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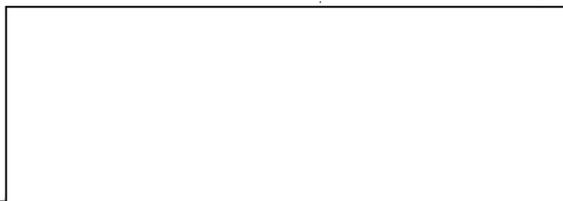
Prospects for and Consequences of Increased Communist Influence in Italian Politics

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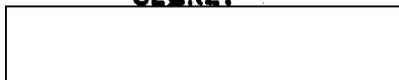


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The following intelligence organizations participated in the preparation of the estimate:

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PROSPECTS FOR AND CONSEQUENCES OF INCREASED COMMUNIST INFLUENCE IN ITALIAN POLITICS

PRINCIPAL CONCLUSIONS

Throughout the postwar era, the Italian political system has shown an ability to weather a succession of seemingly mortal crises. Moreover, it has done so without the direct participation of the country's second largest political party—the Italian Communist Party (PCI)—since 1947. Over the years, however, the Communist Party has acquired considerable influence in local governments. In addition, it has had an impact on national-level policymaking through its performance in parliament and through carefully-nurtured but informal consultative relationships with the governing parties. In recent months, the Communists have stepped up their campaign for a larger and more direct PCI role in the governing process and have drawn attention to this effort with a new slogan—the “historic compromise.” The idea behind the slogan—a *modus vivendi* with the dominant Christian Democratic Party—is an old one that has influenced many of the party's tactical maneuvers since the end of World War II. This paper examines the factors that are working in favor of a more direct Communist role in the national government, the obstacles to it, and the

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forms it might take. It also considers the consequences for Rome's relations with the EC, NATO, and the US should the PCI succeed. The principal conclusions are:

- A. Communist influence in Italy is on the increase. Communist strategy has gone far toward achieving the Party's acceptance as a legitimate organization, qualified to take a place eventually in a national government coalition.
- B. Communist chances for attaining this objective have been improved by the deteriorating economy, the general decline in anti-Communist sentiment, the growing difficulty of governing Italy with the previous formulas, and the international climate of detente.
- C. The governing parties continue to resist the idea of PCI participation in the government, and some in the PCI oppose any partnership with the Christian Democrats. The PCI does not appear prepared to accept actual membership in a governing coalition at this time. Nevertheless, some leaders of the Christian Democratic and Socialist Parties no longer rule out an eventual deal with the PCI even though they do not yet feel compelled to come to terms with the Communists.
- D. An abortive coup attempt from the right or an economic collapse are the circumstances most likely to force the Christian Democrats into an immediate accommodation with the Communists.
- E. Short of such contingencies, the PCI will continue to apply pressure for a gradually increasing role in the national government—the "historic compromise" strategy. In this process, the PCI will seek to use as leverage its influence with labor to attain such objectives as formalized consultations between the Communists and the governing parties, ad hoc Communist support in parliament for the governing coalition, and an increase in collaboration between the Communists and governing parties in local governments. This process could take years.
- F. Once in the coalition, the PCI would not be likely immediately to demand sweeping changes in the constitutional order. The

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Communists would avoid pushing for radical solutions to Italy's domestic problems, at least initially, and would concentrate on consolidating a position in the government.

- G. All agree that Communist entry into the Italian government would be bad for NATO: The PCI would seek to prevent any increase in the US or NATO presence in Italy. It would try to discredit the US military presence, to put restrictions on the use of NATO facilities, pose obstacles for NATO activities involving Italian armed forces, and promote petty harassments of US facilities based on legal and other technicalities. PCI membership in government also would pose difficult security problems for Italy's participation in NATO and complicate or jeopardize privileged information exchange programs and, at least in present circumstances of "detente", make it even harder for other allied governments to maintain public support for defense spending.

— The Director of Central Intelligence, State/INR, NSA, and most elements of the CIA believe that the degree of PCI success in these efforts would depend on the relative strength of the Christian Democratic Party, and thus the terms of any CD-PCI agreement. They further believe that the PCI itself would not soon risk its role in government by pressing for radical formal changes in Italy's foreign alignments.

— The DIA, Army, Navy, Air Force, and some elements of the CIA disagree. They believe the PCI would go beyond the actions outlined above to agitate for the removal of existing US bases and, once it succeeded in strengthening its position, would move to withdraw Italy from the alliance altogether. They further believe PCI entry into government would have very serious repercussions on defense preparedness and unity throughout NATO, and call into question the alliance's ability to react quickly and effectively to any Warsaw Pact military actions against NATO or any individual NATO member.

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DISCUSSION

I. COMMUNIST STRATEGY

Form a "New and Different Opposition"

1. The Communists have done more than anyone else to focus debate again on the question of their role in the governing process. They have long followed a strategy calculated to remove any doubts about their willingness to enter the government eventually and to undermine traditional arguments against such a development. The PCI has implemented this strategy with particular effectiveness during the last year.

2. When the center-left coalition—Christian Democrats, Socialists, Social Democrats, and Republicans—was revived last July, the Communists immediately promised a "new and different"—and, by implication, more constructive—opposition. The Communists had been alarmed by a series of events in the early 1970s that began with neo-fascist electoral gains and ended with the formation in

mid-1972 of a centrist coalition in which—for the first time in a decade—the Socialists were replaced by the conservative, business-oriented Liberal Party. By softening their opposition, the Communists hoped both to stem any further drift to the right and to demonstrate that it would be difficult to solve Italy's social and economic problems without Communist cooperation.

3. Accordingly, the Communists refrained from blanket opposition to the government's proposals in parliament while applying pressure for action on specific issues. Of greater importance for the stability of the government, however, was the intervention of the Communists with organized labor. The Communists encouraged the militant unions to back the government's economic recovery program by holding off on major strike activity and excessive wage demands. The Communists thus received part of the credit for the trend toward recovery that developed prior to the onset of the energy crisis.

