Italian prime minister to cut additional €26 billion

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"Spending review" is the term given by Italian premier Mario Monti to his latest austerity package agreed by his government last week. The state budget is to be cut by a further €26 billion over the next two years.

Public spending is to be reduced by an additional €4.5 billion by the end of this year. In the spring pensions had already been drastically cut, while consumer prices and taxes were raised.

The latest official figures published by the statistical government agency Istat (May 2012) show an increase in youth unemployment (15 to 24 year-olds) to a staggering 36.2 percent. At the same time, living costs for an average family went up by almost €2,500 per year, according to the reports of two consumer organisations a few days ago.

In 2013 the state budget will be reduced by a further €10.5 billion and in 2014 once again by more than €11 billion. In September 2013, VAT will go up from 21 to 23 percent, putting additional strains on working class and low-income families.

Ten percent of jobs in the public service will be slashed. For every five state employees that retire, only one will be replaced. This will hit the public health sector particularly hard; the closure of 150 hospitals and the axing of 80,000 hospital beds are under discussion.

Italy's regional organisation will be restructured for financial reasons. Only the 59 biggest of the current 107 provinces will remain (these have to have at least 50 municipalities, comprise an area of 30,000 square kilometres, and have a population of at least 350,000). Ten urban provinces will be turned into so-called metropolitan areas.

The Interior Ministry will close down every fifth prefecture; 40 of the currently acting 200 prefects will be retired. More than 3,000 organizations, administrative offices and partly state-run enterprises will be cut. In the Emilia Romagna, for example, this will affect over 360 organizations.

The Emilia Romagna region is hit particularly hard by Monti's "spending review" policy, because it was struck by the worst earthquake in its history only a few weeks ago. In this area alone 6,500 jobs of medical doctors, nurses and social workers will be slashed, and 4,000 hospital beds eliminated.

The austerity package aims to fulfil the conditions of the European fiscal pact even before the Italian government has approved it. Monti once again called on the members of parliament to agree to the fiscal pact and the European stabilization mechanism (ESM) before the end of July. He referred to his "success" at the latest EU summit in Brussels. (See "EU summit measures mean deeper attacks on the working class")

The Monti government was not democratically elected. It is a government of big business and the banks. It was put into power in November 2011 by the president of the state, 87-year-old ex-Communist Party member Giorgio Napolitano, following pressure from the financial markets. Ever since, Monti has systematically worked to dismantle all the post-war gains of the working class and ensure that they bear the costs of the banking crisis.

The new austerity package is to be put to parliament on July 31. All parliamentary parties and the trade unions agree with the package on all essential points.

Berlusconi's PdL (People of Liberty) party supported the decree and noted that it contained many measures that Berlusconi himself had planned. Osvaldo Napoli, a PdL representative, said on the radio: "I believe that the 'spending review' is important for the country and the Berlusconi government already had it in its program.

Monti has to carry on regardless of what other politicians say."

Not only right-wing parties, but also those of the centre-left are totally agreed on the need for cutbacks. When the "spending review" was made public on Friday several of these politicians criticized this or that point, but supported its general line.

Pier Luigi Bersani, secretary of the Democrats (PD, successor to the Communist Party), was particularly enthusiastic in supporting Monti. On Friday he criticized certain measures, but then concluded: "The decree contains a lot of good things and we support it out of conviction."

Antonio di Pietro from the small Italy of Values party also agreed with the general line: "A correction, a reduction of public spending this year has become a necessity."

The parties present in parliament already actively supported Monti two weeks ago, immediately before his departure for the EU summit in Brussels, by approving his reform of labour legislation. The house of deputies in Rome passed this law on June 28 by a vast majority. The law attacks the historical gains of the Italian working class in regard to work flexibility. (See "Monti government deregulates Italian jobs market")

The job reform makes it easier to lay off workers for economic reasons and is a gift by the government to employers such as Fiat boss Sergio Marchionne, who has long demanded such a measure and has time and again threatened to move car production out of the country.

The Monti government and the employers are able to push through their attacks on jobs, living standards and the social position of workers because the working class has no voice and no representative to speak on its behalf. The successor organisations to Communist Refoundation (Rifondazione Communista, last in parliament in 2008) as well as the trade unions support the attacks of the bourgeoisie on the grounds that they are vital for the survival of the Italian economy.

On July 3, several days before the publication of the "spending review", Susanna Camusso, the head of Italy's biggest trade union CGIL (General Confederation of Italian Labour), took part in a consultation with the government and its "social partners" at the Palazzo Chigi. There can be no doubt that she was made familiar with the basic outlines of Monti's "spending review" at this meeting.

It was only in March that the CGIL—together with the FIOM, the auto workers union with traditional links to the former Italian Communist Party—announced that the union would call for a general strike if the labour market reform passed parliament. When the labour reform was passed, however, the general strike was nowhere to be found.

Instead, Camusso appeared in public together with the new head of the employers' association Confindustria, Giorgio Squinzu, and commented on the "spending review". Side by side with the employers' boss, she demanded corrections in Italy's "national interest".

Apulian regional president Nichi Vendola (former member of Rifondazione, nowadays member of Sinistra Ecologia Liberta, SEL) pathetically criticized the "review" as an attack on the Italian constitution. The decree would "kill Italy", Vendola said, when announcing he would appeal to state president Napolitano against this austerity package.

All this is a miserable attempt to deflect any principled struggle against the government's program. Vendola senses that the attacks will meet massive opposition on the part of the population and is lining up to channel the public's anger into harmless actions together with the trade unions.

Above all Vendola is interested in promoting himself as Napolitano's successor. The next elections are scheduled for spring 2013, and Vendola is regarded as the preferred candidate of the centre-left. He is known as an ardent supporter of euro bonds and a fierce protagonist of Italian economic interests within the European Union.

As for state president Giorgio Napolitano, to whom Vendola wants to appeal—he already signed the "spending review" last Friday, just hours after its publication.