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Mr Fergusson ✓

LAST PAPER

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| Mr Fergusson | 14/1 | 3 |
| 2 JUL 1980 | | |
| David | 67 | 4 |

ITALY: ANNUAL REVIEW FOR 1979

- ②
- I submit the Annual Review for Italy, 1979 which I have acknowledged and sent for printing as a diplomatic report. Advance copies of the despatch were distributed before Signor Cossiga's visit last week.
 - In Signor Cossiga, we have probably the most helpful Italian Prime Minister possible at present. He is a strong supporter of NATO and has been robust on the TNF issue. On Community matters (which for the time being means little more than the UK contribution to the Budget) he has already shown that he intends to be helpful within the parameters of Italian self-interest. Sir Ronald's picture of the Anglo-Italian alliance is about right; we are both 'victims' of the Community's Budgetary system. Italy moved into the black in strictly budgetary terms in 1980 according to Commission estimates, but still suffers from the extra budgetary costs of the CAP - ironically the cost of importing North European produce at much higher prices than could be available on world markets if the Community's self-protection agricultural levies did not exist. And the Italians do not accept the Commission's figures anyway. Nevertheless we shall continue to need rather different remedies. Italy depends much more on the Common Market than we do and has a very much larger and more potent agricultural electorate.

D A S Gladstone
Western European Department

6 February 1980

cc: ECD(I)

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6 February 1980

Sir Ronald Arculus KCMG
ROME

Dear Ronald

ITALY: ANNUAL REVIEW 1979

- ②
1. Thank you for your Annual Review, which has been read here with interest. Its arrival immediately prior to Signor Cossiga's visit was particularly useful. I have sent the Review for printing in the Diplomatic Series.
 2. The question mark at the end of 1979 was undoubtedly whether, or for how long, Signor Cossiga's government could last. This is of particular interest here in view of the close working relationship between Signor Cossiga and Mrs Thatcher and the prospect of Italian help and cooperation over our Community problems. It is in this context that we shall have closest dealings with the Italians over the next five months. As you point out, they are in some ways not ideal allies, but their interests are a good deal closer to ours than are those of any of our partners. We are inevitably going to have to rely on their help, particularly while they hold the Presidency. I think that things have got off on the right foot with Signor Cossiga's visit here which, pace the British press, was a major success. But we shall need to continue to keep close to the Italian decision makers. Incidentally, our twice-yearly Summits with Italy are matched only by our arrangements with the FRG. There is still only one Franco-British Summit (as I suspect there is only one real Franco-Italian Summit). So the Italians are specially favoured here.

Yours ever

DAS

D A S Gladstone
Western European Department

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Mrs Colvin, Research Dept ✓
Mr Richardson, Defence Dept
Mr MacGregor, EID(I)
Mr Rollo, Economists

②

1. I attach a copy of the Italy Annual Review for 1979 which I should like to submit by close of play on Monday 4 February.
2. I should be grateful for comments on the Review in a form which can be readily incorporated into a submission and a draft reply to Sir Ronald Arculus, to reach me by noon on 4 February.

D S Keeling
Western European Department
W64 233 3266

30 January 1980

1. Watspoken.
2. I regret that lack of time before my posting prevents me from making any considered comment on this.

K. Colvin.

31 January, 1980

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ITALY: ANNUAL REVIEW FOR 1979

SUMMARY

1. A year of makeshift government. Internally, the problems of containing the Communists and creating a stable parliamentary majority remained unresolved. Another bad year for terrorism. (Paragraphs 1-5)
2. Internationally, Italy assumed a certain importance in key issues facing the Western alliance. But at the end of the year the Italians entered their EEC Presidency with considerable handicaps. (Paras 6-10)
3. In the European Community, Anglo/Italian consultation was exceptionally close. But Italy's usefulness as an ally was variable because our interests only partly coincided. (Paragraphs 11-15)
4. Despite the lack of stable government the economy showed good features as well as bad. But the energy situation was worrying, and the labour scene deteriorated. (Paragraphs 16-20)
5. The balance of Anglo/Italian trade remained very much in Italy's favour. We must try to correct this. (Paragraph 21).
6. Conclusion: the prospects are uneasy. We shall need to work hard to keep the Italians aware of our interests. (Paragraph 22)

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BRITISH EMBASSY.
ROME.

