

# Italy gets a new government: From the 'third way' to a triumvirate

by Claudio Celani

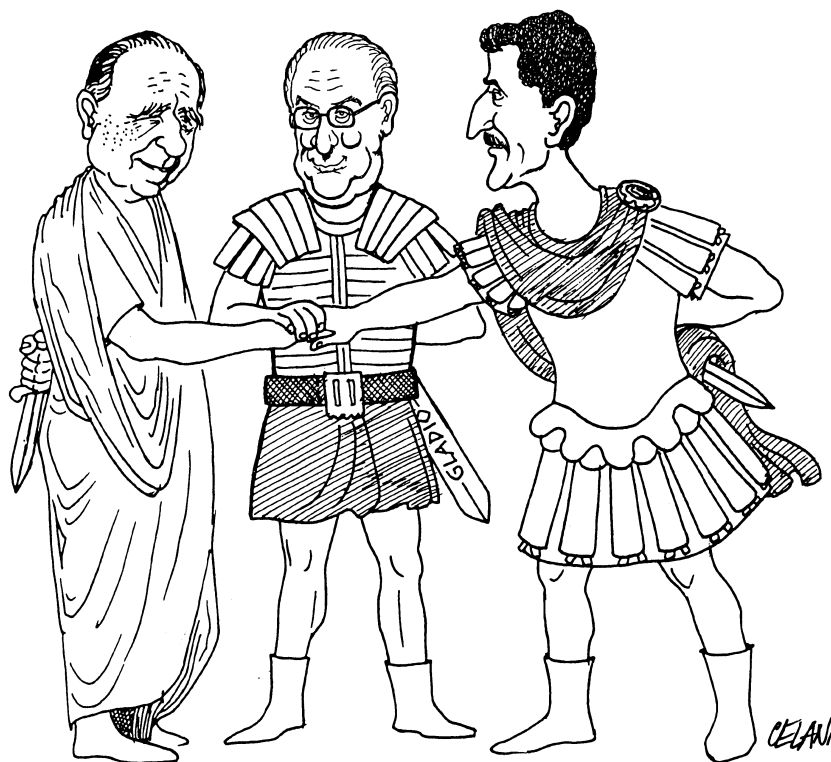
The new Italian government led by Massimo D'Alema represents a shift, not so much because it is the first cabinet led by a member of the former Italian Communist Party, but because, paradoxically, it should be a return to political realism after eight years of ideologically tainted governments. Since 1992, in fact, Italy has been ruled by executives led by either technocrats or amateurs, whose task has been to faithfully execute directions issued at the infamous meeting on board the British royal yacht *Britannia*, when it anchored off Italy's coast on June 2 of that year.

To understand the paradox, one must look at the level at which, in Italy as elsewhere in the world, real political decisions are taken. This is the level of the national elites, i.e., industry, banks, religious institutions, labor, and, last but not least, intellectual leaders. Italy's national elites have re-organized themselves after suffering a serious defeat through the 1992-93 "Britannia" offensive, which managed to almost completely destroy the constitutional party system through the famous "Clean Hands" campaign, a Kenneth Starr-like anti-corruption investigation. The "Britannia boys" have thus enforced a financial market dictatorship in Italy, including the largest privatization program in the Western world, and a blood, sweat, and tears budget-cutting policy under the pretext of complying with the criteria established for joining the European Monetary Union (the euro), otherwise known as the "Maastricht parameters."

The last of such cabinets has been the "Olive Tree" coalition

led by Romano Prodi, a 60-year-old professor from the London School of Economics who distinguished himself by giving mega-speculator George Soros an *Honoris Causa* degree in Economics. Prodi, who was dreaming of building an international "third way" movement with his friend, British Prime Minister Tony Blair, has now ended his career, after he was defeated by one vote in a parliamentary test on the fiscal year 1999 austerity budget.

The fall of Prodi's government appears to have been long and carefully planned. The effects of six years of insane



"The Triumvirate," Italy's new coalition government (left to right): Carlo Azeglio Ciampi, Francesco Cossiga, and Prime Minister Massimo D'Alema.

