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GHOSTS FROM THE PAST

1. My letter of 3 September described the summer flurry of intelligence scandals. These proved to be just the curtain-raiser. A succession of more potent hauntings from Italy's murky past has tormented the political scene in recent weeks. We have already reported highlights. But I thought you might welcome a fuller account, in the historical context necessary to explain the current political repercussions.

The Years of Lead

2. In the prosperous and stable Italy of today, it is hard to imagine the violence and social divisions of only a few years ago, and particularly from the late sixties to the early eighties. These were the so-called "years of lead", in which terrorism of various persuasions claimed hundreds of victims. The bloodiest attack was the bombing at Bologna station in 1980, which killed 85 travellers. The perpetrators remain unidentified, but this has been long regarded as the climax of the "strategy of tension", in which mysterious right wing forces strove by terrorism and street violence to provoke a repressive backlash against Italy's democratic institutions. Meanwhile, on the extreme left, the Red Brigades and associated groups were pursuing their own terrorist campaign, of which the most audacious operation was the kidnapping and murder in 1978 of Christian Democrat former Prime Minister Aldo Moro.

3. These were also the years of P2, Licio Gelli's subversive Masonic lodge, revealed in 1981 to have infiltrated the heights of Italy's political, military, intelligence, financial and industrial establishments

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/and establishments, dedicated to the creation of a right wing autocracy, to eliminate once and for all any possibility that the Italian Communist Party, the largest in the West, might achieve national power. But P2 was only the most developed form of a tradition stretching back to the immediate postwar years. Various more cumbersome attempts to achieve the same objectives had been tried and had failed. There was for example the disgruntled group of army officers and aristocrats who masterminded the so-called Borghese coup plot in 1970, or the plan of Carabinieri leaders a few years previously to round up hundreds of leading Communists overnight and intern them in Sardinia (operation "Solo")

4. The ghosts of this period still stalk the land. Many mysteries remain about the handling of these events by successive governments. Many of the politicians involved remain active. And the Communists, the "enemy within" which polarised the country and, as the Cold War raged, inspired much of this skulduggery, remain Italy's second largest party, perhaps closer than ever to government as they abandon their old name and ideological baggage and attempt to join the mainstream of modern social democracy.

the Moro papers

5. Our telex 094 described the discovery of hitherto unpublished writings by Moro during his captivity, and the mysterious circumstances which have caused many politicians to suggest that the discovery may not have been fortuitous. Whether it was or not, the Moro papers contained little new. Why then has the political storm surrounding them been so violent?

6. Principally, because of the enormity of the suspicions still surrounding the murder itself. There is circumstantial evidence that one or more of Moro's kidnappers was secretly in touch with the security apparatus at the time; and that the latter deliberately neglected to follow up leads which might have led to the kidnappers and saved Moro's life. Most of then Interior Minister Cossiga's crisis committee belonged - apparently unbeknown to him - to P2. The conspiracy theory has it that the security forces either orchestrated Moro's killing, or at least acquiesced in it; and that they in turn were acting in this for their political masters, and perhaps even for the CIA. Moro was after all the architect of the "historic compromise", under which the Communists made possible Andreotti's DC-only government by supporting it in Parliament. In return, Moro had encouraged them in the belief that this was to be the final step before their own entry into government. This was anathema to P2, then in virtual control of the security apparatus, to many non-P2 establishment politicians, and also to the USA.

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7. Whatever their truth, these suspicions in themselves remain powerful political weapons. Andreotti, Cossiga, Forlani, Craxi and Spadolini all had important party or government roles at the time. Now, Cossiga is President of the Republic; the other four are the front runners to succeed him; and the race for the

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succession is arguably the main influence on their political behaviour. Many believe that this explains the vicious but highly coded campaign of innuendo that the four/have indulged in over the Moro papers, at a time when the Italian public has instead, not unreasonably, been demanding clarity.

/aspirant
successors

Martini on the Rocks

9. So far, the Moro affair has not itself put the government or any of its members under immediate threat. However, as you will have seen from my Embassy minute of 26 October (not to all), one indirect consequence nearly had this effect. Shortly after threatening that "heads would roll" in the security apparatus for failing to clear up the outstanding questions surrounding the Moro documents, Andreotti announced that Admiral Martini, Head of the Italian external and military intelligence organisation (SISMI), would be replaced by an Army General, D'Ambrosio, when his fifth term expired next February. The Socialists took umbrage at Andreotti's failure to consult them, and it looked briefly as if they might withdraw from the government. Perhaps not surprisingly on the eve of the European Council, they stepped back from the brink. But relations within the coalition are now more tense than at any time during this government. Craxi has put Andreotti on notice of a showdown immediately after the Italian EC Presidency. The government's survival far into the New Year seems unlikely, barring major new developments (for example a Gulf war).

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10. Andreotti's decision to humiliate Martini is curious. His own relations with Martini have been poor ever since the Orfei episode (see letter under reference) and he probably decided months ago to replace him. Andreotti may possibly have been under US pressure to remove Martini, for his/suggestion of US responsibility for the Ustica air disaster (our telno 513). And Andreotti's announcement now of this decision supplies a scapegoat for the government's failure to provide clear answers over the Moro papers. However, SISMI in fact has no formal role in the investigation surrounding these. And Andreotti must have known that the Socialists would be upset: it was they, under Craxi's government in 1984, who appointed Martini. It almost seemed that Andreotti was trying to provoke Craxi into bringing down the government now, on an issue and timing of Andreotti's rather than Craxi's choosing, rather than allow Craxi choice of weapons in the New Year.