21 January 1980

(014/12)

The Right Honourable The Lord Carrington
KCMG MC
Foreign and Commonwealth Office
LONDON S W 1.

My Lord,

ITALY: ANNUAL REVIEW FOR 1979

1. 1979 was a year of makeshift government in Italy after a period of more than two years of comparative stability under Signor Andreotti. During the first half of the year Signor Andreotti, after the Communists had withdrawn from the majority, remained in office as a lame duck. During the second half Signor Cossiga, who succeeded in forming a government after several had failed, struggled on as a stopgap. As the end of the year approached the odds shortened on his staying in power much longer. So Italy coasted along without firm direction for most of the year.

2. During the year the eternal questions posed themselves incessantly but found no answers. How can there be a workable majority in the Italian Parliament, unless the present strict proportional representation system is changed by constitutional reforms, which are unacceptable to the main parties? Can the Socialists bridge the gap between their extremes and resolve to work with the DC in an alliance which would keep the PCI out? How best to deal with the Communists - persist with fragile alliances against them or bring them into government in some way?

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At the end of the year the Parties were all awaiting the Christian Democrat Congress to be held in February 1980. This might lead to the appointment of a new government based on more stable Party alliances. But the prospects looked poor.

3. A vital underlying question not being publicly posed was - how can the man in the street and (more important) on the factory floor be motivated to collaborate with the authorities to defeat terrorism, by reporting and informing? Is Communist participation in government necessary to bring this about or - as I believe - irrelevant because the terrorists are not susceptible to influence by the PCI or the unions? Is terrorism, which preoccupies all those at the top here to an increasing extent, a threat to the very survival of Italian democracy or, because it is confined to certain cities, containable?

4. 1979 was indeed another bad year for terrorism. Killings or woundings of magistrates, policemen, and business executives (particularly from FIAT) filled the front pages of the newspapers. The government tightened up anti-terrorist measures and the police had some successes. Charges of master-minding the campaign of terrorism were brought against several ultra-left wing university professors, but magistrates had difficulty in making charges stick. Common criminality also continued at a high level, including kidnapping for ransom. The wife and daughter of a British businessman, Mr Rolf Schild, who were kidnapped with him in Sardinia in August, were still in the hands of the bandits at the end of the year.



5. One bright feature of the political scene was the performance of Italy's octagenarian President, Signor Pertini. He played a constructive role in resolving the long political crisis in the middle of the year and made some original choices in his efforts to find a successor to Signor Andreotti. His choice of Signor Cossiga turned out well in the circumstances. He also has a gift for public relations, and an honest and simple character. He was the only man in Italy to come anywhere near Pope John Paul II in popular appeal.

ITALY IN INTERNATIONAL AFFAIRS

6. The Secretary-General at the Ministry of Foreign Affairs described Italy to me as a country of now minor political importance which, being dependent on imports and foreign trade, had to make its foreign policy a servant of its economic and commercial needs. Yet, particularly towards the end of the year, Italy began to assume a certain political importance in the Western alliance. Her position is in any case a strategic one on the southern flank and in the Mediterranean area, and she retains certain residual links with Africa.

7. Italy became a key country in the battle of the missiles (TNF). She was the largest and the most reliable of the lesser NATO countries, one at least of which the Americans needed to be sure of as a safe recipient of missiles. Though embarrassed by the wobbling of the Dutch in particular, Signor Cossiga conducted a skilful and robust campaign in order to get the required result. The PCI, no doubt seeing this as a tricky test, disappointed the Russians by



failing to give them the support they got from the PCF.