## D'Alema: Who is the new Italian Prime Minister?

Massimo D'Alema comes from a political dynasty. His father was a leader in the Resistance against fascism, a long-standing regional leader, and a member of the national directorate of the Italian Communist Party (PCI). Although of Marxist inspiration, the PCI soon abandoned revolutionary strategies in favor of a socialist-reformist approach. The current Italian Constitution is the product of the collaboration of the PCI with the Christian Democratic Party, the Socialist Party, and other, minor members of the anti-fascist coalition that led the Resistance. From his father, who worked many years in the Finance Committee of the Italian Senate, Massimo D'Alema has inherited the idea that politics has to give up ideology when it conflicts with reality.

The younger D'Alema started his political career in the 1970s, when the secretary general of the PCI was Enrico Berlinguer. As leader of the Communist Youth Federation (FGCI), D'Alema had to face a terrorist upsurge in the universities. In 1977, the terrorist movement calling itself the Autonomists took over Italian universities and started shooting moderate leftists who were supporting Berlinguer and Aldo Moro's policy of National Unity, a project for forming a government based on a Communist-Christian Democratic alliance. The Autonomists, and the more famous Red Brigades, accused the PCI of having "betrayed" anti-fascist ideals. D'Alema was successful in marginalizing the Autonomists and preventing sympathy for them from developing inside the FGCI.

After the death of Berlinguer (1984), the PCI underwent a change. After a brief transition under Alessandro Natta, the anti-labor, globalist tendency took over through

new party secretary Achille Occhetto. In 1989, Occhetto took the occasion of dropping the name "Communist" from the party, to complete the shift. The new party was now called Democratic Party of the Left (PDS). While a faction abandoned the PDS and created the Refounded Communist Party (PRC), D'Alema stayed in the PDS as vice-secretary.

When the "Clean Hands" operation, aimed at destroying the constitutional party system, started in 1992, Occhetto saw in it a way to take over the government, and supported it. D'Alema, who represented the internal opposition, had to wait for the failure of Occhetto's strategy. The 1995 elections, in fact, were won by a new conservative party, created at the last minute by media tycoon Silvio Berlusconi, which filled the vacuum created by the elimination of the moderate parties.

With Occhetto's defeat, D'Alema became secretary general of the PDS. In 1996, he joined the center-left "Olive Tree" alliance, a "third way" solution essentially dictated by the financial markets, which won the general elections. However, D'Alema has never concealed his opposition to the idea of the "third way" and its creator, British Prime Minister Tony Blair. During the most recent Persian Gulf crisis, D'Alema was critical of the fact, for example, that "the only government in the world to support a strike against Iraq is Tony Blair's."

In foreign policy, D'Alema's people in the previous government have generally sought collaboration with the Clinton administration. On the Kosova crisis, they were ready to support a NATO strike without a UN mandate.

Shortly before presenting his new government to Parliament, D'Alema met Pope John Paul II in an official state ceremony. The Pope shook his hand and wished him "good work."

Among the very negative: In the past, D'Alema has supported legalization of "soft" drugs.

budget-balancing, which has amounted to 500 trillion liras in cuts and taxes, had built up a consensus for a policy shift among the nation's elite. From influential industry leaders like Cesare Romiti (formerly with Fiat), to Cardinal Achille Ruini, head of the Italian Catholic Bishops, from labor representatives to even the central bank, a chorus of voices critical of the insane Maastricht parameters and in favor of jobs and investment had become louder and louder. This faction has proposed a jobs-creation policy through infrastructure investment in Italy's impoverished Mezzogiorno—such as, building the bridge across the Messina Strait to connect Sicily to the mainland—in opposition to free-market proponents of job creation through deregulation. The international financial collapse has further motivated the decision by this

faction to get rid of the amateurs and to put politicians back in the driver's seat.

### De Benedetti warns of collapse

A remarkable sign of the panic which has gripped the whole financial community is the way in which Carlo De Benedetti, a known international figure and a pioneer in high-risk derivatives operations, has warned against an inevitable financial collapse, in a commentary in the Italian economic daily *Il Sole-24 Ore*, on Oct. 23. The financial storms of the last months, De Benedetti wrote, are "the prelude to a most serious global crisis." He added, "The most worrying thing . . . is the total lack of leadership which emerged at the last G-7 meeting in Washington. The 'lords' of world

## Cossiga: The comeback of the 'Pick-Axer'

Francesco Cossiga's biography could be taken out of Francesco De Roberto's *I Vicere*, a novel describing the career of an ambitious Sicilian prince. Cossiga is no prince, although his family is among the "notables" of the Sardinian city of Sassari. Cossiga, from a family of Freemasons and Jacobins, followers of Giuseppe Mazzini, is the first "Catholic" member of his family (an adaptation to the times). He grew up under the patronage of Antonio Segni, a major landowner and an associate, during his youth, of pro-British fascist leader Dino Grandi. When the Christian Democratic Party was founded, Segni joined it and became one of its national leaders.

