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 FM ROME 08110Z AUG
 TO PRIORITY FCO
 TELNO. 366
 OF 08 AUGUST 1983

INFO PRIORITY WASHINGTON, PARIS, BONN
 INFO SAVING OTHER EC POSTS, HOLY SEE AND CONSULAR POSTS
 ROME TELNO. 361: NEW ITALIAN GOVERNMENT

- 77
1. THERE ARE THREE WAYS OF ASSESSING THE CRAXI GOVERNMENT: POLICIES, PERSONALITIES AND POLITICAL COHESION. COMMENTS ON THE FIRST OF THESE CAN AWAIT CRAXI'S SPEECH TO PARLIAMENT TOMORROW AT THE OPENING OF THE CONFIDENCE DEBATE.
 2. ON PAPER IT MUST BE ONE OF THE MOST IMPRESSIVE ITALIAN ADMINISTRATIONS SINCE THE WAR. IT CONTAINS THREE FORMER PRIME MINISTERS (ANDREOTTI, FORLANI AND SPADOLINI), A PARTY PRESIDENT (VISENTINI) AND THREE OF THE FIVE COALITION PARTY SECRETARIES (SPADOLINI, LONGO AND CRAXI HIMSELF). CLOSER ASSOCIATION OF PARTY SECRETARIES WITH GOVERNMENT DECISIONS CAN ONLY HELP. ON CONSEQUENCE, HOWEVER, IS THAT SEASONED MINISTERS HAVE HAD TO ACCEPT JOBS OF LESSER RANK (LAGORIO, PANDOLFI, SCOTTI). COLOMBO WAS SO OFFENDED AT BEING OFFERED AGRICULTURE THAT HE DECLINED TO SERVE. A PSDI MINISTER ALSO REFUSED HIS PORTFOLIO AT THE LAST MINUTE, AND HIS SUCCESSOR HAD TO PLUCKED OFF THE BEACHES.
 3. THE CONTRAST WITH FANFANI'S GOVERNMENT IS STRIKING. THIS WAS WIDELY REGARDED AS A PRE-ELECTORAL SECOND XI GOVERNMENT. WHETHER THIS "GOVERNMENT OF ALL THE TALENTS" WILL RETAIN COHESION MUST BE AN OPEN QUESTION, AND IT IS SIGNIFICANT THAT CRAXI'S FIRST, SHREWD MOVE WAS TO NOMINATE AN INNER CABINET OF ANDREOTTI, SCALFARO, FORLANI AND GORIA (DC), SPADOLINI (PRI), LONGO (PSDI), DE MICHELIS (PSI), ALTISSIMO FOR THE LIBERALS AND CRAXI HIMSELF. ITS DECLARED TASK IS TO REACH AGREEMENT ON POLITICAL OBJECTIVES, WITHOUT DIMINISHING MINISTERIAL RESPONSIBILITY AND THE FINAL AUTHORITY OF CABINET COLLECTIVELY.
 4. ON ANDREOTTI SEE MIFT. THE OTHER MINISTERS THAT WE SHALL HAVE MOST TO DEAL WITH ARE GORIA, DE MITA'S MAN WHO HAS BEEN RECONFIRMED AT THE TREASURY: PANDOLFI (AGRICULTURE), SPADOLINI (DEFENCE) AND ALTISSIMO (INDUSTRY), FOR ALL OF WHOM SEE OUR LPR.
- I HOPE THAT MR JOPLING WILL CONSIDER ARRANGING A BILATERAL WITH PANDOLFI THIS AUTUMN, GIVEN OUR DIFFERENCES WITH ITALY ON CAP REFORM. HE WILL DEFEND ITALIAN INTERESTS, BUT WITH HIS EUROPEAN EXPERIENCE AND REPUTATION FOR OBJECTIVITY MAY BE PREPARED TO ASSESS CAP POLICIES ON THEIR MERITS MORE THAN HIS PREDECESSORS. SPADOLINI'S APPOINTMENT IS WIDELY REGARDED AS A GUARANTEE OF ITALIAN ADHERENCE TO NATO (ESPECIALLY INF) POLICIES. IT IS MORE OPEN TO QUESTION WHETHER HE WILL HAVE THE TENACITY AND THE ADMINISTRATIVE SKILLS TO IMPROVE ITALY'S OWN DEFENCE EFFORT. ALTISSIMO, PROMOTED TO INDUSTRY FOR REASONS OF PARTY BALANCE AFTER THE LIBERALS' ELECTORAL GAINS, IS A LIGHTWEIGHT, BUT HIS MINISTRY IS IMPORTANT FOR US AND HE HIMSELF HAS MANY INDUSTRIAL CONNECTIONS. I AM TELEGRAPHING SEPARATELY ABOUT MR PARKINSON'S VISIT TO ROME (DTI TELNO INDUS 017).

