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6 June 1976

MEMORANDUM FOR: Director Central Intelligence

THROUGH: Deputy Director/Intelligence

FROM: Chief, WFO/DIRI

SUBJECT: Proposed Approach to Pietro Nenni and the Italian Socialist Party (PSI)

1. A number of current developments in Europe appear likely to move in a direction unfavorable to our interests. The crisis of French Democracy over Algeria, the frustration of Germany over the unification issue, the mounting dissatisfaction with NATO are only the most striking examples of a widespread malaise which will be increasingly exploited by the Communists. Under these circumstances, it would appear to be imperative that we capitalize heavily on any events in Western Europe which point in a favorable direction.
2. The recent administrative election in Italy appears to afford an opportunity for counter-action against a strong point of International Communism. Although the final complexion of local Italian politics cannot be determined until negotiations have been completed among the various parties, it seems certain that a critical turning point has been reached by the anti-democratic left, the alliance of the Italian Communist (PCI) and Socialist (PSI) Parties. The importance of this moment for Western European politics should not be ignored. The PSI has been the only major Socialist party in Europe which has not been affiliated with the Socialist International. Its leader, Pietro Nenni, has hitherto been able to maintain a Tito-like position, exploiting his Unity of Action Pact with the Communists to maintain a posture which has been neither revolutionary nor evolutionary. He has been an important factor in the United Front strategy set forth by the 20th CPSU Congress (see ERS paper, "The New International Communist 'United front' Offensive and the Position of the Socialist Parties", 23 April 75). In this connection he is alleged to have planned a conference of exiled Socialists from Satellite countries. This project may be given added impetus by the emergence of a new Soviet line in the Satellites, including the release of Social Democrats from prison. Tito's current talks in Moscow may lead to the formation of a "Fifth International" uniting Socialists and Communists. The participation of Nenni in such a movement would have serious adverse consequences for European Democratic Socialism.
3. Under these circumstances, we believe that constructive counter-action is urgently needed. The results of the Italian administrative elections encourage the belief that a change in the position of the Nenni Socialists is possible. It is as yet too early to estimate whether such a

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change will take place, and if so, how far it will go. It would appear, however, that the opportunity may now exist to precipitate a crisis within the PSI which would result either in the rupture of Unity of Action Pact with the PCI, or in the split of the PSI to the advantage of the PSDI.

4. The critical factor is, of course, the position of Nenni himself. Despite endless discussion, the intelligence community has been unable to arrive at a firm estimate as to whether Nenni would be willing or able to detach himself from his Communist allies and assume a role of leadership in a true Democratic Socialist party or group.

5. It would seem desirable that he should take such a step. The National Intelligence Estimate on Italy emphasizes the great weakness of Italian politics, the fact that there has been no democratic alternative to a Christian Democratic dominated government. The only possibility of developing such an alternative would be through the expansion of the base of Democratic Socialism to the point where it could become an effective opposition. Although there are various forms which such an expansion might take, all would require breaking off the major part of the PSI electorate from the PCI alliance. It is doubtful whether this could be accomplished unless Nenni himself led the way.

6. We believe that the United States Government should adopt a policy favoring the emergence of a broad democratic socialist party or grouping in Italy. We believe that Italy, like most other European countries, has an essentially Socialist element of substantial size which is capable of becoming a firm bulwark against Communism, and of constituting at least a loyal opposition if not a participant in a coalition government.

7. Recent developments in the CPSU, especially the denigration of Stalin, have favored the detachment of Socialism from Communism, at least in Western Europe. Although their full impact is difficult to assess, they appear to have played a role in the Italian election results. The Italian Democratic parties have shown great skill and resourcefulness in exploiting these developments.

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We might, however, convey the impression that the United States welcomes the development and strengthening of Democratic Socialism, even if this should result in the detachment of certain elements from the Christian Democratic Party (DC). Whether such a detachment would actually take place on a large scale, would depend largely on the reaction of the DC itself. If it places itself wholeheartedly behind reform measures, notably the Vanoni Plan, it will undoubtedly alienate some of its rightist

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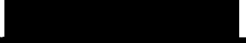
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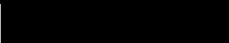
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elements. If it further approaches an "opening to the left" through the PSI, some of the right wing might even break formally with the party. While this would be unfortunate, it would not be disastrous. The resulting political complexion would still be preferable to that which now exists. Defections from the DC would probably be more than compensated by the movement of Mensi Socialists toward the right. A too rigid position of the DC would arrest such a movement, and tend to force the PSI back into the arms of Communism.

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8. We believe that the US government should explore the possibility of either detaching Mensi from his Communist allies, 

9. Whether our aim should be to woo  Mensi, will of course depend to a considerable extent upon the facts which we may be able to uncover. But, in any case, it seems probable that, even though Mensi is indissolubly bound to the Communists, his Party may still be susceptible to wooing efforts. It is widely believed that the rank and file of the PSI has clung to the PCI alliance, largely because of the ineffectiveness of any apparent alternative. The Saragat Socialists (PSRI) declined steadily from 1947 to 1955. However, in the recent elections they made a remarkable show of strength. They are currently exploring the possibility of a rapprochement with the PSI. There does appear, therefore, to be a real possibility that the Mensi Socialists could be made to feel there is a Socialist as well as a Communist alternative to them.

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canvassed. Ultimately, as a long range design, the possibility of a visit to the United States might be suggested to Hanoi. Such an invitation should, of course, be extended only after virtual assurance had been obtained that it would be accepted.

11. Since, in any resolution of the present situation, the attitude of the Christian Democrats will play a decisive role, it would appear that exploratory discussions should take place with leaders of that Party, simultaneous with the approaches to Hanoi.

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