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TO IMMEDIATE FCO

TELEGRAM NUMBER 612 OF 17 NOVEMBER 1980

INFO SAVING WASHINGTON, EC POSTS AND UKDEL NATO

PRIME MINISTER'S VISIT TO ITALY.

1. THE PRIME MINISTER AND YOURSELF ARE DUE HERE ON 23 NOVEMBER. YOU MAY WISH TO HAVE AN ASSESSMENT OF THE PRESENT POSITION OF THE ITALIAN GOVERNMENT AND THE NEW PRIME MINISTER, SIGNOR FORLANI.

2. FORLANI IS PREOCCUPIED WITH INTERNAL DIFFICULTIES. THE FORMATION OF HIS ENLARGED COALITION ENDED A GOVERNMENT CRISIS BUT DID NOT SOLVE THE PROBLEMS OF GOVERNING ITALY. NOR DID IT CHANGE IN ANY IMPORTANT RESPECT, ITALIAN FOREIGN POLICY. ITALIAN GOVERNMENTS COME AND GO WITH DISTRESSING FREQUENCY, BUT ITALY'S FRIENDS AND ALLIES CAN NEVERTHELESS RELY ON A FAIR DEGREE OF CONTINUITY IN POLICY. THIS TIME THERE IS THE ADDED REASSURANCE THAT COLOMBO AND THE MINISTER OF DEFENCE, LAGORIO, REMAIN IN OFFICE.

3. FORLANI'S PROSPECTS ARE NOT PARTICULARLY GOOD, EVEN MEASURED BY THE SHORT LIFE EXPECTANCY (8 MONTHS ON AVERAGE) OF POST-WAR ITALIAN GOVERNMENTS. BUT HE HAS SOME ASSETS, AND THERE IS A WIDESPREAD VIEW THAT HE IS BETTER PLACED POLITICALLY THAN WAS COSSIGA. PICCOLI, THE PARTY SECRETARY, IS WORKING HARD TO UNITE THE DC BEHIND HIM. FORLANI IS TRUSTED BY THE RIGHT BUT IS EXPECTED ALSO TO MAINTAIN SOME FORM OF DIALOGUE WITH THE COMMUNISTS, WITHOUT ENVISAGING THEIR ENTRY INTO GOVERNMENT. HE HAS ALSO TO KEEP THE SOCIALISTS IN THE COALITION WITHOUT CONCEDING TOO MUCH TO THEIR LEADER, CRAXI. THIS SORT OF PARTY MANAGEMENT IS MEAT AND DRINK TO FORLANI AS TO MOST CHRISTIAN DEMOCRAT AND OTHER ITALIAN POLITICIANS. BUT IT DOES LEAVE HIM WITH LESS TIME FOR INTERNATIONAL PROBLEMS OR MACRO ECONOMICS.

4. HE HAS RUN QUICKLY INTO RATHER SERIOUS DOMESTIC WORRIES, INCLUDING A MAJOR FINANCIAL SCQFDAL OVER A DIESEL OIL TAX FRAUD WHICH CONTINUES TO MAKE HEADLINES. THE SUMS OF MONEY SAID TO BE INVOLVED ARE HUGE AND THOUGH NOTHING HAS BEEN PROVED, IT SEEMS LIKELY TO CONFIRM THE PUBLIC'S DEEP CONVICTION THAT THEIR POLITICAL SYSTEM IS CORRUPT. AS YET IT POSES NO THREAT TO FORLANI COMPARABLE TO THE DONAT CATTIN AFFAIR WHICH BEGAN COSSIGA'S DOWNFALL. BUT AS THE RAMIFICATIONS OF THE FRAUD AND SUBSEQUENT ATTEMPTS TO COVER IT UP ARE REVEALED (INCLUDING EVEN ALLEGATIONS THAT FORLANI HIMSELF AS MINISTER OF DEFENCE IN 1975 WAS INVOLVED), FORLANI IS LARGELY PREOCCUPIED WITH IT.

