

15 May 1979

MEMORANDUM

SUBJECT: Italian Situation

1. Despite pressing economic and public order issues, the campaign for Italy's 3-4 June parliamentary election continues to focus on the question of direct Communist participation in the next government. [redacted]

2. The most visible economic issue during the campaign concerns the stalled negotiations over the the renewal of collective labor contracts in both the public and private sectors. The powerful Italian labor movement has recently stepped up its strike activity--apparently to press its demands for wage increases and working hour reductions and to force Prime Minister Andreotti's weak caretaker government and private employers to complete the contract negotiations before the election. Although the contracts will probably not be resolved within this time frame, labor unrest is likely to increase and further heighten campaign tensions. [redacted]

3. The campaign has already been marked by an increase in terrorist activity--instigated by leftwing groups such as the Red Brigades and directed primarily against the Christian Democratic Party. The [redacted] violence has provoked a polemic between the Christian Democrats and Communists as they try to outdo each other in condemning terrorism. For the present the two parties have joined to support the use of regular military troops in improving security around likely terrorist targets during the campaign. (But if the violence continues to escalate this sort of uneasy cooperation between the two parties will probably give way to stronger mutual recriminations.) [redacted]

4. The substantive issues of the campaign can be reduced to a single political question: the composition of the post-electoral governing formula. The Communist, Christian Democratic and Socialist Parties--the major actors in the negotiations to form a new government--have already mounted aggressive campaigns designed to maximize their post-electoral bargaining power. But evidence of voter apathy and an unusually large undecided vote--estimated at between 20 and 35 percent--have encouraged the parties even more than usual

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to leave their post-election options open. This means there is likely to be a protracted period of negotiations on a new governmental formula following the election. []

5. The Christian Democrats, Italy's largest party, are optimistic that they will improve on their 1976 tally of 38.7 percent of the vote by one or two percentage points. Although the party is united under the banner "no Communists in government", Christian Democratic leaders are deeply divided over post-electoral strategy. Supporters of Prime Minister Andreotti and Party Secretary Zaccagnini apparently wish to establish a cooperative relationship with the Communists--short of granting them cabinet seats--following the election. But influential Christian Democratic conservatives prefer closer ties with the Socialists and smaller parties and hope to form a government coalition excluding Communist support. []

6. The Communist Party--Italy's second largest--cautiously predicts it may drop a few points from its 34.4 percent total in 1976. There is some uncertainty whether the Communists will faithfully uphold their campaign theme--"either in the government or in the opposition"--following the election. (Some Communist leaders are considering supporting a government--perhaps by abstaining in a confidence vote--provided some arrangement can be negotiated to give their party greater influence over government policies. There are indications, however, that the Communist rank and file would prefer to join the opposition if the party's demands for cabinet seats are not met.) []

7. The Communist attitude toward the Socialists is somewhat ambivalent. They apparently demand that the Socialists cooperate with them to damage Christian Democratic electoral prospects, but the Communists also seem to fear large Socialist Party gains or losses--which might encourage Christian Democratic offers of a post-electoral alliance or make the Socialists vulnerable to such offers. []

8. The Socialists--as Italy's third largest party--hold the balance of power between the Christian Democrats and Communists. It is likely the Socialists will neither gain nor lose very much in relation to their poor showing, 9.6 percent, in 1976. The Socialist Party's electoral prospects hinge on its ability to convince dissatisfied Christian Democratic and Communist voters that the Socialists are an effective alternative. (But Socialist leaders evidently disagree strongly on the type of government which should be formed following the election.) Supporters of Party Secretary Craxi appear willing to consider a coalition with the Christian Democrats--especially if the quid pro quo included a Socialist as prime minister.

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Followers of Deputy Party Secretary Signorile, however, continue to reject participation in any government which excludes the Communists.

9. If the results of the election--as now appears likely--do not significantly alter the Italian political balance of power, the Christian Democrats will undoubtedly try to minimize internal strains by first seeking to form a government excluding the Communists; the Communists will probably press their demands for a direct cabinet role--while trying to keep the Socialists from defecting to the Christian Democrats; and the Socialists are likely to continue to refuse supporting any government opposed by the Communists. However, faced with this stalemate following the election, the three parties will probably be forced to scale down their respective demands and work out yet another compromise formula.

10. The post-election bargaining is likely to be protracted, however, and may not produce an agreement until the Christian Democratic Party has held its congress in the fall. Unless the election produces more change than is currently anticipated, it will be difficult to form a government which, does not at least give the Communists an increased role in policy making, even though they do not seem likely to get cabinet seats in the next administration.

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