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CENTRAL INTELLIGENCE AGENCY
OFFICE OF NATIONAL ESTIMATES

9 November 1953

MEMORANDUM FOR THE DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT: The Short Term Political Outlook in Italy
(through 1955)

SUMMARY

A. Italy faces a period of political instability with the prospect of a further weakening of the democratic center and strengthening of both left and right extremes. Any settlement of the Trieste crisis which does not appear favorable to Italy (i.e., does not approximate the US-UK 8 October decision) will probably lead to the fall of the Pella cabinet and further strengthen these extremes.

B. A Trieste settlement favorable to Italy would bolster the present Italian government but would not, in itself, be sufficient to avert the gradual weakening of the democratic center in Italy.

C. However, we believe it unlikely that during the next two years a Communist-dominated government will come to power,

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whether by coup or by legal means. Any changes in the political complexion of the Italian government over the next two years are more likely to be toward the right than toward the left, but a right dictatorship would be highly unlikely.

ESTIMATE

1. An extremely unstable political situation obtains in Italy. The immediate cause lies in the center's failure, by a fraction of one percent, to gain a popular majority in the national elections of June 1953. This result lowered the morale of the center parties, and encouraged the extremes. It underlined the fact that, while the Christian Democrats were still the largest party, the Communist-Left Socialist Bloc was by far the better organized and more homogeneous. The center parties are confused and divided, and in straitened financial circumstances.

2. Impact of Trieste Developments on the Pella Government.
Pella's government is avowedly "transitional" and was to have expired October 31st. However, Pella has sought to strengthen his position by securing a political victory on the Trieste issue,

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the focus of Italian nationalist sentiment. We believe the minimum that the Italians would accept at any Five Power Conference would be a solution returning the bulk of Zone A to Italy. The Italians would probably be willing to cede to Tito some predominantly Slovene areas on the edge of Zone A as well as to the north in return for comparable concessions in Zone B. However, they would not cede the port of Zaule (Servola) to Yugoslavia, except possibly in return for major concessions in Zone B. Italy would grant Yugoslavia extensive port and access rights in Trieste itself and would accept mutual minority guarantees. It probably would also accept demilitarization of both zones.

3. The short-run political outlook in Italy depends largely on the outcome of the Trieste issue. If a solution were soon reached along the above lines, Pella would almost certainly remain in power. However, failing a prompt solution which appears at least as satisfactory to Italian opinion as the US-UK October 8th decision, Pella will almost certainly resign or his government fall.

4. Pella's fall on the Trieste issue would increase Italian political instability, and further strengthen the left

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and right extremes at the expense of the center. Even if Pella does not fall on the Trieste issue, we believe that the governmental situation will remain unstable and that the present government will not survive the next two years. Growing popular demands for social and economic change will place further strains on the stability of the government. There is a possibility of major strikes. Moreover, the Monarchists, who now support the Pella cabinet, will sooner or later insist on representation in it and thereby will precipitate another political crisis.

5. Unlikelihood of Communist Accession to Power. Although over the longer run the chances of Italy going Communist may increase, we believe it unlikely that failure to satisfy Italy on Trieste, or developments subsequent to this, would lead to accession of the Communists to power within the next two years.

a. It is possible, though unlikely, that a wave of emotionalism sweeping Italy as a consequence of a Trieste setback, perhaps combined with a prolonged general strike, could create a revolutionary situation in which the left might seek to overthrow the government. In the unlikely event of a sharp government move to the right, it is also possible that the Communists

would feel compelled to attempt a coup. However, we believe that the Italian security forces could and would put down such an attempt.

b. Another possibility is that heightened political instability might force new elections, in which the Communists might be voted into power. Although no national elections are presently scheduled through 1958, they might be held earlier if: (1) developments such as a Trieste setback or labor strife made it impossible to form a government from the present parliament; or (2) the Christian Democrats came to believe, possibly consequent to a Trieste success, that the center could recoup its losses. However, the non-Communist parties would be unlikely to call for an election if a Communist-Left Socialist victory seemed possible. Even if elections were held during this period, we believe that they would not give the extreme left a sufficient increase in votes to necessitate its being included in a government.

c. The most feasible way in which a shift to the left could take place would be through creation of a more left-oriented center coalition which the Nenni Socialists would agree to support, just as the Monarchists

support Pella today. A less feasible alternative would be the so-called "Nenni Solution", i.e., creation of a government composed of the Nenni and Saragat Socialists and a large portion of the present center parties. However, we believe that the advent of any left-oriented coalition is unlikely, notwithstanding any Italian setback on Trieste. Even in the event that Nenni could be detached from his Communist alliance, his independent voting strength plus that of Saragat is so limited that about four-fifths of the CD parliamentary representation would still be required to form any government with Nenni's participation or support. Such deep differences exist between the CD and Left Socialists on foreign and domestic policy and on clerical issues as to make such a government extremely difficult to form and hold together. In any event this government would still be dominated by the center parties, and if Nenni later proposed including the Communists, it would almost certainly break up.

6. Likelihood of Center-Right Governments. We believe that the most likely successor to Pella would be a center or center-right government, probably involving continued Monarchist support. Despite the inherent differences between the reformist left wing

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of the CD Party on the one hand, and its own conservative right wing and the Monarchists on the other, these differences are probably easier to reconcile than the differences between the CD left wing and the Nenni Socialists. Indeed this proved to be the case in the formation of the Pella cabinet, in which the CD left wing was given important posts in return for their collaboration.

7. We believe that any changes in the political complexion of the Italian governments over the next two years are more likely to be toward the right than toward the left. Among the general public some further growth of leftist sentiment is probable, weakening the center and forcing the government to rely more on the right wing parties. Sooner or later the Monarchists will demand inclusion in the government. We do not believe that the Monarchists will insist on a vote on restoration of the Monarchy as the price for their participation. They are a conservative party, whose attachment to the Monarchy is probably more symbolic in nature than an urgent political demand.

8. Although a moderate rightist government might eventually become more authoritarian in its methods, we believe it highly unlikely that any shift to the right in Italy will lead to a right

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dictatorship within the next two years. The support of moderate groups would still be essential to any rightist coalition, and these groups would almost certainly resist such a development.

9. Implications of the Fall of the Pella Government. In discounting the likelihood of a short term shift to left or right extremism in Italy, we do not mean to understate the seriousness with which we view the Italian political situation. Any new government formed if Pella fell on the Trieste issue would be even more nationalistic in its foreign policy and less disposed to cooperate with the US. Although Italy would almost certainly remain in NATO, domestic support for Italy's NATO effort would be greatly weakened and the prospects for Italian EDC ratification diminished. Moreover, governments of an increasingly rightist character might be less able to deal effectively with Italy's underlying social and economic ills, thus further enhancing the popular appeal of the Communist-Socialist left.

10. US support of a Trieste settlement favorable to Italy would be the most immediately effective step toward strengthening the present Italian government. However, given the present confusion and organizational and financial weakness of the center parties, we believe that an Italian success on Trieste alone would

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not be sufficient to arrest the gradual weakening of the
democratic center in Italy.^{1/}



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^{1/} Our long-term Italian estimate (NIE-71, "Probable Long Term Developments in Italy," 31 March 1953) examines the basic factors in the Italian situation which support this conclusion.

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