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To the "Historic Compromise"

4. The significance of the "different opposition" was captured by a prominent editorialist, who noted that the Communists' ability to aid the government in the resolution of key problems meant that, *de facto*, they participated in the governing of the country as much as the parties comprising the coalition. It was precisely this situation that Communist Party leader Enrico Berlinguer tried to exploit last October when he first announced his blueprint for an "historic compromise" between his party and the Christian Democrats.

5. The "historic compromise" proposal contains old and new elements. A strategy of coming to share power through a *modus vivendi* with the Catholics has always been advanced by some elements of the Italian Communist leadership. Seldom, however, has the official party line focused so openly on working out an agreement with the mainstream of the Christian Democratic Party and not just its left-wing elements.

6. Berlinguer surfaced the slogan first in the party's theoretical journal. In the initial formulation, it appeared to be a call for an immediate pact between the Communists and Christian Democrats. The furor created by the proposal from both sides led Berlinguer to backtrack somewhat and indicate that the compromise he envisioned could include the Socialists and other left-of-center parties and was a long-term rather than an immediate goal.

7. Berlinguer did, however, manage to get a threefold message through the debate that developed over the technicalities of the proposal. First, he pointed out that the Communists had demonstrated their ability to make a substantial contribution to the resolution of Italy's most pressing problems. Second, Italy's ruling parties—the Christian Democrats

in particular—had tacitly recognized this by quietly accepting Communist assistance. Third, the Communists were unwilling to furnish such under-the-counter support indefinitely and believe it time for the ruling parties to deliver a *quid pro quo*.

The Chilean Connection

8. One reason that the "historic compromise" gambit attracted so much attention is that it reflected the Communists' shock over the events in Chile. The PCI had been encouraged by Allende's electoral success, but when he was overthrown the party was quick to look for lessons. the PCI leadership concluded that Allende's failure resulted chiefly from the intransigence of the Chilean Socialists and the subsequent alienation of the Chilean middle class. This was seen as evidence that the PCI was on the right course in following a gradualist policy designed to win the support of the Italian middle class. But the main conclusion that emerged from the PCI assessment of Chile was that Italy could not be governed for long against the Christian Democrats, even if the left secured a 51 percent majority. In this sense, the "historic compromise" is a real milestone in PCI strategy.

The PCI International View

9. As a result of the varied role the PCI has played since World War II—both in Italy and in the international Communist movement—the party has come to project an ambiguous image. Some in Italy continue to view the PCI as a classic marxist-leninist party, loyal to a foreign power. Italians in increasing numbers, however, interpret developments during the last decade as evidence that the PCI has become more "social democratic" than "communist."

10. These conflicting images are held not only by Italians generally but by party members themselves. In truth, however, the PCI is a synthesis of opposites, characterized by the persistence of elements of both stereotypes. The problem that this poses for PCI efforts to join the government is nowhere more apparent than in the party's international strategy.

11. The PCI has been fairly successful in retaining its ties with the international Communist movement while achieving a closer identification with Italian national aims. The achievement of the latter would tend to soften the opposition of the other political parties to Communist participation in the government. But for most Italian Communists, the international connection is essential. A purely autonomous Italian party would not satisfy PCI members; many would undoubtedly resign.

12. The PCI leadership has tried to deal with this problem by coming down on both sides of the fence. The party has publicly criticized Soviet moves which reflect negatively on the question of how the PCI would behave if in power (Czechoslovakia, the Solzhzenitsyn affair) while aligning itself with the Soviets on other issues.

13. In the last few years, the PCI has tried, through its European policy, to satisfy both its membership and those Italians who insist that the party demonstrate its independence. The PCI has tried to establish a European identity by working for a strong West European regional grouping of Communist parties. The aim of this effort has been to develop a coordinated West European communist posture—distinct from that of the Soviets—toward key European social and economic issues. In this way, the PCI hopes to appear less dependent on Moscow and increase its acceptability to the non-communist Italian

parties. At the same time, the party would retain that identification with the international Communist movement that is so essential to the greater part of its members.

14. This policy met with partial success early this year when 19 West European Communist parties met in Brussels at a conference organized mainly by the PCI. The conference was the culmination of a PCI campaign over the last several years to develop a coordinated West European Communist posture toward major social and economic issues. The participants did not move as far as the PCI had hoped toward an independent stand on European issues. But the final communique did avoid ritual endorsements of Soviet policies. The PCI also managed to gain acceptance by the other Communist parties of a policy of closer cooperation among Communists, Socialists, and "Christian" forces at the regional level. Thus, the net effect of the conference was to create the impression of a more flexible and pragmatic European Communist movement.

15. All of these PCI tactical maneuvers have taken place against the background of international detente that has gradually eroded the conviction among many Europeans that the USSR is a direct threat to Western Europe and that the PCI (and some other European Communist parties) are handmaidens of Moscow.

II. FACTORS FAVORING A LARGER ROLE FOR PCI

Governing Options Narrowed

16. Over the postwar period, the options for governing Italy within the republican framework have gradually narrowed. In the late 1940s and 1950s, parliamentary arithmetic permitted the exclusion of the left from

the government. Moreover, the four-party centrist formula of those years—Christian Democrats, Social Democrats, Republicans, and Liberals—found broad support in an era when tensions between East and West were at their highest.

17. The centrist alignment, however, ultimately proved unable to meet the demand for broad social, economic, and administrative change that peaked in the early 1960s. Pressure for such changes led to the 1962 "opening to the left" that brought the Socialists into the governing process and established the basic pattern of Italian government for the ensuing decade. But the performance of the succession of center-left coalitions did not measure up to the high expectations, and by 1972 the government was nearly paralyzed by differences among the coalition partners over economic priorities and the utilization of Communist votes in parliament to support reform measures.