In 1962, Segni was elected President, and took with him the young Cossiga, who became his liaison with Secret Services head General De Lorenzo. A few months later, the great nationalist leader Enrico Mattei was killed, and a cover-up was organized by De Lorenzo's people.

From that point on, Cossiga's biography parallels the major mysteries of Italian politics, culminating in his role during the 1978 kidnapping and assassination of Aldo Moro by the terrorist Red Brigades. Moro was eliminated under orders of Henry Kissinger, who wanted to stop Moro's project for national unity. A faction of the Italian elite, to which Cossiga belonged, made sure that Kissinger's orders were executed. Cossiga was Interior Minister, and therefore head of the police, prior to and during the kidnapping. Three months before the kidnapping, in the midst of a terrorist emergency, Cossiga dissolved the anti-terrorist police, under cover of reforming the Secret Services. When Moro was kidnapped, on March 16, 1978,

Italian police and intelligence services were hamstrung, thanks to Cossiga's reform. While Moro was held captive, Cossiga centralized investigations in "crisis management committees," whose members, it was later discovered, were all adherents of the secret Propaganda 2 freemasonic lodge.

Cossiga resigned after Moro was killed, on May 9, 1978. But one year later, he became Prime Minister, leading a coalition which overturned Moro's policies.

In 1985, Cossiga was elected Italian President. During his mandate, a secret NATO organization, called "Gladio," which is accused of playing a destabilizing role, was uncovered. Cossiga declared that he personally, as state secretary, presided over its founding. The PCI, the largest opposition party, called for Cossiga's impeachment, but the initiative was unsuccessful. In 1989, Cossiga resigned as a member of the Christian Democratic Party and started a movement to demolish the constitutional party system, which he called a "*cosa nostra*" system. Cossiga's campaign was the signal for the Clean Hands operation and the electoral growth of the separatist movement, the Northern League. Before the end of his mandate, in 1992, Cossiga resigned in order to provoke an institutional crisis and prevent a representative of the party system from being elected.

Cossiga has been characterized by Margaret Thatcher as "my preferred Italian politician." Cossiga is an admirer of British liberalism, and frequently visits the U.K. He has confessed admiration for Cardinal John Henry Newman, the founder of Dublin University and of modern British Catholicism.

Cossiga is a psychiatric case, in the true sense of the word. Like his hero Newman, he suffers manic-depressive cycles, which require psychiatric and pharmaceutical treatment. When he gets manic, nobody can control him.

finance . . . looked pretty disoriented and divided. . . . Taking that and the monstrosity of financial excesses into account, as well as the fact that this crisis is hitting a global economy, the most credible consequence is: Let's prepare for the worst."

According to *EIR* sources, De Benedetti's belated warnings have created a shock in political circles, and especially in the Parliament's Finance Committee. These circles have already acknowledged the correctness of *EIR*'s analyses and the decisive role played by *EIR* and the LaRouche movement, which first exposed the *Britannia* plot, and, since then, have consistently provided leadership.

Once the decision to dump the technocratic experiment was taken, the question became to choose the easiest alternative, in terms of a political projection of the new consensus

reached among the elites. The choice of D'Alema fit the demand. D'Alema is the secretary general of the Democratic Left (DS, the former Communist Party), the largest party in the "Olive Tree" coalition that brought Prodi to power, through election victory, in 1996. However, due to pre-election agreements, the DS in the Prodi government was represented by the leader of the pro-technocratic faction, Walter Veltroni, and the composition of the whole Prodi cabinet reflected such a compromise, with a dominating presence of two former central bankers and a majority of non-elected representatives of the "permanent bureaucracy." Thus, once the government crisis was opened, and after Prodi failed in the attempt to rescue his majority, the natural candidate to succeed him would be D'Alema.

Once D'Alema received a mandate, it was clear that the

game was fixed. The very same faction which had denied its votes to Prodi, the conservative party UDR, led by former President Francesco Cossiga, suddenly agreed to enter a government coalition under D'Alema. With the UDR votes, and with the votes of the PCDI, another new party born out of a dissident faction from the left-wing extremist Refounded Communist Party (PRC), D'Alema can now largely compensate for the loss of votes from the left that had been the cause for Prodi's defeat.