8. The Italians were greatly relieved at the success achieved by HMG in the Rhodesia Conference, and used their influence helpfully among certain of the front line states. They experienced much anxiety over Iran, particularly when pressed by the Americans to take economic counter-measures over the hostage crisis, having a large community (still some 1300 at the end of the year) and big investments there.

9. They were greatly flattered by being included in the London meeting on Afghanistan convened by the Americans. Since their exclusion at Guadeloupe they have been very sensitive. My US colleague has been active in persuading Washington that it is better to bring in the Italians where possible, particularly in the light of their Presidency of the EEC in the first half of 1980.

10. However, as the year ended the Italians faced the prospect of their Presidency with considerable handicaps. The Foreign Minister, Signor Franco Maria Malfatti, experienced in EEC affairs, had a heart attack but was reluctant to resign. Secondly, Signor Cossiga, who has every incentive to make a good job of chairing the European Council, was beset by domestic problems - the energy crisis, terrorism, the risks of his dependence on the Socialists, and so on. Unfortunately, to most Italian politicians domestic affairs are more important than the responsibilities of the Presidency.



BRITAIN AND ITALY IN THE EUROPEAN COMMUNITY

11. The health and strength of the Community is indeed vital to the Italians. With NATO, it is a sheet anchor to prevent them from drifting off course. We worked closely with them throughout the year. Their usefulness as allies had its ups and downs, and both sides recognised the limitations of the "alliance", for our interests only partly coincided.

12. In agriculture Minister Marcora and his opposite number, then Mr Silkin, worked together in the spring on the devaluation of the green pound and lira, and on the Commission's proposed standstill on prices for products in surplus. But the Italian Minister of Agriculture does not wholly share our enthusiasm for reduced Community expenditure on the CAP, while Italy's interest in Mediterranean products is not shared in London. Nevertheless, Marcora is an effective and pragmatic operator who may still prove a valuable tactical ally. On the European Parliament our different views emerged. The Italians regard it as of help e.g. in reducing the proportion of expenditure on the CAP.

13. But on economic convergence, in relation to the iniquities of the Community budget, the Italians had an alliance - again uneasy - with us from the spring of 1979. After Prime Minister Andreotti's visit to London in June it became clear that it was to our mutual benefit to work together though we had our different interests at stake. The Italian net deficit vanished and they stood to be net recipients in future. Moreover, they were not entirely averse from seeing



total spending rise because they might gain from increased expenditure in some sectors. The Prime Minister carried our collaboration further when she visited Rome at the beginning of October. The Italians agreed to support our demands for more equitable budgetary treatment in return for support for their demands for a higher proportion of Community expenditure on social, structural and investment policies and less on agriculture, particularly price support for Northern products. Cossiga emerged from their meeting convinced of the Prime Minister's determination and put her case to his German, Dutch and French colleagues. The Italians were themselves convinced that we must have satisfaction, but as inveterate compromisers did not think we could gain a total victory at Dublin.

14. At the Dublin European Council Signor Cossiga appeared to have played a relatively positive role. He quickly picked up the responsibility of agreeing to an early European Council under the Italian Presidency to solve our budgetary problem. As the year ended the Italians were preparing to work actively with us to this end.

15. They were delighted that the Prime Minister agreed in Rome in October to promote her contacts at the top level to the frequency of those she has with the two leading members of the Community, that is twice a year. So in a Community context 1979 was an exceptional year of Anglo/Italian consultation, only partly successful from our point of view, but to be carried forward into 1980 for what it is worth.



THE ITALIAN ECONOMIC SCENE

16. The lack of a stable Government in 1979 meant that there was little management of the economy. Cynics say that the private sector was the better for it. But uncertainties about government policy had some harmful effects, as Signor Pandolfi, Minister of the Treasury, has told me. The 3-year plan (1979-81) of which he was architect, and which emphasised limitation of wage increases and the public sector deficit, and a stimulus to demand by selected public investments, was not rejected by any party before or after the January crisis: it was not adopted either, and its targets remained informal guidelines. On wages at least, they were not observed.