18. The Christian Democrats sought to break the deadlock through early parliamentary elections in 1972—succeeding, however, only in extending to the national level the advances scored by neo-fascists in earlier local elections. In the polarized aftermath of the election, the Christian Democrats turned again to the centrist alignment of the 1940s and 1950s. But gradual and steady Communist gains over the postwar period, coupled with the sudden neo-fascist spurt, had severely constricted the center portion of the political spectrum. The centrist coalition tottered along for a year and in the end only proved that Italy could not be governed with a razor-thin parliamentary majority.

19. Thus, a "last chance" atmosphere surrounded the revival of the center-left coalition a year ago, and the parties did succeed in papering over their differences for several

months. In March, however, the coalition fell victim to the same differences among the parties that had brought down its most recent predecessors. The small but influential Republican Party withdrew from the coalition because of a disagreement with the Socialists over the best way to combat inflation. Prime Minister Rumor was able hurriedly to patch together another center-left coalition but, with the divorce referendum on the horizon, politicians were unwilling to spend the time required to reconcile the coalition parties' more fundamental differences. As a result, the coalition nearly collapsed again in June. While it has been patched together again, it does not appear likely to be any more successful than such coalitions have been in the past.

Elections: No Way Out

20. An attempt to create alternatives to the center-left alignment through new elections would probably fail as it did in 1972. The Italian electorate has shown a remarkable degree of stability through seven national elections. The Christian Democrats and Communists have remained in first and second place, respectively, through almost the entire period. The Christian Democrats, however, can draw little comfort from a comparison of their long-term electoral performance with that of the Communists. After capturing an absolute majority in the 1948 election, the Christian Democratic vote dropped sharply and has hovered consistently around 38-40 percent since 1953. The Communists have registered a slight gain in every national election since 1946, when the party won 19 percent of the vote. The Communist vote now stands at 27.2 percent.

21. Thus, nearly all constitutional variants short of a coalition including the Communists have been tried and found unable to provide effective solutions for the country's problems.

The net effect of this experience has been to create a psychological climate that is more receptive to the idea of a government including Communists; although leaders in the political parties, business, the Church and other sectors do not like the idea and hope to avoid any such development, many now consider that it is inevitable in the long run and do not appear excessively alarmed. This is a factor that will work on the Communist Party's side—especially if Italy's social and economic problems become even more acute.

Economic Woes

22. Italy's current political tensions are distinguished from previous political confrontations by the intensity of its economic crisis—a condition which enhances the leverage of the PCI. During the 1960s, booming world demand and Italy's strong competitive position had fostered increasing prosperity and balance-of-payments stability. Rapid industrial expansion obscured an archaic social infrastructure and largely masked the inefficiency and instability of the center-left governments.

23. Now economic problems are helping to lay bare strongly divisive political tensions. Italy—recently recovered from its deepest and lengthiest postwar recession—is beset by record-breaking inflation, a staggering trade deficit, and a poor international credit rating. Most cures for these ills involve economic trade-offs that would heighten strains among the powerful labor unions, the Socialists, and the Christian Democrats. The Communists, by dint of their influence over the labor unions, can play a major role in easing Italy's economic plight if they extend positive cooperation; the same influence would give them major negative power if they chose to withhold cooperation.

24. Side-effects of burgeoning labor union power since the "hot autumn" of labor strife

in 1969 have placed the economy under tremendous pressure. The unions achieved an important role in economic policymaking, initially through threats and strikes and later through legislation that gave labor an edge in most disputes with management. Their tactics cut into output and export growth, however, and helped to tip Italy into a recession. After growing at close to 6 percent annually in the 1960s, the economy reached a postwar low of 1.6 percent growth in 1971; GNP increased an average of only 2.5 percent a year during all of 1970-1972, and then rebounded to 5.5 percent in 1973.

25. Through a "truce" with labor and expansionary economic policies, the government finally stimulated economic recovery last year; however, inflation worsened and the trade balance deteriorated sharply. The labor "truce"—for which the PCI received much credit—cut down on strikes in exchange for hefty wage increases. These wage hikes, along with a rising budget deficit, rapidly expanding money supply, and skyrocketing world commodity prices, pushed consumer prices up sharply. The greatly increased demand also stimulated imports, especially of quality consumer items such as beef and automobiles. Exports picked up, but imports considerably outpaced them, in part because of a severe deterioration in Italy's terms of trade. The growing trade deficit and capital outflows provoked by political instability led to a rapid build-up in Italy's foreign debt.

26. The energy crisis brought the final crack in the dam. Price hikes for imported oil added 3 percent to the consumer price index, contributing to an annual inflation rate of 25 percent during the first four months of 1974. The oil trade deficit zoomed, helping to boost the total trade shortfall to about \$1 billion monthly and exacerbating capital outflows.

27. The central bank spent a little more than \$5 billion to support the lira during January-May. Because of labor union opposition and the fear that the lira had no acceptable floor, the government decided against depreciation through a "clean float." Most of the support funds came from further foreign borrowing, boosting total foreign indebtedness of the public sector to about \$10.5 billion.

28. The huge foreign debt, gloomy trade outlook, and shaky political situation have virtually exhausted Italy's international credit. Foreign exchange resources are now perilously low and there are continuing uncertainties about whether Italy can effectively mobilize its large gold reserves. Large sales of gold to the free market appear unlikely since they would depress the price. Even though the US and other major countries have agreed that gold valued at a negotiated price may be used as collateral for international borrowing, Italy would face difficulties in agreeing on a putative price with a prospective lender. Furthermore, Rome would have misgivings about a precedent that required more than its good faith as backing for borrowing. Of the economic policy alternatives available to the Rumor government, only tighter trade restrictions would have been reasonably palatable to domestic political groups. Following on the prior deposit import schemes imposed in April, however, such action would have seriously antagonized the EC, GATT, and the IMF.

29. To put its house in order and improve its credit position, the Rumor government has finally agreed on a deflationary program. The fiscal and monetary measures represent a compromise between the Christian Democrats, who favored tougher measures to curb import demand and inflation, and the Socialists, who wished to avoid threats to employment and to social spending.

