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THE PRESENT SITUATION
IN
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THE PRESENT SITUATION IN ITALY

A. Fundamental Weaknesses of Italy

The fundamental ills and weaknesses of Italy are still actively reflected in the present Italian scene despite the real advances in the Italian economy resulting from United States postwar assistance. These ills and weaknesses are poverty in natural resources, scarcity of arable land, overpopulation, maladjustments in the social and economic structure of the nation, generally low standard of living, unemployment, and lack of investment capital.

B. Political Dynamics

The political situation remains highly unstable because of the failure of the bloc of moderate parties to win a clear majority in the 1953 national elections. In fact it lost votes to both Right and Left.

		Percentage of Popular Vote 1948	Percentage of Popular Vote 1953
Left	{ Communist Party (PCI) }	31.0	22.7
	{ Nenni Socialists (PSI) }		12.7
			35.4
Right	{ Monarchists (PNM) }	2.8	6.9
	{ Neo-Fascists (MSI) }	2.0	5.9
		4.8	12.8
Center	{ Christian Democrats (CD) }	48.5	40.7
	{ Democratic Socialists (PSDI) }	7.1	4.5
	{ Liberals (PLI) }	3.8	3.0
	{ Republicans (PRI) }	2.5	1.6
		61.9	49.8

Despite their 1953 losses, the Christian Democrats remain the largest single party and constitute the basis for any new governments which may be formed before the

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next national elections, normally to be held in 1958 but perhaps to be called sooner.

The present coalition government of Christian Democrat Mario Scelba, with Christian Democrats, Democratic Socialists, and Liberals in the cabinet and Republicans supporting from outside, has a bare parliamentary majority.¹ Consequently the Scelba government is in danger of falling whenever any important issue comes to the fore or party discipline lapses, although a recent schism in the Monarchist Party is believed to have improved its short-term position.

Within and between all parties except the Communist Party there is constant maneuvering for the formation of new governments which would embrace either (a) the Christian Democrats and their Center-Left allies and less extreme elements of the Nenni Socialists or, (b) the Christian Democrats and at least some of their moderate allies and the Right, even including segments of the Neo-Fascists. Each party has pronounced right, center and left cleavages within the span of views and policies it represents. This tendency toward fragmentation adds complexity to the over-all picture.

C. Policies of the Scelba Government

The Scelba government is strongly anti-Communist and is generally pro-West in foreign affairs. It has declared its intention to promote United States objectives and to diminish Communist strength through both direct and indirect measures.

1. The three coalition parties combined won 49.8 per cent of the 1953 popular vote, giving them 303 members in the Chamber of Deputies out of a total of 590.

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~~SECRET~~1. Foreign Affairs

In foreign affairs the Scelba government, as did the de Gasperi governments, supports EDC, NATO, and other organizations of European integration. The moderate parties have recently begun a campaign to hasten ratification of EDC, but it is not likely that Scelba will open parliamentary debate until the late fall or early winter unless the decisions of the Eisenhower-Churchill talks speed action.

Public opinion, stimulated by nationalistic elements, presses to bargain on EDC, presses to make its ratification contingent upon settlement of the emotional Trieste question in a manner satisfactory to Italy, and to have adequate recognition of Italy as a member of the European Community (including admission to the UN). There is also sentiment for awaiting French ratification of EDC before Italy acts.

On its part the Scelba government has undertaken a vigorous campaign to obtain public approval of EDC and to overcome public apathy toward it. But this campaign reacts against the government in Parliament, where the Communists and Nenni Socialists fellow-travellers, joined by extreme nationalists of the Right, protest against United States "interference" in Italian affairs. Especially in view of these pressures and problems, the Scelba government, with its narrow majority, is in a weaker position than former governments to fulfill United States objectives for the economic and military defense of Europe.

In a general sense Italy has recently been less cooperative than formerly with the United States and the other Western Powers. For example, she has been slow to complete arrangements on the United States-Italian agreements on military rights and facilities. On the economic side, there is pressure from the Left and business groups for expanding trade with Eastern Europe and Communist China. The Foreign Ministry has reportedly heeded

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demands for trade with Communist China to the extent of showing interest in sending a trade mission to China, purportedly to prevent further Communist exaggeration of the potential of such trade and to have large private Italian companies establish representatives there.

2. Internal Policies

In domestic policy the primary objective of the Scelba government is consolidation and defense of democracy. Scelba has launched the first avowedly anti-Communist program of any postwar Italian government. This program embraces both directly restrictive measures and an indirect approach through solution of basic social and economic problems, thus undercutting Communist appeal. Although de Gasperi too initiated certain basic reforms during his long tenure, his reforms moved but slowly, and failed to satisfy large segments of the population.

