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TO IMMEDIATE FCO

TELEGRAM NO. 097 OF 18 FEB 83

SAVING FOR INFO EC POSTS, WASHINGTON, UKDEL NATO

ANGLO/ITALIAN SUMMIT: INTERNAL POLITICAL SCENE

1. TO SUPPLEMENT OUR DRAFT BRIEFING FOR THE SUMMIT, THIS TELEGRAM TRIES TO ASSESS FANFANI AFTER THREE MONTHS IN OFFICE.
2. HIS PERFORMANCE HAS SURPRISED MANY. IN HIS EARLIER CAREER HE WAS THE "MOTORINO", OR LITTLE MOTOR, ALWAYS IN THE LIMELIGHT WITH ENDLESS SPEECHES AND INITIATIVES. THE NEW FANFANI IS ALMOST INVISIBLE. HE LETS HIS MINISTERS MAKE THE RUNNING: COLOMBO FOR EXAMPLE ON FOREIGN POLICY, AND CONSPICUOUSLY SCOTTI DURING THE WAGE NEGOTIATIONS. HIS COMMENTS TO THE PRESS ARE TERSE. HE ARBITRATES BETWEEN MINISTERS WHERE NECESSARY, FOR EXAMPLE OVER THE ENI AFFAIR WHERE HE PULLED A NEW SOCIALIST PRESIDENT OF THE CORPORATION OUT OF THE HAT. THERE ARE GLIMPSES OF THE OLD FANFANI, FOR EXAMPLE HIS RUTHLESS WEEDING OF SPADOLINI'S STAFF AT PALAZZO CHIGI AND THEIR REPLACEMENT BY OLD DC CROWIES. EVEN SO, SOME SEE THIS AS A WEAKENING OF HIS ABILITY TO KEEP AN EYE ON HIS MINISTERS ACTIVITIES, AN OPPORTUNITY WHICH THE OLD FANFANI MIGHT NOT HAVE PASSED UP.
3. THERE IS A REAL QUESTION MARK OVER WHAT FANFANI WILL DO IN GOVERNMENT ONCE HIS OVERRIDING PRIORITY, THE PASSAGE OF THE ECONOMIC PACKAGE THROUGH PARLIAMENT, HAS BEEN ACHIEVED. MY TELEGRAM NO. 091 DESCRIBES WHERE THIS STANDS. IN TIME, THE PACKAGE WILL PROBABLY PASS, SPURRED BY THE GOVERNMENT'S DEVICE OF IMPOSING A CONTINUOUS PARLIAMENTARY SESSION, BUT A HOST OF OPPOSITION AMENDMENTS HAVE BEEN TABLED, THE GOVERNMENT IS ALREADY HAVING TO COMPROMISE, AND SOME OF FANFANI'S OWN DC SUPPORTERS ARE COMPLAINING OF LACK OF DIRECTION. WHAT WILL FANFANI THEN TURN HIS ATTENTION TO? HE HAS NO PERSONAL PROGRAMME SUCH AS SPADOLINI'S CHERISHED INSTITUTIONAL REFORM. CONCEIVABLY THE SIMPLEST EXPLANATION IS THE RIGHT ONE, THAT FANFANI WANTS TO STAY IN OFFICE FOR AS LONG AS HE CAN, WITH HIS EYES AS ALWAYS ON THE PRESIDENCY AFTER PERTINI, AND WILL DEAL WITH PROBLEMS AS THEY ARISE, PLAYING THEM LONG WHERE POSSIBLE. /4.

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4. THERE IS NO SHORTAGE OF SUCH PROBLEMS, THOUGH IT HAS TO BE SAID THAT HIS MAIN COALITION PARTNERS, THE SOCIALISTS, ARE MUCH QUIETER THAN THEY WERE LAST YEAR AND THEMSELVES GIVE THE IMPRESSION OF LACK OF DIRECTION: THE SAME IS TRUE OF THE COMMUNISTS, PREOCCUPIED WITH NEXT MONTH'S PARTY CONGRESS. THE HANDLING OF THE ECONOMY IS BOUND TO REMAIN DIFFICULT UNEMPLOYMENT AND LAYOFFS MOUNT, AND IF THE HOPED-FOR UPTURN IN THE U S ECONOMY DOES NOT MATERIALISE. THE ECONOMIC INDICATORS ARE ALL DEPRESSING. IN THE FOREIGN AFFAIRS FIELD, THE TWO PIPELINES, ALGERIAN AND SOVIET, COULD STILL CAUSE FANFANI HEADACHES. DOUBTS ARE GROWING, THOUGH THEY HAVE NOT YET REACHED A DANGEROUS POINT, ABOUT THE LENGTHENING ITALIAN INVOLVEMENT IN THE LEBANON. ABOVE ALL, THERE IS DEFENCE: AS I HAVE REPORTED, THE COALITION REMAINS SOLID BEHIND BASING CRUISE AT COMISO, BUT HERE AS ELSEWHERE THE RESULTS OF THE GERMAN ELECTIONS ARE ANXIOUSLY AWAITED.

5. THERE ARE AS YET NO SIGNS THAT FANFANI WILL HAVE ANY MAJOR FOREIGN POLICY INITIATIVE ON HIS MIND WHEN HE VISITS LONDON. HIS MAIN INTERNATIONAL CONCERN IS THE WORLD ECONOMIC SITUATION, AND HE WILL WISH TO DISCUSS WHAT MIGHT BE ACHIEVED AT WILLIAMSBURG. HE IS PROBABLY ALSO CONCERNED ABOUT EAST/WEST RELATIONS, OR RATHER TRANSATLANTIC RELATIONS ONCE THE TIME COMES FOR DECISION ON THE OUTCOME OF THE CURRENT OECD, COCOM AND NATO STUDIES. HE MAY NOT HAVE GIVEN HIMSELF MUCH TIME TO MASTER THE COMPLEX EC DOSSIERS. WITH THE ITALIANS DIGGING IN ON THE 1983 BUDGET AND BEYOND, THE BEST WAY TO ENGAGE FANFANI'S ATTENTION, IF NOT SYMPATHY, IS TO SPEAK TO HIM AS POLITICIAN TO POLITICIAN.

6. FANFANI IS A TINY MAN, CONSCIOUS OF HIS DIGNITY, AND NEEDS CAREFUL HANDLING. HE MAY NOT HAVE TAKEN TOO KINDLY TO THE PRESSURE PUT ON HIM BY MITTERRAND OVER AIRBUS AND OTHER COLLABORATIVE PROJECTS AT THEIR SUMMIT MEETING IN PARIS. MINISTERS MAY WISH TO TAKE THE LINE THAT WE ARE ANXIOUS FOR GENUINE BILATERAL INDUSTRIAL COLLABORATION ON A BASIS OF EQUAL ADVANTAGE FOR BOTH SIDES, EH 101 IN PARTICULAR, (WE SHOULD NOT NEGLECT ITALY'S SUCCESS IN PENETRATING THIRD COUNTRY MARKETS). HOWEVER HARD IT IS TO READ FANFANI'S MIND JUST NOW, HE IS A EUROPEAN STATESMAN WITH ENORMOUS EXPERIENCE, AND BUTTERING UP SHOULD PAY DIVIDENDS.

7. FCO PSE PASS SAVING ADDRESSEES

SIMPSON-ORLEBAR

[REPEATED AS REQUESTED]

STANDARD

WED	MAED
ECD (E)	MR THOMAS
NAD	MR EGERTON
TRED	NENAD
EESD	MED

2

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