



1) ca { M. M. Alexander (No 10)  
 M. Walden (Private Office)  
 Mr Bullard DUS/FCO.  
 M. Gladstone WED.  
 under HE's comp's slip  
 by M. Walden  
 2) Minister M. P. Fellow D.A. H. H. Miller has seen. 6/x

PRIME MINISTER'S VISIT

1. Call on President Pertini.

1. The President kept the Prime Minister for well over an hour, although he had a queue of Ambassadors waiting to present their Credentials. His last distinguished visitor seemed to have been David Rockefeller. He was full of reminiscences about his German trip, and drew a good deal also on his experiences in the Emilia/Romagna in the last few days. It was noticeable that he kept turning to Signor Malfatti, Minister of Foreign Affairs, and sometimes was distracted into a dialogue with him rather than with Mrs Thatcher. He talked endlessly and the Prime Minister hardly got a word in edgeways.

2. The Prime Minister stressed the security aspects of the EEC, with TNF in mind, and this drew a long lecture from President Pertini about his commitment to liberty. He went on to say that he saw the EEC as a kind of centre block between the two super powers. It would be the first target in a nuclear war. It could mediate between the two blocks. He was for controlled steps towards full disarmament in the long term, and in the long term the super powers must come to an agreement.

3. Mrs Thatcher asked him about his trip to Germany. He said the striking thing was that there were no military tendencies left in Germany. The young were indeed very hostile to war. The leaders were in terror of the Soviet Union and alarmed by the current Soviet superiority in missiles in the European theatre. The French deluded themselves if they thought that their detachment from NATO saved them from nuclear war. The Germans on the other hand rather feared that if they were attacked they would be on their own. They needed the support of other European allies. In general he had an excellent dialogue with Chancellor Schmidt and even with Herr Strauss, whom he had obviously expected to dislike but ended up with quite friendly feelings towards him.

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4. Mrs Thatcher asked about the Italian scene. President Pertini said that he had two major preoccupations, unemployment and terrorism. The third, inflation, was a common problem. Unemployment, especially amongst the young, was a dangerous phenomenon in Italy. Unemployed youths turned to drugs and got involved in crime, including terrorism. In general the Italian economy was picking up and though state industrial groups were unhealthy small and medium businesses were flourishing - he had particularly in mind Emilia which he had just visited.

5. On terrorism he said that at least in Northern Ireland we knew the causes and could work on them, whereas in Italy the authorities were working rather in the dark. He asserted that the terrorists were being controlled from headquarters outside Italy. Why had Italy been selected as a target? Because of its strategic geographical position facing Africa and the Middle East. He digressed here to say that the Mediterranean was of the greatest importance to the alliance and thus Italy's position was crucial. Perhaps her importance was not fully recognised by her allies. Returning to terrorism he said that the security services had let the country down but now had been reformed and were working better, and even having some successes. The only way they could succeed was by infiltrating the terrorist groups. This needed help from the public and perhaps from friendly countries, particularly if extradition was required. The large demonstrations e.g. after Moro's death showed the public's earnest desire for an end to terrorism.

II. Press Conference - (9.15 am on 5 October at the Villa Wolkonsky) - British press only.

6. The questions were mainly about EEC and EMS, and ~~which~~ were comparatively harmless. The Prime Minister took the opportunity to say that we simply must solve the budget problem and achieve a definite result at the Dublin meeting of the European Council. She avoided answering directly a question at the end as to whether she had taken up the Schild case.

5 October 1979

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