

# Italy's phoney "Robin Hood" tax

Marianne Arens  
19 August 2008

Although it is all but impossible to live in Europe on a monthly income of 500 euros, currently 13 percent of the Italian population—7.5 million people—are forced to survive on this sum. In Italian cities, poverty amongst pensioners is growing rapidly and, according to the child welfare organization UNICEF, the level of child poverty in Italy is the highest in Europe.

Now the country's economics minister, Giulio Tremonti, has announced a so-called "Robin Hood" tax which, he declares, will free up money for the poor by increasing taxes on the profits of oil companies and major banks. Tremonti, a close friend of the head of the government and Italy's richest man, Silvio Berlusconi, has described his proposed measure as "bellissima" (beautiful).

According to the government, the new auxiliary tax will be used to subsidise an extra monthly payment to poor pensioners over the age of 65, on condition that they have lived in Italy for at least ten years. On the insistence of the xenophobic Northern League, which is part of the ruling coalition, immigrants are explicitly excluded from entitlement to the payment.

The scheme would give 1.2 million low-income citizens an electronic chip card providing subsidies for food, electricity, gas and water, up to a maximum of 400 euros per year. This sum is a pittance to hard-pressed pensioners and will be eaten up by new economic measures contained in the same financial package as the tax reform. Major companies are likely to respond to increased fiscal payments by increasing consumer prices.

The "Robin Hood" tax is part of the so-called "Finanziaria" draft budget for the next three years. The basic elements of this budget were drawn up during the last sitting of parliament prior to the summer holidays, rather than the usual date of late autumn. The package was whipped through the lower house and Senate without any proper parliamentary debate.

The "Finanziaria" is an attempt by the right-wing Berlusconi government to score some points with low income sections of the Italian population while favouring the interests of business circles. The package aims to overcome Italy's huge budget deficit by 2011 through massive cost-cutting in the public services. The goal is to reduce government expenditures by 36 billion euros.

The financial package involves drastic cuts in the budgets for national ministries as well as regional, provincial and municipal authorities. The plan envisages savings of 17.1 billion euros in the coming year, including one billion in cuts to the public health service. Additional massive cuts will affect schools and universities. An estimated 87,000 teaching posts are to be eliminated.

The country's cultural budget will be particularly hard hit. The financial package eliminates several hundred million euros from

the budget for the protection and care of monuments, inevitably resulting in a degradation of the country's cultural artefacts. Their care will be left to the regions and municipalities, which are increasingly moving to sell off cultural treasures in order to lessen their own financial burdens.

Cultural treasures such as the temples of Agrigento on the island of Sicily and the ancient theatres of Taormina and Syracuse are to be leased to private entrepreneurs for a thirty year period, while the medieval palaces and Renaissance buildings in northern Italian cities such as Verona are to be sold off. At the same time, the Department of the Environment plans to privatise Italy's nature reserves and parks.

On paper, the preservation of Italy's world famous "Beni Culturali" is protected by the constitution and has its own responsible ministry. The ministry is currently headed by the philosophy professor Sandro Bondi, who, after years as a member of the Italian Communist Party, switched camps at the beginning of the 1990s to become one of the most enthusiastic supporters of Berlusconi. Initially, Bondi disassociated himself from the planned cuts to his ministry's budget and promised to oppose the measures in parliament. As it turned out, he refrained from challenging the government in the crucial vote.

The budget drawn up by Berlusconi and Tremonti also envisages cuts in state subsidies to the newspapers and publications produced by numerous parties and cooperatives. The left daily *il manifesto* has pointed out that the budget constitutes a fundamental attack on the right of the public to be informed.

Tremonti had already made his political and economic priorities clear in this year's election campaign, when he published a book entitled *Fear and Hope* dealing with the consequences of globalisation. In his book, Tremonti sought to demonstrate that the country's plight was due to a combination of "globalisation madness," "illegal" immigrants from Asia and Africa and global financial speculation. He concluded by calling for the creation of an authoritarian, national-conservative order.

Tremonti's "Finanziaria" was passed by the lower house on August 5—the last sitting before the summer holidays. Berlusconi tied the financial package to a vote of confidence, thus ensuring that passage of the bill could not be delayed by proposals for modification by the main opposition, the Democratic Party, led by Walter Veltroni. Votes of confidence have become a widely used tool of the government. The passage of the finance bill involved the fourth vote of confidence within the space of two weeks.

