

# Italy: The cabinet of Mario Monti—a government of the banks

By Marianne Arens  
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On Wednesday, the former EU commissioner, banker and economics professor Mario Monti, 68, was sworn in as the new head of government in the Italian presidential palace, where he also presented his ministers. On Thursday, Monti underwent a vote of confidence in the Senate, and the same procedure is planned for Friday in Italy's second chamber, the House of Representatives.

Italy's new emergency government is a government of big business and the international banks. It has not been democratically elected, but instead was installed following pressure from the financial markets by the 86-year-old former Communist Party member and current Italian president, Giorgio Napolitano.

Just a week before the swearing-in ceremony the interest rates on 10-year government bonds had climbed to a record high of 7.5 percent. This proved to be the decisive factor for Silvio Berlusconi's resignation.

Monti's new ministers are all so-called technocrats. His cabinet does not include a single politician. Even the name of Giulio Amato, who had been raised as a possible foreign minister, was withdrawn from the final selection. These so-called "experts", who will make their decisions independently of any democratic elections, are expected to work in a manner that excludes any pressure from popular opinion. On the other hand, the government is obliged to report to the International Monetary Fund every three months to account for its budgetary policy.

The new prime minister has personally taken over both the finance and economic ministries. The rest of the cabinet posts are taken mainly by senior banking and business managers, university professors (including many representatives of the Catholic Church) and leading government officials. Many of those selected played a leading role under previous centre-left governments.

A key post has been taken by the new minister of economic development, Corrado Passera, 57, who was previously president of Bank Intesa Sanpaolo, Italy's

second largest bank. Passera comes from the same business university as Monti (where he sits on the executive) and also has a master's in business from the Wharton School at the University of Pennsylvania in the US.

Passera worked for the McKinsey consulting firm for five years and later as general manager for the CIR Group of Carlo De Benedetti, one of the largest private companies in Italy. Under the first Prodi government of 1998-2002 Passera oversaw the transformation of the state-owned Italian Post into a joint stock company. In the process, 22,000 jobs were cut.

Piero Gnudi, 73, a former president of the state energy company, Enel, is minister for tourism and sport. He was an economics professor at the University of Bologna and member of the industry ministry, and helped organise the privatization of the state holding company IRI. He is also a leading member of the Confindustria employers' federation and the Aspen Institute.

Foreign Minister Giulio Terzi di Sant'Agata, 65, is a lawyer and long-time diplomat on the international stage. He has worked in the Italian embassies in Paris and Vancouver, NATO in Brussels and at the United Nations in New York. He is currently the Italian ambassador in Washington.

The new government will rely less on the parliament and will be more dependent on state agencies such as the police and military. For ministers of the interior and defence, Mario Monti has opted for reliable representatives from these state apparatuses. His new defence minister is Giampaolo Di Paola, 67, a senior Navy admiral who has spent his entire life in the military and is currently chairman of the NATO military committee.

The post of interior minister goes to Anna Maria Cancellieri, 67, the political scientist who took over the provisional administration of the city of Bologna in

February 2011 and quickly acquired the nickname the “Iron Lady”. Previously, she had represented the Home Office on a number of occasions as prefect in the cities of Vicenza, Bergamo, Brescia, Catania and Genoa.

The connection to the Vatican is secured by several Catholic professors: the new culture minister is Lorenzo Ornaghi, 63, rector of the Catholic University of Milan. Ornaghi is a professor of political science and vice president of the Catholic daily newspaper *Avvenire*. Two other ministers close to the Vatican are Andrea Riccardi and Piero Giardina.

Piero Giardina, a professor of finance at the Catholic University of Milan, will maintain links between the Church and parliament. Like most of his fellow professor-ministers, Giardina also made his career in business. He has served in the management of several banks, insurance corporations and the Pirelli tire manufacturer, as well as a spell as vice secretary at the finance ministry. Riccardi, a professor of religious history, will be responsible for international cooperation. Riccardi is the founder of the “Community of Sant’Egidio”, a kind of Catholic sect, which operates with the support of the Vatican.

Elsa Fornero, 63, will take over the ministry of labour and social affairs. She is professor of economic policy at the University of Turin and lecturer at Maastricht. She is also vice president of the supervisory board of the Intesa Sanpaolo bank. Also from the University of Turin is the new education minister Francesco Profumo, 58, who stood as a candidate of the Democrats (PD) for mayor of Turin six months ago. The new minister for territorial cohesion, Fabrizio Barca, has a master’s degree in economics from the University of Cambridge.

Paola Severino, 63, the rector of the University LUISS Guido Carli in Rome, will head the Justice Department. Corrado Clini, a surgeon and medical professor from Parma, takes over as minister of the environment. Lawyer Mario Carania is the new minister of agriculture.

Monti wants to orientate his government’s program entirely to the demands of the EU Commission. The first priority will be cuts in state spending and the privatization of state property, in order to service Italy’s debt with the banks at the expense of the working population.

It is expected that Monti will introduce the proposal for an extension of the retirement age to 67 earlier than planned and abolish the existing early retirement scheme—a key demand of the EU.

In the previous century, pensions were the most important form of social security in Italy. Whoever had

paid continuous contributions for 35 years could retire at 58. Often entire families were dependent on this support. This gain from the post-war period has been systematically undermined during the last 10 years, both by the centre-right and the centre-left, but now it is to be abolished altogether.

Monti also wants to accelerate the sale of state property, the privatization of publicly owned companies and introduce a property tax that Berlusconi had abolished.

Another demand of the EU and the Italian business community is reform of the country’s labour law to facilitate sackings. This is at the top of the list of demands from industry leaders such as Confindustria President Emma Marcegaglia and the Fiat boss Sergio Marchionne and has also been called for by the EU Commission. Such a reform represents an attack on Italy’s post-war constitution and the national labour law, and is an important prerequisite for slashing wages.

The issue of mass layoffs is currently posed in Sicily, where the Fiat plant finally closes next week following 41 years of production. This week workers learned the factory would close on November 23 rather than the previously agreed date of the end of the year. The closure means a loss of jobs for 1,500 Fiat workers and 700 employees of subsidiary industries.

Discussions are also taking place regarding a wealth tax. The main intention of the tax is to lure the so-called “left” into sharing responsibility for the government’s program. The wealth tax is the main demand raised by Nichi Vendola, the former leader of Communist Refoundation and current governor of Apulia. The proposal is for a one-time tax, aimed merely at covering up the anti-social nature of the new government’s program.

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