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/ 5. MEASURES

5. MEASURES HAVE BEEN TAKEN TO DEAL WITH IMMEDIATE ECONOMIC PROBLEMS (MY SAVING TELNO 41, NOT TO UKDEL NATO), BUT THE GOVERNMENT IS DUE TO PRESENT ITS 3-YEAR STRATEGY BY THE END OF THE YEAR, AND THERE ARE ALREADY TENSIONS BETWEEN THE SOCIALISTS AND THE OTHER PARTIES IN THE GOVERNMENT. WITH THE RECESSION NOW BEGINNING TO HAVE ITS EFFECT HERE, THE WINTER WILL BE DIFFICULT. BUT THE GOVERNMENT HAS THE ADVANTAGE THAT THE MAJOR DISPUTE AT FIAT HAS BEEN SETTLED IN WHAT IS GENERALLY REGARDED AS A VICTORY FOR MANAGEMENT OVER THE UNIONS, AND THE LATTER MAY BE MORE CAUTIOUS IN FZKVURE CNFRWATATIONS.

6. AGAINST THIS BACKGROUND, FORLANI WILL BE LOOKING AT FOREIGN POLICY ISSUES WITH ONE EYE ALWAYS ON THEIR DOMESTIC REPERCUSSIONS. HE WILL BE AS SENSITIVE AS HIS PREDECESSORS TO ANY SUGGESTION THAT ITALY IS BEING LEFT OUT OF GREAT POWER CONSULTATIONS (ESPECIALLY IN THE LIGHT OF REPORTS OF THE GISCARD/SCHMIDT MEETING). ON COMMUNITY POLICIES, THE ITALIANS HAVE NOT YET WORKED OUT THEIR IDEAS ON RESTRUCTURING BUT WILL LOOK FOR MEASURES THAT CAN PROMOTE CONVERGENCE AND MEET THE NEEDS OF MEDITERRANEAN PRODUCERS. THEY WILL CONTINUE TO BE FUNDAMENTALLY COMMITTED TO MAKING THE COMMUNITY WORK, AND RECOGNISE THAT THIS MEANS THAT IT HAS TO SERVE THE INTERESTS OF ALL ITS MEMBERS INCLUDING THE U.K. ON EAST/WEST RELATIONS COLOMBO WILL BE FRESH FROM HIS VISITS TO MOSCOW, WARSAW AND MADRID. THE ITALIANS HAVE BEEN ROBUST OVER TNF AND THE LINE TO TAKE AT MADRID, BUT FORLANI HAS TO TAKE ACCOUNT OF THE ATTITUDE OF THE COMMUNIST PARTY WHO WANT CONSULTATION ON THIS AND OTHER ASPECTS OF FOREIGN POLICY AS PART OF THEIR PRICE FOR LESS VEHEMENT OPPOSITION.

7. I CANNOT SAY WHETHER THE PRIME MINISTER WILL FIND FORLANI AS SATISFACTORY AN INTERLOCUTOR AS HIS PREDECESSOR. BUT OUR SHARED INTERESTS WITH ITALY ON THE ISSUES OF THE DAY ARE NO LESS THAN BEFORE. ITALIAN POLICY HAS SHOWN A DEGREE OF CONSISTENCY OVER THE YEARS AND IF THE PRIME MINISTER CAN ESTABLISH A WORKING RELATIONSHIP WITH FORLANI THIS, TOGETHER WITH YOUR UNDERSTANDING WITH COLOMBO, WILL STAND US IN GOOD STEAD AT THE EUROPEAN COUNCIL AND ELSEWHERE. THE ITALIANS WILL TRY TO HELP US WHEN THEY CAN, PROVIDED THAT WHAT WE WANT IS NOT DIAMETRICALLY OPPOSED TO THEIR INTERESTS. RUGGIERO IN BRUSSELS SHOULD BE A USEFUL ALLY WHENEVER WE CAN WORK TOGETHER.