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5. THREE OTHER MINISTERS WORTH WATCHING WILL BE DE MICHELIS (LABOUR), SCALFARO (INTERIOR) AND VISENTINI (FINANCE, I.E. REVENUE COLLECTION). THE FIRST TWO HAVE BEDS OF NAILS. DE MICHELIS, A TOUGH NEGOTIATOR, SHOULD ENJOY UNION CONFIDENCE, BUT THERE IS BOUND TO BE PRESSURE WITHIN AND FROM OUTSIDE THE GOVERNMENT FOR FURTHER MEASURES TO REDUCE WAGE INDEXATION. THE GOVERNOR OF THE BANK OF ITALY HAS ALREADY RECOMMENDED IN THIS SENSE IN A MEMORANDUM FOR CRAXI ON THE ECONOMIC OUTLOOK. SCALFARO IS WIDELY RESPECTED, BUT ROGNONI'S ACT IS A HARD ONE TO FOLLOW AND MAFIA KILLINGS CONTINUE UNABATED. VISENTINI IS A LONE WOLF. HIS RELATIONS WITH HIS FELLO-REPUBLICAN SPADOLINI ARE NOT GOOD, AND IT PROBABLY SUITS THE LATTER TO HAVE HIM INSIDE THE GOVERNMENT TOO. HIS FINANCIAL EXPERTISE IS UNQUESTIONED, HIS TACT LESS SO, AND HE IS OLD ENOUGH TO BE GORIA'S FATHER.

6. IN ASSESSING CRAXI'S GOVERNMENT OVERALL, TWO FACTORS STAND OUT.

THE FIRST IS HIS OWN RELATIVE ISOLATION. THE INEVITABLE PRICE OF HIS PRIME MINISTERSHIP WAS A REDUCED PSI PRESENCE IN THE CABINET: ONLY DE MICHELIS OCCUPIES AN IMPORTANT POST. THE JOKE IS GOING ROUND THAT THIS IS A DC-REPUBLICAN GOVERNMENT WHICH HAPPENS TO HAVE A SOCIALIST AT ITS HEAD. ONE OF HIS CLOSE AIDES HAS TOLD US THAT CRAXI MAY OVERESTIMATE THE POWER OF HIS OFFICE. PRESIDENTS OF THE COUNCIL ARE GENERALLY MORE ARBITRATORS THAN LEADERS. CRAXI WILL BRING YOUNG PSI TALENT INTO PALAZZO CHIGI, BUT IT IS HARD TO SEE HIM EASILY OVERRULING A MAN LIKE ANDREOTTI, ESPECIALLY WITH HIS OWN LACK OF INTERNATIONAL EXPERIENCE. AT THE SAME TIME, HE MUST ASSUAGE HIS OWN PARTY, SOME OF WHOM BELIEVE HE WAS WRONG TO ACCEPT OFFICE NOW. IF ONLY FOR THAT REASON, HE WILL NEED TO BE ACTIVIST.

