

105



British Embassy
Via XX Settembre 80A 00187 Rome

Tellex 61049 Telephone 4755.441

200
100

J R Young Esq
WED
FCO

19/10
f.c. Record Dept
Mr Christopher
Mr Spicely
I shall
ack. briefly.

Your reference

Our reference

Date

12 October 1983

- 2 NOV 1983

8183/11

Jean Rog.

FANFANI THE FIFTH

On 16 November 1982 Fanfani was unveiling the Henry Moore statue outside the Chancery in Porta Pia when news came through that he had been invited by President Pertini to form a government. He succeeded, but less than 5 months later the PSI had withdrawn their support and Italy was headed for early elections. Although Fanfani continued in a caretaker capacity until early August, his government could do no more than handle routine business during the election period and its aftermath. This letter belatedly records our overall impression of his achievement; individual aspects have been covered in our detailed reporting.

2. The return of Fanfani to Palazzo Chigi was a surprise. His previous four terms as Prime Minister had been in the distant past, and it was assumed that he would be content to remain President of the Senate and launch from there his expected campaign for the Quirinale after Pertini. But the DC were anxious to reclaim Palazzo Chigi after Spadolini's success as Prime Minister, and therefore presented as their sole candidate an elder statesman whom Pertini would find difficult to refuse. An internal DC consideration was that De Mita owed Fanfani something for backing him for the party secretaryship. Fanfani himself was no doubt attracted by the prospect of returning to centre stage, and his ambitious wife even more so; he may also have believed that anticipated elections were inevitable, and that his security as President of the Senate was therefore in doubt (it is normal for such appointments to change after a general election). There were also persistent rumours that Fanfani had struck a personal deal with Craxi, whereby he would help Craxi succeed him as Prime Minister at some stage in the next legislature, in return for PSI support in the Presidential campaign: we find this hard to believe, because such long-term pacts rarely work in Italian politics, and PSI support rarely proves decisive in Presidential elections. (I do believe however that Andreotti is courting the PCI for this purpose; you will note from our reporting that the Quirinale elections are looming ever larger in the calculations of many politicians here, particularly in the DC).



3. Fanfani's team of Ministers did not look strong, and the PSI in particular were widely thought to have fielded their "B" team. Another bad omen came in the confidence debate, when Martelli predicted a life of six months for the Government. Nevertheless, Fanfani began well, displaying his characteristic energy and shrewdly making Scotti, the able DC Minister of Labour, front-runner in the negotiations on pay in January. The agreement reached with employers and unions, including for the first time acceptance of the principle that the degree of wage indexation (*scala mobile*) should be reduced, was the most important achievement of his government. Unfortunately despite good intentions and an ambitious early programme of measures, there was not the same political will to tackle the fundamental economic problems of inflation and the public sector deficit. All the coalition parties by now had elections in mind, and it proved impossible to maintain the impetus of Spadolini's efforts to limit public spending, which ran out of steam. Once elections had been announced, the Government abandoned all pretence of introducing tough economic measures, and the problem was yet again postponed until the following year's budget (now beginning its long and tortured passage through Parliament).

4. Neither foreign affairs nor defence posed any serious problem for Fanfani; this was in marked contrast with Spadolini's Government, which had run into deep trouble over El Salvador, the Falklands and the Soviet gas pipeline. The main reason was that the PSI made fewer difficulties for Fanfani than for Spadolini, whom they correctly identified as their major rival for the "lay" vote and therefore had wished to remove from the Chigi. The peace movement in Italy remained quiet, and preparations for GLCM deployment at Comiso were able to proceed without interruption. Fanfani's instinct was to stay in the centre of the NATO and EC pack whenever possible, and he paid particular attention to maintaining good relations with the United States. He held the usual round of consultations with Western Heads of Government, including a successful Summit in London in February attended by 5 Italian Ministers. Neither he nor Colombo sought to launch any major diplomatic initiative, although the latter was pleased that the European Solemn Declaration, however watered down, was finally signed by the Ten. On the EC budget Colombo was increasingly unhelpful to our cause, and Ruggiero, the Italian representative in Brussels, continued to defend his country's position of advantage with great skill. The Algerian gas deal was finally pushed through, but that with the Soviet Union remained on ice (or perhaps permafrost).



