

Italian Prime Minister Renzi resigns after defeat in constitutional referendum

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Italian Prime Minister Matteo Renzi announced his resignation yesterday after voters inflicted a humiliating defeat to his referendum on constitutional amendments modifying electoral laws to vastly strengthen the prime minister's powers.

With a larger-than-expected turnout of 68 percent, Renzi's proposed amendments were rejected by 59 to 41 percent of voters.

Around 12:30 a.m., Renzi appeared on Italian national television to concede defeat. He acknowledged the decisive scale of the vote against him. "I accept full responsibility" for the failure of the referendum, he said in a brief address, adding that he would go today to the Quirinale presidential palace to present his resignation to Italian President Sergio Mattarella.

The vote reflects deep opposition to Renzi's Democratic Party (PD) government and the European Union (EU) austerity policies enacted in Italy since the 2008 Wall Street crash.

The proposed constitutional amendments were unequivocally reactionary. A "yes" vote would have turned the Senate into an unelected body stripped of its powers to bring down the prime minister. The Chamber of Deputies could then have named a prime minister, ruling without any meaningful opposition from the legislature and functioning as an authoritarian strongman.

The referendum was seen as a last chance for the banks and the EU to address Italy's banking crisis within the framework of the EU and the euro currency. Italian banks face a massive €360 billion in bad loans, as Italy's economic and industrial fabric has collapsed amidst austerity and mass unemployment. There is growing discussion of a bank "bail-in," mandated by EU rules, where ailing banks would recoup their losses by taking money from their depositors or from small

savers who have invested their funds in Italian bank bonds.

A victory in the referendum would have let Renzi move ruthlessly to attack working class opposition to social cuts, corporate bankruptcies and other attacks like the "bail-in" that the Italian ruling elite is preparing.

The vote is also a repudiation of the EU, whose Commission intervened via its president, Jean-Claude Juncker, to endorse Renzi's referendum and praise him for imposing the "right reforms."

Germany's right-wing finance minister, Wolfgang Schäuble, who played a leading role in designing austerity measures across southern Europe, also endorsed Renzi's referendum, stating: "If I could vote, I would vote for him, even though he comes from a different political camp. ... I wish him success."

The Italian referendum vote underscores the deep crisis of the institutions of European and world capitalism, a month after the election of Donald Trump as US president stunned the world and shook the European political establishment.

Among masses of workers and youth across Europe, there is deep anger and political disillusionment with the EU and their national governments. Italy's referendum vote took place only six months after Great Britain voted to leave the EU, defying the Conservative-led government's call to remain inside the union. Now another major European economy—one that unlike Britain is also at the heart of the common euro currency—has voted against the EU and a pro-EU government.

The central danger facing the working class, however, is that opposition to the Italian referendum has until now been monopolized primarily by forces issuing aggressive nationalist appeals.

Italian President Sergio Mattarella is expected to receive Renzi's resignation today. It is unlikely that Mattarella would urge Renzi to reconsider in light of the referendum results.

The president will then consult with various institutional and party leaders to assess whether a new majority government can be formed. This, however, remains uncertain, despite a PD majority in the Chamber of Deputies. One issue is the crisis that has erupted within the PD in recent months.

Fissures within the PD were on full display before the vote. Ex-Stalinist and former premier Massimo D'Alema opposed Renzi's constitutional amendment. His differences, however, are purely tactical, i.e., how to contain social discontent and implement anti-worker measures more efficiently.

Mattarella may appoint a new Democratic premier. However, such a move risks provoking social upheavals following a series of unpopular technocratic and unelected governments in the last five years. Their common agenda has been to attack workers for the benefit of the banks and corporations.

If a majority is not reached following Mattarella's consultations, the president may call for the dissolution of both the Chamber and the Senate and trigger early elections. This is what most opposition parties are demanding, as they are riding the victory of the "no" vote and are seeking to exploit it to further their reactionary agendas.

The absence of a genuinely left-wing opposition to the PD has allowed right-wing forces to demagogically and falsely pose as defenders of the oppressed and exploited.

Beppe Grillo, leader of the right-wing Movement 5 Star (M5S), issued a statement in which he exulted: "Democracy has won... Italians must be called to new elections as soon as possible." In order not to delay a new legislature and government, Grillo claimed he would retract his criticism of the current electoral law (*Italicum*) to avoid the "establishment of a technocratic government Monti style." M5S is expected to gain the most in early elections. If it reaches 40 percent of the votes, it would win 54 percent of the Chamber's seats.

Giorgia Meloni, leader of the fascistic Fratelli d'Italia, mixed similar demands with populist rhetoric: "There must be new elections in a very short time... The Italians want a government that's not the result of

backroom deals with the big corporations but the product of a popular consultation. The 4th government not chosen by Italians is not acceptable."

Similarly, the leader of the chauvinistic Lega Nord, Matteo Salvini, boasted about a "victory against the powers that be in three fourths of the world. No pet governments, elections immediately."

Forza Italia's Renato Brunetta struck a more conciliatory tone: "The PD has the parliamentary majority and has a duty to form a new government, but without Renzi."

The pseudo-left also celebrated the "no" vote, but only to ensure that it maintains control of popular opposition and impedes an independent mobilization of the working class.

Hypocritically criticizing Renzi for his anti-working-class policies after supporting his nomination as premier, *Sinistra, Ecologia e Libertà* (Left Ecology Freedom Party—SEL) leader Nichi Vendola signaled his readiness to channel opposition back into the dead-end of the fake left: "The propulsive push of Renzism has exhausted itself. Today is a great day for the left to start again."

Significantly, the vulnerability of Italian banks is the focal point of attention on international markets. A "no" vote signals the failure of an attempt to implement harsh restructuring policies aimed at eliminating small banks and, ultimately, attacking the social position of the working class.

Monte dei Paschi di Siena (MPS), the world's oldest bank, is at high risk. Qatar and US investors announced they were waiting for the referendum's results before committing to being "anchor investors," a move that would guarantee a capital infusion of 1.5 billion euros. A collapse of MPS has the potential of causing a broader crisis in the Italian banking system as well as the entire euro zone.



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