The Berlusconi government was eager to push through its legislation just before the summer holidays, and to do so encouraged a campaign of racism, using Roma and immigrants as

scapegoats. The government is attempting to divert attention away from the country's enormous social polarization and pre-empt workers' protests in the autumn.

As Berlusconi explained in Naples, "The opposition can demonstrate in the autumn against the Finanziaria as much as it wishes, but it might just as well demonstrate against the rain."

The government is preparing for inevitable social conflicts. This is the significance of its move to station troops inside the country and impose a national state of emergency, under conditions where the economic prospects for the country are worsening rapidly.

The growth prognosis for the Italian economy in 2008 has been corrected downward from the originally expected 1.5 percent to 0.4 percent, while the business association Confindustria predicted in May zero growth for 2008. The world-wide financial crisis, the weak US dollar and reduced demand for exports have all served to put the brake on the Italian economy.

At the same time, the cost of living is rising dramatically. According to the Italian Statistical Institute (Istat), inflation in July topped 4 percent. In particular, prices for basic daily needs, i.e., food (+6.4 percent), dwelling, including water and electricity (+8.6 percent) and transport (+7.3 percent) have soared. According to media reports, the price of bread has risen in the space of a year by around 12 percent, and pasta by as much as 25 percent.

Consumer protection groups estimate that Italian families must spend an extra 2,000 euros per year for food and gasoline, and 700 euros extra for electricity and gas. Italian workers and clerical employees are confronted with such inflationary prices, while their wages and salaries have stagnated for nearly ten years and rank amongst the lowest in Western Europe.

According to data for 2007 from the Organisation for Economic Cooperation and Development (OECD), Italy ranks 23rd out of 30 European countries surveyed. At the same time, "precarious" work involving low-paid, limited-contract or casual labour is growing apace.

Employers are refusing to award pay increases. Instead, the Italian business association Confindustria is demanding increased productivity and cost reductions, which will further increase downward pressure on wages. The Fiat auto company in Turin has announced short-time working for September and the phasing out of current temporary contracts.

The chairman of the Italian state bank, Mario Draghi, has also warned against wage increases. Under no circumstances, he stresses, should one repeat the "errors of the past" and seek to adjust wages to the rise in inflation, as the government did during the oil crisis of 1973.

The most important prop of the Berlusconi government is the complete absence of a principled opposition to represent the interests of working class. The Communist Refoundation Party, which emerged in the 1990s out of the Italian Communist Party, suffered a humiliating defeat in the federal parliamentary elections held in April.

In the course of just two years, Communist Refoundation lost three quarters of its votes, all of its parliamentary seats and virtually all of its influence in the Italian working class. Behind the debacle was the organisation's participation in the government of Romano Prodi and support for a string of policies directed against

the interests of working people.

The party's recent party congress, held July 24-27, was dominated by internal faction fights and power struggles. Two factions emerged in the leadership. On one side were former party secretaries Fausto Bertinotti and Franco Giordano and their favoured candidate, the regional president of Appalchia, Nichi Vendola. On the other side was Paolo Ferrero, the only Communist Refoundation deputy to take up a ministerial post in the Prodi government. Following bitter exchanges between the two camps, Ferrero emerged as the victor and the party's new secretary.

The press presented Ferrero's victory as a "shift to the left," because he rejected cooperation with other parties and sought to maintain the emblem of the hammer and sickle. In fact, Communist Refoundation, as a product of Italian Stalinism, never represented a revolutionary threat to Italian capitalism. For Vendola, a professed Catholic, communism is a "heavenly realm," while Ferrero refers to it as a "symbolic universe."

Urgent issues such as anti-immigrant racism, war and rearmament were ignored in the debates at the congress, while the growth of social polarization and the offensive against democratic and social rights by the Berlusconi government were subordinated to the squalid conflict over party posts.

One delegate, Marco Veruggio, a former supporter of the Progetto Comunista current, commented: "There was too little discussion of the political project. Everyone says one must save Communist Refoundation, but if a citizen in 'precarious' work or a student came to our congress, he would ask himself why the party should be saved."



To contact the WSWs and the  
Socialist Equality Party visit:

**[wsws.org/contact](http://wsws.org/contact)**