Italian government prepares historic attack on workers

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In response to increased pressure from the European Union, Italian Prime Minister Silvio Berlusconi submitted to Brussels last Wednesday a "letter of intent" outlining proposals for so-called "structural reforms for growth." The plan amounts to the obliteration of hard-fought gains earned by workers in the postwar period through bitter struggles.

The proposal is crucial for the European capitalist class, as the *Wall Street Journal* reported: "EU leaders, and especially France and Germany, must keep up the pressure on Italy to cut its massive public debt and rein in deficits," said Rym Ayadi, a senior research fellow at the Centre for European Policy Studies in Brussels.

"Without a convincing plan to deal with Italy's debt," the *WSJ* concludes, "the late-night victory in Brussels may be short-lived."

The European crisis is intensifying: every measure implemented so far is worsening an already catastrophic situation. While Greece is prepared for a fire sale of its public assets, Italy poses major concerns, given the size of its economy. This is the basis for the EU's ultimatum demanding that Italy implement immediate attacks on workers' social position.

Bourgeois economists seem to agree on the fact that a high level of debt is not the main problem. They are describing the issue as one of economic growth, or lack thereof, which makes it difficult to repay debt. Since they view economic growth as depending on cutting wages, benefits, and social spending, their more fundamental position is that Italian wages and living standards are too high.

Berlusconi's proposal is an assault on the basic rights and living standards of workers, a manifesto for capitalist counter-revolution. In the next eight months, the plan is to:

• Remove restrictions on competition and economic activity, for the alleged purpose of increasing productivity and decreasing costs.
• Define a new administrative, regulatory and institutional context to deliberately favour corporations.
• Adopt measures to facilitate capital accumulation.
• Complete labour "reforms" to overcome dualism (public-private)—that is, equalise public- and private-sector workers' wages and benefits downward.

The immediate result will be a drastic cut in wages and benefits, the removal of limits to capitalist exploitation and the mutilation of the social gains of the postwar period. Workers will be thrown back to conditions of 80 years ago.

The school system will undergo a transformation similar to what has been implemented in the last decade in the US under Bush (No Child Left Behind) and Obama (Race to the Top). Accountability criteria will be manipulated to convert public schools to private, while teachers' scoring will be adopted to hold teachers responsible for the gross underfunding of public schools. Competition between universities will be promoted, where colleges will be forced to operate for profit.

Youth employment, currently at a whopping 29.3 percent, is to be dealt with by introducing apprenticeship contracts paying little or nothing and providing cheap labour to corporations without health care or pension benefits. Women's employment will be "encouraged" by similar short-term contracts. Layoffs will be regulated by a new labour code, essentially giving *carte blanche* to employers to fire workers for economic reasons—i.e., giving them the power to blackmail workers and force them to accept lower wages.

Entire sectors of the economy will now be fully "liberalised"—i.e., handed over to the free market. Gas and water distribution, waste management and transportation will be subject to competition and profit taking, while shopkeepers and professionals will also be pitted against one another by "liberalising" business hours and service rules.

Fiscal rules are to be implemented by year-end to facilitate private investment in corporations, while public funds will be used to stimulate venture capital and private equity. Corporate regulations are to be simplified, including monitoring and auditing, and corporations will be given generous tax incentives, including for work on public infrastructure.

Under the guise of "transparency, efficiency, flexibility and lower cost of public administration," new rules of privatisation and labour cuts are being prepared. Labour mobility will become enforceable. The document also declares its general intention of making salary cuts.

A constitutional reform is also underway. It marks an anti-democratic shift in the balance of powers in favour of the executive branch, with free market rules and a balanced-budget amendment. The executive will be able to bypass parliament and change tax and pension laws through the so-called "delega." Moreover, it will be empowered to privatise or sell public assets. Many of these functions will be deferred to "personalities of prestige," underlying the undemocratic character of the plan. Provincial administrations will be abolished, with job losses in the tens of thousands.

Finally, in a crude attack aiming to extract more labour from workers, the retirement age will be raised to 67 for men and women by 2026, both in public and private sectors.

Financial markets spiked upwards in response to the proposal; banks and energy stocks gained up to 10 percent. This was short-lived, however, as stocks turned sharply the other way: Monday and Tuesday registered cumulative losses up to 10 points, an alarming spread as the German *bund* reached 455 points and borrowing yields registered above 6 percent, approaching the 6.5 percent level beyond which Italy's debt can no longer be financed in the long term.

International capital is concerned that the Berlusconi government does not have the credibility required to enforce such massive assaults. This underlies its backing of "left" figures like the Democratic Party's (PD's) secretary, Pier Luigi Bersani; Nichi Vendola (leader of Sinistra Ecologia Libertà, SEL); Milan mayor Giuliano Pisapia (a Vendola associate); and "leftist" banker Alessandro Profumo (who supported Pisapia's mayoral campaign—see "Italy prepares 'left' government of austerity").

There are virtually no differences between the "left" and the government majority with regard to their commitment to imposing the costs of the crisis on workers. Moreover, intense discussions are being held to select the partners for a new governing coalition.

Bersani spoke of the right-wing, xenophobic Northern League, currently in the government, as a potential future partner, saying "if they don't unplug from Berlusconi [and join the PD], they'll pay the price at the next election." About Berlusconi's proposal, he said that "it remains to be seen if it is agreeable by Europe. The main issue is credibility. It's clear that the possibility of a technocratic government is strengthening."

The PD's deputy secretary, Enrico Letta, was more direct. He explained that raising the retirement age is necessary "as in the rest of the EU." Ex-Stalinist Massimo D'Alema (PD) also backed pension cuts: "We are not opposed to an adjustment that goes in the Dini reform direction, accelerating in the installment." The technocratic Dini government in 1995 carried out a major cut in the pension system.

Vendola is a staunch supporter of European capitalism. In a recent interview with *L'Unità*, he declared his plan to "open a negotiation with the European partners" to build "the founding political elements of Europe, starting from foreign policy and a common army."

On Monday, Vendola, Bersani and former district attorney Antonio Di Pietro, leader of Italia dei Valori (IdV), announced a joint effort to present a "counterletter" to the EU. The initiative lays out the "left's" plan of attack: "The Third Pole [a right-wing coalition including neofascist Gianfranco Fini] must be involved." Moreover, Bersani spelled out his own jobs reform: "We must pay precarious workers a little more and stable workers a little less." As for the pension reform, their solution: "We must create a specific type of felony for those who appropriate pension contributions."