

# Free market blitzkrieg aims at Italian state

by Leonardo Servadio and Claudio Celani

Machiavelli wrote that when a republic is in trouble, it should go back to the principles underlying its foundation, and find a new beginning. Such is the situation of the Italian democratic republic today. Attacked from the outside, and weakened from within by political and economic corruption, it shall either find the strength to start again from its founding principles, or surrender to an unprecedented wave of assaults by foreign finance capital.

A change in regime and in the ruling elites is ongoing, and seemingly unstoppable. What is to be fought out is the direction this change will take.

After the collapse of the Communist regimes in Europe, Italy remains the country with the biggest state sector. The state runs nearly all the major banks and a majority of the big industries, including shipyards, steel plants, machine tool plants, food conglomerates, communications, energy, chemicals, etc. There is virtually no industrial sector where the state is not a prominent presence, aside from auto and computer. This allows the state to directly influence market prices and qualities, setting standards against which private firms must compete.

But, unlike the state firms in the former socialist countries, Italian state firms are, to a large extent, highly competitive. Therefore, international private financiers are doing their utmost to corner the Italian state where it can be forced to sell its holdings at bargain-basement prices. This process has already begun. In early January Treasury Minister Barucci went to London to hawk the Italian state firms to the "market forces."

It must be taken into account, that because of arrangements made in the context of the Yalta accord and because of historical ties, the Italian state's control of the state-owned banks—Banca Commerciale, Credito Italiano, and Banca Nazionale del Lavoro—was often only nominal. The real reins were in the hands of foreign financial outfits like Lazard Frères. Even the Mussolini regime's financial backbone, Banca Commerciale and others, was heavily influenced by City of London finance. The central bank, Banca d'Italia, like the U.S. Federal Reserve, is today completely autonomous from the democratically elected organs of the govern-

ment. With these institutions conducting the constant pressures and demands of the International Monetary Fund, it is not hard to understand how Italian political institutions have been powerless to implement an Italian social policy.

## A social state

The Italian state is a "social" state, designed to defend the weak: For instance, health care is guaranteed for all, and the costs are covered by the tax system. Set up by the Fascist state in the 1930s, the public sector was re-designed mainly by the Catholics and trade union-linked political forces—including the Italian Communists (PCI)—in the postwar period. It emerged from that process as an instrument to prevent the few families of the Italian oligarchy from controlling, together with foreign finance, the totality of the Italian economy.

Under the protection of state-owned industry, Italy developed, since the war, a large number of small and medium-sized industries which became the backbone of the economy. Until the early 1960s the state debt was next to zero. The economy enjoyed the highest expansion rates of the world, surpassing the Japanese economy.

In 1962 the Italian Socialist Party (PSI) broke the Christian Democracy's hegemony and, due to U.S. pressure (much of it conducted through state-owned banks), was invited to join the government. At that time the state debt started to grow. Now it is one and a half times the annual GNP. As it accelerated in the 1980s, capital flooded into public debt, taxes increased, and small and middle-sized firms were increasingly squeezed. The state sector, which had been designed in the postwar era under the advice of Msgr. Giovanni Battista Montini (later Pope Paul VI) as an instrument to develop the real economy, became the terrain of porkbarrels, fattening up the political parties.

## Socialist blackmail

This system of illicit finances is collapsing under a year-long investigation, called *Mani Pulite* (Clean Hands), which is particularly hitting the Socialist Party. Under Bettino Craxi, and supported by Washington, the Socialist Party had become the arbiter of power in Italian politics, more so after Christian Democratic Party Chairman Aldo Moro was assassinated in 1978. Moro was trying to re-create the postwar alliance between Catholics and Communists and to redeem the Communist Party from its forced exile from government. On the eve of the formation of the first Communist-supported government, Moro was kidnapped by the Red Brigades and subsequently killed. A few weeks earlier, the U.S. State Department had restated its veto against any PCI role into the government.

This had nothing to do with U.S. opposition to Marxism or the Soviet Union. The majority of PCI leaders were taking their distance from Moscow, while Moro and the Christian

Democrats were trying to free themselves from Anglo-American control, a strategy to gain increasing margins of national sovereignty. Italy had been under limited sovereignty because of the Anglo-American-Soviet Yalta deal. The reaction to this tendency in Italy was Henry Kissinger's death threats to Moro, and parallel wild pressures from Moscow on Communist Party Secretary Enrico Berlinguer to play by the Yalta rules. Indeed, Kissinger and the Anglo-American elites preferred a more pro-Soviet Communist Party which would respect the spheres of influence carved out at Yalta.

