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 FM ROME 271035Z JUL
 TO PRIORITY FCO
 TELNO. 354
 OF 27 JULY 1983
 INFO SAVING WASHINGTON, BONN, PARIS,
 MOSCOW, HOLY SEE AND CONSULAR POSTS
 IN ITALY.
 CRAXI

WED 01/10/83
 RECEIVED IN REGISTRY
 28 JUL 1983
 WORK OFFICER
 DEPT. OF STATE

Leading Personnel
 (72) *file*
Enropa (Int Pol)
file
W/T

- IT IS NOT YET CERTAIN THAT CRAXI WILL BECOME ITALY'S FIRST SOCIALIST PRESIDENT OF THE COUNCIL. BUT THE ODDS ARE SHORTENING, AND SOME VIEWS ON HIS PERSONALITY AND OUTLOOK MAY BE OF INTEREST.
- CRAXI IS A REFORMER IN A PARTY WHOSE ORIGINS WERE OF THE OLD-FASHIONED REVOLUTIONARY VARIETY. THE GRAND OLD ITALIAN SOCIALIST NENNI EMBRACED A POPULAR FRONT WITH TOGLIATTI AFTER THE WAR, AND EVEN AFTER THE PSI BROKE AWAY IT RETAINED MARXIST SYMPATHIES. CRAXI IS ALSO A NORTHERNER IN A PARTY WHICH, SINCE LOSING PART OF THE SOCIALIST TRADE UNION VOTE TO THE PCI AFTER THE WAR, HAS DRAWN MUCH OF ITS STRENGTH FROM THE SOUTH. HIS TWO IMMEDIATE PREDECESSORS AS PARTY SECRETARY, MANCINI AND DE MARTINO, WERE BOTH SOUTHERNERS. FOR YEARS THE PARTY WAS STRONG ON RHETORIC BUT SHORT ON ADMINISTRATIVE COMPETENCE. MANY LEADERS HAD THEIR OWN PERSONAL FIEFS, AND IN THE SIXTIES, DURING THE FIRST CENTRE-LEFT EXPERIMENT, THE PSI ACQUIRED A REPUTATION FOR CORRUPTION NOT FAR SHORT OF THE DC'S. THERE ARE STILL MANY IN THE DC WHO SEE THE PCI AS THE REAL ITALIAN PARTY OF THE LEFT, TO WORK WITH OR TO OPPOSE AS CIRCUMSTANCES DICTATE.
- CRAXI DESERVES CREDIT FOR TRYING TO CHANGE ALL THIS, AND IN SOME RESPECTS HIS AMBITIONS REFLECT THOSE OF DE MITA. HE WANTS A MODERN, EFFICIENT, REFORMING PSI THAT WILL WORK WITHIN THE CAPITALIST SYSTEM AND APPEAL TO THE 'EMERGING CLASSES', THE SMALL INDUSTRIALISTS, THE URBAN WHITE COLLAR WORKERS, THE SKILLED ARTISANS. HE HOPES THAT THE PSI WILL EVENTUALLY OVERTAKE THE PCI AS THE MAIN PARTY OF THE LEFT, ON THE ANALOGY OF MITTERRAND.
- THE PSI COULD HARDLY HAVE BEEN WEAKER WHEN HE REPLACED DE MARTINO IN 1976. IT HAD JUST OBTAINED 9.6 PC OF THE VOTE AGAINST A PCI WHOSE VOTE HAD RISEN DRAMATICALLY TO 34.4 PC. CRAXI WAS ONLY 42 AND ALMOST UNKNOWN. HE HAS COME A LONG WAY SINCE THEN: ACCORDING TO A 1982 OPINION POLL, ITALIANS REGARDED HIM THEN AS THE MOST POWERFUL MAN IN THE COUNTRY. THIS IS AS MUCH A MATTER OF IMAGE AS OF ACHIEVEMENT, BUT THE REPUBLICAN SPADOLINI'S SUCCESS SHOWS HOW IMPORTANT IMAGE CAN BE TO A MINOR PARTY.
- THREE MAJOR FACTORS HAVE CONTRIBUTED TO CRAXI'S INFLUENCE. FIRST, HE SUBDUED HIS MANY RIVALS IN THE PARTY (SIGNORILE, MANCINI, THE PRO-COMMUNIST LEFT WING IN THE NORTHERN CITIES). HE WAS TOUGH AND RUTHLESS, HE PACKED THE PARTY LEADERSHIP WITH HIS YOUNG SUPPORTERS, AND UNTIL AUGUST 1982 HE HAD MORE PERSONAL AUTHORITY THAN MOST OF THE OTHER PARTY SECRETARIES. SECONDLY, HE GAVE THE PARTY A MORE MODER PROGRAMME, SOCIAL DEMOCRAT RATHER THAN MARXIST, ATLANTICIST IN DEFENCE (PSI SUPPORT FOR THE DOUBLE DECISION OF 1979 WAS CRUCIAL), FOR EFFICIENCY IN GOVERNMENT AND IN THE MANAGEMENT OF THE ECONOMY. ON THE LAST, HE ALSO ADVOCATED EXPANSION OF

