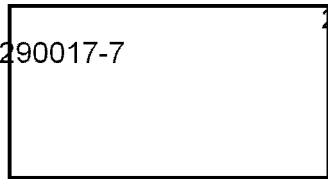


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20 June 1951

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INTELLIGENCE MEMORANDUM

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Intelligence Memorandum

Subject: Communist Gains in Italy

1. A series of local elections involving some two-thirds of the electorate has revealed the paradoxical nature of Italian Communist strength. On the one hand, despite a declining membership, the Communists have gained in popular vote since the 1948 elections. On the other, they have lost control of municipal administrations in the key industrial centers of north Italy. The pro-Western, pro-Government parties, led by Premier de Gasperi's Christian Democrats, have gained control of these centers. At the same time, the Christian Democrats have lost in popular vote since 1948. The chief source of Communist strength seems to be the failure of the Government to represent working-class interests. Meanwhile, another series of elections will be held in the fall, largely in southern Italy, where depressed economic conditions particularly favor the Communists.
2. Communist losses of control of municipal government resulted largely from (1) an electoral alliance of pro-Government parties and (2) rigged elections which permitted any bloc having a plurality of votes to exercise a two-thirds control of a given municipal administration. Loss of control in important municipal centers somewhat reduces the Communists' ability to strengthen their forces through patronage and to influence local politics. However, they continue to possess ample funds and an excellent organization, and to maintain close contact with the workers through application of the Communists' own "social security" system, applied where the people most need help. The Communists still control the municipal governments of Italy's principal naval bases: La Spezia, Leghorn and Taranto. Further, the Party dominates Italy's largest trade union organization, which includes the heavy industry, transportation and communications unions. Finally, the Communists are able to gather extensive support for strikes on genuine economic issues, and they retain the initiative in these matters.
3. The primary cause of continuing Communist strength is the failure of the Italian Government to convince the workers that any substantial betterment in their standard of living can be expected. The workers feel that they have little stake in the present economic order, in spite of the pre-1948 election promises of the Christian Democrats. After three years, and with the expenditure of \$1.3 billion of ECA aid, the Christian Democrats have been unable to remove the basic sources of Italian working-class discontent. To date, some ten percent of the labor force continues to be unemployed, no large-scale land-reform has been achieved, distribution of national income is seriously unbalanced, and the cost of living is steadily rising. The government's program has been impeded by international inflationary pressures and the lack of indigenous raw materials, as well as by important Italian pressure groups

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which lobby against social reform. As a political party the Christian Democrats have become associated in the public mind with special interests and corruption. The resurgence of Fascism in Italy, as exemplified by the inclusion of former Fascists in the government, has further strengthened the Communists at the expense of the Christian Democrats. The Communist propaganda potential is also increased by the electoral gains of the neo-Fascist Italian Social Movement, whose four percent of the total vote represents a rise of some 200 percent over 1948. In some areas, notably Sicily, the neo-Fascists hold the balance of power between the Communists and the Christian Democrats.

4. In the field of labor organization, the absence of a firm and far-sighted policy on the part of the Christian Democrats has been particularly marked. Largely because of the lack of a strong non-Communist organization that could represent the workers' interests, only some two-fifths of Italy's workers are organized, and more than half of these are controlled by the Communist labor confederation. Christian Democratic inertia as regards economic reforms has left the workers distrustful not only of the party, but also of its affiliated trade union group, which has therefore failed to make important gains since it was organized some three years ago. A third labor confederation, sponsored by the moderate Socialists, has a potential for drawing from the ranks of unorganized labor because it is both anti-Communist and anti-clerical, and is not affiliated in the public mind with either the Italian Government or the USSR. It has refused to merge with the Christian Democratic union because such a merger would lessen its appeal both to unorganized labor and to uneasy members of the Communist labor group.

5. Because of the Christian Democrats' Rightist affiliations, and because of dissension among the moderate Socialists, no strong anti-Communist working-class movement has so far developed. The fact that the pro-Communist Socialists in many electoral districts showed a proportionately greater increase in votes than the Communists indicates that many Italians are seeking a left-of-center party, not directly indentified with Moscow. Such a party was finally formed by the amalgamation of two anti-Communist Socialist parties on 1 May, but this occurred too late for the new party to make a showing in the elections. The new Socialist Party, pro-Western but critical of the government's domestic policies, has now withdrawn its representation in the Cabinet and, by so doing, has increased its ability to draw dissidents from the Communist bloc. Because of internal dissension, the success of the new party is still in doubt. The development of a left-of-center group representing workers and constituting a "loyal opposition" to the Christian Democratic Government is necessary to Italian political life if the government is to be forced to carry out basic social and economic reforms. Without such reforms, Italy will suffer from extremist political pressure that could compromise Italian effectiveness as a participant in the NATO and improve the Communists' chances in the 1953 national elections.