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25 October 1956

MEMORANDUM FOR: Deputy Director/Intelligence

SUBJECT: Memoranda on Nenni

1. The attached memorandum is essentially my own, but the other members of SRS are in substantial agreement with it.

2. I hope that it will be possible for the Director to read it. I consider that this is a very critical moment for US policy in relation to the Socialist merger movement in Italy. I don't know whether you have read the OCB program paper on the subject or are aware of the rather considerable hassle that lies behind it. I myself am not fully cognizant of the story, since I was out of the country at the time it reached its final shape.

3. It seems to me that we, the US Government, are launched in what amounts to an effort to frustrate the Socialist merger by insisting that it be accomplished on an inflexible anti-Communist basis. The Italians themselves probably look at the matter in a considerably more flexible and sophisticated light. For this reason I believe there will be a strong tendency, especially on the part of those who have an interest in the success of the merger, to keep us out of the picture. If this is the case, our policy is likely to end up leaving us in a rather isolated position with a possible long range loss of ability to influence Italian political life constructively.

4. Whatever the pros and cons of the policy matter, it seems clear to me that our intelligence coverage is unsatisfactory. I have followed the DD/P coverage as closely as possible and am forced to conclude that it is at best incomplete and at worst tendentious. For the last month DD/P has been issuing a series of reports based largely on information obtained prior to the important events of late August. This is no doubt worth doing in order to complete the record, but it certainly raises the question why this spate of material was not published when it would have been timely and useful.

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5. More serious than this delay, is the fact that a considerable amount of reporting is slanted and of doubtful objectivity. I think it would be worth your while to read the three attached examples which seek to convey the impression that Moscow and the Communists are the moving force behind Nenni's concern with merger. [redacted] was a particularly heinous example. Note especially the source [redacted] comment on Page 2. [redacted] and the comment thereon in [redacted]

[redacted] really should not be allowed to go unchallenged. It should be obvious to anyone that the remarks of a [redacted] can not be interpreted as signifying anything whatever. I am

[redacted]

6. I should point out that observations of [redacted] with strong anti-merger bias have been given high-lighted circulation to influential policy making levels as though they were the equivalent of intelligence reports. Without knowing the source of such reports, I am of course unable to comment on their objectivity, but I note that perhaps equally well informed [redacted] are not given the same treatment.

7. I wish to assure you that these strictures on DD/P reporting are not exclusively my own. I believe you will find the same opinion among the better qualified analysts in the Agency and OIR.

8. Finally, I commend to your attention [redacted]

If his views had been more generally heeded at that time I believe we would have been much better off in the face of the actual developments. If it meets with your approval, I should like to take the necessary steps to bring him here.

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Chief, SRS/DDI