

Prodi government's budget attacks the Italian working class

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The 2008 budget approved by the Prodi government at the end of September is a massive and cynical attack against the living standards of millions of Italian workers who are progressively losing decades of social gains while a small corporate oligarchy is accumulating extraordinary profits.

While the so-called radical left—the Party of Communist Refoundation (PRC) and Italian Communists (PdCI)—has voiced limited opposition to some of the more blatant measures such as the pension and welfare “reform,” neither party will take any action to block passage of the budget in Congress.

Rather than bring down the government on such fundamental questions as pensions, welfare, wealth redistribution, public expenditures, job security or democratic rights, the “left” parties ultimately agreed to support a regime that is deeply hostile to the interests of the working class.

The Prodi budget limits the deficit to 2.3 percent and the fiscal burden to 43 percent of the 2007 GDP, promising even better numbers in the next three years, as primary expenditures are reduced from 39.9 percent of GDP this year to 38.6 percent in 2011.

The centrepiece of the budget is a twofold policy that's become the icon of neo-liberal agendas around the world: a diminution of taxes and a slash of public funds. The beneficiaries of the tax reduction are the large and medium corporations. The IRES (*Imposta sul Reddito delle Società*—tax on the income of corporations) is reduced from 33 percent to 27.5 percent; consistently, the IRAP (*Imposta Regionale sulle Attività Produttive*—a regional tax on production activities of large corporations) is lowered from 4.25 percent to 3.9 percent.

On the opposite pole of the social scale, an estimated 12.5 million Italians—more than 20 percent of the total

population—will receive a one-time token in the amount of €150 each. It must be noted that the recipients of such “rewards” qualify on the basis of their income being so low that no tax is even due. The threshold is about €700 a month for employees, €4,800 a year for independent contractors, as reported by *Il Messaggero*.

Another tax cut regards the ICI (*Imposta Comunale sugli Immobili* or local tax on real estate). This minute concession will grant homeowners an additional tax credit of €200 on their first home for the entire year, while renters will be entitled to a €300 tax reduction (reduced to €150 in the case of an income above €15,494 and up to €30,987).

One exception to fiscal austerity is the spending on “Security of the nation”—a recurring theme that reinforces the official position of the Prodi government as a firm supporter of the “war on terror” and other repressive and undemocratic measures against immigrants. Under this slogan, at least 4,500 new police officers, 1,000 additional fiscal agents and 200 new prison guards are being deployed, with a fund increase from €7.33 billion to €7.55 billion. While that section of the public administration is getting a boost, the overall social expense is suffering a cut of more than €4.5 billion.

Italian society is growing old, both relatively and absolutely, with the birth rate well below the death rate (8.54 births against 10.5 deaths per 1,000 people) and the median age is on the rise, with 20 percent of the population being 65 or older. In light of this, technologically advanced healthcare and care for the elderly should be a priority for the public administration. Instead, both sectors are left to languish, with the burden left more and more on the individual.

Another field suffering from underfinancing is

education. Similar to what occurred in the US in the early years of the Bush administration, Prodi's grant of small incentives being paid to selected students for the purchase of new books marks a tendency of the government towards the privatisation of the sector and its refusal to allocate appropriate funds for the creation and maintenance of an adequate and updated universal school system.

The pressure of the international financial crisis due to the collapse of the US sub-prime mortgage market and to the collapse of several banking institutions in Germany and the UK is an objective cause of concern among the Italian ruling circles, especially the big industrialists. Luca Cordero di Montezemolo, former president of Ferrari, now president of FIAT and of the guild of industrialists (Confindustria), has not hesitated to hail the budget as "a step in the right direction."

The Prodi budget is incapable of addressing the needs of millions of workers who find themselves under attack. Public administration jobs contracts are not being renewed—the government claims that no funds can be allocated to that end—leaving tens of thousands of families uncertain about their future. The manoeuvre is not an accident. The government is trying to amortise the impact of the budget by administering the poisonous potion in stages. The consequences will ultimately be devastating for the working class.

Public employees will not see a salary increase or a tax reduction, while temporary jobs, now defined "seasonal," will be offered on a maximum, non-renewable three-month term, according to *Il Messaggero*. In other words, according to Prodi's budget, temporary jobs will not only have no chance of normalisation, but they will irrevocably cease at the end of the term.

The complicity of the radical left, mainly composed of *Rifondazione* (Communist Refoundation or PRC), *Verdi* (Greens) and the Stalinist *Comunisti Italiani* (PdCI), has been predictable. Their token participation in the formulation of the budget has ensured its passage to the Senate. While they took pride in such measures as establishing a measly and most inadequate fund of €400 million for the housing needs of the incapacitated or the planting of a thousand new trees as an anti-pollution measure, they have provided a fig leaf for the more reactionary aspects of the new initiative.

Under the bankrupt slogan of choosing the "lesser of

two evils," supporting Prodi to avoid Berlusconi, they consciously block any struggle to challenge the entire profit system and its supporters, the real cause of the attacks against the working class.

Meanwhile, the newly formed *Partito Democratico* (Democratic Party), resulting from the coalition of *Democratici di Sinistra* (Left Democrats), *La Margherita* (Daisy—mainly ex-Christian Democrats) and other small center-left parties, is holding its primaries on October 14. The vote has been extended to people from age 16 up, in an effort to divert the genuine dissatisfaction of vast masses of youth toward the war, lack of job opportunities, the decline of the educational system and growing social tensions into a political blind alley.

The trade unions CGIL, CISL and UIL have announced an eight-hour strike on October 26, supported by the "left" parties. Workers should have no illusions on such initiatives and nominal protests advanced by the very unions and parties that have already capitulated to the pension and welfare reform.

For the Italian working class, as for the international working class, there is only one way forward politically: a mobilisation based on an international socialist perspective that is independent from any and all of the various bourgeois and fake "left" factions that support and prop up the profit system.



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