

# Budget dispute between Italy and EU escalates

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On Wednesday, the European Commission decided to launch an “excessive deficit procedure” against Italy. This must be agreed upon by all the finance ministers in the euro zone, which is by no means certain. Then it can drag on for months. But in the end, there could be fines in the billions.

The Italian government is insisting on its planned deficit of 2.4 percent in the 2019 budget. This was announced by Finance Minister Giovanni Tria in a letter to the EU Commission on November 13. Four weeks ago, the Commission rejected the Italian budget and requested a revision. Tria has since made some corrections. More money than originally planned is to flow into investments, and debt reduction is to be accelerated through the sale of public property. However, he is sticking to the deficit target.

In the past, the Commission has repeatedly initiated excessive deficit procedures, including against Germany and France, who had violated the rules for years. But they all came to nothing. In the case of Italy, things are different. With debt at 132 percent of gross domestic product, the country has the second-highest debt in the euro zone after Greece. If the financial markets react with further interest mark-ups on Italian government bonds, it could lead to a chain reaction of bank bankruptcies that could spread to the whole of Europe.

Unlike Greece, where European governments and the International Monetary Fund (IMF) raised a total of €263 billion to save creditor banks while the Greek population had to bleed for it, Italy, with a ten times larger economy, is simply too big for such action. The euro zone is threatened with failure if the crisis continues to worsen.

The Italian governing parties, the fascist Lega and the populist Five-Star Movement (M5S), are deliberately

fuelling the conflict with Brussels to present themselves as defenders of the Italian people against the EU’s austerity dictates. Lega head Matteo Salvini stands out in this respect. Not a day goes by when he doesn’t rage against Brussels. “All we need are the inspectors, the UN blue helmets and the sanctions against Italy,” he told radio station Rai. He has called for a demonstration against the policies of Brussels on December 8.

This has benefitted him in the polls. With 32 percent, the Lega is now the most influential party and almost twice as strong as in the parliamentary elections last March. It is followed by the M5S, with 27 percent. The Democrats (PD), the largest opposition party, continue to flounder at 18 percent.

Salvini can base himself on two factors. The first is the role of the PD and its left-wing appendages, which over the past two decades have consistently implemented the EU’s brutal austerity demands, with devastating consequences for the Italian population. Real personal income is at the level of two decades ago, official unemployment is ten percent and living conditions for middle-aged people and younger generations are “eroded”, according to the IMF’s latest regular report.

The second factor is the role of Brussels and Berlin, which brand any social concession, however small, as a violation of the sacred interests of capital, while supporting rapid increases in military spending.

Typical of the provocative arrogance of the German media is a comment in *Handelsblatt*, which accuses the Italian government of “jealously ensuring that the expensive election promises are implemented: earlier retirement, the basic income and tax simplifications and reductions.”

However, neither the Lega nor the M5S are genuinely concerned with social improvements. Salvini’s

inhuman approach to refugees, which has massively raised the number of deaths in the Mediterranean, is symptomatic of the government's attitude toward the entire working class. And the basic income, the central election promise of M5S, is nothing more than an Italian version of the German Hartz laws. It is associated with a duty to work and drastic sanctions if the recipients do not declare themselves willing to accept any work, however bad it may be.

Both parties unconditionally defend capitalist private property and rely on the bourgeois and petty-bourgeois classes. Many observers therefore assume that they will finally give in after the European elections in May at the latest, if the pressure of the financial markets increases.

It was only a matter of time before the government in Rome gives in on the debt issue, predicted Manfred Weber of Germany's (Bavarian) Christian Social Union (CSU), who leads the slate of the conservative European People's Party in the European Elections. "The realities, the facts will rapidly catch up with Rome."

The populist government will likely pursue the same course as Greek Prime Minister Alexis Tsipras and his pseudo-left Syriza-led coalition, which first confronted Brussels in the debt crisis and then gave in and imposed the EU's instructions. But even if this is not the case, the nationalist course of Salvini and Di Maio leads to a dangerous impasse.

"Attempts to save economic life by inoculating it with virus from the corpse of nationalism result in blood poisoning that bears the name fascism," wrote Leon Trotsky in 1933 in his essay, "Nationalism and economic life."

The growing conflict between Rome and Brussels is part of the breakup of the European Union along national lines, which is also reflected in Brexit and the conflicts with Poland and Hungary. Throughout Europe, the ruling class is pursuing a policy of dismantling social protections, police build-up and militarism, relying more and more openly on fascist forces. In nine EU states, far-right parties are already in government.

The EU itself plays the leading role in imposing these policies, including demands for austerity, the build-up of a police state and the sealing of borders. It generates the centrifugal, nationalist tendencies it claims to fight.

The working class can only stop this dangerous development by opposing both nationalism and the EU and fighting for United Socialist States of Europe.



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