17. The new Government's policy announced in September looked inflationary; it was a response to an expected slowing of growth in 1980. The shaky parliamentary situation has meant - so far - that popular points, like tax concessions, have been implemented, while measures against tax evasion, and above all the reform of the scala mobile have been postponed.

18. Yet the Italian economy showed good features in 1979 as well as bad. Good: tourism yielded rich returns; exports were buoyant, the current account surplus comfortable; reserves rose; the lira was steady; GDP growth was near the target of 4.5%. Bad: inflation was running at 19% in December compared with the 1978 figure (and 1979 target) of 12%. Interest rates rose sharply. After the Iranian crisis the Italians wondered where oil would come

/from



from next year and how much it would cost. The Government ended the year at loggerheads with the unions. The state-controlled industries were in a mess. During the year scandals struck ENI and even the Bank of Italy. Indeed things looked considerably worse by the end of the year.

19. Of the adverse factors the oil crisis was perhaps the worst. Italy is almost totally dependent on imported oil and has difficult suppliers such as Iraq and Algeria. Consumption was not reduced by 5% in 1979 as pledged to the IEA but raised by about 3½%. Serious energy-saving measures were introduced only in the autumn and then met with parliamentary difficulties which still remain. The ENI scandal over bribes in connexion with oil purchases from Saudi Arabia caused the loss of Saudi oil at the bargain price of \$19 a barrel. As the year ended there was concern how the 24% gap in projected supplies for 1980 could be filled.

20. The labour scene deteriorated sharply in 1979: part of this was inevitable, as a number of important 3-year contracts fell to be renewed. But there was worse: ugly situations developed at Fiat and Olivetti, and generally the tenor of industrial relations deteriorated. One feels sorry for Italian industrialists. They cannot sack anyone without much trouble. Absenteeism is rife in some sectors. Social charges on employers are very heavy. Strikes, though short, are disruptive and can be rough. Many employers travel in protected cars and take security precautions, for they are liable to be knee-capped, /kidnapped



kidnapped or killed. Absence of firm government exacerbated the differences between the three major unions and led to extremism.

ANGLO-ITALIAN TRADE

21. Britain and Italy continued to be good customers for each other's products. In the first 10 months of the year trade increased by about 29% in each direction. But, though it has ceased to widen, the balance remained very much in Italy's favour - about 50% on an f.o.b. basis, or 40% if one deducts petroleum products imported from Italy's under-employed refineries. The British public's inclination to buy Italian cars, domestic appliances and shoes, is unmatched by similar British successes with Italian consumers. It is not that the market does not exist. We only supply 4.5% of it now, and the success of many firms proves it can be done. Perhaps Italy suffers from a bad press in Britain and exporters conclude it is continually on the brink of economic, social and political chaos. In reality the bulk of Italian industry has gone on making money and creating what, despite the depressed areas, has become a highly developed industrialised consumer society with expensive tastes. The small and medium sized businesses are particularly dynamic. It is one of our major tasks to carry this message to British exporters and persuade them to venture more into this market. We have already had some success from direct approaches to specific British exporters and, working closely with the European Trade Committee, I hope to repeat this in various promising sectors.

/ CONCLUSION



CONCLUSION

22. Thus Italy entered, on 1 January, 1980, on her six months' tenure of the Presidency of the European Community in some disarray, with a Prime Minister uncertain how long he could stay in office, a Foreign Minister soon to resign on health grounds, an economy largely going its own way, and a society badly hit by terrorism and strikes. Moreover, the problem of containing a large Communist party was unresolved. Yet, with the future of Yugoslavia in doubt and the enlargement of the European Community to include Spain, Portugal and Greece growing closer, Italy's position in the Mediterranean was becoming more significant. The prospects are uneasy and will need constant watchfulness on our part. Preoccupied as the Italians are with their own problems and interests, we shall need to work hard to keep them aware of ours, particularly when they are different. They value collaboration with us, and would like to see us play a strong role in EEC and NATO. They admire much about our country. In Signor Cossiga we have an Italian Prime Minister who is probably the best able to meet both Italian and British concerns today. It would serve our interests if he could stay in power under tolerable conditions, but as the year ended he looked as if his days were numbered.