30. While the program should ease inflationary pressures and help the balance of payments, it also threatens to cut back growth and employment. This was the reason for the Socialists' misgivings, but they finally agreed to the compromise package because the situation is so serious. Even Luciano Barca, the PCI's leading economic theoretician, now agrees that stiff austerity measures are called for by the extreme fragility of Italy's economy.

31. The labor unions may go along with the government's program for the time being. But if prices continue to rise because of cost increases already in the pipeline, trade union cooperation almost certainly will evaporate. Widespread strikes could touch off more capital flight and cut into export growth. Large wage hikes, if granted, would offset part of the program's beneficial impact on imports and prices.

32. The Communists so far have not come up with a clear-cut policy to capitalize on the precarious economic situation. Their leaders are aware that their classic economic formula—soak the rich and subsidize the workers' market basket—is not feasible in the current situation. Party economists have struggled in vain to come up with an alternative to austerity measures that would ease Italy's economic problems but be palatable to the labor unions. While the Communist leadership apparently prefers to stay out of the government to avoid the onus of responsibility in the present critical situation, it will press for some political IOUs in exchange for any cooperation it gives.

Anti-Communist Sentiment Fading

33. The PCI has made numerous bids to rejoin the government since 1947, but the Christian Democrats have usually given these short shrift. Lately, however, Christian Democratic responses have lacked the finality of

earlier rejections. It is significant, for example, that the Christian Democratic leadership used a carefully worded reply rather than a cursory "no" in turning down Berlinguer's offer of an "historic compromise." The answer was clearly negative, but the door was left ajar for suggestions and supporting votes from the Communists in parliament.

34. It is difficult to estimate how many prominent Christian Democrats favor closer collaboration with the Communists, because most party figures are reluctant to endorse such a concept publicly. But it is clear that a number of Christian Democratic leaders have become privately persuaded that Italy cannot be governed effectively without a contribution by the Communists.

35. The easing of tensions between the Christian Democrats and Communists over the years results in part from a tactic the Communists refer to as "conditioning." Over the years they have encouraged the development of "cloakroom" consultations with the governing parties. There are discussions between PCI financial experts and government officials, for example, before the submission of the budget. Overseas trips by PCI foreign section officials are frequently preceded by consultations with foreign ministry officials. As a legal constitutional party, the PCI is consulted routinely by the prime minister on many other matters. The PCI, for example, was called in

for such talks after the recent terrorist bombing at Brescia.

36. An informal relationship has developed between the Communists and the other parties in parliamentary committees. This is of particular importance because the committees have legislative as well as advisory powers. These committees put on the books about three-fourths of the legislation that emerges during an average session of parliament. Ideological divisions have tended to blur in the committees, even during periods of sharp confrontation on the chamber floor.

37. For its part, the Vatican has abandoned the rigid anti-communist stance that once led it to threaten excommunication for Catholics who voted Communist. Since the election of Pope John in 1958, the Vatican has acquired a more detached view of Italian political developments, although the Council of Italian Bishops has not moved as far in this direction. Both the Church and the Vatican have intervened when they felt their interests challenged directly—as in the divorce referendum. At the same time, the Vatican's statements on social issues, especially since Vatican II, implicitly recognized the validity of many of the goals held by leftist parties.

38. The image of the Church as an anti-communist bastion has meanwhile been diluted by the Vatican's own version of Ostpolitik. The Vatican has taken a number of steps in recent years to improve relations with socialist countries, especially those in the Soviet bloc. The latest examples of the Vatican's conciliatory policy were the removal early this year of the staunchly anti-communist Cardinal Mindszenty as primate of Hungary, the granting of another papal audience for Soviet Foreign Minister Gromyko in March, and the recent visit to Cuba by the Vatican "foreign minister."

39. Since the end of World War II, the Italian Communists have sought to demonstrate that they are not enemies of the Church. The PCI, for example, voted after the war for the inclusion of the Concordat in the new constitution. The party served as a conduit on occasion for Pope Paul's Vietnam peace initiatives. More recently, the Communist delegate to the national congress of a woman's organization took a firm stand against abortion.

40. Business leaders' generally good relations with the Communist-dominated General Confederation of Italian Labor (CGIL) have enhanced the respectability of the Communists among businessmen. Italy's leading industrialist, Giovanni Agnelli, has noted that the CGIL, unlike other confederations, can be relied upon to keep its agreements with management. The CGIL's performance in the last several years has encouraged some important business leaders to believe that labor-management relations would at least be more predictable if the PCI had a larger voice in the government. The recent acceptance of the CGIL into the European Trade Union Confederation suggests that the Italian Communists have acquired a similar respectability at the regional level.

41. The Communists have done much to encourage a less hostile view of the PCI through their effective performance in local government. The PCI at present administers—usually with the collaboration of the Socialists—three of the 20 regions, about a dozen of the 94 provinces and about 20 percent of all the municipal councils. They have been particularly successful at the regional level where they have used their best talent to create showcases of Communist administration. Coordination between officials of different regions to lobby for their interests at the national level have provided another forum for Christian Democratic-Communist consultation.

The Divorce Referendum

42. No recent event has brought the questions of relations between the Christian Democrats and Communists more sharply into focus than the referendum in May 1974 on whether to repeal the 1970 law that made divorce legal in Italy. The Communists were the major supporters of the law and the Christian Democrats its major opponents. The lopsided vote for divorce—59 to 41 percent—astonished everyone and had the effect of strengthening Communist chief Berlinguer in his leadership of the PCI.

43. In many ways, Berlinguer's position in the party was on the line in the contest. He tried to convince Christian Democratic chief Amintore Fanfani to go along with a plan to cancel the contest in order to avoid a public battle between the two parties. Fanfani, however, refused to cooperate, perhaps gambling that a Christian Democratic win on divorce would give the party a stronger position from which to deal with its coalition partners and the opposition. This brought Berlinguer under fire from PCI militants who thought he had erred by publicly extending his hand to the Christian Democrats before the divorce issue was settled. The outcome, however, vindicated Berlinguer's timing.

