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U.S. Department of State Diplomacy in Action

Italy (07/01)

For the most current version of this Note, see [Background Notes A-Z \(//2009-2017.state.gov/r/pa/ei/bgn/\)](http://2009-2017.state.gov/r/pa/ei/bgn/).

PROFILE

OFFICIAL NAME:

Republic of Italy

Geography

[\(//2009-2017.state.gov/p/eur/ci/it/\)](http://2009-2017.state.gov/p/eur/ci/it/)Area: 301,225 sq. km. (116,303 sq. mi.); about the size of Georgia and Florida combined.

Cities: *Capital*--Rome (pop. 2.7 million). *Other cities*--Milan, Naples, Turin.

Terrain: Mostly rugged and mountainous.

Climate: Generally mild Mediterranean; cold northern winters.

People

Nationality: *Noun and adjective*--Italian(s).

Population: 57.7 million.

Annual growth rate: 0.2%.

Ethnic groups: Primarily Italian, but there are small groups of German-, French-, Slovene-, and Albanian-Italians.

Religion: Roman Catholic (majority).

Language: Italian (official).

Education: *Years compulsory*--14. *Literacy*--98%.

Health: *Infant mortality rate*--8/1,000 live births. *Life expectancy*--74 yrs.

Work force (23.8 million): *Services*--56.7%; *industry and commerce*--28.9%; *agriculture*--4.6%; *unemployed*--9.6%.

Government

Type: Republic since June 2, 1946.

Constitution: January 1, 1948.

Branches: *Executive*--president (chief of state), Council of Ministers (cabinet), headed by the president of the council (prime minister).

Legislative--bicameral parliament: 630-member Chamber of Deputies, 325-member Senate. *Judicial*--independent constitutional court and lower magistracy.

Subdivisions: 94 provinces, 20 regions.

Political parties: Forza Italia, Democratic Party of the Left, National Alliance, Northern League, United Christian Democrats,

Democrats, Italian People's Party, Christian Democratic Center, Socialist, Communist Renewal, Social Democratic, Republican, Liberal, Greens, Italian Renewal.

Suffrage: Universal over 18.

Economy

GDP (2000): \$1.2 trillion.

Per capita income (2000): \$18,600.

GDP growth (2000): 2.9%.

GDP growth (est. 2001) 2.5%.

Natural resources: Fish, natural gas.

Agriculture: *Products*--wheat, rice, grapes, olives, citrus fruits.

Industry: *Types*--automobiles, machinery, chemicals, textiles, shoes.

Trade (2000): *Exports*--\$235 billion: mechanical products, textiles and apparel, transportation equipment, metal products, chemical products, food and agricultural products. *Partners*--EU 55%, U.S. 9%, OPEC 3%. *Imports*--\$234 billion: machinery and transport equipment, foodstuffs, ferrous and nonferrous metals, wool, cotton, energy products. *Partners*--EU 61%, OPEC 6%, U.S. 5%.

PEOPLE AND HISTORY

Italy is largely homogeneous linguistically and religiously but is diverse culturally, economically, and politically. Italy has the fifth-highest population density in Europe--about 200 persons per square kilometer (490 per sq. mi.). Minority groups are small, the largest being the German-speaking people of Bolzano Province and the Slovenes around Trieste. Other groups comprise small communities of Albanian, Greek, Ladino, and French origin. Although Roman Catholicism is the majority religion--85% of native-born citizens are nominally Catholic--all religious faiths are provided equal freedom before the law by the constitution.

Greeks settled in the southern tip of the Italian peninsula in the eighth and seventh centuries B.C.; Etruscans, Romans, and others inhabited the central and northern mainland. The peninsula subsequently was unified under the Roman Republic. The neighboring islands also came under Roman control by the third century B.C.; by the first century A.D., the Roman Empire effectively dominated the Mediterranean world. After the collapse of the Roman Empire in the West in the fifth century A.D., the peninsula and islands were subjected to a series of invasions, and political unity was lost. Italy became an oft-changing succession of small states, principalities, and kingdoms, which fought among themselves and were subject to ambitions of foreign powers. Popes of Rome ruled central Italy; rivalries between the popes and the Holy Roman Emperors, who claimed Italy as their domain, often made the peninsula a battleground.

