

# EU fears ‘no’ vote in Italian referendum

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In less than a week voters in Italy will decide on the constitutional reform proposed by Prime Minister Matteo Renzi. The reform envisages abolishing the parliamentary two-chamber system by reducing the size of the Senate and its powers. The move, Renzi argues, will considerably facilitate decision-making processes in the Chamber of Deputies. In addition, the new right to vote, “Italicum,” which was passed last year, gives the strongest party a massive bonus and in turn the prime minister much greater power.

The constitutional reform is the key element of the political program of 41-year-old Renzi, who took over the government in February 2014 after an internal coup in the Democratic Party (PD). He has never stood for election. The sidelining of the Senate, in which numerous minor parties are represented, in conjunction with the “Italicum,” which automatically assures the strongest party an absolute majority of votes in the Chamber of Deputies, is aimed at strengthening Renzi’s hand in advancing his neoliberal reforms, in the face of fierce social resistance.

The reform is an obvious step towards authoritarian rule. According to the British-Italian historian Paul Ginsborg, “Such a serious reform, clearly linked to the ‘Italicum,’ is evidently intended to restrict political power and move increasingly towards a presidential republic, which could bring a strong man to power. This aspect alone leads me to doubt the reform.”

In order to increase pressure for introduction of the reform, Renzi has linked his political destiny to the referendum and repeatedly threatened his resignation if it fails. More recently, however, he has distanced himself from this threat. The referendum, however, has developed its own dynamic and turned into a vote on Renzi’s policies.

According to the latest polls, a majority is in favour of the constitutional reform, but still intends to vote “no” to demonstrate opposition to the government.

Even the 91-year-old ex-president, Giorgio Napolitano, has sought to promote Renzi and his arguments. In the show “Porta a Porta,” on primetime television, Napolitano stressed that it was “not a vote for or against the government, but rather just about changing the law.”

Just days before the vote on December 4, the outcome of the referendum is still completely open. In the three weeks before the vote, no polls are allowed, but the latest published trends place opponents 7 percent ahead of supporters, while 10 to 25 percent remain undecided.

The possible failure of the referendum has alarmed advocates of the European Union and representatives of the business elite in Italy and throughout Europe. They fear that the fourth largest economy in the EU could plunge into a long period of recession and political instability should the referendum fail and Renzi resign. If new elections take place, a majority hostile to the EU could take over the government for the first time in the traditionally EU-friendly country. This would be a further step, following the Brexit vote, towards the breakdown of the EU.

According to the media, the Confindustria (Confederation of Employers) fears a recession following a “no” vote in the referendum. The Italian leading index on the Milan stock market is declining steadily, and the risk premiums for Italian bank bonds have risen by 20 percent over the past six months—a significant symptom of crisis.

In a Bloomberg survey, 41 out of 42 top managers spoke out in favour of Renzi’s constitutional reform. “I hope for a yes,” said Fiat-Chrysler CEO Sergio Marchionne when visiting Renzi in the company’s Cassino workshop.

Apparently, influential financial institutions are threatening to block rescue programs for Italian banks in the case of a “no” vote. Nonperforming loans on the books of Italian banks are estimated at €360 billion,

with the bank Monte dei Paschi di Siena in immediate danger.

The *Süddeutsche Zeitung*, under the heading “Italy: Tighten your seat-belts,” wrote: “Following a defeat for Renzi, the planned capital increase [for this bank] could hardly be raised, according to Goldman Sachs. There could then be a domino effect for other financial concerns, which will have to collect billions in the coming months.”

Renzi himself has travelled up and down the country, arguing for a “yes” vote. He has met with earthquake and flood victims, debated with opponents of the reform and has been feted by his supporters on TV shows. Three years after he made his widely publicised promises to “shred” the old elites and modernize the country, however, his glamour has faded.

His reforms of pensions, the labour market and schools have had devastating consequences for a large portion of the population, and the economic situation has failed to improve. Under conditions of increasing poverty for the elderly, declining wages, job cuts, company bankruptcies and an official youth unemployment rate of 37 percent, Renzi is a despised figure.

Even a section of his own PD, its trade unions and associated pseudo-left groups feel unable to back Renzi any longer. The trade unions CGIL and FIOM, a wing of the PD, Sinistra Italiana, (which former SEL leader Nichi Vendola and some apostate PD members joined a year ago), as well as Rifondazione Comunista and similar groups have joined the “no” camp. Even former Prime Minister Massimo D’Alema (1998-2000) has spoken out against the constitutional reform.

But after almost 25 years of attacks on the social and political achievements of the working class by so-called “left” governments, backed by the trade unions, it is above all right-wing parties that are benefitting most from the anger directed against Renzi.

In particular, the Five-Star Movement led comedian Beppe Grillo, which has increasingly embraced xenophobia and nationalist positions and attacks the EU from the right, has been winning influence. On almost a daily basis Grillo insults the head of government on his blog, calling Renzi a “serial killer” (because he robs youth of a future), and compares Renzi’s campaign with the screams of a “wounded sow.”

The remnants of the party led by Silvio Berlusconi,

who had proposed a similar constitutional reform, the far-right Lega Nord and the fascists of Fratelli d’Italia have campaigned vehemently for a “no” vote. This is despite the fact that, according to one survey, one-fifth of the supporters of these parties back the reform, which contains much of what they have long demanded: the reduction of state bureaucracy and introduction of an authoritarian state.



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