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CENTRAL INTELLIGENCE AGENCY
OFFICE OF NATIONAL ESTIMATES

27 March 1957

STAFF MEMORANDUM NO. 18-57

SUBJECT: The Italian Political Scene

1. The current weakness of the Segni Government marks another stage in the erosion of the coalition's cohesiveness since DeGasperi's death, and illustrates anew the narrow limits within which the Italian democratic center operates. A basic element in the present situation has been the trend in opinion away from the political extremes over the past year or two; the slow decline in Communist strength, accelerated by events in Hungary, has reduced the political threat of the PCI. This in turn has loosened the cement binding the center coalition. The consequent greater maneuverability of the non-extremist Italian political parties has recently been manifest in: (a) more independent attitudes toward controversial legislation; (b) withdrawal of Republican (PRI) pledged voting support for the coalition; (c) repercussions from the Togni appointment; and (d) most important, heightened efforts of the Social Democrats (PSDI) and the Nenni Socialists (PSI) toward unification. As a result, speculation is rife concerning an imminent cabinet crisis and the possibility of early national elections.

2. An immediate issue threatening the government's tenure has been parliamentary consideration of the Agrarian Contracts bill. Although the government coalition some time ago agreed on a compromise version of the bill, the PRI withdrew its support when the legislative process was resumed recently. Segni then called for a vote of confidence, which was won by only a very narrow margin. The issue is far from resolved, however, since Segni is committed to passage of the bill unchanged if he wishes to retain the Liberals (PLI) in the coalition. Yet he faces opposition not only from the PRI, but also from elements of the PSDI, a government party. His opponents have reserved the right

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to debate each provision of the bill separately and he is prepared to make a confidence issue of every clause if necessary. While further consideration of the Agrarian Contracts bill could thus entail the fall of the government, it is possible that the issue will be avoided for the immediate future. It is also possible that when the bill is reconsidered Segni will be able to maneuver it through by threatening to lead his Christian Democratic Party (CD) toward a center-right position.

3. On the other hand, the value of such a tactic has already been somewhat reduced by the outcry against Segni's recent appointment of right-wing CD deputy Togni as the first Minister of State Participation. The grant to a conservative of substantial control over state holdings in industrial and commercial enterprises has provoked heavy criticism from the left and left-center, including many elements in the coalition. Repercussions have been particularly serious within the PSDI; open conflict between Vice-Premier Saragat and Party Secretary Matteotti caused the latter to tender his resignation. While his offer has been rejected and the controversy temporarily stilled, the issue highlights the dilemma facing the PSDI: whether to continue participation in a government which may increasingly turn right to compensate for lost strength on the left, or to leave the coalition before arrangements for an alternative alignment have entered a final phase.

4. This dilemma and the growing enervation of the government are largely attributable to the increased pace of Socialist unification efforts over the past year. The difficult and protracted negotiations between the PSI and PSDI have affected not only the participants, but the various elements of the coalition, with a consequent debilitating effect on Segni's position. These negotiations appear to be making slow but continuous progress. Nenni seemingly received a rebuff to his unification policy at the February PSI Congress, but its complex results and current indications that his influence is generally undiminished suggest that he was merely warned by his party to move with more caution toward an approved goal. For his part, Saragat is under pressure from the PSDI ranks, President Gronchi, and other European Socialist parties to amend his suspicious attitude and his insistence on ideological concessions by Nenni. In fact, Nenni's position regarding the PCI and foreign policy questions now closely resembles that of Saragat himself when he broke with the PSI in 1947.

5. While the principals thus are cautiously feeling each other out on further unification moves, the rank and file of their parties increasingly seem to be making contact on the local level. The obstacles

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to unification in terms of labor affiliation, the cooperatives, and financial support remain very substantial. But progress is also being made on these problems. The current defection of several small PSI groups in industrial cities from the Communist-dominated CGIL to the Social Democratic UIL are particularly significant, since the labor union issue is often regarded as the foremost barrier to unification.

6. Nevertheless, both the PSDI and the PSI — and especially their functionaries — will continue to fear any dramatic shifts in position, and progress toward unification will therefore probably continue to be slow. Saragat's obvious concern that he would be overshadowed by Nenni in a reunited Socialist party is duplicated among political job-holders in both parties. Yet there is mounting pressure on Saragat to take a clear stand with respect to both the unification issue and the question of PSDI participation in the government. The scheduled PSDI Congress in June is increasingly regarded as the touchstone for Saragat's intentions and, by extension, for Socialist unification.

7. The cumulative effect of the above political issues could spell the fall of the Segni Government at virtually any time. On the other hand, there still are elements of strength in Segni's position. Although plagued by the immobilism inherent in the position of the Italian democratic center, Segni has had some success in promoting his legislative program, generally with Socialist support. Under present conditions it would be very difficult to replace the current government with one equally effective. To change the conditions would require either drastic political shifts — which we do not anticipate — or early elections. Here again Segni derives some strength from the general reluctance to take responsibility for such a controversial step; the determining elements favoring and opposing early elections appear in rough balance at present. Moreover, elections this spring will soon be out of the question on grounds of timing, and summer elections are widely abhorred. There now appears to be a slightly less than even chance that national elections will be called before their scheduled time next year. Thus, Segni may be able to retain office for a while by playing on fears of untimely elections, and by maneuvering to pick up necessary support alternatively from the right and left in steering a course through the forthcoming difficult legislative period.

8. If the Segni Government nevertheless were to fall in the near future, there would probably be a somewhat increased chance of elections before the end of 1957. However, a protracted crisis or the

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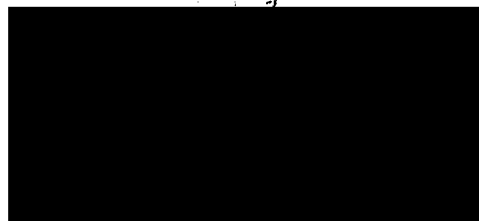
early collapse of a successor government might be a prerequisite to a call for elections, since President Gronchi appears determined to retain the present parliament until it obviously prevents formation of a relatively stable government. Prolongation of Segni's tenure or the successful formation of a new government with reasonably good prospects for survival therefore would probably result in adherence to the 1958 electoral schedule.

9. The Italian political scene thus will probably be marked by continued instability and uncertainty until the general elections, which may not occur until next spring. But changes could take place during the interim which would substantially alter the political situation. The center coalition era and its principal determinant -- the threat from the extreme left -- may be coming to an end. If Socialist unification is achieved and the Christian Democrats cannot make compensating gains on the right, the postwar center monopoly of power might be terminated and a period of political experimentation might begin.

10. On the other hand, Christian Democracy is still a powerful political force with considerable popular appeal. If the Christian Democrats were able to reconstruct their center coalition after elections -- most likely if Socialist unity were not achieved by that time -- they could continue to govern despite the confusion on the left. In that event, the Italian political scene would appear little different than it has over the past several years. The Italian Socialists, frustrated in their efforts to gain a voice in government, would probably drift back into cooperation with the Communists. Italy would be given a further dose of immobilism with its implicit dangers for the longer term.

11. Of these two alternative political developments, we believe there is a slightly greater chance that the former, i.e., the termination of center coalition government, will occur. However, the outcome will be affected by various domestic and international developments -- many of which are incalculable -- and particularly by the future of Socialist unification efforts, to which the Social Democrats now seem to hold the key.

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