

# Paolo Gentiloni named as new Italian prime minister

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Four days after the resignation of Italian prime minister Matteo Renzi, President Sergio Mattarella has appointed the former foreign minister Paolo Gentiloni to be his successor.

On Monday evening, Gentiloni presented his cabinet proposals to President Mattarella. The names will be announced today, and the new cabinet will then be presented for confirmation by both chambers of parliament over the next few days.

Gentiloni (62) is regarded as a close follower of Renzi, who suffered a serious defeat in the constitutional referendum on 4 December and subsequently resigned. He has therefore been derided by the opposition as Renzi's "clone" and "avatar".

The scion of an old Italian noble family, he was active in leftist circles as a teenager and had occupied a school. He then joined the environmental movement, and finally the Christian Democrat-dominated party, Margherita, where his political career began in local politics in Rome. In the Democratic Party (PD), into which Margherita dissolved itself in 2007, he is regarded as a theoretician of a "third way", in the mould of Tony Blair.

In his first statement on Sunday afternoon, Gentiloni said that both in its composition as well as its programme, his government would follow in the footsteps of the Renzi government. "Not voluntarily," he said, "but from a sense of responsibility, we will stick to the framework of the outgoing government and its majority."

Like his predecessor, Gentiloni's administration will be based on a coalition of the PD with the right-wing New Centre Right (NCD), a spin-off from Silvio Berlusconi's Forza Italia. His personnel will largely be drawn from the same sources, according to media reports.

Pier Carlo Padoan, who was originally talked of as a successor to Renzi, remains as finance minister, to continue taking care of the unresolved banking crisis. Gentiloni's successor as foreign minister will be the former Interior Minister Angelino Alfano, leader of the right-wing conservative NCD.

The Gentiloni government will continue the policies of the Renzi government—massive attacks on pensions, public schools and workers' rights. Its two central tasks are the adoption of a new electoral law and the mitigation of the acute banking crisis.

President Mattarella, who is supported by the European Union and the international financial community, is determined to forestall any elections until a new electoral law is passed. Under the existing law, the two chambers of parliament, which enjoy equal rights, are elected using completely different methods, almost automatically leading to differing majorities and a correspondingly weak government.

In the House of Representatives, the largest party automatically gains the majority of seats, even if it is only supported by a minority of voters, while in the Senate, a complicated system of proportional representation applies, which also gives a chance to smaller parties. Renzi's failed constitutional reform would have largely disempowered the Senate, and thereby imparted authoritarian power to the government. After the referendum failed, a similarly undemocratic electoral law is now to be drafted for the Senate.

According to press reports, ex-prime minister Renzi is preparing to head the PD slate again in the next elections. He told the newspaper *Quotidiano Nazionale* that he expects the elections to be in June 2017, one year prior to the usual deadline. He only regards Gentiloni as a transitional figure. He wished him good

luck with the words, “He has the stuff, he will succeed.”

The euro-sceptic Five Star Movement and the right-wing populist Lega Nord are pushing for immediate elections and have called the delay in the election date a betrayal of the voters in the referendum. Opinion polls have the Five Star Movement as the second strongest party, just behind the PD.

The second major problem facing the Gentiloni government is the crisis of the Italian banking system, which is burdened with bad loans totalling €360 billion. With the rejection of the new constitution on December 4, this crisis has become even more acute.

The third-largest Italian bank, Monte dei Paschi di Siena (MPS), must receive a capital injection of €5 billion by year’s end. But following the failure of the referendum, potential investors from Qatar and the United States have withdrawn their capital commitments, fearing losses under an unstable government. The bank has lodged a request with the European Central Bank for an extension until January 20, but the ECB Banking Supervision rejected this on December 9. As a result, MPS shares slipped by 14 percent. All Italian bank stocks gradually fell and at the close were 4 percent in the red.

If the rescue plan for MPS fails, the bank would have to be either wound up or restructured following ECB rules. Tens of thousands of small investors would lose their savings, since they must be used in accordance with EU rules as part of the restructuring. In the case of four smaller regional banks, a similar approach led to mass protests months ago.

One reason for the appointment of Gentiloni, in addition to his loyalty to Renzi, is his good relations with leading international and EU politicians, which he developed as foreign minister. He gets along well with US Secretary of State John Kerry, Russian Foreign Minister Sergei Lavrov and particularly German foreign minister Frank-Walter Steinmeier.

On Thursday, he will participate in the EU summit in Brussels as the new Italian prime minister. President Mattarella has said the country quickly needs an effective government to participate in the important meetings that are scheduled both at home, in Europe and internationally.

The December 4 referendum failed mainly because many Italians voted against, in protest against the right-

wing course of the Renzi government. Most “No” votes came from young voters and socially disadvantaged regions or city districts.

Because the PD and its pseudo-left supporters have pursued a policy of welfare cuts for decades, and there is no socialist alternative, it is right-wing parties that particularly benefit from the discontent. They will continue to gain support when the same government continues the same policies but with another man at the top.



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