44. The referendum has been described as a watershed, and Italian politicians will be pondering its meaning for some time to come. They are likely, however, to draw at least the following lessons, most of which favor the left:

—that the anti-Communist theme—the Christian Democrats implied that a vote for divorce was a vote for the Communists—has lost potency. Voters in surprising number appeared to ignore Christian Democratic rhetoric and cast their

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ballots on their preferences over the specific issue of divorce.

— that the sternest admonitions of the Church—including a statement by the Pope—also failed to sway large numbers of voters.

— that the Christian Democratic attempt to repeal the law was an enormous miscalculation of the mood of the electorate. The outcome indicates that voters have moved over the years away from Church or lay-sponsored conservatism to a preference for social change.

— that the progressive implications of the vote will encourage the lay parties in the coalition—the Socialists in particular—to press for more vigorous action on social programs.

45. Because the vote cuts across party lines, the outcome does not necessarily mean that Communist strength would increase in a general election. The Communists can argue effectively, however, that they were in tune with public sentiment on an historically divisive issue and that the Christian Democrats were not. They will use this argument to reinforce their claim that the Communist Party is a respectable organization entitled to a place in the government.

46. The impression conveyed by the divorce vote was strengthened by the outcome of the Sardinian regional election in June. The contest showed losses for the Christian Democrats compared to both the previous regional election (1969) and the last parliamentary election (1972). While the significance of the Christian Democratic defeat on divorce is open to question, the party's setback in Sardinia was clearly a political rebuke by the region's electorate. The Christian Democrats paid the price for five years of poor adminis-

tration by a regional government in which their party held a near majority. Coming on the heels of the divorce defeat, the Sardinian election sounded an alarm that Christian Democratic leaders can hardly afford to ignore.

47. The Sardinian outcome, moreover, serves as a reminder of a more general phenomenon that tends to favor the PCI—an image of corruption and inefficiency that the governing parties have acquired over the years. Postwar Italian politics has been marked by a succession of scandals involving the ruling parties, and the burgeoning governmental bureaucracy has become the subject of widespread ridicule. The PCI, however, has been largely insulated from the effects of these events by its opposition role.

48. In addition, the governing parties have made little effort to push new leaders into the spotlight, relying instead on a stable of personalities whose continual presence accounts for the "musical chairs" quality of Italian government crises. The Communists have been somewhat more successful in this respect; Berlinguer, at 52, is one of Italy's youngest political party leaders. All of this has created a sympathetic atmosphere for those—like the Communists—who argue that it is time for a change.

III. OBSTACLES FOR THE PCI

Opposition Within the Party

49. Although the divorce victory strengthened Berlinguer's position in the party, it will not erase all internal opposition to his "historic compromise" thesis. Some party leaders oppose the concept for tactical reasons while others have serious philosophical reservations about the idea of a Communist-Christian Democratic rapprochement.

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50. Among the former are those who feel that the party is losing its identity and dynamism by following a "soft" opposition policy: that by associating too closely with a crumbling coalition, the PCI risks getting caught in the ruins. They think the party has more to lose than to gain from sharing responsibility, and that it has benefited in the past by avoiding such sharing. The term "compromise" suggests to them that the party is ready to water down its principles to get a deal with the Christian Democrats. PCI president and elder statesman Luigi Longo went public with his unhappiness over the phrase, suggesting in an interview that "historic bloc" might be a more accurate way to characterize the Communist objective. Longo apparently feels that this would make clear the party's readiness for an alliance without suggesting a willingness to compromise the PCI's principles.

51. Other PCI leaders simply remain unconvinced that a rapprochement with the whole Christian Democratic Party is the best avenue to power. These individuals have traditionally advocated a "popular front" route. They envision a gradual spread of PCI influence by gathering converts from other leftist elements up to and including the left wing of the Christian Democratic Party.

52. Berlinguer's personal victory in the referendum ensures that advocates of an eventual deal with the Christian Democrats will hold sway for the time being. But rank-and-file doubts will grow if the policy does not soon yield concrete results. Many reportedly feel that the governing parties have, in effect, slapped the PCI's extended hand by their failure to move vigorously on social and economic legislation.

53. This pressure is already felt acutely in labor circles. Labor leaders were able to defend the "soft" opposition policy to the rank-and-file until inflation, spurred by the energy

shortage, threatened earlier wage gains. In exchange for continuing the moderate policy, labor expected rapid implementation of reforms that would improve worker benefits and create more jobs. The longer these reforms are delayed, the more difficult it will become for the PCI to resist pressure from organized labor for a stiffer opposition.

54. For all of these reasons, Berlinguer cannot move too fast. He would not lead the party into the government if it would cause major disgruntlement and defections at the party base level. Unlike many other communist parties, the PCI is a mass party, and a decision to enter the government would have to be understood and generally accepted by the great majority of the rank-and-file.

Governing Parties Still Resist

55. Even those Christian Democratic leaders who think that a deal with the PCI may eventually be necessary would probably prefer to avoid such a dilution of Christian Democratic influence. The three left-wing factions together comprise about 30 percent of the party; with the exception of the more radical elements in these factions, the Christian Democrats would accept such an agreement only if compelled by circumstances. Most Christian Democrats, therefore, probably regard the "historic compromise" as a last resort and believe, or hope, that time has not run out for existing alternatives. If they do conclude that a deal with the Communists is necessary, they will try to time the bargaining in such a way as to secure cooperation on terms that are least expensive with respect to Christian Democratic influence and prerogatives.

56. The smaller governing parties—Socialists, Social Democrats, and Republicans—probably have more to lose than to gain from a Christian Democratic-Communist rapprochement. They would lose influence under such

an arrangement and fear of this prospect could encourage them to be more flexible on the issues that have paralyzed the center-left coalition. The Social Democrats—the most outspoken anti-Communists in the coalition—have indicated that they may try to organize the three parties into a “lay-left front.” They believe that a two-sided coalition between the Christian Democrats and such a bloc is the only way to isolate the Communists in the post-referendum period.

