

23 May 1958

MEMORANDUM FOR: Deputy Director/Intelligence

SUBJECT: Speculation on the Outcome of the Italian Elections

1. The outcome of the elections is forecast as follows:

The PCI and PSI will do generally better than expected, perhaps as much as 2-3 percentage points each, with the likelihood that the PSI will gain more than the PCI.

The DC will do worse than expected, and may lose as much as 3 percentage points.

The PSDI will hold its own.

The linked Republican and Radical tickets will at least hold their own, and the PLI may gain sharply.

Olivetti's Community and its allies will poll the 300,000 necessary to qualify for seats; Olivetti will be elected to the Senate.

The monarchist and neo-fascist parties will hold their own.

2. These predictions are based on a pessimistic evaluation of the following considerations:

The failure of the DC dominated regimes to improve the unemployment situation has embittered large elements of the working class.

The relative improvement of the economic situation has benefited only a small part of the class from which the protest vote traditionally has come.

Even those who have benefited substantially will continue in many cases to vote left in order to keep up pressure for further advance.

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Those who graduate from the protest class will be replaced by others who rise into it.

The CGIL has had a revival of strength resulting from, inter alia, the anti-Union activity of management in general (FIAT) and the anti-CGIL measures of ENI and IRI, the blunting of the OSP sanction, and the relatively moderate tactics of the PCI and the CGIL in not abusing the weapon of political strikes.

Concern over the power drive of the DC ("integralism" and "fascism" as the PCI calls it) and its relatively unscrupulous use of its governmental position to perpetuate its machine have engendered a widespread "kill the champ" attitude.

The striking successes of the Khrushchev regime and of International Communism, especially in the technical and economic field, coupled with their military might and diplomatic energy, have had a profoundly disturbing effect.

The PCI has skillfully exploited what it refers to as a world-wide leftist political trend ("Il mondo va a sinistra") to create a bandwagon; real or alleged successes have been cited in many areas: Laos, Greece, Indonesia, India, Burma, Afghanistan, etc.

The general desire for distanziamento and hope for a summit conference have been exploited to heighten neutralistic tendencies.

The visible evidence of US discomfiture in many foreign areas, and concern over the US recession are constantly hammered home by PCI propaganda.

The French crisis appears to be having a disturbing effect and may exacerbate Right vs. Left tensions.

On the whole the PCI, in spite of Togliatti's illness, has conducted a vigorous, dynamic campaign, at least as effective as that of the well-organized machine of the loosely held together congeries of political and social segments which constitute the DC.

If it is true, as has been reported, that the Italian electorate is generally apathetic, this would be less likely to weaken PCI, with its militant organization, than the other parties.

3. If these predictions should - unfortunately - prove correct, the prospects would include:

At best a rather lame reconstruction of the tripartite or quadripartite regime with immobilismo virtually built-in.

At worst complete governmental crisis with the probability of elections within a year or two under circumstances of heightened political exacerbation.

In between, the most likely alternative would be a DC government with support of the Nenni Socialists, either within or outside the government; the alternative of an alliance with the Right seems unlikely to be viable.

Heightened pressure for Socialist unification, with Saragat at a disadvantage; Nenni might be able to take as much as two-thirds of his party with him in a merger which he could dominate.

If Socialist unification fails, or if the DC moves toward the right, strong pressure from the PCI for a United Front with all left-wing elements.

Under most of these contingencies, increased power for Gronchi and probably Mattei, with a worsening of Fanfani's position.

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Chief, SRS/DDI