5. PCI opposition was muted throughout Fanfani's term of office; first signs are that Craxi will have a rougher ride in this respect. It was not until after their Congress this March that the PCI was ready to contemplate early elections, which you will remember they had resisted throughout 1982. Fanfani's main difficulty was to make the coalition parties work as a team. The fragility of the coalition was illustrated by the ease with which Craxi destroyed it in April on a flimsy pretext. Spadolini, who had kept the PRI out of Fanfani's Government, was pleased, knowing that his party would make electoral gains. The PSI also had high hopes, which were to be disappointed. But the real surprise of the elections on 26 June was the loss of over 5% by the DC; we believe that this will in the long term prove to have been the most significant political event during Fanfani's term of office. The psychological shock was enormous, and Fanfani himself had to shoulder part of the blame: many observers argued that Fanfani's out-of-date image had damaged DC electoral prospects; and Andreotti, Fanfani's arch-rival, bitterly accused him of not giving adequate support to the party during the election campaign. This last charge contained more than a grain of truth. Fanfani almost certainly wanted to stay on as Prime Minister after the elections, and therefore needed Craxi's good will. This might have worked, at least for a few months, had the DC vote not dropped so much. The result is that Fanfani is now in the wilderness; but he is one of Italy's toughest politicians, and may well stage a comeback. Both his critics and his supporters compare him with Napoleon because of his capacity to survive.

6. It is a sad comment on Italian politics that many of the most effective Ministers in the last Government have disappeared; Rognoni is leading the DC Chamber Group, Lagorio has a non-job as Minister of Tourism, Scotti likewise for Civil Protection, and Colombo (out-manoeuvred by Andreotti) is nowhere, despite having had the biggest personal success of any DC leader in the elections.

7. In retrospect the shadow of anticipated elections seems to have hung over Fanfani's fifth Government from the outset. He kept a low profile, in deliberate contrast to Spadolini's technique of constant mediation and public appearances. It is doubtful whether more would have been achieved with anyone else as Prime Minister, although the bold choice of someone from the new DC generation like Scotti or Gerardo Bianco might have helped the party's image. From his own point of view Fanfani seems to have made a political mistake in accepting the Prime Ministership. Already there are those who say the same about Craxi.

Yours ever
Tom

T L Richardson

cc: Consulate-Generals: MILAN, NAPLES
Consulates: FLORENCE, GENOA

RESTRICTED

166



Foreign and Commonwealth Office

London SW1A 2AH

2 November 1983

T L Richardson Esq
ROME

WED 01/11	
- 2 NOV 1983	
RECEIVED	
Foreign Office	
Telran	
	816 3/1

Dear Tom

FANFANI THE FIFTH

105

1. Many thanks for your letter of 12 October giving an account of Amintore Fanfani's fifth administration. It has been read with great interest and was a useful sequel to the report of 1 September on the DC under De Mita.

2. As you say, the future of the DC is the most interesting aspect of Italian politics at the moment. For the time being De Mita does not appear to be under direct threat. Colombo and Scotti (who, as you note, have personal axes to grind) have been critical of him, but otherwise the principal party bosses, including Fanfani, do not appear to be causing trouble for him, publicly at least. It will be interesting to see if the experience with Craxi strengthens the hand of those in favour of working with the PSI, or those who favour some accommodation with the Communists (viz the Chianciano meeting). Your comments on Andreotti's Presidential tactics were interesting in this respect (para 2 of your 12 October letter).

3. Fanfani does seem to have miscalculated what he could achieve in the Premiership. Even the agreement on the Scala mobile is being called into question. How badly will this rather ineffectual performance, and the election setback have affected Fanfani's chances for the 1985 Presidential elections? His rival, Andreotti, now that he occupies the cherished post of Foreign Minister, seems to be better placed to consolidate his position over the next year or so and can be expected to make the most of this advantage. But, as you say, Fanfani is an old stager, and at the last Presidential election the Italian Parliament showed that it did not always plump for a candidate at the forefront of politics.

Yours ever

J R Young
Western European Department