Mixed Feelings in Moscow

57. The Soviets could ill afford to be seen opposing the entry of the PCI into the Italian government. But the Soviets would see both advantages and disadvantages in such a development.

— On the one hand, Moscow would fear that the PCI entry might lead to political turmoil and right wing reaction in Italy, have adverse reactions elsewhere in Europe on Soviet detente policies, complicate relations with the US, and add to the difficulties of maintaining Soviet influence over the PCI and possibly other Communist parties. There is ample evidence of Brezhnev's distrust and dislike of Berlinguer, and a political success for the PCI might convey unwelcome lessons to other Communist parties under Moscow's tutelage.

— On the other hand, the Soviets would see advantages—enhanced respectability in Europe and elsewhere of Communist parties, a chance to push Italian foreign policy in pro-Soviet or at least neutralist directions, a more congenial Italian stance on such matters as CSCE and MBFR, and opportunities to divide Italy from its allies and to weaken NATO.

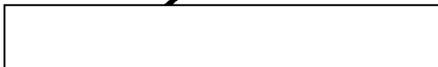
58. Although Moscow's influence would probably not be decisive on this issue, the Soviets would focus their advice on the matter of the terms of participation, urging the PCI to demand maximum advantages as a means of holding the party together along traditional lines. If the PCI took a role in the government on terms not approved by Moscow, Moscow might attempt to discipline it by threats to reduce financial support, but a more likely instrument would be appeals to the PCI rank-and-file.

IV. LOOKING AHEAD

59. Alternative possibilities for the future range from a continuation of the present “cloakroom” relationship between the Christian Democrats and Communists to formal PCI entry into the government and appointment to cabinet posts. Communist membership in the coalition could come about through two basic routes. The first and most rapid path to power lies in an emergency situation, such as an unsuccessful right-wing coup attempt or a total economic collapse. The second avenue is through a longer-term process under which the PCI would gradually chip away at the barriers between itself and the governing parties—essentially Berlinguer's “historic compromise.”

60. The Communists are likely, at the minimum, to maintain their present degree of influence. Even if the Christian Democrats find a way to blunt the PCI drive for a direct role in the government, the Communists will maintain their large electoral base, and their influence in parliament and local governments.

61. The circumstances most likely to bring the PCI into the government rapidly are an unsuccessful coup attempt by right-of-center military and civilian elements or the further deterioration of the economy to the point of collapse. Several separate groups of plotters



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have reportedly engaged in planning for a forceful change to a stronger government. At least under present circumstances, attempts by groups of this sort would probably involve some bloodshed and would be resisted by all organized political forces from the PCI to the conservative wing of the Christian Democratic Party, and might easily impel them into an emergency coalition government.

62. An economic collapse could also lead to such a government. The current economic crisis, together with an upsurge in politically-motivated violence, has sparked considerable speculation about the possibility of a "national safety" coalition, but the economy has not yet deteriorated to the point necessary to produce a consensus in favor of this alternative.

63. If no emergency arises to facilitate PCI entry into the government, the Communists will continue to follow the "historic compromise" strategy in one form or another. A Christian Democratic-Communist accommodation achieved in this way would probably have to evolve through several stages. In all probability, there would be an increase in collaboration between the two parties at the local government level. Before the Socialists were brought into the national governing process in the early 1960s, for example, Christian Democratic-Socialist alliances were formed in Milan, Genoa, Florence, Rome, and Palermo. Relations between the Christian Democrats and Communists have not yet advanced to this stage, although in some local governments there is evidence of behind-the-scenes cooperation between the two parties. Where the PCI does enjoy power in local governments, it is usually in collaboration with the Socialist Party.

64. PCI participation in the national government coalition might also be preceded by the formalization of the "cloakroom" consul-

tative relationship between the PCI and the governing parties. This would gradually be made more visible and might lead to an agreement under which the coalition's majority would include PCI support in parliament. There are elements in the Socialist Party and in the left wing of the Christian Democratic Party which already favor such a development. They reason that PCI support could provide the margin required to pass legislation so far successfully blocked by conservative members of the coalition parties.

65. Berlinguer has been somewhat vague on the timing of the "historic compromise" route, although he usually refers to it as a long-term process. The PCI does not appear prepared to accept actual membership in a governing coalition at this time, although it is clearly ready for at least limited participation—formalized consultations in parliament, for example.

66. The PCI would probably prefer on balance to come into the government through the gradual "historic compromise" route rather than an emergency situation. In an emergency situation, the other parties might well try to return to a more traditional alignment as the crisis receded. The Communist Party could find it difficult to explain its participation to the rank-and-file once normal conditions were restored. The "historic compromise" avenue, on the other hand, would give the PCI time to adequately prepare its members for a government role and "condition" the ruling parties for such an eventuality.

67. If the PCI achieved a full coalition role, the party could be expected to claim several cabinet posts. The Communists have never made clear their cabinet preferences, but they would almost certainly not be content with only minor posts. The Communists would, of course, place highest value on such sensitive

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portfolios as defense, foreign affairs, and interior, but their chances of getting them would be slim, and they probably accept this. The Christian Democrats would almost certainly hold on to these posts. The PCI would have to settle for some important ministries—perhaps labor, justice and budget—along with several minor slots.

Some Political Side-Effects of a CD-PCI Deal

68. Both the Communists and Christian Democrats would try to initiate collaboration in such a way as to avoid sending shock-waves through the Italian political system. A rapprochement between these traditional adversaries—who together account for two-thirds of the electorate—would be bound, however, to affect Italy's long-term political evolution.

69. Both parties would have difficulty maintaining their cohesiveness which, to a degree, has been based on their opposition to each other. This would probably be a more serious problem for the Christian Democrats than for the Communists, who are more disciplined and have taken steps to prepare their members for the concept of the PCI as a governing party. The Christian Democrats have mounted no comparable effort to prepare their rank-and-file for a deal with the Communists.

