

Resignation of Italy's Berlusconi clears way for “technocratic” government chosen by the banks

By Stefan Steinberg
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Following a fast track procedure whereby both houses of the Italian parliament agreed to punitive austerity measures dictated by the banks, Italian Prime Minister Silvio Berlusconi announced his resignation on Saturday. His standing down as premier clears the way for the appointment of a “technocratic” government led by the economist Mario Monti, as ordered by the financial elite and its instruments, the European Union and the International Monetary Fund.

Last Tuesday evening Berlusconi announced his intention of resigning after losing his parliamentary majority in a vote in the House of Representatives. Berlusconi refrained from giving a deadline for his resignation, however, declaring he would stay in office until the austerity measures demanded by Italy's creditors had been agreed to by the Italian parliament. This raised the prospect of his remaining in office until new elections in February of next year.

The international financial markets gave their immediate thumbs down to Berlusconi's announcement and drove up the interest rate on Italian government bonds on Wednesday to over 7 percent—the threshold which indicates that a state will be unable to pay off its debts.

Following more pressure from the IMF and the EU, the Italian parliament, at the urging of President Giorgio Napolitano, agreed to adopt the austerity package in summary proceedings.

On Friday, the Senate agreed the package of job and social cuts and labour market deregulation by 156 votes to 12. On Saturday, the House of Representatives followed suit and passed the proposals by 380 votes to 26. Having handed in his resignation on Saturday, Berlusconi left the talks held in the Italian Presidential Palace by a side door in order to avoid a crowd of angry, jeering protesters.

The moves toward forming a technocratic government in Italy follow the formation of a similar regime in Greece last weekend. These examples of regime change come on the heels of government changes in Ireland, Portugal, Spain and

Slovakia, all within the space of the past year. In each case, the change of government followed intense pressure from the banks and leading European and international financial institutions intent on imposing regimes capable of implementing crushing austerity measures.

As in Greece a week ago, the exit of the Italian head of government followed a series of hectic meetings over the weekend aimed at reassuring the stock markets before they opened on Monday. Berlusconi's resignation has been greeted with a palpable sigh of relief by business leaders, financiers, politicians and media commentators. A string of commentaries in the international press and those Italian newspapers not directly owned by Berlusconi speak of two lost decades and blame the prime minister for discrediting Italy and despoiling the country's political culture.

Even the most cursory review of Berlusconi's career makes clear, however, that rather than being the cause of the foulness of Italian politics, he was its product—the personification of a rotten and corrupt political system.

It was only on the basis of the tolerance of governments and political leaderships across Europe and internationally—whether Christian conservative or social democratic—that Berlusconi was able to rule Italy for a longer period than any other post-war Italian premier.

The political priorities of the billionaire Berlusconi—the ruthless advancement of his own business interests and those of his country's corporate and financial elite at the expense of the working population—were and are shared by governments across Europe. This is why political leaders were quite prepared to deal politically and economically with the man who is now being referred to by some newspapers as the “clown prince” of European politics.

Within Italy itself, Berlusconi's grip on power at the head of a party that was little more than an extension of his business empire was the result of the collapse of the official “left” parties and trade unions, a process by no means limited to Italy, but rather evidenced across Europe and

internationally.

Berlusconi initially made a name for himself as an unscrupulous businessman, making his first fortune in property development. Already at this time, in the 1970s, he was widely reputed to have developed links to the Mafia, and he moved in ultra right-wing political circles.

At the end of the 1970s, he extended his business interests to the media and founded his media group Fininvest, which went on to take over a number of major television channels and leading newspapers. In 1981, it was revealed that Berlusconi was a member of the secret Masonic society P2, a cabal of leading figures from Italian political life, the military and police dedicated to installing an authoritarian government in Italy.

A mentor in Berlusconi's rise was the secretary-general of the Italian Socialist Party and prime minister, Bettino Craxi. It was Craxi's government that passed legislation in 1984 allowing Berlusconi to extend his media empire into what became a virtual monopoly of Italian television.

Under Craxi's tutelage, Berlusconi entered politics with the aim of propping up and extending his own business empire with state subsidies and backhanders, while ensuring that legislation was passed to provide a cloak of legal immunity for his activities.

Berlusconi's assumption of the post of prime minister came as a result of the "mani pulite" (clean hands) campaign that commenced in the early 1990s. The campaign led by the lawyer Antonio Di Pietro was directed in the first place against corruption in Craxi's Socialist Party, but soon broadened into an investigation of the entire post-war Italian political system.

The result of a campaign ostensibly aimed at cleaning out the filth from the stable of Italian politics was the coming to power of arguably the most corrupt and compromised of all Italian post-war politicians. Berlusconi brought the Italian neo-fascists into power for the first time since World War II as part of his first coalition government in 1994.

That government lasted barely seven months. It collapsed following widespread protests against his policies and divisions with another coalition partner, the anti-immigrant Northern League.

Berlusconi subsequently profited politically from the shift ever further to the right of the "left" opposition parties, the Italian Communist Party (PCI) and, following its collapse, the parties that emerged from its ruins—the Democratic Party of the Left, formed in 2001 and renamed the Democratic Party in 2009, and the more hard-line Stalinist Party of Refounded Communism (PRC).

These organisations gave support to the anti-working class policies of the technocratic government headed by economist Lamberto Dini in 1995-96. The PCI and PRC

then joined the Olive Tree "centre-left" coalition led by Romano Prodi (1996-98) and supported Prodi's right-wing domestic and foreign policies. Repeatedly, PRC officials claimed that support for Prodi's anti-social program and militaristic foreign policy was the necessary price to pay to prevent Berlusconi returning to power.

Widespread disillusionment with the policies of the Prodi government and the participation of the PCI and PRC enabled Berlusconi to return to power in 2001. A similar process of political betrayal allowed Berlusconi to come to power once again in 2008.

A major power broker behind the scenes in Italian politics since the re-election of Berlusconi in 2006 has been former PCI fixture Giorgio Napolitano, who was elected 11th president of the republic in the same year. Napolitano joined the PCI in 1945, directly after World War II.

It was Napolitano who engineered the resignation of Berlusconi and nominated Mario Monti as the new head of government. And on Sunday it was Napolitano who warned that Italians would be called upon to make "sacrifices" in order to overcome the country's problems. He called for all of the country's political parties to close ranks and support the policies of the new regime.

Berlusconi's fall from grace in the eyes of the international political and financial elite had nothing to do with the dubious sources of his wealth or his anti-social policies. Rather, it was felt that Berlusconi was neither able nor willing to impose the type of savage austerity measures on the Italian people deemed necessary to protect the banks and major investors from the consequences of the European debt crisis.

According to the newspaper *Corriere della Sera*, Monti plans to name Guido Tabellini as finance minister in his new cabinet. Tabellini, 55, is a professor of economics at Bocconi University in Milan, where Monti presides as president. Even the post of foreign minister is evidently to be handed over to a banker. The newspaper reports that Giuliano Amato, a former prime minister and currently an adviser to Deutsche Bank, will be the country's new foreign minister.

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