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MEMORANDUM

SUBJECT: The Italian Political Situation

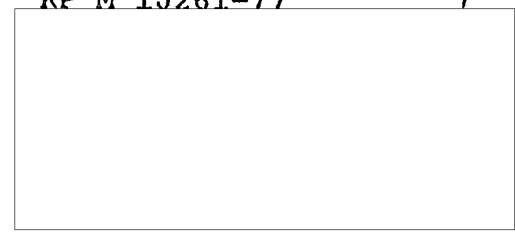
The recent postponement of a potentially divisive round of local elections from November until next spring means that dramatic public clashes are not likely to disturb the Italian political scene in the near future. Intense behind-the-scenes maneuvering will continue, however. The Communists will be trying to lay the institutional and psychological basis for their eventual entry into the government, while the governing Christian Democrats will be searching for ways to escape their deepening dependence on Communist cooperation.

Italian party leaders have just come through a three year period during which they have had to rapidly adjust to sudden and unexpected changes in the political equation. The first shock came in 1974, when a national referendum produced a landslide victory for legalized divorce, suggesting that the influence of the Church-oriented Christian Democrats was threatened by secular trends in Italian society. Confirmation of that impression came a year later when the Communists surprised themselves and their rivals by scoring unprecedented gains in nationwide regional and local elections.

The year between the local elections and the 1976 parliamentary contest was marked by uncertainty about whether Italian voters would trust the Communists with as much power at national level. When the Communists won even more votes in 1976--their 34.4 percent was just 4 points behind the Christian Democrats--party leaders were forced for the first time to weigh the practical consequences of the Communists' growing support. For the Christian Democrats, the Communist Party's gains--and the growing gulf between themselves and their former Socialist allies--meant they could no longer count on a non-Communist majority in parliament. In order to muster a majority on their own, the Christian Democrats were forced to seek Communist abstention in the legislature.

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The Communists agreed and Andreotti's Christian Democratic minority government is now three months into its second year. The Communists had received some significant concessions for their cooperation, but they continued to press during Andreotti's first year for an additional quid pro quo in the form of a larger and more visible role in the policymaking process. The Christian Democrats resisted for months, but finally had to meet the Communists halfway last summer by including them in formal interparty negotiations on key aspects of the government's program.

Much of the political controversy in the coming months will center on the Christian Democrats' varying interpretations of the program agreement. Not only do they disagree on how to implement some of the more vague proposals in the accord; they are also at odds over the larger political implications of the agreement. While the Communists portray it as an historic first step toward government membership, the Christian Democrats characterize it as a temporary arrangement to deal with economic and social emergencies.

Despite these differences, both parties clearly view the program accord as a way to buy time for additional maneuvering and to provide a measure of governmental stability, at least for the next several months and possibly for a year or so. None of the major parties sees anything to gain by bringing down the government in the near term, since there is at present no workable alternative to the Andreotti formula.

The future of Italian politics hinges in large part on which of the two major parties is right in betting that time is on its side. The Communists are hoping that a continuation of the present arrangement will enable them to demonstrate their responsibility, neutralize much of the remaining anti-Communist sentiment, and maneuver the Christian Democrats step by step toward a full fledged governing partnership. For their part, the Christian Democrats hope that involving the Communist Party in the governing process will destroy its uniqueness and eventually sap its strength, forcing the Communists over time to confront their internal contradictions as a revolutionary party with a social democratic platform.

The game is far from over, but the Communist prognosis seems favored over the long term by a variety of factors, among them:

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- the persistent disarray and declining fortunes of the Christian Democrats' other possible allies, the Socialist Party in particular;
- the likelihood that the Communists' moderate policies are gaining them more support in the center than they are losing on the left;
- the likelihood that the longer the cooperation with the Communists continues, the harder it will be for the Christian Democrats to switch back to other ways of governing Italy.

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