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THE ECONOMY AND LOWER INTEREST RATES, TO ATTRACT BUSINESS VOTES. PERTINI'S POPULARITY ALSO HELPED, ALTHOUGH THE TWO HAVE NEVER BEEN CLOSE AND PERTINI'S OLD-FASHIONED SOCIALISM IS THE ANTITHESIS OF CRAXI'S.

6. THIRDLY, AND AT TIMES DISQUIETINGLY, CRAXI WAS DETERMINED TO KEEP THE PSI IN THE NEWS. HE EXPLOITED THE PARTY'S INDISPENSABILITY TO ANY CENTRE-LEFT GOVERNMENT TO THE MAXIMUM. HE IS DETERMINED TO CUT THE DC AND PCI DOWN TO SIZE AND TO CREATE A THIRD FORCE UNDER HIS LEADERSHIP; TYPICALLY HIS ABRASIVENESS AND SUSPICIOUS NATURE HAVE ALIENATED MANY IN THE SMALLER LAY PARTIES WHOSE SUPPORT HE NEEDS. IN FOREIGN AFFAIRS, HIS SUPPORT FOR THE DOUBLE DECISION AND ATTACKS ON JARUZELSKI AND THE SIBERIAN GAS CONTRACT WERE PROBABLY MADE LESS ON THEIR MERITS THAN TO EMBARRASS THE PCI. HE UPSET COLOMBO OVER POLICY TOWARDS EL SALVADOR, AND HIS OPPOSITION WAS THE DETERMINING FACTOR IN MAKING IT IMPOSSIBLE FOR SPADOLINI'S GOVERNMENT TO RENEW ITALIAN SANCTIONS AGAINST ARGENTINA IN MAY LAST YEAR. IN ALL THIS HE WANTED TO SHOW THAT HE COUNTED. THE MERITS OF EACH CASE MATTERED LESS THAN DOMESTIC POLITICAL CONSIDERATIONS.

