

# The black economy of Italy is a creation of the post-industrialists

by Stefania Sacchi

A Swiss banker recently told *EIR* that a large chunk of dollars fleeing the United States would be invested in the Italian stock exchange, since the Italian black economy, the "*economia sommersa*" is among the "healthiest" economies of the West to invest in. For at least two years economic pundits have presented the Italian economy as resembling the Tower of Pisa: it leans, it leans, and it will never collapse.

The reality is completely different: the black economy is dominating Italy. It is neither spontaneous nor inevitable, but it is the result of a very precise plan by forces alien to the national economy, a plan no different from the neo-colonial looting of Third World countries. These forces are to be found among the Venetian financial interests of Republican Party chairman Bruno Visentini and former State Participation minister Gianni De Michelis, working with the Bank of Italy for the final dismantling of the public sector.

The second element of the black economy is the mafia-related capital entering the legal market. This year Rosario Spatola, a mafioso from Sicily, is number thirteen in the list of taxpayers; that is, he is recognized as one of the richest men in Italy, and regularly pays his taxes to the state. When they reach a certain point on the mafia's social ladder, people who had been immersed in the dirtiest drug-running wash their hands and begin to recycle enormous amount of money, mainly lending overnight at high interest rates to drug dealers. At that point the money they circulate is no longer "dirty," technically speaking.

## How does the *economia sommersa* work?

The most important section of the black economy is the small artisan industries, spread around in the country, but dramatically predominant in the South. These industries produce textiles, shoes and bags, and other artisan goods. Sometimes very simple machinery is used, as in the case of textiles, but basically the concept is extremely labor-intensive production for export, carried out by entire families in their tenement apartments. These people send the finished or semi-finished work to the factory. Of course there is no room for expansion or for technical improvements.

The bare-subsistence level of wages provides a livelihood only for the person who works; it does not permit medical care or social services for his or her family. Any real possi-

bility for advancement of the workforce in education and material conditions is ruled out.

The second level of the black economy is tax evasion. In the retail sector a business (an auto repair shop, for example) will often decline to issue a receipt. Large firms generally keep a double set of books; a portion of the work is kept off the books and, in some cases, so is part of the wages.

The third level, that of "private semi-legal" enterprise, is growing rapidly. The streets, especially in the South, are filling with gypsies, Moroccan emigrants, and other marginalized people selling their wares. Groups of youngsters wash the windshield of your car when you stop at an intersection; five-year-old children offer paper handkerchief packs or flowers.

These phenomena are symptoms of the moral and economic degeneration which has accompanied the de-industrialization policies of the Venetian financial empire. State-sector industry was supposed to be the driving force in post-war economic reconstruction. According to state-industry pioneer Enrico Mattei, the housing industry would then follow, carrying with it the full development of the private sector. But former State Participation minister Gianni De Michelis successfully began the dismantling of the state industries, starting with steel. In order to "reduce public spending," the steel furnaces of Bagnoli near Naples were closed. The resulting unemployment contributed to the development of the black economy in the area and to the increasing economic decline of a once prosperous area.

A study conducted by the Fusion Energy Foundation in Italy prescribes the construction of 30 nuclear plants before the year 1990: this will require reopening the Bagnoli steel plant and building the Gioia Tauro steel complex as one first step. The FEF concept is that certain areas of the country will serve as "development poles" for an industrial renaissance, sites of agro-industrial nuclear complexes and new ports for expanded trade.

## The post-industrial holocaust

Consider for example the "industrial triangle" of Milan-Genoa-Turin, which in the 1960s represented one of the more developed areas of Europe. The Genoa harbor is almost completely unused, and the whole area is rapidly decaying. It has

been proposed that its workforce be employed by the city to rehabilitate the city's historic center, including the infamous Via Pre, Geneva's main artery for drugs and prostitution. In the meantime the steel mills and shipyard are almost completely closed, and workers are leaving the area. The only industry still alive, for the present, is nuclear plant construction. The European Phoenix breeder reactor project will keep that sector working for a few more months.

In Turin the big FIAT plant has laid off thousands of workers. The result is that FIAT is now a valuable firm, in the words of its chairman Gianni Agnelli, only because it has converted to electronics and the "least publicized items"—meaning probably the weapons production which serves Libya in particular. The Lingotto factory, which at the beginning of the century was the most modern auto assembly plant in the world, is now closed. A contest has been initiated for the future use of its building; one proposal is to build an industrial museum, suitable to the post-industrial society Italy is entering. Most of Lingotto's workforce returned to the South, aggravating the already severe unemployment there.

In Milan the results of the de-industrialization policy could be seen in the last census: more than half a million people left the city in the past 10 years. The policy of the Socialist administration in the past two decades has been to return Milan to a pre-industrial status. Oligarchical "high society" lives in the city center; because cars are forbidden there, the majority of people are forced to live outside the city. Routine criminality has increased, due to augmented drug usage and the takeover of local crime by the mafia.

### What can be done?

The solution proposed by Fiorella Operto, secretary-general of the Partito Operaio Europeo and a co-thinker of Lyndon H. LaRouche, is to bring down Craxi's government within two months, to prevent the takeover of the nation's finances by the Bank of Italy. Second, she demands the implementation of the "heavy lira" financial reform proposed by LaRouche, which would dry out illegal financing of drug and weapons traffic and constitute the first step toward a complete industrial recovery based on nuclear power.

LaRouche's proposal would enable the Italian government rapidly to assess the size and location of the financial black market, because it would require people to change their money at the rate of a thousand current lira to one new "heavy" one. The origin of the money presented would have to be declared; in this way—and through measures to prevent capital flight and unjust damage to the savings of honest people—the government would have a complete overview of illegal revenues and be able to hit those responsible. This measure would have to be immediately followed by a global financial reform: the creation of new credit earmarked for productive purposes. With this kind of dirigist policy, which would leave plenty of room for private enterprise, the government could generate a recovery over a period of a few months.

## U.S. electrical grid collapse continues

by David Cherry

The latest threat to the dwindling electric power supplies for U.S. economy, which have collapsed by 8 percent per capita since 1980, demonstrates the folly of the continuing actions of local elected officials, in concert with the KGB-run "nuclear freeze," to mothball local power plants and kill unfinished projects.

Just one week after New York Gov. Mario Cuomo hooked Long Island's largest electricity user, Grumman Aerospace Co., into upstate New York and Ontario power supplies which have been partially idled by the depression, one of the largest of those Ontario supplies began having serious problems during the second week in August. Following coolant leaks at the five-reactor, 3,000-megawatt Pickering nuclear complex in Ontario, three of the five reactors have been forced to close, with the Canadian press gearing up for a "new Three Mile Island" rampage. While there has been no serious accident at Pickering, two of the reactors will have to be closed for an extended period as a result of the leaks, quite independently of the howling of the press.

Cuomo, a Harriman protégé who has canceled three major New York State electric power projects in his first eight months in office, is preparing to mothball another, the completed Shoreham nuclear plant, by assigning "surplus" upstate power to Shoreham's major prospective customers. The power assigned is cheap because it is from older, amortized capacity idled by the depression, but such capacity is partially

Figure 1  
Per capita kilowatt hours of electricity consumed in the United States