70. Many conservatives who would defect from the Christian Democratic Party could find a haven in the neo-fascist Italian Social Movement, now Italy's fourth largest party. Some conservative Christian Democrats might even try to organize a new political party.

71. Considerable attention has been given in recent years to the question of constitutional revision. The general aim of these proposals has been to streamline the executive branch and ensure more stable government.

Whether such proposals fade or are given more serious attention after Communist entry into the government would depend on how well the broadened coalition functioned. If a coalition including the Communists proved as ineffective as other combinations, pressure for constitutional change would increase since the last resort under the existing framework would have been tried and found wanting.

72. The Communists value highly the power they have attained through the parliamentary system—a system which they helped to formulate—and they would be cautious about efforts to change it. They would probably lobby, however, for some institutional changes that would strengthen advantages they already have under the present system. They might try, for example, to endow the 20 regional governments with more powers and to give labor a larger voice in economic planning.

73. The PCI, however, would not be likely to assume a revolutionary posture and demand sweeping changes in the constitutional order. The PCI participated in the drafting of the constitution and has generally made it work to the party's advantage. The party would also be restrained by the vested interests of many of its followers in the existing system. The PCI's work within the system has provided bureaucratic-type jobs for many Communist followers and thus had the effect of institutionalizing the party's pragmatic tactics. Moreover, the PCI's influence in local governments, especially in its Red Belt power base, depends more on the satisfaction of concrete personal and group interests—through such activities as profit-making cooperatives—than on its espousal of revolutionary ideology.

74. If Communist participation were preceded by an appropriate lead-in period, military and right-wing opposition to it might not be able to find an issue on which to rally



support or to precipitate counteraction. If the two parties consummated a deal too hastily, however, there would be a distinct possibility of some type of violent action aimed at the overthrow of the government.

75. Under most circumstances, however, a coup attempt in Italy would probably fail. The acquiescence of the Carabinieri would be very important to any such attempt, and such acquiescence is questionable. It is also doubtful that many in the middle and lower ranks of the military would go along. Even if a coup attempt were successful militarily, the coup leaders would have great difficulty in providing a workable government. Should they fail, it would only reinforce the PCI claim to a share of governmental power. If a coup were led or sponsored by prominent civilian political leaders, some of these obstacles would be reduced, but even in this case, an attempt to carry it out against the opposition of the PCI would involve serious risks of political and economic turmoil in Italy.

V. THE PCI IN GOVERNMENT

76. The following assessment is intended primarily to describe how the PCI would behave if it achieved a governing role through the long-term "historic compromise" route. Much of it would also apply to PCI behavior in an emergency government, assuming that the PCI remained in the government after the emergency had receded. By its nature, however, the latter type of government would focus in its early stages on certain urgent problems, such as the restoration of civil order or the stabilization of the economy.

Domestic Affairs

77. Once in the government, the Communists would probably not insist on radical solutions to Italy's domestic problems. They would

probably pursue goals similar to those sought by the Socialists during the last decade, but with more discipline. The emphasis would be on social, economic, and administrative legislation in such specific areas as housing, education, medical facilities, southern development, pensions, fiscal policy, and the national bureaucracy.

78. Berlinguer is now on record in favor of promoting stable economic growth as the most effective way of increasing worker benefits. Communist endorsement of this concept with which the governing parties can have no quarrel, means that disagreements within a coalition that included the PCI would center on means rather than ends. It also means that the Communists would hesitate to encourage excessive strike activity or other labor agitation that would severely disrupt productivity.

79. At the last party congress, Berlinguer acknowledged that the public sector has grown more in Italy than in any other EC country and indicated that the Communists do not advocate further sweeping nationalization as a matter of principle. The PCI favors, instead closer parliamentary supervision of existing state entities and the dilution of Christian Democratic control over the public sector.

80. If admitted to the government, however, the Communists probably would not gain major concessions from the Christian Democrats on this score. The Christian Democrats have always kept the Ministry of State Participations for themselves (it has never gone to a Socialist in center-left coalitions), and they would almost certainly not yield that portfolio to the Communists. Rather, they might agree to a state takeover of pharmaceuticals—one of the few industries still targeted for nationalization by the PCI.

81. The Communists would not be likely to try to put limits on the freedom of the press

or other media, at least during the early stages of their participation in national government. Their record so far suggests, on the contrary, that they would probably try to work with the non-communist press. The party has a history of pragmatic accommodation, for example, in its dealings with a leading conservative daily based in the PCI stronghold of Bologna.

82. A primary domestic goal of the PCI would be the neutralization of any forces capable of participating in a right-wing coup. The Communists have traditionally been concerned about such a prospect. They are already embarked on an effort to improve the party's relations with the police and the military by supporting improved pay and better working conditions for lower level personnel in these fields. The governing parties have lately shown an increased willingness to crack down on neo-fascist groups (technically outlawed by the constitution), and the PCI would vigorously encourage this tendency.

Foreign Affairs

83. Domestic policy questions, as a rule, matter much more to Italian political leaders and the Italian public than foreign policy. Foreign policy, nevertheless, would be a touchy issue in the political bargaining prior to Communist entry into the government.

84. Communist membership in the governing coalition would have little effect on Italy's policy toward the European Community. The Communists strongly opposed the EC initially but concluded several years ago that Italy's rising prosperity, and by implication, the welfare of the PCI's working class constituents, derived in large part from the country's membership in the community. The party has since supported EC membership and would continue to do so as a governing party. It would, however, continue to agitate for the "democratization" of the Community, i.e., direct elec-

tion to the European Parliament and a larger voice for European labor in Community decision-making.

85. The most sensitive foreign policy question would undoubtedly be Italy's membership in NATO, to which all of the governing parties are committed. PCI propagandists for years made a byword of the slogan, "Italy out of NATO, and NATO out of Italy." The PCI has gradually moderated its position, however, and at the 1972 party congress Berlinguer asserted that the NATO problem could no longer be approached with such a simple pronouncement. The PCI has made clear that it does not intend to agitate for Italy's withdrawal from NATO now or immediately upon entry into the government. The Communist position now centers on support for the gradual "abolition of blocs" but stops short of calling for the dissolution of NATO in the absence of parallel dismantling by the Warsaw Pact. This position has narrowed the gap between the PCI and the governing parties on the NATO question, and may enable them to find enough common ground so that this issue would not prevent Communist membership in the coalition.

