Berlusconi doubles cuts in Italian austerity program

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Italy's austerity budget is increasingly assuming "Greek" proportions. Under intensified pressure from the financial markets, the government of Silvio Berlusconi announced on Tuesday that the new measures were to be enforced much more quickly and ruthlessly than previously planned.

For the past three days, Italian government bonds can only be sold at greatly increased risk premiums after major U.S. credit rating agencies downgraded Italy's credit rating. To justify their action, the agencies cited stagnant economic growth and the massive mountain of debt in Italy. EU finance ministers also urged the country to undertake tougher austerity measures.

On Wednesday Finance Minister Giulio Tremonti announced that he would personally guarantee that Italy drives down its deficit to zero by 2014. At a conference of the banking association ABI (*Associazione Bancaria Italiana*) in Rome, Tremonti declared: "The budget decree has been strengthened for the next four years and will be adopted by Friday."

He then proposed a comprehensive privatization program, telling the assembled bankers and industrialists: "When the crisis has died down, we must certainly begin a process of privatisation." He said municipalities would work to "sell off their assets," with the stability pact providing an appropriate "mechanism of incentives. … Of course it needs someone who is prepared to buy, after all you cannot privatise independently of the market."

The government has now doubled its original savings target of €40 billion over the next three-and-a-half years. The Italian government now plans to cut €79 billion. The proposals involve slashing subsidies for the entire public service, including schools and universities, hospitals and nursing homes, theatres, concerts, museums, archaeological sites and more. The elimination of 265,000 public service jobs is being discussed, while the salaries of remaining employees will be frozen for four years.

At the centre of the so-called "manovra" (measure) is a massive attack on pensions. Under the pretext that it is being adjusted to increases in life expectancy, the retirement age is to be gradually increased to 67. The state pension had traditionally been the most important safeguard against poverty in old age in Italy. Now, long-term savings of up to €50 billion are to be made through cuts in pensions.

Public health care is also to be massively cut, with a fee of between €10 and €25 introduced for every visit to a doctor, every prescription and all medical procedures.

The government has refused to cut corners, on the other hand, in its billion-dollar expenditures for military operations at home and abroad (for example, in Libya and Afghanistan). Private schools will retain their funding and the building of prestige projects (such as the high speed train route through the Susa Valley and the sea bridge to Messina) are to be continued. Any tax increase for the rich and super-rich have been ruled out, while regressive taxes for the masses will be further increased. For example, the tax on gasoline is to be increased.

The thrust of the austerity program is clear. The burden of the economic crisis and public debt is to be imposed on the population. The fact that Prime Minister Berlusconi, who is widely hated by the population, can go on the offensive with such a drastic program of cuts is due to the consensus he finds across the political establishment on this issue.

Not only has the deeply divided government camp assured their support for Berlusconi's austerity measures, the parties of the so-called "centre-left camp" have also signalled their cooperation.

President Giorgio Napolitano, a former member of the Italian Communist Party (PCI), has urged all parties to support the austerity package on the basis of the greatest possible national unity. On Wednesday, Napolitano declared that he had noted "with great satisfaction" the willingness of the opposition to cooperate.

The opposition parties have indicated they will restrict any criticism to a few amendments, but will not prevent the adoption of the austerity budget. At the same time they are calling for Berlusconi's resignation, following the implementation of the budget. They believe that due to their close links to the unions, they are better suited than

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Berlusconi to strangle opposition to such draconian austerity measures in the working class.

A spokeswoman for the main opposition party, the Democrats (PD), Marina Sereni, described the position of party chief Pierluigi Bersani as follows: “Once the *manovra* is confirmed, the government should step down and for the common good permit the dawn of a new political era.” Lorenzo Cesa, leader of the Christian Democrat UDC, demanded: “Immediately after the start of the economic measures, which should not be delayed, [we need] a responsible national government.”

In other words, first consent to the most vicious budget in modern times, then a government of national unity—this is the program of the bourgeois centre-”left” parties. This is entirely in line with the demands and interests of the Italian and international financial aristocracy. This unconditional and unquestioning loyalty to the dictates of the banks is the main reason why the Berlusconi government can wreak such havoc on all of the social gains of the working population.

Based on this collaboration, Finance Minister Tremonti told the bankers’ meeting: “We are giving the market a strong signal. And do you know what it is? It is the fact that the *manovra* will be made absolutely water tight and confirmed by parliament within a week. This has never taken place in Italy’s history.”

Emma Marcegaglia, daughter of an Italian steel baron and president of the Confindustria employers association also looked confidently to collaboration with the opposition parties and trade unions: “We have to agree on the *manovra*, and that means we require considerable political and social cohesion.”

These forces can rely on the unions completely. Two weeks ago, all of the three big unions—CGIL, CISL and UIL—met with the employers’ association to initiate a “sea change” in Italian politics aimed at quelling any dispute between the employers and unions. On 28 June, the unions signed a “National Pact for Employment” in Rome which includes a no-strike clause.

According to Raffaele Bonanni, head of the Christian trade union federation, CISL, such a contract in a difficult moment for the economy had “a great, great value”. “So we can help the country restore its confidence,” Bonanni said.

The CGIL, the country’s largest union and formerly close to the PCI, also signed the pact. CGIL chief Susanna Camusso gushed, “This agreement begins a new period”.

The model for the contract was provided by the latest contract agreed by the unions at Fiat. It overrides the existing national contract, includes a tripling of compulsory overtime, and strips away basic rights—such as the right to strike independently of a union, or to select union representatives independently of the union bureaucracy. This is the model for the conditions for all workers in the private sector and soon, no doubt, for public service workers.

On the evening of the signing, Tremonti personally thanked the unions: “Thank you, Raffaele Bonanni (Chairman of the Federation of Trade Unions-CISL), Luigi Angeletti [UIL-chief], Susanna Camusso and Emma Marcegaglia. Thank you for what you have achieved in the interests of our country”.

This unconditional surrender by the unions has encouraged the government to mount even sharper attacks. To cover its tracks, the CGIL has called for a demonstration next Saturday against the austerity budget, calling it “false, unfair and ineffective”. Such protests are a fraud and transparent attempt to defuse anger within the working population by mounting toothless protests with no perspective.

A particularly pernicious role is being played by the organization *Rifondazione Comunista* (Communist Refoundation). The remnants of this party are headed by Paolo Ferrero, the former Social Affairs Minister under Romano Prodi. He supported the actions of the unions, while employing a few pseudo-radical slogans to cover his back. One must “eradicate speculation”, he declared and repeated the litany of a host of former radicals, calling for the introduction of euro bonds, a Tobin Tax and “Mechanisms of regulation for international and European financial markets”.

Another person celebrated in the media as a potential political figurehead leader—the governor of Puglia and leader of the left-environmentalist SEL (Left, Ecology, Freedom) Nichi Vendola—made his own statement supporting the cuts. He declared, “I am in favour of a far-reaching *manovra* within the framework of national unity.”

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