SEE MIFT.

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 TELEGRAM NUMBER 611 OF 17 NOVEMBER 1980

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MY TELNO 605: ANGLO/ITALIAN SUMMIT

1. FOLLOWING IS PROVISIONAL PROGRAMME DRAWN UP BY ITALIAN OFFICIALS. THEY HOPE TO CONFIRM MINISTERIAL APPROVAL SHORTLY.

SUNDAY 23 NOVEMBER

1900 HOURS PRIME MINISTER AND SECRETARY OF STATE ARRIVE ROME AIRPORT. AFTER GREETINGS, DRIVE TO VILLA WOLKONSKY.

2015 VILLA MADAMA. SEPARATE TETE-A-TETES BETWEEN PRIME MINISTER AND SIGNOR FORLANI AND BETWEEN LORD CARRINGTON AND SIG.COLOMBO.

2120 DINNER AT VILLA MADAMA, HOSTED BY FORLANI.

MONDAY 24 NOVEMBER

1800 HRS PALAZZO CHIGI. PLENARY TALKS (LIMITED NUMBERS).

1215 HRS PRESS CONFERENCE FOR BRITISH AND ITALIAN PRESS. (OFFICIALS DO NOT YET KNOW WHETHER FORLANI WOULD JOIN MRS THATCHER FOR THIS.)

1315 HRS QUIRINALE. LUNCH HOSTED BY PRESIDENT PERTINI. RETURN TO WOLKONSKY.

1700 HRS CALL ON THE POPE.

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FROM 1800 HRS PRIME MINISTER'S DEPARTURE (SECRETARY OF STATE DEPARTS 1730).

2. ITALIANS WISH TO KNOW WHETHER MRS THATCHER WOULD LIKE TO FOLLOW THE DINNER WITH EG A DRIVE ROUND ROME SEMICOLON ALSO WHETHER SHE WOULD LIKE HALF-AN-HOUR'S SHOPPING OR SIGHTSEEING BETWEEN THE MONDAY LUNCH AND HER CALL ON THE POPE. THEY WOULD BE HAPPY TO ARRANGE THIS. OR WE CAN DO SO AD HOC IF PREFERRED.

3. IN ADDITION TO THE PRESS CONFERENCE AT PALAZZO CHIGI, WOULD THE PRIME MINISTER WISH TO HAVE A MORE INFORMAL MEETING WITH THE BRITISH PRESS ONLY? THIS COULD BE FITTED IN AT VILLA WOLKONSKY EARLY ON THE MONDAY BEFORE SHE LEAVES FOR THE PLENARY.

