

Italian president “freezes” resignation of Prime Minister Renzi

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Italian President Sergio Mattarella has “frozen” the resignation of Prime Minister Matteo Renzi until the budget for 2017 is adopted. Renzi submitted his resignation on Monday evening after voters had rejected his constitutional reform on Sunday by a large majority.

The budget has already been approved by the House of Representatives (Lower House). According to media reports, it could pass later this week in the second chamber of parliament, the Senate, but this is not certain.

What happens after the adoption of the budget is an open question. Mattarella could call for a transitional government. The current finance minister Carlo Padoa-Schioppa and Senate President Pietro Grasso are both under discussion as possible heads of the government. From 2011 to 2013, such a technocrat cabinet under Mario Monti ruled for one and half years, without being legitimized by the electorate, and initiated the brutal austerity measures that Renzi then continued.

The right-wing parties who led the campaign against the constitutional reform are insisting on immediate elections. The Five Star Movement of Beppe Grillo and the far-right Lega Nord sense that the rejection of the referendum provides an opportunity for them to take over the government. Forza Italia, the party of former Prime Minister Silvio Berlusconi, has also called for early elections.

On Monday, Interior Minister Angelino Alfano said that elections in February were possible, although as a result of the rejection of the new constitution there is currently no valid election law. Alfano is chairman of the New Centre-Right Party, which split from Forza Italia three years ago to form a government with Renzi’s Democrats (PD).

The passage of the Budget Law, which the president

wants Renzi to oversee, bears the hallmark of Brussels and Berlin. Like Renzi’s entire “reform policies,” its aim is to restructure the country’s debt-ridden banks and Italy’s huge debt mountain at the expense of the working class and poorer layers of the middle class. This policy has already led to a social disaster for large sections of the population. Italian industrial production has declined by 25 percent since the financial crisis of 2008, while youth unemployment remains at nearly 40 percent.

The massive rejection of the constitutional reform was mainly a vote against this policy. Most observers had expected Renzi’s defeat, but assumed a closer result. This proved to be far from the mark. With a voter turnout of 68 percent, high for Italy, 19.4 million voted against the constitutional reform and only 13.4 million voted in favour.

The result was strongly influenced by the level of social inequality in Italy. The poverty-stricken south voted No by two-thirds. Of the country’s 20 regions, only three relatively well-off ones voted Yes: Trentino-Alto Adige, Emilia-Romagna and Tuscany.

The result was even clearer among young voters aged 18-34 years. This layer voted 68 percent against and 32 percent for the reform, although Renzi had tried to use his relative youth (41) and the high proportion of women in his cabinet to appeal to younger voters. Young people are among the main victims of Renzi’s reforms. Nearly 40 percent are unemployed, while the rest just manage with precarious jobs or are looking for work abroad.

Among the 35 to 54 age group, the No votes outweighed the Yes by 63 to 37 percent. Only among older layers over 54 years old did the Yes votes predominate, with 51 percent in support.

In the cities of Rome, Milan, Turin and Bologna, the

vote also followed the social gradient. While the Yes vote in the centres outweighed that in the “periphery,” the economically neglected and rundown suburbs voted mainly No.

Spiegel Online commented, “The high turnout in the referendum and the clear anti-government line shows one thing above all: Italians are extremely unhappy with their state, their authorities, their lives. And they have every reason to be.” As in many countries, “economic globalization has also divided Italian society into a tiny rich layer of winners and a large layer of losers.”

Representatives of the EU and the German government are clearly worried by Renzi’s resignation, but reaffirmed at the same time that they would stick to their harsh austerity course. Chancellor Angela Merkel said that she was “sad” about the outcome of the referendum, but Europe would still stick to its course. “From my point of view, we will continue our work in Europe, and we have set the right priorities.”

In business circles, meanwhile, there are growing concerns that Renzi’s defeat could herald the end of the euro and the European Union. Ulrich Grillo, President of the Federation of German Industry (BDI), said, “The risk of new political instability was increasing for economic development, financial markets and monetary union.”

The Centre for Economics and Business Research considers the chance that Italy remains in the euro zone for the next five years to be small. According to the British economics consultancy, the referendum showed that Italian voters would not tolerate indefinitely the chronic unemployment, stagnant wages and Brussels-imposed austerity that now came with euro membership. “There is no doubt Italy could stay in the euro if it were prepared to pay the price of virtually zero growth and depressed consumer spending for another 5 years or so. But that is asking a lot of an increasingly impatient electorate. We think the chances of their sustaining this policy are below 30 per cent.”

Also, in the *Financial Times*, Gideon Rachman warns, “The European project is under unprecedented strain. Britain’s decision to leave is the most striking evidence of this. But, in the long run, the unfolding crisis in Italy could pose a more severe threat to the survival of the EU. The reasons for this are political, economic and even geographic.”

The EU is a reactionary instrument of the most powerful European business and financial interests. It is responsible for ruthless attacks on the working class, the brutal sealing of the borders against refugees and growing militarism. But there is considerable danger that right-wing organizations will exploit the widespread opposition to the EU and direct it into a reactionary, nationalist direction. Support for the European Union and its austerity policies by the Social Democrats, trade unions and their pseudo-left supporters has created a political vacuum that the far right is seeking to fill.



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