7. THE SECOND FACTOR IS THE DC'S DISARRAY. I SHALL REPORT BY SEPARATE LETTER THEIR EXTRAORDINARY INFIGHTING WHICH CAUSED CRAXI'S GOVERNMENT TO HICCOUGH ON THE DAY OF ITS APPOINTMENT. LAST DECEMBER FANFANI AND DE MITA ARE THOUGHT TO HAVE DECIDED ON ANDREOTTI'S EXCLUSION WHILE FANFANI WAS IN HIS CAR ON HIS WAY TO THE QUIRANALE. THIS TIME THE DC WENT ONE BETTER: CRAXI AND PERTINI WERE KEPT WAITING AT THE QUIRANALE WHILE DE MITA TRIED TO ACCOMMODATE THE REBELLIOUS FORLANI MINORITY. THE SHOCK CAUSED BY THE DC'S ELECTORAL DEFEAT STILL RUNS DEEP: FANFANI IS UPSET, COLOMBO FURIOUS AT HIS EXCLUSION, THE PRESIDENTIAL ELECTION OF 1985 DRAWS CLOSER, AND THESE TENSIONS COULD WEAKEN THE CRAXI GOVERNMENT IF REFLECTED AMONG THE DC'S MINISTERS.

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8. IF THIS SOUNDS PESSIMISTIC, CRAXI HAS ALSO TWO MAJOR ASSETS. THE DC ARE IN NO SHAPE TO CLAIM HIS POST BEFORE THEIR NEXT PARTY CONGRESS, WHICH MAY BE BROUGHT FORWARD FROM NEXT SUMMER. SECOND, IF CRAXI FALLS HE CAN MAKE LIFE DIFFICULT FOR ANY SUCCESSOR, NOT LEAST BECAUSE PSI SUPPORT IS CRUCIAL IN FORMING A PARLIAM-ENTARY MAJORITY. ITALIAN CABINET-MAKING INGENUITY IS UNEQUALLED. BUT SOME (AMONG THE PSI AND IN THE PRESS) ARE ALREADY TALKING IN ALMOST APOCALYPTIC TERMS OF THE CONSEQUENCES OF A CRAXI FAILURE. BEHIND ALL THIS LIES ITALY'S UNRESOLVED QUESTION - WHAT TO DO ABOUT THE COMMUNISTS - AND IT WILL NOT GO AWAY. OUR WORKING ASSUMPTION SHOULD BE THAT THIS GOVERNMENT WILL SURVIVE THIS WINTER'S DIFFIC-ULT EC, INF AND ECONOMIC POLICY DECISIONS: BUT AS WE HAVE ALREADY REPORTED IT COULD BE A BUMPY RIDE.
9. FCO PLEASE PASS SAVING TO OTHER EC POSTS.
RICHARDSON

STANDARD
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CABINET OFFICE

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Foreign and Commonwealth Office

London SW1A 2AH



Telephone hijacked
by Mr. Fletcher at 10
Tel. has resumed.

John S. [unclear]

WJ/S

5 August, 1983	
- 9 AUG 1983	
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LONDON	

Mr. [unclear]

Mr. [unclear]

New Italian Government

It was announced yesterday that Signor Bettino Craxi, the Italian Socialist Party Leader, had succeeded in forming Italy's forty-fourth post-war government. As expected, the government is a five party coalition comprising the Socialists themselves, the Christian Democrats, Republicans, Social Democrats and Liberals. There are no major surprises, but a number of well-known names from previous administrations reappear with different portfolios. Signor Giulio Andreotti has been given the post of Foreign Minister (previously Signor Colombo) and Senator Giovanni Spadolini succeeds Signor Lelio Lagoro as the new Defence Minister. As you know, both Andreotti and Spadolini are themselves former Prime Ministers.

The Prime Minister will no doubt wish to congratulate Signor Craxi (biography enclosed) on his success, and I attach a draft telegram to Rome which contains a suggested form of words. It would also be appropriate for the Prime Minister to send a message to Signor Fanfani, the outgoing Prime Minister. If the Prime Minister is content, I shall arrange for the telegram to be despatched.