23. I am sending copies of this review to Her Majesty's Representatives in other EEC capitals, Washington and Moscow; to the United Kingdom

/Permanent

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- 11 -



Permanent Representatives to the European
Communities and NATO; and to Her Majesty's Minister
to the Holy See.

I have the honour to be
Your Lordship's obedient Servant

A handwritten signature in blue ink, appearing to read 'R Arculus'. The signature is written in a cursive style with a horizontal line underneath.

(R Arculus)

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CALENDAR OF EVENTS 1979

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January

- 2 Pope's statements revive dispute on abortion.
- 3 Article by Macaluso in 'Rinascita' is interpreted as a PCI ultimatum to the Andreotti Government.
- 4 Cardinal Benelli of Florence accused of contempt of Parliament by a magistrate over the abortion dispute.
- 7/27 MFA Under Secretary Foschi visits the US, Mexico and Canada.
- 7/9 Trade Minister Ossola visits Albania.
- 9 Leftist radio station (Radio Città Futura) attacked by neo-fascists - 5 women injured.
- 10 Two young neo-fascists killed in Rome.
- 11/13 Foreign Minister Forlani visits Yugoslavia.
- 11 Parliamentary Committee of Inquiry rejects PCI proposal to resume discussion on the ENI oil scandal.
- 11 Price of fuel oil increased.
- 15 3-Year Economic Plan officially presented to the President of Republic and Parliament.
- 16 Neo-fascist Giovanni Ventura escapes from custody in Catanzaro.
- 14/16 Trade Minister Ossola visits Prague.
- 17/19 Visit to Rome by Libyan Foreign Minister.
- 17/18 Performances in Rome by the London Contemporary Dance Theatre.
- 17 Interior Minister Rognoni announces the dismissal of the Head of the Police, Giuseppe Parlato over the Ventura escape (16 January).
- 17 Italian Communist Party delegation leaves for Hanoi.
- 18 Final approval of the European Election Bill.
- 18 Italian Communist Party executive issues a sharp communiqué on Christian Democrat policy.
- 19 Prison guard killed by "Prima Linea" in Turin.
- 19 Dott. Giovanni Rinaldo Coronas appointed new Head of Police.

- 20/28 Mini-Festival of British Cinema in Rome.
- 22/26 Visit to Rome by Soviet Foreign Minister Gromyko.
- 23 Christian Democrat Secretary General Zaccagnini begins round of talks in an attempt to avoid a government crisis.
- 23 French Agriculture Minister in Rome.
- 24 Italian Communist Party trades unionist killed by the Red Brigades in Genoa.
- 26 Italian Communist Party announces its withdrawal from the majority.
- 29 Magistrate Emilio Alessandrini killed by "Prima Linea" in Milan.
- 31 The Andreotti Government resigns.

February

- 1 Visit to Rome by French Foreign Minister Francois-Poncet.
- 2 Giorgio Mazzanti takes over as the new Chairman of ENI.
- 3 Former Prime Minister Giulio Andreotti given mandate to try to form new government.
- 13 The daily newspaper "La Repubblica" carries text of a US report on the Italian secret services. The author, a member of the US Embassy, declared "persona non grata" and leaves the country.
- 21 Andreotti fails to form new government and gives up the mandate.
- 22 Veteran Republican leader Ugo La Malfa appointed Prime Minister Designate.
- 24 Links between Italian and German terrorists confirmed with arrest of two Germans in Parma.
- 26 British Secretary of State for Defence, Fred Mulley, arrives in Rome on an official visit.
- 28 Two terrorists killed by police in Turin.
- 28 Trade Minister Ossola leaves for a 4-day visit to Jordan.

