

European Union and Rome fight over Italian budget

Marianne Arens
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A sharp dispute has broken out between the Italian government and the European Commission over the 2019 Italian budget, which was presented in Brussels by the right-wing coalition of Lega and the Five Star Movement (M5S) last week.

The EU has strongly criticized it because the planned new debt of 2.4 percent of gross domestic product (GDP) is well above the 0.8 percent committed to by the previous governments under Matteo Renzi and Paolo Gentiloni (both Democratic Party, PD). The 2019 draft budget was “incompatible” with EU directives, complained EU Budget Commissioner Günther Öttinger (Christian Democrat).

EU Economic and Financial Affairs Commissioner Pierre Moscovici presented Italian Finance Minister Giovanni Tria with an EU official letter on October 18. It states that Italy’s departure from the Stability and Growth Pact constitutes “a source of serious concern for the European Commission.” In the new Italian debt plans, the EU sees “particularly serious non-compliance” with the obligations of the Stability and Growth Pact. The EU is urging the Italian government to explain its plans no later than Monday noon.

For its part, the Italian government is using the criticism from Brussels to present itself as a champion of the little man against foreign rule by Brussels and powerful financial interests.

Interior Minister Matteo Salvini, the leader of the neo-fascist Lega, ranted, “We say to the gentlemen in Brussels: The Italians will decide for Italy. Let us work.” Brussels, Berlin and Paris had no right to interfere in Italian affairs. At an election campaign meeting in Bolzano, Salvini accused the EU of wanting to “keep Italy in precarious conditions and impoverished.” He said he would bring down the old EU, at the latest in the upcoming European elections in May 2019.

Economics and Social Affairs Minister Luigi Di Maio

of the M5S accused the EU Commission of pursuing “market terrorism.” He also threatened that the upcoming European elections would trigger a “political earthquake.”

In this conflict, no side represents a progressive position. As in the case of Greece, the EU Commission clearly takes the side of the banks, stock exchanges and credit agencies. The EU worries that the Italian crisis could affect the capital market throughout Europe and insists that the Italian population be further fleeced.

The Milan Stock Exchange has been falling for days and interest rates on Italian government securities are skyrocketing. The interest rate on 10-year bonds stands at 3.7 percent, 3 percent more than Germany pays. It is the highest level for almost five years. The international rating agencies are already threatening to downgrade Italy.

The planned new debt is below the Maastricht limit of 3 percent. However, with Italy’s total debt at €2.3 trillion, or 130 percent of GDP, more than twice the 60 percent that the EU had once agreed, Brussels is pushing for a reduction in the debt burden.

The right-wing government in Rome also does not care about the concerns of the Italian people. Its budget plan is really anything but a rebellion against the dictates of the financial markets. Behind the flowery but vague promises of a “basic income” and “pension reform” lie right-wing policies of militarism and harsh attacks on immigrants and the entire working class.

This is exemplified by the budget item for military expenditure. As long as the Five Star Movement was in opposition, it had fulminated against the high military budget. “At least ten billion euros” could be saved in defence spending, M5S founder Beppe Grillo wrote in his blog at that time. In particular, Grillo repeatedly attacked the purchase contract for 90 F-35 fighter jets and demanded “draconian cuts.” The F-35, a stealth fighter jet of the American defence manufacturer Lockheed Martin,

is assembled in Cameri, northern Italy, as the only European location.

Barely in power, the Five Star Movement dropped all its promises. In July, the new Defence Minister Elisabetta Trenta, who is a member of the Five Star Movement, pledged to meet NATO's goal of spending 2 percent of GDP on armaments. The new budget contains just one short paragraph on the armaments targets, which states very generally that "cuts of 500 million euros" are planned, but neither concrete figures nor facts are provided.

Rather, the paragraph gives the impression that the government is covering up a lot here and keeping it a secret. In fact, Minister Trenta has made it clear that she is holding on to the contract with Lockheed Martin; termination would have a negative impact on workers in Cameri and, moreover, it could be more expensive to exit the contract than to fulfil it. At the same time, the media reported that the aircraft carrier Cavour would soon need 22 new F-35 fighter jets to remain operational.

Even under the Lega/Five Star government, militarism is being vigorously promoted. According to figures from the defence ministry, already over 6,700 Italian soldiers are involved in operations outside the country's borders. Italian soldiers are currently stationed in 12 countries, seven of them in Africa—Libya, Niger, Tunisia, Egypt, Djibouti, Somalia and Mali. Outside Africa, they are present in Lebanon, Iraq and Kuwait, Afghanistan, Latvia and on the Mediterranean.

In any case, the police will receive more funding in the new budget, with €380 million planned for this.

The government is also continuing its racist course against immigrants and refugees with the new budget. Having already blocked the escape routes across the Mediterranean, paralyzing NGO maritime rescue operations and condemning thousands of people to drown, the new budget cuts the amount of money needed to take in migrants by half a billion euros.

On the other hand, the announcements about pensions and the basic income are very vague. The only thing that is clear is that the "unconditional basic income" (Reddito di cittadinanza) will be anything but "unconditional." It is more reminiscent of Germany's Hartz IV unemployment benefit, which is used as a cudgel against the unemployed to force needy people to accept any work at all and lower wages generally.

The basic income announced in the budget from March 2019 is pegged at €780 a month, but only for people with an Italian passport. It is also linked to a means test and

involves a strict compulsion to work: anyone who cannot find a job is required to perform social service. And those who turn down a job offer twice will probably lose everything—not just the basic income, but also any kind of social assistance.

The government is boasting that it will overturn the hated Fornero pension reform, which raised the retirement age to 67 in one fell swoop. In future, the "formula 100" should apply, according to which someone can retire if their age and the number of years they have paid contribution add up to 100. However, here too the exact details are still unknown. The following restrictions have already been indicated: a minimum age of 64 years and a minimum of 35 contribution years should apply.

The Lega and Five Star government employs militant anti-EU rhetoric to fuel nationalism and divide and paralyze the working class. Without the passive acceptance of the trade unions and the "left" parties, however, it could not stay in office for a single day.

The silence of the mighty umbrella union CGIL, which alone has more than 5 million members, is deafening. The CGIL had responded to the announcement of the budget by previous governments with major demonstrations and at least a one-day national strike, but not in this instance.

In fact, numerous trade unionists and former Communist Party supporters had already supported the Five Star in the election campaign. Today, they share the government's nationalism and present its propaganda measures about a "basic income" and "pension reform" as progressive. At the same time, they refuse to defend immigrants. So far, not a single effective solidarity action by the unions has been organised in defence of refugees.



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