

APPROVED FOR RELEASE
DATE: MAR 2004

(b) (3)

6 September 1979

MEMORANDUM

SUBJECT: Italian Situation

1. Italian Prime Minister Cossiga's success in putting together a government last month provides for little more than a "political truce" in a deepening political crisis. The parties now have more time to search for a way out of the stalemate that has thusfar blocked the formation of a more stable government. (Their objectives in agreeing to this "transitional" formula, however, are so incompatible as to make the chances for breaking the deadlock as remote as ever.)

2. The Christian Democrats, Italy's largest party, needs the backing of either the second-ranking Communists or the third-place Socialists in order to win a confidence vote. Cossiga obtained a Socialist agreement to abstain, thereby providing his government with a majority. The Socialists apparently were willing to prop up the government only because it reconciles their minimum demands--that the arrangement be temporary and "technocratic" in nature--with the Christian Democratic insistence on retaining the prime ministry. The Socialists evidently are gambling that the Christian Democrats eventually will consent to back a government led by the Socialists. (Such a solution apparently was the major factor uniting the Socialists who are deeply divided over whether to cooperate with the Christian Democrats, but behind party chief Craxi's earlier attempt to form a government.) It is uncertain how long Craxi will be able to keep his party in line if the Christian Democrats continue to reject his party's central demand.

3. The Christian Democrats themselves are finding it increasingly difficult to paper over their deep divisions over whether to seek the support of the Socialists or the Communists. They seem generally united, however, in viewing Cossiga's government as a means to retain the prime ministry. Most Christian Democrats are understandably reluctant to precipitate showdown over their internal differences but they will find it very difficult to avoid one at their party congress, now scheduled for December. (Intraparty unity is not likely to be any easier in the wake of the congress, but the longer the Christian Democrats temporize, the less likely the Socialists will be to allow Cossiga's government to survive.)

[CIA] (PA M #79-10405)

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4. The second ranking Communists are prepared to bide their time in the opposition. Cossiga's administration finally gives them a government to oppose; the party evidently will try to recapture its image as a "party of struggle" while enhancing its credentials as a responsible political actor. Communist Chief Berlinguer [redacted] offered his party's support to Cossiga's government on selected economic and labor issues; this move evidently is calculated to aid those Christian Democrats favoring closer relations with the Communists. In addition, Berlinguer may be hoping to make the government dependent on Communist backing before too long--a development which eventually could force the appointment of Communists or technocrats close to the party as cabinet ministers.] [redacted]

5. In the midst of these conflicting pressures, the Cossiga government may manage to stay in place until the local and regional elections scheduled for June 1980, which all the participants will regard as a significant indicator of public attitudes after more than a year of political uncertainty. At this early stage, predictions are risky, but it does seem unlikely that the results will make cooperation between the Christian Democrats and the Socialists any easier, or inclusion of the Communists in a governing formula any less difficult to avoid.] [redacted]

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