Under the U.S. veto, the Christian Democracy was forced to remain allied with the small Socialist Party in order to obtain a governing majority. This gave the PSI great blackmail power. Craxi exploited it to the hilt and was able to get for his party as much economic clout (meaning seats on the boards of state banks and firms) as the Christian Democracy, whose electoral base was over three times bigger than that of the PSI.

Craxi became the man of the West, the defender of "democracy" against the "Communists." The U.S. government looked at him with great sympathy, as the era of the Socialist International dawned in Europe around 1980, with François Mitterrand in France and Felipe González in Spain.

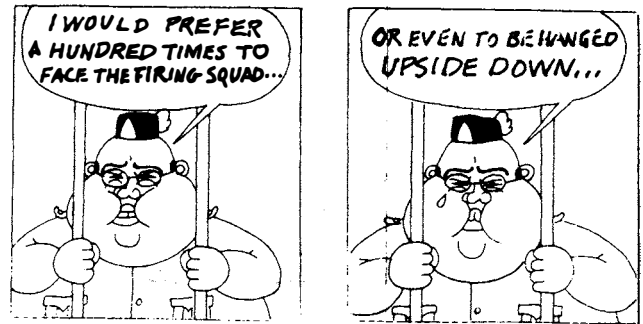
### Enter the North League

That era has gone. Craxi was not able to deliver the Italian state firms to the international speculative financiers. On the contrary, he remained trapped in the system of kickbacks rotating around the state firms.

In the meantime the small and medium-sized industrialists, oppressed by the state debt, found in the up and coming North League (Lega Nord) separatist party the ideal instrument to launch a "revolt" against the state. In spring 1989 the North League was catapulted from the position of a fringe separatist movement to that of leading a new "march on Rome." International speculative capital saw it as the Trojan Horse which could deliver the state sector cheaply, through forced privatization.

In 1992 the organs of international finance (*The Economist*, *Financial Times*, etc.) all backed the North League. Meanwhile, Mario Segni, a Christian Democratic leader from Sardinia, son of the most pro-Atlanticist of all the Italian Republic's Presidents, unveiled his plan for institutional reforms, and started to collect signatures for a series of referenda whose aim is to change the electoral system, from "proportional" (in each electoral district each party gets as many parliamentary seats as the percentage of votes it receives) to "majoritarian" (winner takes all). These referenda will give much more power to the executive branch, and relatively weaken Parliament—precisely what is needed to push through privatization and the austerity policy.

During 1992 the Italian economy was attacked from abroad and from within, at all levels. Italy's credit rating was



*Prescient: A cartoon by Claudio Celani in the early 1980s lampooned Bettino Craxi's pretensions to be the new Mussolini. Craxi, then at the zenith of his power, has fallen to the nadir.*

downgraded by Moody's, the lira attacked by an unprecedented speculation and massively devalued. The process was completed by the opening of the can of worms of political corruption, by several magistrates in Milan, who have so far interrogated 500 people for corruption, including 20 parliamentarians and 80 local administrators. Several have landed in prison.

### The end of Craxi?

Crowning this effort, at the beginning of January, Bettino Craxi was indicted on several counts of corruption, charged with receiving illegal kickbacks from industrialists. Although he is still secretary general of the party, and although Premier Giuliano Amato, a Socialist, said he was standing by him, Craxi has become the symbol of the outgoing political class. It is only a question of time before Parliament will lift his immunity and allow the investigation of Craxi to proceed. The only possible line of defense Craxi could use, would be to denounce his former masters: the money lords who attacked the lira in this past year, for instance. He must know their names, since he was supported by them in the past, when he was the standard-bearer of the presidentialist system.

On Jan. 16, the very day that Craxi in a press conference denied all charges against him, the Constitutional Court up-

held Segni's referenda as constitutional. They will therefore take place between April and June. This ruling marks the end of the current regime, since it is evident that public opinion, after all the political scandals and the economic collapse, is in a state of revolt against the regime. Italians will vote for a stronger executive. This is precisely what the money lords demand. They want to destroy the social state, buy off public industry for a song, and impose the savage austerity which, in the absence of development policies, the public debt mandates. Craxi, who failed to do this in the 1980s, is being replaced.

### The second republic

These referenda will be "a plebiscite . . . against the first republic and in favor of the second republic" wrote political analyst Angelo Panebianco in the influential daily *Corriere della Sera*, on Jan 8. It will be a different concept of democracy, explained Panebianco: no more the idea, implicit in the "proportional" system, of "giving representation," but the idea, implicit in the "majoritarian system," that democracy must "first and above all govern" (emphasis in original). Doesn't this vaguely remind one of the postures and policies of "Project Democracy," the State Department plan of implementing "democratic" dictatorships worldwide?