7. BUT THE LAST TWELVE MONTHS HAVE GONE BADLY FOR HIM: EG HIS FAILURE TO REMOVE SPADOLINI LAST AUGUST, HIGH-HANDED ATTEMPTS TO PUT A PARTY NOMINEE IN CHARGE OF ENI, THE PSI CORRUPTION SCANDALS IN TURIN AND SAVONA, AND SPADOLINI'S ELECTORAL SUCCESS IN MILAN, CRAXI'S HOME TOWN. THE PSI DID LESS WELL IN THE JUNE ELECTIONS THAN THEY HAD HOPED, AND THE RESULTING POLITICAL ARITHMETIC WILL NOT MAKE IT EASY TO FORM A STABLE GOVERNMENT. MANY IN THE DC ARE BITTERLY ANTI-CRAXI, AND ENEMIES IN HIS OWN PARTY HAVE BEEN VOCAL THIS PAST MONTH. BUT HE IS APPROACHING HIS PRESIDENCY WITH CHARACTERISTIC DRIVE AND DETERMINATION. IT WILL BE A HIGHLY PERSONAL ADMINISTRATION. SO WAS SPADOLINI'S, BUT WHEREAS SPADOLINI INSPIRES TRUST, CRAXI AROUSES FEARS OF AUTOCRACY AND "PRESIDENTIALISM". HE WILL NEED EARLY SUCCESSSES AND WILL BE EVERYWHERE DOING EVERYTHING, WITH AN EYE TO THE 1984 EUROPEAN PARLIAMENT ELECTIONS. HIS AMBITION WILL GRATE, BUT IN THE DOMESTIC POLICY FIELD, AT LEAST, HIS PRINCIPLES HAVE NOT CHANGED SINCE HE BECAME PARTY SECRETARY, AND THERE IS NOTHING IN THEM THAT NEED CREATE DISQUIET.

8. I WOULD EXPECT HIM TO TAKE AN INTEREST IN FOREIGN POLICY TOO, ALTHOUGH LIKE MANY ITALIAN POLITICIANS HE HAS LITTLE EXPERIENCE IN THIS FIELD. WE MAY FIND HIM MORE OF AN ITALIAN NATIONALIST THAN OUR DEALINGS WITH PEOPLE LIKE COLOMBO HAVE ACCUSTOMED US TO EXPECT. HE WILL NOT BE EASY TO DEAL WITH, AND HIS SYMPATHIES LIE WITH MITTERRAND'S SOCIALISTS AND THE GERMAN SPD, WITH BOTH OF WHICH HIS PARTY HAS CLOSE LINKS, RATHER THAN WITH US. THE FRENCH CONNECTION MAY BE IMPORTANT FOR DEFENCE POLICY; IT REMAINS TO BE SEEN WHETHER IN THE ECONOMIC FIELD HE WILL GO FOR MITTERRAND MARK I OR MARK II, THOUGH MY GUESS IS THAT THE FORCE OF EVENTS WILL DRIVE HIM TOWARDS THE LATTER. HIS CONNECTIONS WITH BRITAIN (WHICH HE HAS VISITED UNDER COI AUSPICES) ARE SLIGHT. HE DESPISES OUR LABOUR PARTY, BUT WAS EQUALLY CRITICAL OF HMG'S ECONOMIC POLICIES DURING THE ELECTION CAMPAIGN. SOME FEAR HE WILL WANT TO TAKE GRANDIOSE FOREIGN POLICY INITIATIVES, BUT I THINK HE VALUES AMERICAN SUPPORT FOR HIM TOO MUCH TO STRAY FAR. **CONFIDENTIAL** 9.

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9. I SHALL AWAIT THE FORMATION OF CRAXI'S GOVERNMENT BEFORE OFFERING VIEWS ON ITS PROGRAMME AND PROSPECTS OF SUCCESS, AND ON THE IMPLICATIONS FOR ANGLO-ITALIAN RELATIONS. WE MAY BE IN FOR A BUMPY RIDE, BUT I THINK HE WILL RESPOND TO PLAIN SPEAKING, AND MORE GENERALLY GROW INTO HIS NEW RESPONSIBILITIES DESPITE HIS LACK OF ANY MINISTERIAL EXPERIENCE. WE SHOULD REMEMBER THAT A HEALTHY, MODERATE AND SUCCESSFUL PSI ABLE TO TAKE VOTES AWAY FROM, OR IMPOSE ITS VALUES ON, THE PCI IS STRONGLY IN THE INTEREST OF ITALY'S PARTNERS IN NATO AND THE EEC.

10. FCO PSE PASS SAVING EXCEPT HOLY SEE AND CONSULAR POSTS. BRIDGES

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