11. D'Ambrosio's candidature is in any case now looking shaky. He worked in SISMI under its previous Head, Santovito, who was later disgraced as a member of P2. And the Communists have unearthed evidence apparently linking him to the Borghese coup plot. Meanwhile, an unseemly scramble has developed as each eligible service publicly promotes its own candidate for one of Italy's most delicate jobs. At least nine names are now being canvassed. Martini's departure does seem certain. But the only other certainty is that political convenience rather than professional merit will decide his successor. This will be a sad

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epitaph for Martini, who has in his six years stubbornly resisted the many political pressures on him, and turned a discredited and demoralised organisation for the first time into an internationally respected and professional intelligence service.

Operation Sword

12. As if all this were not enough, many of the same issues also feature in a further storm, which has now blown up over Italy's contingency preparations for war. The following description is drawn entirely from media reporting. Experts in Whitehall may be able to comment on its factual basis.

13. A Venetian Magistrate has for some months been investigating terrorist activity linked to the strategy of tension. Early this year, he unearthed evidence of a plan to mount guerilla operations against an invading force. The main details which have emerged are that these would be carried out by a secret force, around 1,000 strong, established in the 1950's, with access to arms caches and under the operational control of SISMI. Press reports have dwelt particularly on alleged foreign connections of this plan: that this was part of a NATO structure; that the CIA allegedly had a high degree of operational influence; and, in one report, that the British intelligence services also provided leading personnel.

14. In August, Andreotti gave the first public admission, in Parliament, of the existence of this force, claiming that it had been disbanded in 1972. But on 17 October, he revealed in a memorandum to a Parliamentary Commission that "Operation Sword" in fact remained in place. As Andreotti no doubt intended (though his motives are obscure) this immediately provoked an outcry from the left, and provided a further gift for the conspiracy theorists.

15. Italians are now asking themselves how many of those involved over the years in Operation Sword belonged to P2 or similarly motivated groups. Is Operation Sword identical to "Operation Solo" and the various other conspiracies which have come to light over the years to neutralise the internal Communist threat not only after but before any outbreak of hostilities? The Communists have called for the immediate disbandment of the Sword force, and are planning a campaign of mass protest. Meanwhile, several of the former Ministers who might have known of its existence have been taking cover: Craxi and Spadolini have denied any knowledge of Operation Sword. And cracks are beginning to appear in the coalition over how to handle the increasing demands for satisfactory answers to the conspiracy theorists' questions. There is no sign of immediate threat in all this to the government. But that could change with little notice if anyone can produce hard evidence that any of the coalition parties had perverted Operation Sword for internal political purposes.

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16. Italy's postwar history has been as traumatic as that of any Western democracy. The traumas arose from the existence of a strong Communist Party close to achieving power by democratic means, pitted against an incestuous and numerically small establishment with limited democratic accountability, contending in a political culture which is incorrigibly conspiratorial. No plot is too far fetched to be plausible; and perceived motive is often portrayed as proof of guilt. Once a conspiracy theory is running, it becomes in itself a powerful political weapon. Unadorned facts are rapidly submerged and count for little. Lying, even to Parliament, is not regarded as particularly heinous: no-one has criticised Andreotti for doing so in August over Operation Sword.

17. Why are these ghosts returning now? The current period of five-party coalitions based on Christian Democrat/Socialist cooperation seems to be nearing its end. The Communists look likely to acquire full democratic respectability for the first time, possibly opening the way for a new system based on genuine electoral competition between two stable blocs representing the centre and the left. As overseer of any transition, the next President may well have a more decisive role than any of his predecessors. For all these reasons, the political stakes have rarely been higher than they are now.

18. Most Italians now take it for granted that this somehow explains the appearance of the ghosts. But the high stakes do not themselves prove manipulation by a hidden hand (or hands). Political ghosts are, like chemical weapons, toxic to all and once released difficult to control. All the leading players are certainly trying to turn them to tactical advantage. But if a strategic manipulator is at work, his identity and motives are hard to perceive. That said, those with most to win or lose from these manoeuvres, and most knowledge of where bodies are buried, are Andreotti and Craxi. Andreotti will need support from the Communists if he is to succeed Cossiga. And the Communists must welcome the Operation Sword revelations, as a diversion from their own internal divisions.

The US Connection

19. The truth about US involvement, if any, in the years of lead will probably never be known. No hard evidence has ever come to light. But it is no secret that the USA for many years provided covert support for Italian opponents of Communism, for example by secretly funding the Christian Democrats (another theme of the Moro papers). There has also been occasional circumstantial evidence, albeit from sources of dubious reliability, of US support for P2, and in some cases even for acts of terrorism in Italy. And attention is often drawn to the US record of anticommunist intervention in other countries such as Chile.

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it is therefore perhaps not surprising that many Italians believe the CIA played an important role in the years of lead.

20. Please copy this letter to any further addressees you think might be interested.

John Ashton

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