Italy: a week-long government crisis in Rome

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Things must change if we want them to stay as they are, affirms the young Tancredi in Tomasi di Lampedusa's novel *Il Gattopardo* (*The Leopard*). These words came to mind last week as a drama played out in the political theatre of Rome. The players had to make do with the small stage, since the main one was running another piece in the glare of the world's media—the selection of the new Pope.

It began on Friday, April 15, with the withdrawal from the Berlusconi government of four Christian Democratic (UDC) ministers and two state secretaries of the New Socialist Party (Nuovo PSI). There ensued eight days of political haggling, equivocation and manoeuvres. It ended with a new government taking office, which, apart from the reshuffling of some low-ranking ministerial positions, was identical to the old government. But although everything seems to have remained as it was, a closer look at the government crisis in Rome reveals that the Berlusconi era is rapidly approaching its dénouement.

The resignation of the UDC was a reaction to the defeat of the right-wing government alliance in the regional elections of April 3 and 4. Eleven of the 13 regions in which there were elections fell to the opposition, including traditional bastions of the right in the south of the country and the Latium region, which includes the capital, Rome. This rekindled long-smouldering conflicts inside the government coalition. Each party tried to steer clear of the downward slide, which is considered a bad omen for the parliamentary elections due no later than next year.

Resigning from government has a tradition in Italy. Past political crises were often regulated in this way. Usually, the entire government resigned following the withdrawal of a few ministers. Then there ensued a tug-of-war, which finally led to the formation of a new government that differed only slightly from the preceding one. Some ministerial posts were shifted, the internal balance of power readjusted and policies slightly changed. In this way, Italy experienced some 59 different governments in the 60 years since the end of World War Two.

Things unfolded in a similar fashion this time around. Following the resignation of the UDC ministers, Prime Minister Silvio Berlusconi announced a visit to the Quirinal Palace, the official presidential residence, on Monday and the news agencies reported that he too would be submitting his resignation. But when he left the Quirinal Palace, he told astonished journalists that he had "prepared a surprise" for himself. He was not resigning and would instead table a vote of confidence in parliament on Thursday. Obviously, the threat of new elections, if the confidence vote failed, was meant to intimidate his coalition partners. Following the debacle in the regional elections, surely no government party would take such a risk.

The post-fascist Alleanza Nazionale (AN) reacted by threatening to withdraw its ministers from the government, which would have cost Berlusconi his parliamentary majority. Finally, on Wednesday evening, Berlusconi resentfully resigned. President Carlo Azeglio Ciampi asked him to continue as caretaker, carried out the prescribed consultations with all the parties and finally charged Berlusconi on Friday with forming a new government, which then came into being on Saturday evening. Both chambers of parliament must still confirm the new government, but this is virtually assured by the ruling coalition's clear majority.

However, it is very unlikely that the Berlusconi II government will survive until the general elections next year, since neither the personnel nor the political issues were resolved; rather, they have become even more acute.

The Christian Democratic UDC and post-fascist AN, whose strongholds are in the Mezzogiorno, in impoverished southern Italy, have long been calling for the government's programme to be reviewed—a "verifica" in the political language of Italy. This demand was intensified after the debacle in the regional elections. In particular they called for greater financial support for the Mezzogiorno and for poorer families.

The right-wing coalition won the 2001 election with promises that it would create one-and-a-half million new jobs, reduce taxes for ordinary people, cut back the bureaucracy and promote economic development in the south. But it kept none of these pledges. Instead, it launched a series of attacks on social gains and basic rights. Fiat, the largest Italian company, closed factories in Turin and Sicily,

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and the only new jobs were in the low-wage sector. Meanwhile, the economy stagnated, prices rose and broad sections of the population became appreciably worse off.

The only governmental "successes" were in passing laws that protected the head of government and his own companies from court cases. Berlusconi also introduced a constitutional reform, giving greater rights to the regions in relation to the central government. For this reason, the Northern League, which had brought down the first Berlusconi government in 1994, remained loyal. The party, which once demanded the secession of the rich north from the rest of the country, does not want to jeopardise the passage of the federal reforms. The UDC and AN, however, view these reforms with scepticism.

Since Berlusconi took office four years ago, resistance to his government has continued to grow. His economic and social policies have sparked mass protests. In the past two years, this was combined with mass opposition to Italian participation in the Iraq war, which is rejected by the majority of the population. Rome witnessed the largest of the antiwar demonstrations that swept Europe. As early as two years ago, the right-wing coalition had suffered a serious loss of votes in regional elections, which then worsened in the European election last year.

The latest electoral debacle reflects the government's loss of support not only among the lower classes, but also among sections of the middle class that had hoped for reduced taxes and an improvement in the economic situation. A survey by the Censis Institute published last week concluded: "The regional elections expressed the discontent of the middle classes: On the one hand, those dependant on wages, who are being punished by inflation and who look to the future with pessimism; on the other hand, the traders and craftsmen, who suffer from low levels of consumption and the failure of the tax reforms. In particular, women, young people and voters from the south of the country have turned their backs on the [government] majority and have gone over to the opposition."

Berlusconi has made some concessions to the UDC and the AN in his new government, promising additional assistance for Mezzogiorno, for families and for struggling enterprises. But any additional expenditure may encounter serious resistance from the European Union Commission in Brussels, since the Italian national debt already far exceeds the Maastricht limit of 3 percent.

At the same time, he has brought Giulio Tremonti back into government, a man whom he had sacrificed last summer under pressure from the UDC and AN, after the loss of votes in the European election. Now, Tremonti has returned as deputy prime minister.

Tremonti, an old political accomplice of Berlusconi and a vice-president of Forza Italia, had led the finance ministry from 2001 to 2004. He advocated a strict budget consolidation, a flexible labour policy, and cuts in welfare and social subsidies. As a minister, he had responsibility for introducing tax laws that favoured Berlusconi's own financial interests. The neo-liberal credo of the economics professor from the North means he also enjoys the confidence of the Northern League.

Meanwhile, the opposition centre-left coalition stands ready to continue Berlusconi's business-friendly policies should his government fall. This is guaranteed by the figure of opposition leader Romano Prodi, who as a former president of the European Union Commission enjoys the unrestricted confidence of Italian big business, including that of Luca Cordero di Montezemolo, chairman of the employer's federation Confindustria. At the height of the crisis, the Fiat boss bluntly called for new elections. "The country cannot endure months of electioneering, " he said. "We need a government that governs. Otherwise, new elections are the better course."

In an interview with *Corriere della Sera*, the secretary-general of the Left Democrats (DS), Piero Fassino, said that a centre-left government would not repeal labour flexibility laws, privatisations or tax cuts for the rich. "We are not prisoners of the past," he stressed. "We know that Italy must be modernised. Berlusconi did not rise to this challenge, but it does not mean that it is wrong."

Fassino, leader of the successor organisation of the Communist Party, even boasted that while in government from 1996 to 2001, his party had pursued a more consistent privatisation policy than Berlusconi: "We accomplished the most privatisations. The centre-right stopped carrying them out... Italy needs more market and more political initiatives simultaneously: The privatisation of communal institutions and public services, the liberalisation of employment regulations and more investment in innovation, knowledge and infrastructure."

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