There is some disagreement within the intelligence community over how serious an impact PCI entry into the government would have on NATO and Italy's commitment to it.

The following four paragraphs reflect the views of the Director of Central Intelligence, State/INR, NSA, and most elements of the CIA.

86. PCI entry into the government would entail adverse, though not necessarily disastrous, consequences for NATO and Italy's role in it. Once in the government, the Communists would seek to prevent any increase in the US or NATO presence in Italy. The party might eventually agitate more forcefully

for the removal of existing US bases. Although the PCI has done this routinely—most recently in the case of the US nuclear submarine tending facility at La Maddelena—it has so far stopped short of forcing parliamentary votes on such issues. PCI membership in the government would of course lead to difficult security problems for Italy's full participation in NATO activities.

[redacted] The need to seek a consensus within the government would, moreover, hinder Italy's ability to respond rapidly to situations requiring coordinated alliance action.

87. In general, the PCI would probably insist on the narrowest possible interpretation of Italy's NATO commitments, and would try to discredit the US military presence in Italy. The Communists would be likely to try to put restrictions on the use of NATO facilities and to pose obstacles for NATO exercises and other activities involving the Italian armed forces. They would promote petty harassments of US facilities based on legal and other technicalities. (Events such as the recent press campaign alleging nuclear pollution at the La Maddelena facility would provide ideal opportunities for the PCI.)

[redacted] 88. The degree of PCI success in these efforts and the long-term consequences for NATO would depend on several factors. One would be the relative strength of the Christian Democratic Party at the time any agreement was made—the terms it was in position to insist on with respect to the limits on PCI influence over external policy. Another factor

would be international—especially the state of detente.

89. As for the effects on NATO of PCI entry into the government, a continuation of the international detente atmosphere, if coupled with a PCI policy of moderation, would make it more difficult for other European governments to persuade their own people of any need to increase resources to defend against a Communist threat; and probably would lead to increased divisiveness within the Alliance. If, on the other hand, the PCI emphasized militancy on these issues, especially if the general atmosphere of East-West relations showed signs of reverting from detente, PCI participation in the Italian government might have some re-galvanizing effect on the political will of NATO members, even as it posed other problems for NATO. In these circumstances, of course, there would also be very strong pressure for the removal of the PCI from the government.

The following three paragraphs reflect the views of DIA, Army, Navy, Air Force, and certain elements of CIA.

88a. Once established in the government, the Communists would, at a minimum, seek to prevent any increase in US or NATO presence in Italy. Indeed the party would probably soon agitate for the removal of existing US bases. Although the PCI has routinely protested the US military presence in Italy—most recently in the case of the US nuclear submarine tending facility at La Maddelena—it has so far stopped short of forcing parliamentary votes on such issues. The Communists would be likely to try to put restrictions on the use of all NATO facilities and other activities involving the Italian Armed Forces. At the same time they would probably encourage increased contact with Warsaw Pact military forces, including port calls by units

of the Soviet naval forces in the Mediterranean. Once it succeeded in strengthening its position in the government, the PCI would almost certainly move to withdraw Italy from the alliance altogether.

87a. PCI membership in the Italian government would be a serious blow to an Alliance already hard pressed to maintain its military effectiveness in the face of widespread sentiment for detente, economic problems of crisis proportions, and a host of divisive issues. Communist participation in the Icelandic and Portuguese governments has already caused considerable difficulties for NATO. Italy occupies a much more important role in the Alliance than either Iceland or Portugal, however, and the impact would be much greater. PCI participation in an Italian government would make it more difficult for the other NATO members to persuade their own people that increased resources be provided to defend against the Communist threat. Divisiveness within the Alliance would be further increased; some countries, such as Greece, might use the issue as a pretext to withdraw from various cooperative projects and operations involving Italy.

[REDACTED]

Grave problems would arise from the outset with respect to Italy's participation in nuclear defense planning and operations.

[REDACTED]

The need to seek a consensus within the government would severely limit Italy's ability to respond rapidly to situations requiring coordinated alliance action. It would further call into question the alliance's ability to re-

act quickly and effectively to any Warsaw Pact military actions against NATO or an individual NATO member.

88a. Even if PCI militancy on NATO matters had some regalanizing effect on the political will of other European NATO members, it would be transitory. (This was the case in the period following the Soviet invasion of Czechoslovakia in 1968). In these circumstances, translation of some temporary increase in Western Europe's political will into enhanced military capabilities would be minimal.

90. On broader international issues, the Communists would in general try to nudge Italy toward a more neutral posture. Italy has traditionally given firm support to the concept of a close partnership between the US and Western Europe. The Communist Party's official line on Europe is almost Gaullist by comparison. The PCI has shown considerable interest in the concept of a united Europe but argues that such an entity should be a neutral force between East and West—"friendly to both the US and the USSR." On the majority of international issues, however, the Communists would support the USSR, and their presence in the government would require a new assessment of Italy's reliability as an ally.

91. Recent events suggest that—over the longer term—the PCI might find it easier to push Italian foreign policy in this direction. The Communists, for example, have long advocated a swing to the Arab side in the Middle East conflict; Italian policy makers took a clearly pro-Arab position in the aftermath of the October war. The PCI has for years railed against the Western oil companies and encouraged moves to supplant them with

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the Italian state company (ENI) wherever possible; the new national oil plan is a step in this direction.

92. Disagreements with the US over such specific issues have been accompanied, in recent years, by a trend—reflected in recent opinion polls—toward a general preference

for Italian participation in an independent Europe, with less emphasis on close partnership with the US. This trend has not cancelled out the complex of close ties which underlies US-Italian relations historically, but if it continued indefinitely it would certainly erode them.

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