12...
April

- 2 President Pertini announces dissolution of Parliament.
- 7 Wave of arrests of members of the Autonomia Operaia, including its leader Toni Negri, in connection with the Moro case.
- 12 Three terrorists killed by their own bomb near Vicenza.
- 12 Office of Under Secretary Ines Boffardi attacked in Genoa.
- 19 Digos (Special Branch) policeman shot dead in Milan.
- 19 Bomb attack seriously damages the Rome City Hall.
- 22 Chinese Foreign Trade Minister arrives in Rome for a 6-day official visit. Economic Agreement signed.
- 22/27 Foreign Minister Forlani visits Venezuela and Brazil.
- 28/29 Trade Minister Stammati visits Libya.

May

- 1/5 Trade Minister Stammati visits the US.
- 2 Pierre Carniti elected Secretary of the Christian Democrat trade union confederation (CISL).
- 3 Two policemen killed during a Red Brigades attack on a Christian Democrat headquarters in Rome.
- 3/6 President of Panama on an official visit to Rome.
- 4 Mario Sarcinelli reinstated as Vice Director of the Bank of Italy (See 24 March).
- 6 Exhibition of anatomical drawings by Leonardo da Vinci opens in Florence. Exhibition included many sketches owned by Her Majesty The Queen.
- 9/10 Visit to Italy by Mrs Rosalyn Carter.
- 11 Trade Minister Stammati visits Bucharest.
- 11/14 US Education Secretary Joseph Califano on visit to Rome.
- 12 Inauguration of the Frejus Tunnel.
- 16 Agreement for a US \$1 billion credit from Italy to China signed in Rome.
- 16/17 Foreign Minister Forlani visits Tunis but fails to settle fishing dispute.
- 25 Bomb attack at the Ministry of Foreign Affairs.
- 28/29 US Secretary of State Cyrus Vance visits Rome.

June

- 2/3 General Election in Italy. The Italian Communist Party loses ground.
- 10 European Elections Day in Italy. Results reflect the trends noted in the Italian General Election.
- 15 Caretaker Prime Minister Andreotti in London on a working visit.
- 19 Trade Minister Stammati visits Madrid.
- 20 First session of the new Parliament. Fanfani re-elected President of the Senate. Nilde Iotti (PCI) becomes President of the Chamber.
- 21 DC-9 owned by the Italian independent airline Itavia blocked at Gatwick Airport because of a lack of fuel. The case nearly provokes a charter war between Britain and Italy.
- 26 Increase in the price of fuel.
- 26 30 seamen killed in a collision between an Italian tanker and a French freighter off the coast North of Rome.
- 27/28 Trade Minister Stammati visits Singapore.
- 30 Caretaker Prime Minister Andreotti calls on Kosygin and Gromyko in Moscow.

July

- 2 Giulio Andreotti given mandate to try to form his sixth government.
- 5 Italian Socialist Party confirms its opposition to Andreotti as Prime Minister.
- 5 Italian warships sail for South East Asia to rescue Vietnamese boatpeople.
- 7 Andreotti gives up his mandate.
- 9 Surprise appointment of the Socialist Party leader, Bettino Craxi, as Prime Minister Designate.
- 10 Belgian Prime Minister visits Rome.
- 12 Avv. Giorgio Ambrosoli, who had links with the Sindona case, assassinated in Milan.
- 13 Carabinieri officer, Lt. Col. Varisco, shot dead in his car by the Red Brigades in Rome.
- 16 Agreement reached on the new metal workers contract so alleviating a risk of industrial strife.
- 18 Bar owner assassinated in Turin. Responsibility claimed by "Prime Linea".
- 21 Head of the Palermo Flying Squad, Boris Giuliano, killed in broad daylight in a bar in Palermo.
- 21 Terrorist hideout discovered in Rieti suspected of having connections with the Moro kidnapping.
- 13/22 Communist Party delegation on visit to the Soviet Union.
- 24 Prime Minister designate Craxi gives up his mandate after final rejection of his proposals by the Christian Democrats.
- 27 Treasury Minister Pandolfi given the mandate to form new government (after Foreign Minister Forlani had rejected the job).

