

Berlusconi government wracked by crisis

Marianne Arens, Peter Schwarz

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Over the recent period, the right-wing Italian government led by Prime Minister Silvio Berlusconi (Forza Italia—Italy Forward) has been plunged into its deepest crisis since taking power three years ago. Observers of Italian politics are increasingly asking whether the government will be able to complete its term in office to 2006, or whether new elections will be called.

Following pressure from two partners in his coalition, the neo-fascist National Alliance and the Christian Democrat UDC, Berlusconi sacked his finance minister, Giulio Tremonti, on July 3. Two weeks later, the head of the third coalition party, Umberto Bossi of the Northern League, announced his resignation from the government.

The Northern League, which was instrumental in bringing about the collapse of the first Berlusconi government in 1994, has said, however, it will not withdraw totally from the government. Bossi, who in March suffered a severe heart attack and has remained in hospital since, will move to Strasburg to take up a post as a European deputy. Nevertheless, the Northern League has threatened to quit the government altogether should plans for federal reform not be fully implemented by September of this year. The proposals for federalism have been met with considerable resistance by the National Alliance and the UDC.

The current crisis has brought to the surface conflicts that have been raging since the right-wing coalition took power. Commentators are already referring to a “guerrilla war” inside the government.

One of the main issues at stake is the dispute between those who favour a powerful centrally organised state (the National Alliance and to a lesser extent the UDC) and those campaigning for a broad autonomy for the regions (in the first place, the Northern League). Also at stake is the conflict between business interests in the highly industrialised and wealthier north against the impoverished south.

The Northern League is exclusively organised in the north of Italy where Berlusconi's Forza Italia also has its strongholds, while the National Alliance and the UDC have strong roots in the south of the country. Though Forza Italia does not share the exaggerated separatist demands of the Northern League, both parties have repeatedly combined when the issue has been the reduction of taxes for employers and the wealthy, as well as cuts in subsidies to the south.

Economics and finance minister Tremonti was the personal embodiment of this policy. He had made a name for himself by pioneering tax cuts on wealth, profits and top incomes. During the first short-lived government of Berlusconi, Tremonti had already awarded substantial relief, amounting to tens of millions, for the business empire of the head of government.

For their part, the National Alliance and the UDC fear that such uninhibited plundering of the state treasury combined with cuts in subsidies could alienate their voters in the south of the country. Both parties, therefore, portray themselves as the advocates of strict fiscal discipline.

Things came to a head when, despite a budget deficit spiralling out of control and the threat of economic sanctions by the European Union (EU), Tremonti insisted on a further 7 billion euro tax cut for the wealthy. The UDC posed his resignation as an ultimatum, and Berlusconi was eventually forced to give way when Gianfranco Fini also supported the

demand that Tremonti should go.

However, the crisis was by no means over. Berlusconi then personally took over all Tremonti's functions and announced that he would head the economic and finance ministries until the end of the year. UDC chief Marco Follini immediately protested against this unparalleled concentration of power. He demanded the immediate appointment of a new finance minister and a solution of the conflict of interests arising from the fact that Berlusconi was, at the same time, prime minister, owner of the largest concentration of media and the richest employer in the country.

Berlusconi responded by attempting to intimidate Follini, threatening to personally attack him on all the television channels of his TV company—Mediaset. Fossini then publicly spoke out against the government before the media committee, the supervisory commission of the parliament, and voted together with the opposition for the appointment of new leadership for the state media channel RAI by the end of September, at the latest. Currently, the executive of RAI consists of a group of four members who are absolutely loyal to the government. The president of RAI, Lucia Annunziata, resigned her post in May in protest at the continuous intervention by Berlusconi in the affairs of the channel.

Eventually, Berlusconi was able to play off Fini against Follini. He offered Follini the post of deputy prime minister and his former deputy Fini the job of economics minister, with the finance ministry remaining in his own hands. Fini then turned down the proposal and demanded both the economics and finance ministries.

