

August 22, 1962

MEMORANDUM FOR

Mr. Ray S. Cline  
Deputy Director (Intelligence)  
Central Intelligence Agency

EO 12958 1.5(c)<10Y  
EO 12958 1.5(d)<10Y  
EO 12958 3.4(b)(1)>  
EO 12958 3.4(b)(6)>  
(S)



#1 is a memorandum from Komer and myself to the President on April 27. This led to a memorandum from McGeorge Bundy to General Taylor on May 2, the operative paragraphs of which read as follows:

"The President has been reviewing the Italian political situation and would like to have a recommendation from the Special Group, as a matter of urgency, with respect to further support for the Socialist Party (PSI), in connection with the serious contest which it faces in the 1963 elections against the Italian Communist Party (PCI).

"The President wishes the cost, feasibility, and desirability of such a larger-scale operation to be fully assessed, and he would hope for an affirmative recommendation if adequate means of action can be found. It would be his expectation that the program would be a one-shot operation and not a continuing subsidy."



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DATE: AUG 2002

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The Reinhardt argument, as you will see, is (1) that the autonomist wing of the PSI is doing well on its own [redacted] (2) that future PSI gains will be at the expense of the CD and PSDI, not of the PCI; (3) that, as the PSI grows stronger, its competition with the Communists for working class support will compel it to press the Italian Government to ever more radical positions; (4) that the center-left experiment, far from isolating the Communists, is at present giving them a new respectability and producing a popular-front mentality; [redacted]



Reinhardt's points 2, 3, and 4 are matters of which Fanfani, Moro and Saragat are presumably the best judges; [redacted]

[redacted] It is worth noting that Fanfani told Stevenson and Horsey on July 24 that, so far as the Nenni Socialists were concerned,

"matters were going much better than had been anticipated. He said he had had a long talk recently with Nenni and he implied that they found themselves in agreement on future policies. Fanfani said that Nenni had made no objections to Italian foreign policy, not even in private.... The process

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of the PSI breaking away from the PCI was going even faster than expected. For the first time in the Province of Brescia, the Communists were in the opposition; and also for the first time, the PCI was in the opposition in all the provincial capitals of Lombardy."

In this connection Signor Morlino, who is in charge of the DC office for local and provincial administrations and is close to Moro, called on me on August 10. He gave me an idyllic picture of CD-PSI relations, claims that there has been no PSI pressure on foreign policy, predicts that the PSI will continue steadily to disengage itself from local ties with the PCI, and even defends the regional government scheme, contending that it has deep roots in Catholic social philosophy.

In connection with Ambassador Reinhardt's point 3, it is my understanding that, since Freddy left Italy, the PSI trade unionists have been playing a moderate rather than an extremist role in the labor troubles. As for point 4, it should be noted that Nenni in his Epoca interview said that "the crisis of Stalinism is truly the crisis of modern communism" and declared it to be the result of the communist failure "to implement socialism in a climate of democracy and freedom." In response, Unita denounced the interview for its "harsh and baseless attacks against the policies of the Italian Communist Party" and said that it was "pervaded by a lively anti-Communist spirit." Unita charged Nenni with turning his "opinions about Stalinism and the problems of socialism in the exercise of power into the foundation of his whole political strategy."



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Arthur Schlesinger, jr.  
Special Assistant  
to the President

Attachments

as:gs