The commercial prosperity of northern and central Italian cities, beginning in the 11th century, and the influence of the Renaissance mitigated somewhat the effects of these medieval political rivalries. Although Italy declined after the 16th century, the Renaissance had strengthened the idea of a single Italian nationality. By the early 19th century, a nationalist movement developed and led to the reunification of Italy--except for Rome--in the 1860s. In 1861, Victor Emmanuel II of the House of Savoy was proclaimed King of Italy. Rome was incorporated in 1870. From 1870 until 1922, Italy was a constitutional monarchy with a parliament elected under limited suffrage.

20th-Century History

During World War I, Italy renounced its standing alliance with Germany and Austria-Hungary and, in 1915, entered the war on the side of the Allies. Under the postwar settlement, Italy received some former Austrian territory along the northeast frontier. In 1922, Benito Mussolini came to power and, over the next few years, eliminated political parties, curtailed personal liberties, and installed a fascist dictatorship termed the Corporate State. The king, with little or no effective power, remained titular head of state.

Italy allied with Germany and declared war on the United Kingdom and France in 1940. In 1941, Italy--with the other Axis powers, Germany and Japan--declared war on the United States and the Soviet Union. Following the Allied invasion of Sicily in 1943, the King dismissed Mussolini and appointed Marshal Pietro Badoglio as Premier. The Badoglio government declared

war on Germany, which quickly occupied most of the country and freed Mussolini, who led a brief-lived regime in the north. An anti-fascist popular resistance movement grew during the last 2 years of the war, harassing German forces before they were driven out in April 1945. A 1946 plebiscite ended the monarchy, and a constituent assembly was elected to draw up plans for the republic.

Under the 1947 peace treaty, minor adjustments were made in Italy's frontier with France, the eastern border area was transferred to Yugoslavia, and the area around the city of Trieste was designated a free territory. In 1954, the free territory, which had remained under the administration of U.S.-U.K. forces (Zone A, including the city of Trieste) and Yugoslav forces (Zone B), was divided between Italy and Yugoslavia, principally along the zonal boundary. This arrangement was made permanent by the Italian-Yugoslav Treaty of Osimo, ratified in 1977 (currently being discussed by Italy, Slovenia, and Croatia). Under the 1947 peace treaty, Italy also relinquished its overseas territories and certain Mediterranean islands.

The Roman Catholic Church's status in Italy has been determined, since its temporal powers ended in 1870, by a series of accords with the Italian Government. Under the Lateran Pacts of 1929, which were confirmed by the present constitution, the state of Vatican City is recognized by Italy as an independent, sovereign entity. While preserving that recognition, in 1984, Italy and the Vatican updated several provisions of the 1929 accords. Included was the end of Roman Catholicism as Italy's formal state religion.

Italy's Cultural Contributions

Europe's Renaissance period began in Italy during the 14th and 15th centuries. Literary achievements--such as the poetry of Petrarch, Tasso, and Ariosto and the prose of Boccaccio, Machiavelli, and Castiglione--exerted a tremendous and lasting influence on the subsequent development of Western civilization, as did the painting, sculpture, and architecture contributed by giants such as da Vinci, Raphael, Botticelli, Fra Angelico, and Michelangelo.

The musical influence of Italian composers Monteverdi, Palestrina, and Vivaldi proved epochal; in the 19th century, Italian romantic opera flourished under composers Gioacchino Rossini, Giuseppe Verdi, and Giacomo Puccini. Contemporary Italian artists, writers, filmmakers, architects, composers, and designers contribute significantly to Western culture.

GOVERNMENT

Italy has been a democratic republic since June 2, 1946, when the monarchy was abolished by popular referendum. The constitution was promulgated on January 1, 1948.

The Italian State is highly centralized. The prefect of each of the provinces is appointed by and answerable to the central government. In addition to the provinces, the constitution provides for 20 regions with limited governing powers. Five regions--Sardinia, Sicily, Trentino-Alto Adige, Valle d'Aosta, and Friuli-Venezia Giulia--function with special autonomy statutes. The other 15 regions were established in 1970 and vote for regional "councils." The establishment of regional governments throughout Italy has brought some decentralization to the national governmental machinery.

The 1948 constitution established a bicameral parliament (Chamber of Deputies and Senate), a separate judiciary, and an executive branch composed of a Council of Ministers (cabinet), headed by the president of the council (prime minister). The president of the republic is elected for 7 years by the parliament sitting jointly with a small number of regional delegates. The president nominates the prime minister, who chooses the other ministers. The Council of Ministers--in practice composed mostly of members of parliament--must retain the confidence of both houses.