August

- 1 Prime Minister Designate Pandolfi gives up his mandate.
- 2 Former Interior Minister Francesco Cossiga, who resigned his post in the wake of the Moro assassination, appointed Prime Minister Designate.
- 4 Prime Minister Cossiga receives the confidence of both Houses of Parliament.
- 16 Neo-fascist Giovanni Ventura (see 16 January) captured in Argentina.
- 18 Autonomy leader Franco Piperno arrested in Paris.
- 20 Italian naval force (which sailed on 5 July) returns to Venice with 900 Vietnamese boat people.
- 21 A British family, Mr Rolf Schild, his wife and daughter, kidnapped from their holiday home in Sardinia.
- 23 Neo-fascist Franco Freda, who was charged with Giovanni Ventura (see 16 August) captured in Costa Rica.
- 29 Two of the principle persons sentenced in the Lockheed trial (ex-Minister Tanassi and Ovidio Lefebvre) released from prison on special terms.
- 30 Communist Party Secretary-General Berlinguer visits Leningrad.
- 30 Visit to Rome by the President of Guinea-Bissau.

September

- 3 Irish Foreign Minister visits Rome.
- 4/7 At a meeting of the Christian Democrat National Council Zaccagnini announces his intention to resign from Secretary-Generalship.
- 5 Mr Rolf Schild freed in Sardinia in order to get a ransom for his wife and daughter (see 23 August).
- 6 Communist Party Secretary-General Berlinguer received by Brezhnev at the Kremlin.
- 6/11 President of the European Commission, Roy Jenkins, visits Rome.
- 7 An Alitalia DC-8 hijacked by 3 members of the Shiite Moslem Sect. Peaceful conclusion in Tehran.
- 7/10 Trade Minister Stammati visits Algeria.
- 10/12 Treasury Minister Pandolfi visits Washington.
- 13 Visit to Italy by Hong Kong Trade Delegation.
- 14 Lebanese Foreign Minister visits Rome.
- 18/22 President Pertini makes a state visit to West Germany.
- 19 5 persons killed in an earthquake in Central Italy.
- 20 Carlo Ciampi and Lamberto Dini appointed Governor and General Director of the Bank of Italy.
- 20 Chinese Marine and Land Communications Minister arrives in Rome on a one week visit.
- 21 Fiat executive assassinated in Turin by "Prima linea".
- 25 Magistrate Cesare Terranova assassinated in Palermo.
- 27 Communist Luigi Petroselli becomes new Mayor of Rome in succession to Giulio Argan.
- 27/29 Visit to Rome by President of the Romanian Parliament.
- 27/29 Visit to Rome by the President of OPEC.
- 29 Government outlines its economic strategy. Unions express dissatisfaction.

October

- 2/10 Communist Party Secretary-General Berlinguer visits Portugal and Spain.
- 3 Two Italian naval vessels visit Shanghai.
- 4/5 Mrs Thatcher pays an official visit to Rome.
- 6 Bank rate rises from 10½% to 12%.
- 8/9 Prime Minister Cossiga visits Bonn.
- 8 Soviet Foreign Trade Minister, Patolicev, arrives in Rome.
- 9 Fiat suspend 61 workers whom they claim had terrorist links or were disruptive elements. Protests from the unions and legal disputes with magistrates follow.
- 9/10 Trade Minister Stammati visits Iraq.
- 11/14 President Pertini and Foreign Secretary Malfatti pay a State Visit to Yugoslavia.
- 13 Informal meeting between Prime Minister Cossiga and Dutch Prime Minister Van Agt in Cernobbio.
- 17 President Pertini sends a letter to Prime Minister Cossiga asking the government to avoid industrial action by Italian air traffic controllers.
- 18 Ex-Prime Minister Andreotti elected President of the Chamber of Foreign Affairs Committee.
- 22 Foreign Secretary Malfatti visits London to discuss EEC budget.
- 22/25 Italian air traffic controllers, who are serving air force personnel, initiate industrial action aimed at the demilitarisation of their organisation.
- 24/25 Foreign Minister Malfatti visits Libya.
- 25 Air traffic controllers dispute resolved by Presidential intervention (as Commander in Chief of the Italian Armed Forces). Action to demilitarise the controllers to be initiated immediately.
- 27 Palestine Liberation Organisation representative Kaddumi received by Foreign Minister Malfatti.