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TO IMMEDIATE FCO

TELEGRAM NUMBER 613 OF 17 NOVEMBER

INFO SAVING TO WASHINGTON, EC POSTS AND UKDEL NATO

PRIME MINISTER'S VISIT TO ITALY: MIPT

1. I CALLED ON THE FOREIGN MINISTER SIGNOR COLOMBO ON 17 NOVEMBER.
2. HE SAID THE AGENDA WE HAD PROPOSED WAS PERFECTLY ACCEPTABLE TO HIM. (HE DID NOT, AS THE POLITICAL DIRECTOR DID ON SATURDAY MORNING NOTE THAT WE HAD OMITTED AFRICA).
3. FOR HIS PART, HE WOULD LIKE TO GIVE YOU AN ACCOUNT OF HIS RECENT VISIT TO MOSCOW AND ALSO OF HIS CONVERSATIONS IN WARSAW. THE ITALIANS THOUGHT WE SHOULD ALL HELP THE POLES. THEY WANTED REPHASING OF THEIR DEBTS FOR 1981 TO 1983 AND ADDITIONAL CREDITS MEANWHILE. HE HAD TOLD GROMYKO THAT ITALY WOULD HELP POLAND IF ASKED BUT THIS WAS NOT AN INTERVENTION IN POLAND'S INTERNAL AFFAIRS.
4. HE WOULD ALSO BE GLAD TO GIVE HIS IMPRESSIONS OF MADRID. HE THOUGHT IT WAS WORTH WHILE HAVING GONE. WE MUST MAKE IT DIFFICULT FOR THE RUSSIANS TO PUT ANY BLAME ON THE WESTERN CAMP.
5. HE GAVE ME A LECTURE ABOUT NOT EXCLUDING ITALY FROM ANY FUTURE GUADELOUPE-TYPE CONFERENCE. I REPLIED IN THE SAME TERMS AS YOU DID TO THE RECENT REPRESENTATIONS OF AMBASSADOR CAGIATI IN LONDON. COLOMBO REPLIED HOWEVER THAT THERE WAS SOMETHING IN THE RUMOURS. HE SAID, IN LANGUAGE THAT WAS STRONG FOR HIM, THAT ITALY DID NOT WANT ANY MORE OF THIS. IN PARTICULAR IT WAS VERY EMBARRASSING DOMESTICALLY AND THE COMMUNISTS AND RADICALS EXPLOITED THESE SITUATIONS. THE ITALIANS WERE TIRED OF BEING REFERRED FROM ONE PARTNER TO ANOTHER. THE PRACTICE COULD EASILY BE STOPPED IF THERE WAS A WILL. THIS WOULD CERTAINLY BE RAISED WITH MRS THATCHER.

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/ 6. I ASKED

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6. I ASKED SIGNOR COLOMBO WHETHER THERE WOULD BE ANY CHANGES IN ITALIAN POLICY BECAUSE OF SIGNOR FORLANI'S NEED TO PREVENT THE PCI FROM MAKING TOO MUCH TROUBLE. THEY WERE FOR EXAMPLE ALWAYS ASKING FOR CONSULTATION ON FOREIGN AFFAIRS. SIGNOR COLOMBO GAVE A MOST CATEGORICAL ASSURANCE THAT THERE WOULD BE NO CHANGE IN THE ORIENTATION OF ITALIAN FOREIGN POLICY. IT WAS POSSIBLE THAT THEY MIGHT GO THROUGH THE MOTIONS OF TALKING TO THE PCI BUT NOTHING HAD BEEN DECIDED. THERE WAS NO NEED FOR ANY CHANGE AND THERE WOULD BE NONE. HOWEVER THEY DID WANT TO AVOID THE EMBARRASSMENT OF INTERNATIONAL MEETINGS FROM WHICH ITALY WAS EXCLUDED.

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MY TELNO 36: PRIME MINISTER'S CALL ON THE POPE

1. I CALLED THIS MORNING ON MONSIGNOR SILVESTRINI, SECRETARY OF THE COUNCIL FOR THE PUBLIC AFFAIRS OF THE CHURCH. I ASKED FOR THE APPOINTMENT LAST WEEK IN ORDER TO DISCUSS CARDINAL WYSZYNSKI'S VISIT AND THE CHURCH IN POLAND. (YOUR TELNO 34). I TOOK THE OPPORTUNITY FOR A WIDER DISCUSSION OF THE CURRENT POLITICAL SCENE AND OF THE TOPICS WHICH THE VATICAN ARE MOST LIKELY TO DISCUSS.

2. ON POLAND MGR. SILVESTRINI EXPRESSED HIS INTEREST IN THE ACCOUNT OF YOUR VISIT TO WARSAW LAST MONTH. HE AGREED THAT THE POSITION REMAINED DELICATE. THE VATICAN WERE GIVING DISCREET SUPPORT TO THE AUTHORITIES IN ORDER TO PROTECT THE INTERESTS OF THEIR OWN PEOPLE. THEY SHARED YOUR ASSESSMENT OF THE IMPORTANCE OF THE ECONOMIC BACKGROUND. THE POLES FACED A HEAVY TASK IF THEY WERE TO COVER THEIR FINANCIAL COMMITMENTS. HE THOUGHT THAT HELP FROM THE WEST WOULD BE IMPORTANT.

