



Foreign and Commonwealth Office

London SW1A 2AH

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16 June 1989

Dear Charles,

Call on the Prime Minister by
President of the Italian Senate: 20 June

Senator Giovanni Spadolini, President of the Italian Senate, will visit the UK from 19-20 June at the invitation of the Lord Chancellor. The Prime Minister has agreed to see him from 1630-1700 on 20 June at No 10. Senator Spadolini will be accompanied by the Italian Ambassador, Biancheri, and an interpreter.

The Prime Minister will remember Spadolini as Italy's first Republican (and first non-Christian Democrat) Prime Minister (1981-82) since the war and subsequently as Minister of Defence (1983-87). He ranks second only to President Cossiga and has a strong claim to succeed him. Spadolini has not told us of any particular objective of his call. He remains very active on the political scene and the Senate plays an important role in Italian affairs. His call is an opportunity to put across our views on some key issues, as well as enquire about the prospects for a stable Government emerging from the present 'crisis'.

Italy Internal

De Mita's 13-month-old coalition was brought down in May because his Socialist partners wanted a free hand in the run-up to the European elections. President Cossiga has just asked De Mita to try again, but the party leaders will not commit themselves until the European election results are known. Undermined by his resignation and his loss of the Christian Democrat Party Secretaryship in February, De Mita's chances are anyway slim. If, as is expected, the elections show a fall in Communist support, with gains for the Socialists and Christian Democrats, the latter will probably press for an early general election in the hope of capitalising upon their gains. Any government formed beforehand would be no more than a caretaker.

The Prime Minister might seek Spadolini's views on:

- the chances of Craxi taking over again as President of the Council of Ministers;

/- the possibility

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- the possibility of a re-alignment on the left of Italian politics, with the Socialists gradually replacing the Communists as the major force;
- in that case, the chances of the Republicans joining a left-wing coalition.

At the same time as the European elections, there will be a referendum on whether the EC should be transformed into a European Union, with the Parliament mandated to draw up a European Constitution. A large majority in favour is expected.

Economy.

It remains buoyant with about 3% growth. Inflation, at 6%, is rising. Unemployment is 12%. The main medium-term problems are the budget deficit (11.5% of GDP) and public debt (95% of GDP). Italy is our sixth largest market and has a trade surplus with the UK of £1.7bn (1988) out of £9.9bn total trade.

The following might be covered as time allows:

- East/West relations: we remain committed to improving bilateral relations with the Soviet Union, notwithstanding firm action over Soviet intelligence activities. Gorbachev is due to visit Rome in November.
- Jaruzelski's visit and our offer of financial assistance.
- Arms Control: Welcome the successful outcome of the NATO Summit (including on SNF); and note the ambitious challenge we have set the East (and ourselves too) through the Bush conventional forces initiative.
- (If Spadolini raises WEU) note highlights of a successful UK Presidency (which ends on 30 June); accession of Spain and Portugal; and the satisfactory conclusion of the coordinated operation in the Gulf. WEU is valuable in strengthening the European pillar of the Alliance.
- Iran. The Italians wrongly see Khomeini's death as the start of a return to more moderate policies in Iran. We must all continue to stand firm. The death threats against Rushdie have not died with Khomeini. While we see no serious threat to the Islamic Republic, a period of uncertainty and tension is likely. It is too soon to say whether President Khomeini will make any substantial difference. We must judge the regime by its actions and underline to it that disregarding international behaviour carries a penalty.

/- China

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- China. The Italians have taken a robust line. We have suspended Ministerial exchanges and high level military contacts and banned arms sales to show our disapproval.

State Visit

Spadolini may refer to the cancellation in November 1987 by President Cossiga of his State Visit to the UK. We regret the cancellation but hope the visit can be reinstated soon.

// I enclose a Personality Note and a copy of Senator Spadolini's programme.

I am copying this letter to Paul Stockton (Lord Chancellor's Office).

John ...
R. H. T. Gozney
(R H T Gozney)
Private Secretary

C D Powell Esq
10 Downing Street

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SPADOLINI, SENATOR GIOVANNI

(President of The Italian Senate, Republican)

Born Florence 1925. Professor of History, Florence University, and President, Bocconi University Milan. Editor "Corriere della Sera" 1968-72. Senator for Lombardy since June 1972. Minister for Cultural Affairs and Environment (1974-76) under Moro, and Minister for Education (1979) under Andreotti. As Republican Party Secretary (1979-87) he was the only Party leader who chose to sit in the Senate rather than the Chamber, reflecting his preference for more orderly political debate.

In June 1981 Spadolini became Italy's first non-Christian Democrat President of the Council. He was a skillful manager of the Coalition and had some success in cutting inflation and the PSBR. Formed a second government in August 1982 but resigned after three months having failed to resolve the dispute between his two key economic Ministers over the public deficit. But his party did well in the June 1983 elections, not least because of his reputation as Prime Minister.

He then served as Defence Minister from 1983-87, under Craxi, and seemed at times to conduct his own (pro-Israeli) foreign policy.

Elected President of the Senate in July 1987. Has performed effectively but, by the nature of the job, with a lower public profile than hitherto. Particularly keen on institutional reform. On Cossiga's behalf he conducted negotiations with leaders of main political parties in May/June 1989 aimed at forming new Government after collapse of De Mita's Government in May.

Speaks French and some social English. Unmarried. Anglophile.

Visited Britain in November 1981 and was host to Mrs Thatcher in July 1982.



VISIT OF SENATOR GIOVANNI SPADOLINI, PRESIDENT OF THE
ITALIAN SENATE, 19-20 JUNE 1989

Monday 19 June

Approx 1330 Arrive Heathrow on Italian Airforce plane
Proceed to Italian Embassy

1800 Reception at Italian Embassy hosted
HE Signor Boris Biancheri

2000 Dinner at Club of London

Tuesday 20 June

1130 Talks with Lord Chancellor

1230-1400 Lunch hosted by Lord Chancellor at
Lancaster House

1500 Prime Minister's Question Time?
(Spadolini has yet to decide whether to
attend)

1630-1700 Call on Prime Minister

1800 Depart London



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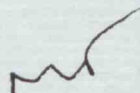
PRIME MINISTER

MEETING WITH THE PRESIDENT OF THE ITALIAN SENATE

You are to see Senator Spadolini briefly on 20 June. It is really only a courtesy call: he declined to come to London unless you would agree to see him. He is, of course, an old friend.

You may take the opportunity to ask him about the political situation in Italy and whether he expects Craxi to come back as Prime Minister. You might also talk about prospects for the European Council in Madrid, the general East/West scene following the NATO Summit and Gorbachev's visit to Germany, and perhaps the Middle East. Quite frankly, it does not matter what you discuss as long as he is seen to have a meeting with you!

CDP



C. D. POWELL

16 June 1989

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