Directly restrictive measures imposed by Scelba include a ban on trade union activities on government time or property, evicting trade union headquarters from government buildings, and investigating Communist Party subsidies from the proceeds of illegal East-West trade. An estimated 95 per cent of all labor union offices using government property have been forced to move and in Milan the Nenni Socialists have been ousted from their headquarters in state-owned property. After a vigorous start, however, at least this part of the active campaign lost impetus; the government has granted a Communist request that further eviction be postponed until new offices can be found.

In the field of indirect anti-Communist measures the Scelba government has given Parliament tax reform and housing measures, and measures to continue agricultural reform in southern Italy. Reform of the governmental bureaucracy also is underway, and a commission is investigating the conduct of government-owned industries. Furthermore,

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long-advocated efforts are being made to counteract Communist propaganda by giving the educational system a less clerical complexion. Scelba also considers ratification of EDC an important factor in his anti-Communist campaign.

D. The Communist Party and Nenni Socialists

Despite Italy's predominantly Roman Catholic population, its Communist Party, with an estimated membership of 1,700,000, is the largest outside the USSR and China. The Communist and their Nenni Socialist allies, together accounted for 35.4 per cent of the popular vote in the 1953 national elections--a gain of 4.4 per cent over their combined voting strength in 1948. In the Chamber of Deputies the Communist seated 143 deputies in 1953, and the Nenni Socialists seated 75. Together they hold 37 per cent of the Chamber's 590 seats.

The combined Communist-Nenni Socialist following will continue to increase slowly unless basic economic and social reforms such as those advocated by the Scelba government are speedily and effectively carried out. One small but hopeful counter to the general trend of increasing Leftist strength appeared in this year's (1954's) local elections, when the Communists lost to the center coalition their control of some provincial and communal councils. It is unlikely that the Communists and their allies will attain dominant power within the foreseeable future either by parliamentary means or by force.

Decisive gains in Communist strength probably will be prevented by Scelba's vigorous leadership, increasing signs of cohesion in the Center Bloc, the Center Bloc's refusal to accept Nenni's overtures for a PSI-Center coalition, and voting gains by the firmly anti-Communist parties of the extreme Right.

E. Catholic Action

Catholic Action is not a political party, but it nevertheless is an important factor in Italian politics.

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because through it the Church is able to act in fields of public activity forbidden to the Church proper. Its leader, Luigi Gedda, favors less "democratic" government and more socio-economic policies related to the Fascist corporate state, with close ties with the Monarchists and Neo-Fascists.

F. Labor

The Communists continue to control the Italian General Federation of Labor (CGIL), whose estimated membership of 3,000,000 to 3,500,000 far exceeds the combined strength of the two anti-Communist labor unions, the Christian Democrat-oriented Italian Confederation of Trade Unions (CISL)¹ and the Democratic Socialist-oriented Italian Labor Union (UIL).²

G. Economic Conditions

The basic poverty of Italy and the acuteness of its economic and social problems can perhaps be brought into full perspective by pointing out that while Italy has a larger population than France, its gross national product is only about half that of France.

That impoverished economy now is going through a period of acute readjustment. Production and some real wages have risen above prewar levels, even though overpopulated. Italy is beset by chronic unemployment (10 per cent of the working population) and an annual net population increase of about 200,000. Thus far government efforts to solve population increases through emigration have proved inadequate.

1. The CISL is estimated to have 1,200,000 to 1,500,000 members.

2. The UIL is estimated to have 150,000 to 200,000 members.

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Besides increasing unemployment, the Italian economy is under stress from (a) balance of payments deficits, (b) a decline in exports while imports continue at a high rate, (c) a budgetary strain from defense expenditures and expanded economic programs, and (d) problems related to the implementation of tax and agricultural reforms and the development program for the south of Italy.

The broad economic and social reforms now being carried forward by Scelba are intended to solve certain of these fundamental problems and thwart the political profit the Communists make by identifying themselves with the unsatisfied aspirations of every dissatisfied group.

H. Armed Forces

On the military side, with United States aid, the Italian armed forces are slowly evolving into a modern force. The army numbers about 283,000 and its morale is generally good, but it has very limited offensive capability. Goals for NATO have not been entirely met, particularly for the air force, and there have been delays in negotiations with the United States for stationing United States troops at Italian NATO basis.

The security police are well trained and are capable of maintaining internal order unless revolutionary action should be supported from the outside.

I. International Position of Italy

Because of her inherent weaknesses and inability fully to meet rearmament commitments, Italy will continue for the foreseeable future to remain one of the weaker members of the Western coalition and a continuing problem for the United States and Italy's other allies. Italy will continue to have to rely heavily on United States support.

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