

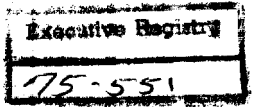
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CENTRAL INTELLIGENCE AGENCY
WASHINGTON, D.C. 20505

6 FEB 1975



MEMORANDUM FOR: The Honorable Henry A. Kissinger
Assistant to the President for
National Security Affairs

SUBJECT: Financing of the Italian Communist Party

1. We estimate that the income of the Italian Communist Party (PCI) from all sources for the year 1974 was in the range of \$40,000,000 to \$44,000,000. In its recently published annual budget the PCI admits to having received a total income of \$36,635,254 in 1974. Based on our reporting over the past five years we roughly estimate that some four to seven-and-one half million dollars of undeclared funds can reasonably be added to figures published by the Party for 1974.

2. In April 1974 legislation was passed by the Italian Parliament establishing public financing for political parties. The PCI's share of these public funds for 1974 was more than \$16,000,000 which is approximately 45% of the total income acknowledged by the Party. This figure is included in the PCI budget published in the 26 January 1975 issue of its official organ L'Unita which also cites amounts claimed to have been received from membership dues, returns of portions of salaries received by PCI deputies and senators, rents, interest, income from special events, et cetera. This published version of the PCI budget notes that there were no contributions from trade unions, organizations or commercial enterprises.

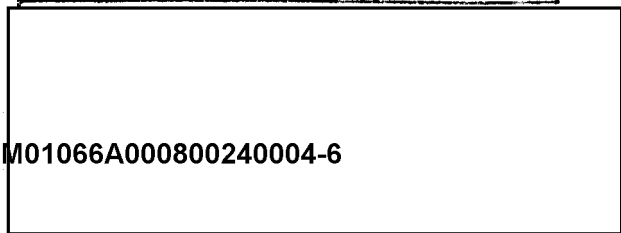
3. We have no current information on financing of the PCI by the CPSU or by other Communist Bloc parties. In the mid-1950s our reporting indicated that of a total PCI budget of some \$11,000,000 the Soviet Bloc provided \$7,500,000 in cash, kind and trading commissions. Since 1968 the figures have ranged from \$4,500,000 to \$7,500,000. With the receipt by the PCI of substantial public funds now authorized by

EXECUTIVE REGISTRY FILE

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Italian law it is possible that the financial input from Communist countries may have been decreased. Nonetheless, available evidence suggests that some funds may still be received from these sources. In this connection, we know that toward the end of each calendar year a PCI representation visits the Soviet Union to negotiate the terms of the CPSU's financial assistance for the coming year. For at least the last five years PCI Political Bureau member Armando Cossutta has made this pilgrimage, sometimes accompanied by other PCI high ranking Party officials, sometimes alone. (He travelled alone to Moscow on this mission in the fall of 1974.) On the Soviet side the negotiators have generally been such important personages as the CPSU General Secretary Brezhnev and Party Secretaries Suslov and Ponomarev. These annual negotiations set figures for CPSU subsidies to the Party in addition to establishing other forms of assistance such as scholarships, travel payments and indirect subsidies in the form of contracts for various PCI-controlled firms.

4. CPSU's covert cash contributions have been described at times as coming via Swiss banking mechanisms and, at other times, as being handed over in cash by officers from the Rome Soviet Embassy. These monies appear to be under the exclusive control of PCI President Luigi Longo, Secretary Enrico Berlinguer and Secretariat member Cossutta.

5. Attached herewith is the PCI declared statement of income and expenses for 1974 published by L'Unita, 26 January 1975.

7s/ Bill

W. E. Colby
Director

Attachment

CONCUR:

6 FEB 1975

Acting Deputy Director for Operations _____ Date

DDO/EUR/I [] (6 February 1975)

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PCI BUDGET - 1974

Published in the 26 January 1975 issue of L'UNITA, the official organ of the Italian Communist Party

(NOTE: Budget figured in Italian Lire. Dollar equivalents in parentheses calculated at 650 Italian lire equal to one U.S. dollar.)

