Italy prepares “left” government of austerity

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There is growing popular opposition in Italy to the austerity policies being implemented by Prime Minister Silvio Berlusconi.

The recent austerity measure, the so-called *manovra*, is a €54 billion ($73 billion) opening shot in a series of assaults, which builds on years of social spending cuts and regressive tax increases. The attack on the working class has been implemented by both Berlusconi’s center-right government, as well as the previous center-left government led by Romano Prodi.

No sooner was the measure approved than the financial and industrial elite started making plans for the next attack. The *Wall Street Journal* immediately pointed out that the measure was insufficient. “Economists worry that public-debt ratios will remain high,” it wrote. Italy’s public debt has surpassed 120 percent of its GDP, second in the EU only to Greece.

Vladimir Pillonca, an economist from the French Société Générale, stated: “There are concrete risks that additional measures will be required.” This on top of a stagnating economic growth and a slew of credit downgrades to the Italian government, seven major banks and even the automaker Fiat.

Sections of the Italian ruling class are increasingly concerned that the Berlusconi government, due to the prime minister's many personal and political scandals and the widespread popular hatred, will find it increasingly difficult to carry out what is required. There are efforts to patch together a more "left" government to dismantle what remains of workers’ past gains.

Last week, the employers’ federation Confindustria presented what it called “the corporations’ manifesto to rescue Italy.” The document outlines a 5-point strategy:

• Pension reform to increase the retirement age to 70
• Lowering of contributions to pension and health care funds
• The sale of public assets for the reduction of public debt
• Privatization and liberalization of education and health care, among other key social services
• A plan to assign major social infrastructure contracts to private investors

A variation of this plan was first presented in early August with the full support of the bourgeois “left” and trade unions under the title of “Pact for Growth.” (See, “Italy prepares new cuts after stock market panic”)

Once again, the “left” has jumped at the opportunity to prove its loyalty to Confindustria. Democratic Party’s Deputy Secretary Enrico Letta declared, “Corporations have taken a path of great concern that we share: we can’t continue this way… It’s the first time in history that Confindustria demands a government’s resignation.”

The Democratic Party is ready to act as agent and on behalf of Confindustria in the pursuit of policies that will go beyond those implemented by Berlusconi. Last August, in an interview to *Il Sole 24 Ore*, Letta declared that the PD wants to pursue “exit [retirement] flexibility within a range between 62 and 70… Then we could also discuss the acceleration from retribution-based to full contribution-based retirement.” The latter reform will significantly reduce pension benefits for workers.

More significant is the position of the ex-Stalinist CGIL trade union, which has confirmed its earlier approval of the Pact for Growth. On September 24, it published a press release titled “Confindustria-CGIL axis against the crisis ‘to rescue Italy.’” The document explicitly states that the foundation of the coalition is “a common front between trade unions and Confindustria.”

CGIL General Secretary Susanna Camusso praised Confindustria’s manifesto. She quoted the document extensively while providing complete support for every one of its provisions. All of this is justified in the most opportunist way: Berlusconi is widely hated.

The coalition between the trade unions and the main business federation will pave the way for huge concessions imposed on the working class, with the trade unions subordinating workers to the dictates of Confindustria and the bourgeoisie.

Just as ominous is the emergence on the political scene of Alessandro Profumo, a representative of the parasitic financial oligarchy directly responsible for the current economic crisis. Profumo has announced his possible candidacy for a government of technocrats.

Profumo's career is rooted in the financial system. He was the CEO of Credito Italiano and Unicredit until 2010, and he is currently the vice president of the Associazione Bancaria Italiana (Italian Banking Association). He is also a member of the security council for Sberbank, the largest bank in Russia. The main stockholder in Sberbank, Suleiman Kerimov, also controls a substantial share of energy company Gazprom.

The Italian banker is also a key figure in the oil and gas industry as member of Eni's Board of Directors. Eni is an Italian energy giant that played a crucial role in Italy's intervention in Libya. Its relationship with the Libyan National Transitional Council (NTC) led to the first oil exploitation agreement, reached on September 26. (See, "Italy moves to secure its share of the booty in Libya").

Once again, Letta rushed to welcome Profumo's candidacy: "I'd enlist him on a PD ticket immediately. He's knowledgeable and passionate. We need people like him."

Profumo has been an instrumental and open supporter of the "left." He sponsored Milan's mayor Giuliano Pisapia in the administrative elections last May. Pisapia was a congressman and member of the ex-Stalinist *Rifondazione Comunista* (Communist Refoundation). He won Milan's Democratic Party primaries on a joint ticket of *Federazione della Sinistra* (Left Federation or FdS, a reshuffle of ex-Stalinists including *Rifondazione*) and *Sinistra Ecologia Libertà* (Left Ecology Freedom, or SEL).

All the organizations of the pseudo-left celebrated as a victory the election of a candidate backed by bankers like Profumo. Today, Pisapia is commenting enthusiastically on Profumo's possible candidacy: "I think the world of him, he would be very useful, his contribution would be precious."

Profumo summarized his program in a recent interview to *Corriere della Sera*: "What's needed is a €400 billion [austerity] effort. Only a technocratic government can do it." In a recent column he wrote for *Il Sole 24 Ore*, he emphasizes the importance "of the quality of competitiveness rules… To understand how labor rules must change, as well as market structures and infrastructures to maintain and favor competitiveness, remains decisive." This is the program the "left" is now sponsoring.

The amount of €400 billion is one fifth of Italy's GDP. Such a program would effectively result in the destruction of the pension system, public education and health care.

The support for a government of technocrats is a signal to financial markets that the "left" is ready to implement whatever measures (including authoritarian) are necessary for the defense of capitalist relations and the protection of private investments.