The houses of parliament are popularly and directly elected by a mixed majoritarian and proportional representation system. Under 1993 legislation, Italy has single-member districts for 75% of the seats in parliament; the remaining 25% of seats are allotted on a proportional basis. The Chamber of Deputies has 630 members. In addition to 315 elected members, the Senate includes former presidents and several other persons appointed for life according to special constitutional provisions. Both houses are elected for a maximum of 5 years, but either may be dissolved before the expiration of its normal term. Legislative bills may originate in either house and must be passed by a majority in both.

The Italian judicial system is based on Roman law modified by the Napoleonic code and subsequent statutes. There is only partial judicial review of legislation in the American sense. A constitutional court, which passes on the constitutionality of laws, is a post-World War II innovation. Its powers, volume, and frequency of decisions are not as extensive as those of the U.S. Supreme Court.

Principal Government Officials

President--Carlo Azeglio Ciampi

Prime Minister--Silvio Berlusconi

Foreign Minister--Renato Ruggiero

Ambassador to the United States--Ferdinando Salleo

Italy maintains an embassy in the United States at 3000 Whitehaven Street, NW, Washington, DC 20008 (tel. 202-612-4400).

POLITICAL CONDITIONS

There have been frequent government turnovers since 1945. The dominance of the Christian Democratic (DC) party during much of the postwar period lent continuity and comparative stability to Italy's political situation.

From 1992 to 1997, Italy faced significant challenges as voters--disenchanted with past political paralysis, massive government debt, extensive corruption, and organized crime's considerable influence--demanded political, economic, and ethical reforms. In 1993 referendums, voters approved substantial changes, including moving from a proportional to a largely majoritarian electoral system and the abolishment of some ministries.

Major political parties, beset by scandal and loss of voter confidence, underwent far-reaching changes. New political forces and new alignments of power emerged in March 1994 national elections. The election saw a major turnover in the new parliament, with 452 out of 630 deputies and 213 out of 315 senators elected for the first time. The 1994 elections also swept media magnate Silvio Berlusconi--and his "Freedom Pole" coalition--into office as Prime Minister. Berlusconi, however, was forced to step down in January 1995 when one member of his coalition withdrew support. The Berlusconi government was succeeded by a technical government headed by Prime Minister Lamberto Dini, which fell in early 1996.

A series of center-left coalitions dominated Italy's political landscape between 1996 and 2001. In April 1996, national elections led to the victory of a center-left coalition (the Olive Tree) under the leadership of Romano Prodi. Prodi's government became the third-longest to stay in power before he narrowly lost a vote of confidence (by three votes) in October 1998. A new government was formed by Democratic Party of the Left leader and former-communist Massimo D'Alema. In April 2000, following a poor showing by his coalition in regional elections, D'Alema resigned. The succeeding center-left government, including most of the same parties, was headed by Giuliano Amato, who previously served as Prime Minister in 1992-93.

National elections held on May 13, 2001 returned Berlusconi to power at the head of the five-party center-right "Freedom House" coalition, comprising the prime minister's own party, Forza Italia, the National Alliance, the Northern League, the Christian Democratic Center, and the United Christian Democrats.

In May 1999, the Parliament selected Carlo Azeglio Ciampi as the Republic's President. Ciampi, a former Prime Minister and Minister of the Treasury, was elected on the first ballot with an easy margin over the required two-thirds votes.

Political Parties

Italy's dramatic self-renewal transformed the political landscape between 1992 and 1997. Scandal investigations touched thousands of politicians, administrators, and businessmen; the shift from a proportional to majoritarian voting system--with the requirement to obtain a minimum of 4% of the national vote to obtain representation--also altered the political landscape.

Party changes were sweeping. The Christian Democratic party dissolved; the Italian People's Party and the Christian Democratic Center emerged. Other major parties, such as the Socialists, saw support plummet. A new liberal movement, Forza Italia gained wide support among moderate voters. The National Alliance broke from the neo-fascist Italian Social Movement. A trend toward two large coalitions--one on the center-left and the other on the center-right--emerged from the April 1995 regional elections. For the 1996 national elections, the center-left parties created the Olive Tree coalition while the center-right united again under the Freedom Pole. The May 2001 elections ushered into power a refashioned center-right coalition dominated by Berlusconi's party, Forza Italia. The Olive Tree coalition now sits in the opposition. This emerging bipolarity represents a major break from the fragmented, multi-party political landscape of the postwar era, although it appears to have reached a plateau, since efforts via referendums to further curtail the influence of small parties were defeated in 1999 and 2000.

