

# European Union presses for change of government in Italy

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Global Research, November 12, 2011

[World Socialist Web Site](#) 12 November 2011

Region: [Europe](#)

Theme: [Global Economy](#)

Following the example of Greece, Italy is also likely to soon be ruled by a technocratic government designated by the international banks. Prime Minister Silvio Berlusconi has called a cabinet meeting for Saturday evening, at which he is likely to tender his resignation. The favourite to succeed him is the politically non-aligned economist and former EU Commissioner, Mario Monti.

Berlusconi announced on Tuesday evening that he would resign if the Italian parliament adopted the austerity measures demanded by the EU. However, he did not specify a date. The financial markets were dissatisfied with this vague announcement, and on Wednesday interest rates for Italian bonds climbed to over 7 percent, making the refinancing of government debt virtually impossible.

The European Union also stepped up its pressure. The head of the European bailout fund (EFSF), Klaus Regling, declared in an interview with European newspapers that the country needed “a functioning government as quickly as possible”. Italy had run “out of time to calm the markets”, he warned.

The Italian Parliament then stated it was willing to adopt the austerity package in summary proceedings. The package includes job cuts in the public sector, the deregulation of the labour market, and social cuts. Experts agree that these measures are only the prelude to further cuts.

On Friday, the Senate agreed to the austerity package by 156 votes to twelve. On Saturday it is expected that the House of Representatives will follow suit. This would pave the way for Berlusconi’s resignation; a new government could be formed as soon as next week.

The driving force behind the government reshuffle is President Giorgio Napolitano. He has repeatedly urged the government in recent months to implement the policies demanded by the EU. International government officials now regard him as a favoured partner for talks. At the recent G-20 summit in Cannes, German Chancellor Angela Merkel made a point of consulting Napolitano on the economic situation in Italy.

There is a historic irony attached to the prominence Napolitano now enjoys. The 86-year old joined the Italian Communist Party in 1945—at a time when, due to pressure from the NATO powers, the party was repeatedly excluded from government, despite the fact that it was Italy’s biggest party. The EU and US now depend on this veteran Stalinist functionary to ensure that Italy complies with the dictates of the financial markets.

As President, Napolitano has largely ceremonial duties. In crisis situations, however, he

assumes a key role, because he can both dissolve parliament and appoint a candidate of his choice to form a new government.

In recent days, Napolitano has used the dissolution of Parliament as a threat to win support for a transitional government. He knows that the center-left parties—the Democrats, which emerged from the Communist Party, and various Christian Democratic groups—fear new elections. They all support unpopular austerity measures, but do not want to publicly argue for such measures in an election campaign. In addition, they reason, an election campaign would only delay implementation of the austerity measures.

It was also Napolitano who raised the possibility of Mario Monti heading a technocratic government. On Wednesday, he appointed Monti to a life-long position as senator to strengthen his political credibility.

The 68-year-old Monti has extensive international connections. He was chairman of the Brussels think tank BRUEGEL, and is a regular participant in the Bilderberg Conference, which brings together top representatives of West European and American politics, finance, economics, military and media for regular consultations.

He studied at Yale University in the US and has worked as an economics professor at several Italian universities. As EU Commissioner, he directed two key departments from 1995 to 2004: the internal market and competition. As competition commissioner, he made a name for himself with actions against US software giant Microsoft and the German Volkswagen Group.

Whether Napolitano can actually secure a parliamentary majority for a technocratic government led by Monti is not yet clear. The largest opposition party, the Democrats, have signaled their approval, along with several smaller centrist parties.

Berlusconi's PDL (People of Freedom) party, however, is split: some members support a transitional government, while others demand new elections. Berlusconi himself has abandoned his initial opposition to a government led by Monti—at least officially.

Gianfranco Fini, leader of the "post-fascists", has called Monti "the right person to solve the crisis" and has rejected new elections, calling them a "leap into the unknown". Fini merged his party with the PDL in 2009, but has since fallen out with Berlusconi.

Berlusconi's coalition partner, the Northern League, has spoken out against Monti. League leader Umberto Bossi said: "It's nice to be back in opposition, and we will be in opposition." This right-wing, populist party evidently hopes to benefit from widespread anger at the austerity measures. The civil rights party led by former prosecutor Antonio di Pietro has also called for early elections.

Italy has already had bitter experiences in the 1990s with so-called technocratic governments. After the implosion of the old party system in a morass of corruption scandals, central bank chief Carlo Azeglio Ciampi assumed the leadership of such a government in 1993. He was replaced by Silvio Berlusconi, who won the 1994 parliamentary elections to form his first administration.

The Berlusconi government foundered after a few months, however, following massive opposition to its social cuts. He was then replaced by another technocratic government, this

time under Lamberto Dini, Ciampi's successor at the head of the Central Bank. Dini remained in power for 16 months.

Both the Ciampi and the Dini governments could rely on the support of the entire parliamentary left, which deeply discredited itself in the process. This created the conditions under which Berlusconi could return to power in 2001, and then again in 2008.

A government led by Monti would go much further than its political predecessors. Lacking any democratic credentials, such a government would implement the dictates of the international financial markets, while relying on the support of the center-left parties, the trade unions, and their pseudo-left allies. Given the country's enormous mountain of debt—€1.9 trillion, or 120 percent of Italian GDP—this is only possible by drastically slashing the living standards of broad social layers, as is currently taking place in Greece.

Given deep popular opposition to its policies, a government led by Monti would be highly unstable. It would represent a transitional stage to a regime undertaking openly dictatorial measures against the working class.

In its Friday editorial, the *Financial Times*—Europe's leading business newspaper—warned that “appointing an unelected technocrat is less than ideal”. Both in Greece and in Italy, “it would be a fatal mistake to presume that a coalition of the old established political elite, led by a technocrat, will provide a miracle fix to deeply rooted problems. ... Both governments will have to walk a tightrope between domestic politics and credibility in the markets. ...

“The new leaders must also recognize that nothing will be achieved without popular support”, concludes the *Financial Times*.

But where will the ruling class find “popular support” for a policy aiming to destroy the livelihoods of broad layers of the population? For this reason, sections of the bourgeoisie are openly contemplating a right-wing or fascist populist movement. The greatest danger arising from a technocrat government, supported by the entire official “left”, lies in the fact that it creates fertile ground for precisely such a movement.

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