### Three conflicting tendencies

The result is that the new government has a dominating political component, but is formed by three conflicting tendencies, thus resembling a typical Roman Triumvirate. The three tendencies, schematically, are:

1. The "constitutional" forces around Premier D'Alema and his allies in the DS, the PDCI, and the Catholic parties PPI and UDR. Beside the Premiership, this faction controls important ministries, such as Interior (police), Justice, Foreign Trade, and Labor;

2. The oligarchical faction around UDR founder and former President Cossiga, controlling the Defense and Postal ministries;

3. The "Britannia boys" faction, represented by Economics Minister and International Monetary Fund (IMF) Interim Committee chairman Carlo Azeglio Ciampi. Also, not strictly a member of this faction, but a former IMF official, is Foreign Minister Lamberto Dini.

Whereas the last faction does not need further introduction, the other two need a short characterization.

The first faction represents a tradition of bipartisan policy whose historical reference point is the late Christian Democratic leader Aldo Moro. Not incidentally, in his inaugural speech, D'Alema referred to Moro's Catholic-Socialist coalition, in 1962, as the root of his own policy orientation.

The second faction represents an oligarchical faction which has historically been allied with the City of London, but which, contrary to the Britannia one-worldists, has an older tradition of territorial roots, both in terms of land-ownership and of "national" identity. This faction is now reacting to the international financial crisis with a 180-degree shift from previous policies. It was Cossiga himself who, in 1989, after the fall of the Berlin Wall, launched the demolition of the constitutional party system, so much so that, since that time, he has been nicknamed "Picconatore" ("Pick-Axer"). Now, Cossiga claims that he wants to rebuild that very Christian Democratic Party which he helped destroy. The about-face is explained by the fact that, whenever fundamental choices are taken in the country, this faction must be part of it, even if the choices go in the opposite direction of the faction's desired course.

It is no secret that the alliance between D'Alema and Cossiga is an armed truce, and that at some point knives will be drawn. If one believed Cossiga's stated intent, this would

happen at the end of the legislative term, in one and a half years. But, nobody can guarantee that Cossiga will not throw a monkeywrench into the wheels of his enemy-ally D'Alema much earlier, as soon as he finds the right occasion. In the meantime, the two have already tried to eliminate the third enemy-ally, IMF minister Ciampi.

### Ciampi backed by financial threats

As revealed by Paolo Savona, a respected banker and financial analyst, Ciampi was supposed to be excluded from the new government, but "the markets" delivered a clear message: Either Ciampi is confirmed, or there will be a speculative attack against the lira and a run on the stock exchange. Thus, the IMF minister stayed. But the game is still open, and rumors are circulating to the effect that Ciampi will probably leave the government after a few months.

Another strategic difference between the two ally-enemies D'Alema and Cossiga, is their behavior toward the opposition. Whereas D'Alema seeks dialogue with Silvio Berlusconi, leader of "Forza Italia" ("Go! Italy"), the main opposition party, for example on constitutional reforms, Cossiga has announced that he will "destroy" Berlusconi and his party. Moreover, Cossiga has so far opposed any constitutional reform voted by Parliament, in favor of a constitutional congress. All this promises to set the political landscape ablaze.

But, besides the conflicting nature of the coalition itself, the new government is born with an intrinsic weakness. Despite representing an underlying consensus for a correction of radical free-market policies, that consensus falls short of an uncompromising rejection of supranational policies, such as the European Monetary Union, and of a return to a full-fledged national economic system.

Exemplary of the problem, Italians joined French and German government leaders at the Oct. 24 European Union meeting in Austria, in pushing for a European-wide policy of infrastructure investments, to the dismay of Blair, who protested against "dirigistic methods." Underscoring the shift, earlier in the week European Commissioner Mario Monti released a paper in which he invited the whole EU Commission to drop the deficit accounting methods used thus far, in order to exempt investment expenses from the deficit as such.

At the same time, however, the same leaders called for supporting the IMF "crisis management" policy to save the international financial system, and invited their central bankers to print money. Promptly, on Oct. 26, the Italian Central Bank lowered the discount rate a whole point, from 5%, to 4%.

When the financial storm soon hits Europe full force and makes a shambles of the euro dreams, it will be seen whether this government can move toward a Bretton Woods alternative, or whether the elites must make another "policy correction."