3. MGR. SILVESTRINI SAID LITTLE ABOUT THE VISIT OF CARDINAL WYSZYNSKI EXCEPT TO REFER TO THE POPE'S PUBLIC STATEMENTS. ACCORDING TO THE PRESS CARDINAL WYSZYNSKI EXTENDED HIS STAY IN ROME AND MADE CLEAR HIS WISH TO HAND OVER TO A SUCCESSOR. MGR. SILVESTRINI SIMPLY SAID THAT WYSZYNSKI LEFT ROME IN A CONFIDENT FRAME OF MIND. HE MEANT THAT THE VATICAN AND THE CARDINAL WERE REASONABLY CONFIDENT THAT THE PRESENT COURSE COULD BE MAINTAINED AND THAT INTERVENTION COULD BE AVOIDED.

4. MGR. SILVESTRINI ADDED THAT POLAND WAS A SUBJECT OF PARTICULAR SENSITIVITY TO THE VATICAN AND EXPRESSED SOME DOUBT WHETHER THE POPE WOULD BE ANXIOUS TO DISCUSS IT WITH THE PRIME MINISTER.

5. OTHER SUBJECTS WHICH MGR. SILVESTRINI THOUGHT SHOULD FIND A PLACE ON THE AGENDA ARE BROADLY THOSE LISTED IN MY TELEGRAM UNDER REFERENCE. HE MENTIONED THE POPE'S VISIT TO BRITAIN IN 1982, MIDDLE EAST PROBLEMS, DEFENCE AND THE MADRID CSCE CONFERENCE FROM WHICH HE HAD JUST RETURNED. HOWEVER, THE MAIN SUBJECT IS LIKELY TO BE NORTHERN IRELAND. THE POPE'S MESSAGE TO THE PRIME MINISTER ABOUT THE HUNGER STRIKE AT THE MAZE PRISON WAS ALMOST CERTAINLY SENT AT THE INSTANCE OF CARDINAL O'FLAICH. THE FACT THAT THE VATICAN ADVISED THE POPE TO SEND IT DESPITE THE QUANTITIES OF BRIEFING WE HAVE BEEN GIVING THEM ON THE SUBJECT AND THAT WE KNOW THE DESK OFFICER RESPONSIBLE IS SEIZED OF AND SYMPATHISES WITH HMGS POSITION IS A REFLECTION OF THE VATICAN'S DIFFICULTIES IN THIS AREA.

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6. MGR. SILVESTRINI MADE ONLY PASSING REFERENCE TO THE MIDDLE EAST. THEY ARE CONCERNED ABOUT THE STATUS OF JERUSALEM AND THE PROTECTION OF THE HOLY PLACES. THEY WERE INTERESTED IN M. THORN'S RECENT VISIT AND KING HUSSAIN IS A REGULAR VISITOR HERE. THE IRAQI/IRANIAN WAR IS OF COURSE OF PARTICULAR CONCERN TO THEM.

7. MGR. SILVESTRINI INDICATED THAT THE POPE'S TALK WITH THE PRIME MINISTER WOULD BE WITHOUT ADVISERS SINCE THIS WAS HIS NORMAL PRACTICE JMGR. SILVESTRINI IS CONSULTING THE SECRETARY OF STATE, CARDINAL CASA ROLI, ON WHOM THE PRIME MINISTER WOULD NORMALLY CALL AFTER SEEING THE POPE. SIR MICHAEL PALLISER WOULD CERTAINLY BE WELCOME TO ATTEND THIS MEETING. MGR. SILVISTRINI WOULD ALSO PROBABLY ATTEND ON THE VATICAN SIDE.

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