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

CRAXI, ONOREVOLE BETTINO

Secretary of the Socialist Party (PSI).

Born in Milan in 1934. Career as a full-time party official. Milan City Councillor 1960-70. Party Directorate Member since 1965. Deputy for Milan-Pavia since 1968.

He replaced De Martino as Party Secretary in July 1976, when the latter was removed following the PSI's disappointing performance in the general election the previous month. Craxi at this time aligned himself with the small "Autonomist" faction of the party, led by Nenni, and his election as Secretary was due to the support of all the younger (ie less than about 45 years old) members of the PSI National Council, and of Mancini (qv).

The national congress of the PSI in March 1978 over-whelmingly confirmed Craxi's leadership and backed his policy of asserting the party's independence of the PCI. Craxi wanted to take the Socialists back into government with the DC, but had to bide his time because there was vocal opposition among the rank and file. Craxi's advocacy of concessions to Moro's kidnapers and his restless pursuit of independent policies have caused some questioning of his political judgement.

In early 1980, he narrowly defeated the left wing in a power struggle within the party; since then, he has consolidated his position. In April 1980, he took the PSI back into government and was thus able to reward some of his supporters with Ministerial jobs. The April 1981 Congress confirmed his dominance over the PSI and re-elected him as Secretary for three years. His relations with the PCI, and especially Berlinguer, are bad and the left wing of the DC also regard him as an untrustworthy ally and potential threat to DC supremacy. Craxi makes no secret of his ambition to become Prime Minister as quickly as possible. Tactical mistakes in 1982 damaged his reputation as a minister; but he has without doubt gained the PSI some percentage points since their poor 1979 performance (10%).

A tall, dominating figure, he looks older than his years. Fond of good living and eloquent in private conversation, but spends most of his time with close party colleagues. Held in respect by other PSI Deputies though not greatly loved; generally distrusted by other politicians, and hated by the Communists. Something of a bully. Scathing in his attacks on the inequalities and inefficiencies of Italian society. Has a difficult relationship with the Socialist President Pertini (qv). A clever self-publicist.

Visited UK as guest of HMG, and attended Labour Party Conference at Blackpool, in September 1976. Caused us a lot of trouble over the Falklands affair.

Little English. Fair French.

Married.

OUT TELEGRAM

Classification and Caveats

RESTRICTED

Precedence/Dueby

IMMEDIATE

1 Zczc
 2 grs
 3 RESTRICTED
 4
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 6 FM FCO JULY 83

7 TO IMMEDIATE ROME
 8 TELEGRAM NUMBER

9 YOUR TELNO 362: NEW ITALIAN GOVERNMENT

10 1. Please arrange for the following message from the
 11 Prime Minister to be transmitted as soon as possible to the
 12 Palazzo Chigi:

13 BEGINS

14 Please accept my warm congratulations on your appointment
 15 as Prime Minister. I wish you every success and look forward
 16 to working with you and your government in further developing
 17 the excellent relations which exist between ^{the United Kingdom} ~~Great Britain~~ and
 18 Italy. I hope we shall be able to meet soon.

19 ENDS

20 2. The following message should be transmitted from the
 21 Prime Minister to Signor Fanfani:

22 BEGINS

23 I am sorry to learn that we shall no longer be working
 24 together. I have greatly enjoyed the period of collaboration
 25 with your Government. We have had a number of difficult

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File number		Dept Private Office	Distribution Limited WED ECD(I) News Dept
Drafted by (Block capitals) ROGER BONE			
Telephone number			
Authorised for despatch			
Comcen reference	Time of despatch		

OUT TELEGRAM (CONT)

Classification and Caveats

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RESTRICTED

IMMEDIATE

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1 >>>>
2 issues to face both in Europe and further afield. I have
3 valued our personal relationship and I send you my warm
4 good wishes for the future.

5 ENDS

6 HOWE

7 NNNN

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