November

- 3 Defence Minister Ruffini visits London.
- 3/6 Chinese Communist Party Chairman Hua Guo-Feng visits Italy.
- 5 Interior Minister Rognoni visits Spain.
- 7 Decree law on energy dropped in the Chamber due to Radical Party filibustering.
- 8 Autonomy member Daniello Pifano arrested in Ortona whilst in possession of bazoukas (Jordanian student arrested in Bologna on 14 November involved in the same case).
- 8 Newspapers publish an article by veteran Communist Party member Giorgio Amendola which caused lively reaction from the Communist Party and the unions.
- 8/10 Foreign Minister Malfatti visits Bucharest.
- 9 Policeman killed by the Red Brigades in Rome.
- 10 Three police officers killed in Catania during an attempt to free a criminal.
- 12 Prime Minister Cossiga visits Paris.
- 12 Somali Foreign Minister visits Rome.
- 10/14 Visit to Rome by the Spanish Minister for Relations with the EEC.
- 13 Parma hospital partially destroyed by an explosion.
- 9/26 Socialist Party Secretary Craxi visits China and Hong Kong.
- 13 President Kaunda of Zambia received by President Pertini.
- 14 Chamber approves setting up of a Parliamentary Committee to enquire into the Moro case.
- 14/16 At a meeting of the Communist Party Senate Committee the Amendola line (see 8 November) firmly rejected by Berlinguer.
- 15 EEC Commissioner Ortoli meets with Prime Minister Cossiga and Treasury Minister Pandolfi in Rome.
- 15/20 Visit to Rome by Soviet Party Secretariat Member Ponomarev.

- 20 The Minister responsible for Relations with Parliament, Senator Adolfo Sarti, replies to questions on the ENI/Saudi Arabia deal.
- 21 Two Carabinieri killed in Genoa by the Red Brigades.
- 27 Policeman shot dead in Rome.
- 27 Trade Minister Stammati visits Greece.
- 28 Government defeat in the Chamber on an anti-pollution bill.
- 29 Government defeat in the Senate on Elections Bill.

December

- 2/4 Treasury Minister Pandolfi in Washington for talks with the IMF.
- 3/4 Visit to Rome by the President of the European Parliament, Madame Simone Veil.
- 4 Prime Minister Cossiga recommends inquiry into the ENI/Saudi Arabia oil deal.
- 5 Saudi Arabia suspends all oil shipments to Italy.
- 4/6 Debate on TNF modernisation in the Chamber of Deputies. Government resolution approved.
- 5 Bank rate raised from 12% to 15%.
- 6 Further article by Amendola in 'Rinascita' published in daily newspapers.
- 7 Policeman killed by the Red Brigades in Rome.
- 7 Chairman of ENI, Giorgio Mazzanti, suspended.
- 8 Visit to Rome by the Deputy Prime Minister of New Zealand.
- 9 British Airways office in Rome damaged by a bomb. Responsibility claimed by Armenian dissidents.
- 11 Five staff and five students of the School of Industrial Management in Turin knee-capped by "Prima Linea" terrorists.
- 14 Two anti-terrorist decrees signed by President Pertini.
- 14 Suspected "Prima Linea" terrorist shot dead by Carabinieri outside Fiat works in Turin.
- 20 Socialist Party Secretary, Bettino Craxi, strongly attacked by his left-wing who call for his resignation.
- 21 Wave of arrests during major anti-terrorist operation in several towns.
- 29 Increases in the price of petrol, fuel oil, electricity and telephone charges announced by the Council of Ministers.