The largest parties in the Chamber are Forza Italia (28.8%); Democrats of the Left (22.1%); the National Alliance (16%); the Daisy center-left coalition, which includes elements from Italian Renewal; Democrats and Union of Democrats for Europe (13%); and the Whiteflower coalition of two centrist parties (6.4%). Similar rankings generally apply in the Senate, in which Forza Italia and the Democrats of the Left remain the dominant parties.

ECONOMY

The Italian economy has changed dramatically since the end of World War II. From an agriculturally based economy, it has developed into an industrial state ranked as the world's fifth-largest industrial economy. Italy belongs to the Group of Eight (G-8) industrialized nations; it is a member of the European Union and the OECD.

Italy has few natural resources. With much of the land unsuited for farming, it is a net food importer. There are no substantial deposits of iron, coal, or oil. Proven natural gas reserves, mainly in the Po Valley and offshore Adriatic, have grown in recent years and constitute the country's most important mineral resource. Most raw materials needed for manufacturing and more than 80% of the country's energy sources are imported. Italy's economic strength is in the processing and the manufacturing of goods, primarily in small and medium-sized family-owned firms. Its major industries are precision machinery, motor vehicles, chemicals, pharmaceuticals, electric goods, and fashion and clothing.

Italy is in the midst of a slow economic recovery and is gradually catching up to its west European neighbors. Italy's economy accelerated from anemic 0.7% growth in 1996 to 1.4% in 1999 and continued to rise to about 2.9% in 2000, which is closer to the EU projected growth rate of 3.1%. Domestic demand and exports were the dominant factors in GDP growth, but it nevertheless remains one of the lowest among industrialized countries.

Import growth continues to outpace export growth, resulting in a trade surplus in 2000 of \$1.3 billion, down from \$14 billion in 1999 and \$60 billion in 1996.

With respect to inflation, Italy is now firmly within norms specified for Economic and Monetary Union (EMU), a major achievement for this historically inflation-prone country. Consumer inflation fell from 3.9% in 1996 to 1.7% in 1999 but did rise again to 2.5% in 2000. The 1992 agreement on wage adjustments, which has helped keep wage pressures on inflation low, remains in effect. Tight monetary policy by the Bank of Italy also has helped bring inflation expectations down.

Since 1992, economic policy in Italy has focused primarily on reducing government budget deficits and reining in the national debt. Successive Italian governments have adopted annual austerity budgets with cutbacks in spending, as well as new revenue raising measures. Italy has enjoyed a primary budget surplus, net of interest payments, for the last 7 years. The deficit in public administration declined to 1.4% of GDP in 2000, down from 7% in 1995. Italy joined the European Monetary Union in May 1998. The national debt, which stood at roughly 124% of GDP in 1995, is declining steadily and is expected to meet the EU-imposed deficit to GDP ratio of 1.5% by 2006.

Italy's closest trade ties are with the other countries of the European Union, with whom it conducts about 59% of its total trade. Italy's largest EU trade partners, in order of market share, are Germany (19%), France (13%), and the Netherlands (6%).

U.S.-Italy Economic Relations

The U.S.-Italian bilateral relationship is strong and growing. The U.S. and Italy cooperate closely on major economic issues, including within the G-8, which meets in Genoa in July 2001. With a large population and a high per capita income, Italy is one of the United States' most important trade partners. In 2000 the United States was the fifth-largest foreign supplier of the Italian market and the largest supplier outside the EU. Total trade between the United States and Italy exceeded \$33 billion in 1999. The U.S. ran a \$12.1 billion deficit with Italy in 2000.

Significant changes are occurring in the composition of this trade. More value-added products such as office machinery and aircraft are becoming the principal U.S. exports to Italy. The change reveals the growing sophistication of the Italian market, and bilateral trade should expand further. In 2000 the United States imported about \$24.5 billion in Italian goods while exporting about \$12.4 billion in U.S. goods to Italy. U.S. foreign direct investment in Italy at the end of 1999 exceeded \$14.1 billion.

