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CENTRAL INTELLIGENCE AGENCY

18 February 1960

MEMORANDUM FOR THE DIRECTOR

SUBJECT: The Current Political Situation in Italy

1. The present Minority Christian Democratic government in Italy, headed by Prime Minister Segni, is able to muster parliamentary majorities only through the support of various political parties on the right: the Liberals (PLI), the monarchists (PDI), and the neo-fascists (MSI). Its stability is being increasingly threatened by dissension within the Christian Democratic (CD) Party itself. With the approaching municipal and provincial elections in view, the CD left-wing is pressing for more progressive legislation, and also for disassociation from the rightist parties, in order to win the favor of the electorate. The government, however, cannot antagonize the rightist parties upon which it is dependent, and they remain opposed to the proposed legislation. No broadening of the government's parliamentary base by an "opening to the left" appears feasible in present circumstances. Thus the government

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has no room for political maneuver. Its predicament is intensified by the revival of the political crisis in Sicily, and by President Gronchi's repeated threats to bring down the government by prompting the resignation of left-wing CD ministers. For these reasons, the fall of the Segni government could occur any day.

2. Conflict within the CD party has intensified since the national elections in 1958, when the CD, although making some slight gains, failed for the second successive time to obtain a majority in the chamber. The subsequent undermining of Fanfani's short-lived left-oriented CD minority government by CD rightists contributed to factional bitterness within the party. Since then, party policies and tactics have been controlled by the combination of a large center-right bloc headed by party Secretary Moro and Prime Minister Segni, and a small far-right faction. This latter group is just strong enough under present circumstances to hold the balance of power in the party. To date the far-right and center-right groups have largely ignored the warnings of Fanfani's leftist bloc, representing almost half the party professionals, that the party must abandon its present conservative orientation or lose the support of its electorate.

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3. The decline in CD fortunes has been recently dramatized by its elimination from a number of important city and provincial councils which have been taken over by Communist-Nenni Socialist (PSI) combinations. In Sicily, where the hybrid Milano government, which included all parties save the CD, has just collapsed, an attempt probably will be made to fashion a CD/neo-Fascist coalition. If this happens, Fanfani's reaction against the rightist leadership of his party is likely to be stormy, and he may go so far as to pull down the government.

4. The immediate prospects for the Segni government are not clear. Almost any group of its present supporters is capable of pulling down the government. There is a slim chance that at least the threat from the left-wing of the CD will not operate until after the local elections, largely because the Fanfaniani may feel that they do not now have the parliamentary appeal to secure approval of a minority government under their leadership, nor sufficient time to put together a workable coalition before the elections. If it does not fall before the elections, scheduled for May or June, the Segni government will almost certainly not long survive them.

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5. Other political combinations might be formed but none offer great prospects for governmental longevity. One possibility is a simple reshuffle within the present minority government which would give the left of the CD party the somewhat greater representation. Another is the revival of the old de Gasperi coalition spanning all the parties from the Social Democrats (PSDI) through the Liberals, but excluding the parties of the extreme right. Both solutions would be most difficult to implement, however; in the first instance because the CD right-wing is not disposed to see Fanfani's wing of the party again given access to power, and in the second instance because the PSDI would be reluctant to enter a coalition which contained the Liberals. In the event the Sicilian crisis is resolved to the advantage of the CD rightists -- i.e., by forming a government including the neo-fascists -- the small CD far right might be emboldened to form a minority government in which it played the leading role.

6. On the other hand, President Gronchi may soon feel the time is ripe to provoke a government crisis, or may take advantage of a crisis, in an attempt to impose an entirely different solution, constituting a clear move to the left.

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With luck and some cooperation from a handful of independent and floating deputies he might be able to put together a bare majority coalition under left CD leadership embracing the PSDI, the CD, and the Republicans, but excluding the Liberals. However, to pass controversial legislation such a government would require additional support -- possibly including PSI abstention. We believe there is only a slight chance that such a government could be put together. If, however, it were formed, it would incur the strong reservations of right-wing elements of the CD and would probably soon be sabotaged from within.

7. So long as bitter factional strife persists within the CD, Italian politics will remain unstable and the life of governments unpredictable. Governments leaning to the right or to the left may be formed for short periods, but the limitations on their freedom of action are already clear. Continued dependence on parties to the right of the CD will mean that a CD-dominated government could not hope to strengthen its position with the electorate by the passage of social legislation. Dependence on the abstention of the PSI for operation of a left-oriented government would further sharpen the internal conflict

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and dissidence within the CD. In neither instance would the CD party's internal cohesion be strengthened, at least in the short run, nor would its bargaining power with other parties be improved.

8. Instability is therefore likely to remain for some time the main feature of the Italian political scene. The principal center party will probably be unable to prevent some further deterioration to its over-all position. In these circumstances we can only envisage the strengthening of the extreme right and of the Communists and PSI; the PSI is likely to be the greatest beneficiary. Any reversal of the trend suggested above is not likely before the next national elections in 1963. For this reason, the date of these elections might be advanced.

9. During the next several months the CD party will almost certainly retain the leadership of the government. Accordingly, we remain confident that our judgments on the course of Italian

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foreign policy contained in NIE 24-58, "The Political Outlook
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for Italy," will stand up. However, the progressive weakening
of the center in Italian politics -- which has held the key to
government and policies since the War -- seems to us to suggest
the need for a review of the Italian estimate after the immediate
impact of the local elections of this spring is clear.

FOR THE BOARD OF NATIONAL ESTIMATES



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SHERMAN KENT
Chairman

* NIE 24-58 indicated that although Italy would probably seek
a greater voice in European circles and pursue a more vigorous
foreign policy, it would maintain close ties with the US and
continue to give strong support to NATO and European integration.