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Research

FREE WORLD

WCM

• 21 July 1964

THE APERTURA IS STILL THERE

"The center-left is dead, long live the center-left."¹ If nothing else, the continuation of Italy's center-left coalition government is a sign of political vitality and political wisdom. The apertura a sinistra given shape by Premier Aldo Moro last December is being allowed to accustom itself to its own unique existence.

This precarious alliance of fervent capitalists and equally fervent socialists, of Catholics and marxists, may be coming around to the idea that there is no other alternative. For without the coalition the debilitating parliamentary crises would probably begin anew, with the latent gaullists and not so latent Communists waiting to pick up the pieces.

This new government, still with the old weaknesses, must somehow cope with the old problems. Italy's financial house must be put in order and, if the Socialists are to fulfill their new role, they may have to risk alienating labor by agreeing to a wage-price discipline. Reforms cry out to be executed, but will the right-wing element in the Christian Democratic Party desert their vested interests and their fears of Communism around the corner?

Italy today is a bit like that conservative farmer who once hitched a team of horses to a perfectly good mechanized tractor. A large segment of the nation is in the 20th century, but not of it; the mentality has, in many cases, not caught up with the age. The industrial north and semi-feudal south must somehow be reconciled. The administrative machinery and tax system must be reformed, and a sound national plan, taking into account the abilities of private and public enterprise, must maintain the economic growth rate and give the workers a greater share of the rewards. One can add to this a list of necessities which are by no means unique to Italy: more and better lower-income housing, the mechanization of agriculture, the modernization of education, and so on.

¹ Economist, July 11, 1964

The new Italy requires a strong government capable of making a sensible start on these reforms, and the center-left coalition is by no means strong. That is one part of the problem. Today's Italy requires a government which is willing to balance needed reforms against a necessarily tight fist on the nation's purse. And the center-left so far has not proved itself to be willing and able; that is the other part of the problem. It can only be hoped that the new government will gain strength from the notion of its own inevitability and that the Christian Democrats and Socialists will cease regarding one another as potential assassins.

The idea of a center-left government slowly evolved over the past few years. Perhaps its historical beginnings can be traced back to the 1956 Hungarian revolution, when the Socialists beat a definite retreat from the Communists. Soon they were occasionally voting with liberal elements of the Christian Democratic Party and gradually the trend collided with the Christian Democrats' search for new allies. More than a happy accident, this seemed to be the one political formula which could launch Italy into modern Europe while at the same time keeping at bay the Communists. That it has not worked perfectly is no surprise; the Catholics and Socialists may take a long time adjusting to each other. It is likely that this period of adjustment is made easier by one prickly question: what other formula for a stable, progressive government is available for Italy today?

The government fell June 26 over what both sides seem to agree is a relatively unimportant issue -- subsidies for Catholic schools. This remains a bone of contention, but the prevalent feeling now apparently is to postpone the subsidy vote until the atmosphere of crisis is gone. At a later date, compromise may be possible.

One reason this new coalition may work is the possibility that the Socialists will put Italy's economic problems before their own reform platform. As the Economist put it July 11, "the main significance of the Socialists' decision is their implied willingness to put anti-inflationary action ahead of the programme of long-term reforms -- on regional administration, the land and town planning -- dear to the party." The Socialists' plans for land-reform would bring the tenant's share of a crop up to 58% in all regions where crop-sharing is customary. Their regional plan dates back to the 1948 Constitution which allows for the creation within Italy of semi-autonomous regions; many Christian Democrats fear that if this regional plan was fully implemented, it would result in a number of Communist provincial governments within Italy. These fears are probably not justified. The Communists do exercise some municipal control, particularly in the North-East, but their chances of extending this to the provincial level are slight. The urbanization plan, which is akin to the British Labor Party program for building land, calls for the nationalization of selected sites within urban areas. The plan is aimed at ending the real estate speculation, which has squeezed lower-income groups in the cities.

Italy's basic need, however, is to switch over from an economy where the accent is on consumption and imports to one which emphasizes exports and investment. Premier Moro has promised to inaugurate a system of long-term planning which would begin in 1965 with a five-year plan. But Italy's economic problems are extremely complex and unless this new plan is a strong one diligently carried through, they are not going to be any simpler.

