OF THE PCI WILL MAKE IT DIFFICULT TO FORM SUCH A GOVERNMENT MUCH BEFORE MID AUGUST. EVEN THEN THE DIFFICULTY OF SECURING AGREEMENT OF ALL FIVE PARTIES' MAY MEAN THAT THE SOLUTION REACHED IS ONLY TEMPORARY.

PARTY ATTITUDES

4. THE DC WERE SHOCKED BY THEIR ELECTORAL LOSSES, BUT HAVE DECIDED TO RETAIN DE MITA AS SECRETARY FOR THE TIME BEING. THE PARTY LEADERSHIP MET ON 7 JULY AND GAVE CLEAR SIGNS OF WANTING TO REVIVE THE FIVE-PARTY COALITION. THERE ARE HINTS THAT THEY MIGHT SOFTEN THEIR ECONOMIC LINE TO PLEASE THE PSI BY CONCENTRATING ON UNEMPLOYMENT RATHER THAN INFLATION. THEIR OPPOSITION TO SERVING IN A GOVERNMENT WITH CRAXI AS PRIME MINISTER HAS DIMINISHED. PANDOLFI TOLD ME YESTERDAY THAT HE NOW EXPECTS THIS.

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5. THE PCI ARE BIDDING THEIR TIME, KNOWING THAT THEIR AIM OF A LEFT-WING ALTERNATIVE GOVERNMENT CANNOT BE ACHIEVED AT PRESENT. THEY ARE DESTINED TO OPPOSITION: THE QUESTION IS WHETHER THEY CHOOSE TO MAKE THIS CONSTRUCTIVE OR RELENTLESS.

6. ALTHOUGH CRAXI'S MARGIN OF MANOEUVRE WITH THE OTHER PARTIES HAS INCREASED SINCE THE ELECTIONS, WITHIN THE PSI, HIS POSITION HAS BEEN WEAKENED, BECAUSE THE PARTY'S ELECTORAL GAINS WERE LESS THAN EXPECTED. THE PARTY CONGRESS DUE IN MARCH 1984 (AT WHICH HE WILL HAVE TO STAND FOR RE-ELECTION) WILL PROBABLY BE HELD THIS AUTUMN. CRAXI IS NOT HELPED BY THE FACT THAT THE PARTY'S SOUTHERN LEADERS (FORMICA, SIGNORILE, MANCINI, AND DE MARTINO, ALL TO THE LEFT OF CRAXI) DID BETTER THAN THE PARTY IN THE NORTH. IN CRAXI'S NATIVE MILAN, SPADOLINI (REPUBLICAN) BEAT THE PSI INTO FOURTH PLACE IN THE SENATE ELECTIONS. NEVERTHELESS THE PARTY'S SUPPORT FOR A NEW FIVE-PARTY COALITION IS ESSENTIAL AND IT IS SIGNIFICANT THAT CRAXI'S LINE TOWARDS THE DC HAS BEEN MODIFIED, DIRECTLY AFTER THE ELECTIONS CRAXI SAID THAT DE MITA SHOULD RESIGN, BUT HE MET THE DC PARTY SECRETARY YESTERDAY TO DISCUSS THE PRESIDENCIES OF THE TWO HOUSES OF PARLIAMENT.

7. OF THE MINOR PARTIES ONLY THE REPUBLICANS, WHO GAINED MORE THAN ANYONE IN THE ELECTIONS, ARE LIKELY TO PLAY A KEY ROLE IN COMING WEEKS. SPADOLINI IS EXPLOITING HIS PERSONAL POPULARITY, OFFERING HIMSELF AS A MEDIATOR. HE HOPES FOR A GOOD POSITION IN PARLIAMENT OR GOVERNMENT.

CONCLUSION

8. THE OUTLOOK IS UNCLEAR. BY TRADITION THE OUTGOING PRIME MINISTER IS GIVEN THE FIRST MANDATE TO ATTEMPT TO FORM A NEW GOVERNMENT, BUT IF FAN FANI FAILS PERTINI HAS A WIDE RANGE OF POSSIBLE CANDIDATES. THE DC ARE DEVIDED ON THE ADVISABILITY OF GIVING CRAXI A SPELL AS PRIME MINISTER: THE SPADOLINI EXPERIMENT SHOWED THEM THAT IT CAN BE DIFFICULT TO DISLodge THE OCCUPANT OF PALAZZO CHIGI AND THAT A GOOD PERFORMANCE THERE BRINGS ELECTORAL BENEFITS. BUT THEY ARE THEMSELVES SHORT OF GOOD CANDIDATES WHO WOULD BE ACCEPTABLE TO THE PSI. THE SITUATION SHIFTS DAILY BUT THE PROSPECT THAT CRAXI WILL BE GIVEN THE CHANCE TO FORM A GOVERNMENT HAS BECOME FIRMER IN THE PAST FEW DAYS. HIS GREATEST DIFFICULTY WOULD BE TO GET AGREEMENT WITH COALITION PARTNERS ON ECONOMIC POLICY.

9. I SHALL REPORT FURTHER AFTER THE FIRST SITTING OF PARLIAMENT.

FACO PLEASE PASS SAVING ADDRESSEES

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