Labor

Unemployment has been steadily decreasing but remains high (10% in December 2000, its lowest level since 1992). It is especially severe in the south where average unemployment exceeded 20% this year. Women and youth have significantly higher rates of unemployment than do men. A rigid labor market serves as a disincentive to job creation. There is a significant underground economy absorbing substantial numbers of people, but they work for low wages and without standard social benefits and protections.

Unions claim to represent 40% of the work force. Most Italian unions are grouped in three major confederations--the Italian General Confederation of Labor (CGIL), the Italian Confederation of Labor Unions (CISL), and the Union of Italian Labor (UIL), which together claim 35% of the work force. These confederations formerly were associated with important political parties or currents, but they have formally terminated such ties. Nowadays, the three often coordinate their positions before confronting management or lobbying the government. The three major confederations have an important consultative role on national social and economic issues. Among their major agreements are a 4-year wage moderation agreement signed in 1993, a reform of the pension system in 1995, and an employment pact, introducing steps for labor market flexibility in economically depressed areas, in 1996. The CGIL, CISL, and UIL are affiliates of the International Confederation of Free Trade Unions.

Agriculture

Italy's agriculture is typical of the division between the agricultures of the northern and southern countries of the European Union. The northern part of Italy produces primarily grains, sugarbeets, soybeans, meat, and dairy products, while the south specializes in producing fruits, vegetables, olive oil, wine, and durum wheat.

Even though much of its mountainous terrain is unsuitable for farming, Italy has a large work force (1.4 million) employed in farming. Most farms are small, with the average farm only 7 hectares.

For further economic and commercial information, please refer to the "Country Commercial Guide" for Italy, available on the State Department web page at 2009-2017.state.gov.

FOREIGN RELATIONS

Italy was a founding member of the European Community--now the European Union (EU). Italy was admitted to the United Nations in 1955 and is a member and strong supporter of the North Atlantic Treaty Organization (NATO), the Organization for Economic Cooperation and Development (OECD), the General Agreement on Tariffs and Trade/World Trade Organization (GATT/WTO), the Organization for Security and Cooperation in Europe (OSCE), and the Council of Europe. It chaired the CSCE and the G-7 in 1994 and the EU in 1996 and will host the G-8 summit in Genoa in July 2001.

Italy firmly supports the United Nations and its international security activities. Italy actively participated in and deployed troops in support of UN peacekeeping missions in Somalia, Mozambique, and East Timor, and provides critical support for NATO and UN operations in Bosnia, Kosovo, and Albania.

The Italian Government seeks to obtain consensus with other European countries on various defense and security issues within the EU as well as NATO. European integration and the development of common defense and security policies will continue to be of primary interest to Italy.

U.S.-ITALY RELATIONS

The United States enjoys warm and friendly relations with Italy. The two are NATO allies and cooperate in the United Nations, in various regional organizations, and bilaterally for peace, prosperity, and security. Italy has worked closely with the United States and others on such issues as NATO and UN operations as well as with assistance to Russia and the New Independent States, Middle East peace process, multilateral talks, Somalia and Mozambique peacekeeping, and combating drug trafficking, trafficking in women and children, and terrorism.

Under longstanding bilateral agreements flowing from NATO membership, Italy hosts important U.S. military forces at Vicenza and Livorno (army); Aviano (air force); and Sigonella, Gaeta, and Naples--home port for the U.S. Navy Sixth Fleet. The United States has about 16,000 military personnel stationed in Italy. Italy hosts the NATO War College in Rome.

Italy remains a strong and active transatlantic partner which, along with the United States, has sought to foster democratic ideals and international cooperation in areas of strife and civil conflict. Toward this end, the Italian Government has cooperated with the U.S. in the formulation of defense, security, and peacekeeping policies.

Principal U.S. Officials

Charge d'Affairs ad interim--William Pope

Economic Affairs--Margaret Dean

Political Affairs--Eric Terzuolo

Public Affairs--Robert Callahan

Commercial Affairs--Eric Weaver

Agricultural Section--Elizabeth Berry

Defense Attache--Capt. (USN) Theodore Moyseowicz

Consular Posts

Consul General, Florence--Hilarion Martinez

Consul General, Milan--Douglas McElhaney

Consul General, Naples--Clyde Bishop

The U.S. embassy in Italy is located at Via Veneto 119, Rome (tel. (39)(06) 46741. The URL for the embassy web page is: <http://www.usis.it/mission/>

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