A compromise was finally reached on July 16, when Berlusconi appointed the Turin professor of economics and law, Domenico Siniscalco, as his new economics and finance minister. Although the move seems a concession to his coalition partners, bearing in mind that Siniscalco is not a member of Forza Italia, the technocrat is widely regarded as a political lightweight who can be easily influenced by Berlusconi. For the last three years, this accredited expert for privatisation was a close co-worker of Tremonti in the Italian finance ministry, with responsibility for monetary policy and supervision of the banks.

Bossi's resignation came as an immediate reaction to the deal struck between Berlusconi, Follini and Fini. The prime minister travelled to Bossi's sickbed in Switzerland and appealed to the Northern League leader not to resign—but to no effect. A further round in the ongoing government crisis is thereby inevitable.

In the past, Berlusconi has been repeatedly able to overcome profound differences between the parties in his governing coalition. He was assisted by the fact that his party fraction was by far the biggest in the Italian parliament, and also because his coalition partners depended on support from his media empire. In addition, a newly passed election law that disadvantages small parties threatened to plunge his partners into political oblivion in the event of the coalition breaking up.

The results of the European election in June, however, dealt a severe blow to the fragile balance of power inside the right-wing coalition. Berlusconi's own party suffered heavy losses resulting from its support for the war in Iraq and a growing opposition to government policies that are shamelessly directed at lining the pockets of Italy's elite. At the same

time, the broad masses of the population have been hard hit by unemployment, job cuts in public services, rising prices and a decline in welfare and social provisions.

Berlusconi had predicted a share of the vote of “at least 25 percent.” In the event, the party won just 21 percent despite the unparalleled financial, media and power resources possessed by the party for manipulating public opinion. Compared to the European elections of 1999, Forza Italia lost more than 4 percent—in comparison to parliamentary elections in May 2001 of 8.4 percent. His partners in the coalition were able to broadly maintain their support or even slightly improve their tally. The Christian Democrats doubled their vote and won 5.9 percent, although Berlusconi had declared, “Do not vote for any of the small parties. Vote only for me!”

In local elections held at the same time, Forza Italia lost control of a number of large cities, including Bari, Bologna, Florence and Syracuse. In Bologna, the FI candidate was propelled from the post of mayor by the former trade union boss Sergio Cofferati, and in Berlusconi’s own stronghold of Milan, a candidate of the centre-left was able to beat the FI man in a run-off ballot.

Berlusconi’s government has only been able to maintain power because of the lack of any sort of genuine opposition. The so-called centre-left opposition led by Romano Prodi, which participated in the European elections under the name “United in the Olive Tree,” is afraid that any decisive action on its part would only serve to encourage the working class, with unforeseeable consequences.

Already, in the course of mass protests in Italy against the Iraq war, and in particular the participation of Italian troops in the occupation of Iraq, the Olive Tree alliance demonstrated it was prepared to support Italian soldiers should the United Nations be allowed to play an increased role in the region. Piero Fassino had made this clear in parliament. Fassino is the head of the fraction of the Left Democrats (formerly the Stalinist Italian Communist Party), the largest party in the Olive Tree coalition. At antiwar demonstrations in Rome, Fassino was booed and driven off the platform because of his stance.

The Left Democrats have placed their hopes in the new head of Confindustria, Graf Luca Cordero di Montezemolo, who recently replaced a Berlusconi supporter as head of the employers’ federation. Montezemolo has indicated that he is prepared to work closely with the trade unions, and accused the Berlusconi government of mismanagement and harming the interests of the country. Since making these claims, Montezemolo has been portrayed as a new ray of hope for the country.

The Left Democrat economic expert Pierluigi Bersani declared, for example, that the new Confindustria boss embodied “a new period of Italian capitalism.” “In his appearance and programme, Montezemolo expresses a new dynamic by employers, who want nothing to do with attacks on the trade union CGIL, intolerable tax cuts barbaric regulations.” Giorgio Cremaschi, a representative of the CGIL left, posed the question: “Are we moving towards a better situation? Are we beginning to see a reward for the struggles?”