For more than the past two years inflationary trends have existed beside the attractive prospect of an economic renaissance. Inflation in Italy has been the subject of many Common Market reports issued by the technocrats in Brussels. Last month a May letter from Finance Minister Emilio Colombo to Aldo Moro was conveniently "leaked" to the press. The letter is supposed to have called for a strict rein on wage demands. Colombo's position was strengthened by the annual report issued by Dr. Guido Carli, governor of the Bank of Italy, last May 30. Carli pointed out that during 1962 and 1963, while Italy was riding the crest of an economic boom, organized labor gained wage increase averaging 43% (for a labor cost per unit produced increase of 27%). Prices continued to increase throughout the spring of 1964, while at the same time, strikes for higher wages were in progress. As Anthony Mann wrote in The Daily Telegraph last June 15, "inflationary pressure was causing a giddy rise in prices, which are still increasing daily in an unchecked wage-price spiral. Urban rents and the prices of food and various domestic commodities have in two years risen between 20 per cent and 100 per cent."

Dealing effectively with this crisis, whether the short-term trends pointed to inflation or recession, called for strong government action against the wage-price spiral. The Communists firmly resisted any corrective measures, refusing to consider a pay pause. Communist opposition to the coalition was embodied in the subtle idea of a "new majority" which would not necessarily include the Communists themselves but would acknowledge their support. The Togliatti program calls for the building up of a respectable popular front which would be far more left than the present government, and hence more susceptible to Communist influence. Writing in Rinascita of July 11, Togliatti referred to the problem of "putting into effect that plan of economic and political structural reform which is not only based on the principles of our Constitution but, by an ever wider sector of public opinion is considered indispensable for the democratic progress of our country." In the same article, Togliatti said that this program of reform should be carried out by "a unitary leadership in which would participate all those political forces and social groups which brought the Resistance to victory." By appealing to the people in the name of the resistance, which still has a strong emotional pull in Italy, Togliatti is trying to endow his party with

respectability and perhaps to excuse the fact that the Communists have been consisting fighting a government based on social democracy and reform. There is no doubt that the reformist character of the coalition worries the Communists; it has a seductive appeal which has only just begun to take hold.

The Communist line of opposition has caused some difficulties for the Socialists. It is difficult for them to oppose union demands for pay hikes, even though they may be economically unjustifiable at the moment, while the Communists are fulminating in behalf of the unions. Nenni has also been embarrassed by socialists within the CGIL (General Confederation of Italian Labor) who have been causing strikes and attacking the government's economic program. How far can Nenni go in risking further losses of support? Already Tullio Vecchietti, leader of Italy's secessionist Socialist Party (Socialist Proletarian Union), who broke away on the coalition issue, claims to have recruited some 130,000 new members during January and February 1964. There are also two distinct factions remaining within the Socialist party: those members of the left who did not leave with Vecchietti and remain in opposition to the coalition government, and a faction led by Avanti editor Riccardo Lombardi, which demands better conditions in payment for Socialist cooperation with the Christian Democrats.

Most of Italy's present economic problems stem from a poor trade balance. But since April there has been a significant improvement, helped particularly by a cut in imports of cars. A trade deficit still remains, but in April-May it was down to \$48 million, compared with \$195 million in 1963. During the first four months of 1964 the agricultural output rose by five per cent while industrial production slackened off by 2½%; this combination of industrial recession and an increase in the food supply also contributed to the improved balance of trade. These are the short-term signs of a deflation which must be encouraged without allowing it to end in a serious recession.

The new government has agreed that urgent measures are needed to cover public expenditure, taxation and the wage policy. It has set itself the aim of currency stability, a favorable trade balance and a high level of production and employment. All this will presumably be outlined in detail when the government presents its first five-year plan to parliament before the end of the year. The Communist Party may be expected to increase its opposition, as any successes the coalition scores in improving the general welfare can only hurt the Party. There is a formidable amount to accomplish, but it would be a mistake to write off the coalition before it has had a fair chance. Its first fight will be Italy's financial problems and this could be a major test for the center-left formula: the trial of whether or not a highly political government can solve a highly economic problem.

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