1974

INCOME

I.	a) Annual membership dues (av 3,008 £ per member)	4,964,000,000
	b) Portion of parliamentary salaries contributed by PCI deputies and senator as prescribed by Party statutes	1,530,987,220
	Total	<u>6,494,987,220</u>
		(\$9,992,288)
II.	Received from Government: (NOTE: as called for by law of 17 April 74)	
	a) for election expenses	None
	b) annual contribution for activities of parliamentary group in Chamber of Deputies	75,000,000
	c) annual contribution for activities of parliamentary group in Senate	37,500,000
	d) annual contribution to parliamentary groups in Chamber and Senate	10,559,155,077
	Total	<u>10,671,655,077</u>
		(\$16,417,930)
III.	Income from various sources:	
	a) rents, dividends and interest on stocks and bonds	None
	b) interest on bank accounts	401,440,249
	c) other income:	
	- from Chamber and Senate groups to reimburse salaries to the personnel of the groups	55,000,000
	- repayment of loans, etc.	112,724,868
	Total	<u>569,165,117</u>
		(\$875,638)
IV.	Miscellaneous income:	
	a) from publishing activity	(see note)
	b) from special events:	
	- UNITA Festival and subscriptions to PCI press	4,560,000,000
	- contributions to campaign for divorce referendum	1,500,000,000
	Total	<u>6,060,000,000</u>
		(\$9,323,076)

(NOTE: The Party showed no profit from its publishing activities. As can be seen from Expenses, IV, the Party had to pay out large sums for this activity.)

INCOME

V.	a) Members' extraordinary contributions	17,108,000
	b) Contributions from non-members (individuals, private associations, divers private organizations, from trade unions and category unions. See note)	
	Total	17,108,000 (\$26,320)

(NOTE: There were no contributions from associations, other organizations or from trade unions and category unions.

Gifts from private citizens, not members of the Party, are included in the amounts collected for press subscriptions and for the divorce referendum campaign.)

EXPENSES

I.			
1)	Personnel (salaries, wages, for political & technical collaborators of the Central Committee		775,212,115
2)	Social welfare contributions		219,604,350
3)	Termination payments		51,310,270
4)	Payments to retirement fund		200,000,000
		Total	<u>1,246,126,735</u>
			(\$1,917,118)
II. General Expenses			
a)	Costs of activities of offices at national headquarters level	Total	776,829,300
(Ed. Note: These expenses are broken down into 26 categories from the Secretariat thru parking lot & prizes for placing membership cards.)			
b) Divers expenses and rents:			
(Ed. Note: 11 categories including taxes, insurance, stationary)			
		Total	203,021,308
c) Office expenses:			
	maintenance		
	renovation		
		Total	<u>155,251,850</u>
d) Political contributions:			
	- national activities		1,124,497,185
	- international activities		<u>288,928,737</u>
			1,413,425,922

EXPENSES

II.

e) Various contributions:

- solidarity fund for Party members & organizations 43,070,274
- permanent contributions to aged comrades 98,043,000
- contributions to pensions of retired members of the central apparatus 69,018,880
- back payments to social welfare fund 40,585,000

Total 250,717,154

f) Cost of unitary demonstrations and initiatives 295,819,108

g) Payment to Chamber & Senate parliamentary groups (as required by Law #195 of 2 May '74) of 2% contribution 112,500,000

h) Payment of central debts 262,893,438

Total 3,470,458,080
(\$5,339,166)

III. Contributions to periferal offices and organizations

(Ed. Note: 9 categories covering federations, regions, cultural, youth & women)

Total 13,450,030,118
(\$20,692,354)

IV. Expenses for publishing, information & propaganda

(Ed. Note: 6 categories covering all Party pubs plus general publicity)

Total 4,081,995,893
(\$6,279,993)

V. Extraordinary expenses for electoral campaigns

a) Referendum divorce	1,350,300,662
b) To federations for administrative elections	<u>214,003,926</u>
	<u>1,564,304,588</u>
	(\$2,406,622)

SUMMARY

INCOME

I. 6,494,987,220 (27.27%) (\$9,992,288)
II. 10,671,655,077 (44.82%) (\$16,417,930)
III. 569,165,117 (2.39%) (\$875,638)
IV. 6,060,000,000 (25.45%) (\$9,323,076)
V. 17,108,000 (.07%) (\$26,320)
TOTAL = 23,812,915,414 (100%) (\$36,635,254)

EXPENSES

I. 1,246,126,735 (5.23%) (\$1,917,118)
II. 3,470,458,080 (14.57%) (\$5,339,166)
III. 13,450,030,118 (56.49%) (\$20,692,354)
IV. 4,081,995,893 (17.14%) (\$6,279,993)
V. 1,564,304,588 (6.57%) (\$2,406,622)
TOTAL = 23,812,915,414 (100%) (\$36,635,254)

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