In reality, Montezemolo is quite the opposite of a left-winger. The head of the Ferrari auto company took over the Fiat concern in May of this year. As a major employer, he is a competitor of Berlusconi who had hoped he would be able to increase his own influence over the Fiat company after the deaths of the company patrons Gianni and Umberto Agnelli.

In addition, Montezemolo represents the interests of the traditional Italian bourgeoisie, who regarded with disdain the uninhibited self-enrichment of the *nouveux riche* around the “Cavaliere,” who has his own close links with the Mafia.

A report by the chamber of trade, Confesercenti, recently revealed that increasing numbers of Italian employers, traders and salesmen—but also including such professions as doctors and lawyers—are ending up in the

clutches of the Mafia. Organised criminality costs the Italian economy a sum of 63 billion annually. This is also one reason why a section of the Italian bourgeoisie is turning away from Berlusconi.

An additional factor is that the trade unions have already demonstrated under the centre-left administrations of Prodi and D’Alema that they are prepared to support every attack on the working class, as long as the government is prepared to collaborate with them. Under the former Olive Tree government, the dismantling of the Italian welfare state proceeded more smoothly than now under Berlusconi.

The real policy of the Confindustria boss was demonstrated last week, when he extended an invitation to the chairman of the trade union CGIL and then presented him with a “memorandum for growth and development” containing the guidelines for tariff agreements. The memorandum proposed that wages, working times and conditions should be linked to employer profits, and in the event of conflicts the job of the trade unions will be to avoid any disputes by workers.

Employees at Fiat, for example, have been protesting over the past two years against mass redundancies and plant closures. For a period of months, thousands of Fiat workers have been integrated into the “Cassa d’integrazione”—a sort of short-term employment agency and prequel to unemployment. Thousands of other Fiat workers have lost their jobs and been robbed of any perspective.

At the beginning of July, Italian cities were once again paralysed by a general strike of public service workers—with an almost unanimous participation by workers, particularly in Milan, Rome and Naples. Earlier mass protests against the Iraq war had taken militant forms, including sabotage and boycott activities.

The politicians of the Olive Tree alliance are simply speculating that Montezemolo will support a change of government that would open the way to them taking power. Such a development would not change the situation for workers in the least.

The secretary of the party Rifondazione Comunista (Refounded Communists), Fausto Bertinotti, basically defends the same perspective. Although the Rifondazione Comunista won more than 6 percent of the vote in the European elections and emerged as fourth-strongest party, Bertinotti has set his sights on a minister post in a future Olive Tree government and has deliberately refrained from criticising the centre-left block and its leading candidate for the post of prime minister—EU chairman Romano Prodi.

In an interview with *Corriere della Sera* on June 15, 2004, Bertinotti declared: “I want to unite both of the lefts [Olive Tree and Refounded Communists] and will not seek to use my powers in negotiations against Prodi.... I wish to concentrate all efforts on the already difficult enterprise of a joint programme”

He is striving to “bring about the collapse of the wall between the grand election list Uniti nell’Ulivo [Left Democrats, Margherita, Social Democrats and Republicans] and the alternative left.” His own preference is for a “coalition of democratic forces.”

His role model for such a venture is well known. Between 1993 and 1998, Bertinotti supported the centre-left government led by Prodi and Massimo D’Alema, which commenced a programme of cuts in pensions, massive privatisation and other attacks on the working class, later taken up by Berlusconi. A new edition of such a centre-left government, including a Minister Bertinotti in its ranks, would only serve to intensify such attacks.

The broad masses will only be able to repel such an offensive by organising independently of all ex-Stalinist and petty-bourgeois radical organisations on the basis of an international socialist programme.



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