The convulsions of the dying elite are pitiful to watch. But it is even more pitiful to see the excitement of the little men, the underdogs of the regime, who see the moment to rise up, after having been the servants of their crumbling masters, and take their place, in a sort of travesty of the old regime. Claudio Martelli is a case in point. He was Craxi's aide, and has been agitating for months in the PSI to kick Craxi out. Now that Craxi unravels, he dreams of triumphing. He has gotten his connections to the U.S. establishment; as justice minister he traveled several times to the U.S.A. and set up cooperative ties with the FBI. He wants to appear more loyal to the transatlantic masters than Craxi was, and maybe hopes to become a little Italian Clinton.

Bad as Craxi was, Martelli is worse. It was he who cancelled the Italian nuclear energy program in 1987, and who now, as justice minister, has been pushing for drug decriminalization. But the onrushing stream of the breakdown of the First Republic will carry his political corpse too, together with many more has-beens. For sure the system will be changed; at least a portion, if not all of the state companies will be sold. But what will happen next is yet to be decided.

### A solidaristic culture

The free-market hoaxsters and austerity-mongers are running into some resistance as a result of the fact that Italian political culture is largely based on solidarism, a concept embedded in the social doctrine of the Catholic Church. If the Socialist Party is sinking and trying to cover for its misdeeds, the Church hierarchy has declared that the corrupt must go and make room for new leaders: The new Christian

Democratic leader Mino Martinazzoli is trying to do that. However, only a minority of his party is rising to the moral standard of defending the national interests, as in the battle for state industry.

The emerging public outcry for morality can find an answer only in political leaders capable not of theatrical gestures, but authentic moral stands and national policies—or else there will just be a rebellion full of demagogy, as exemplified by the current stand of the North League, which one day pushes for secession, another for tax revolt, but has no political program.

Nearly 15 million people—the biggest audience a politician ever had, one-fourth of the Italian population—listened to the year-end address read on television by President Oscar Luigi Scalfaro, a politician whose moral standards are untested. "There might be some who hope that this democracy

## North League power bid stinks of masonic plot

In early January, the leader of the North League (Lega Nord), Umberto Bossi, announced that his party is dropping the claim of founding a separatist state in northern Italy, and that it would fight for a "federalist" reform of the state, similar to that of Switzerland. At the same time, Bossi announced that the League would run candidates for the national government. Such a turn, making the League appear like a "normal" political party, no longer a "danger" to the national unity of Italy, was no surprise to insiders. It was only the confirmation that the League, far from being the "sociological phenomenon of the 1990s," is a perfect product of the very system it claims to fight.

For months, Giorgio La Malfa, scion of a political dynasty tied into London and Wall Street financial interests, who inherited from his father Ugo La Malfa the thimble-sized Republican Party, had scrambled behind the scenes to build a political alliance between the League and other forces, in order to reach an alternative majority in the national Parliament. La Malfa's aim was—and is—to build such an alliance with anybody except the Christian Democracy. Bossi's announcement was the signal that such an agreement had been reached.

In the very next days, negotiations started at the local level for setting up municipal governments between the League, the Republicans, and the former communist party, now the Democratic Party of the Left (PDS). Such an agreement was reached in Varese, a major industrial town

will fall—die. There might be some who are tired of living as free persons,” said Scalfaro. “But can we ever be tired of freedom? I hope not; none will be tired.” Scalfaro explained that corruption must be punished, but “let us be careful not to undermine the very basis of democracy with the prospect, however valid it may be, of cleaning up” the country.

In a not-so-veiled reference to the monetary assault that hit the lira in 1992, Scalfaro said: “Europe is feeling the re-emergence of economic, monetary, and political nationalisms. Italy wants Europe and works for Europe. Today she collects pedantic and distressing condemnations which come from far away, or inauspicious prophecies which come from ill-wishers, filled with arrogance and meanness.” He called for a truly united Europe, from the Atlantic to the Urals, based on peace and cooperation.

The Catholic daily *Avvenire* on Jan. 15 ran a banner

north of Milan, where the League has formed a government with the PRI, and the outside support of the PDS (that means, that the PDS is not in the government, but won't oppose it).

Such an alliance is extraordinary, since the League program, if it can be called such, is an ultra-free-market policy so draconian in its attitude toward labor that it puts Mussolini to shame. In an interview with *EIR*, a League economic expert who works in the parliamentary staff explained that the League has a program “in support of medium and small industries” which consists in eliminating “social burdens.” Social burdens are contributions for health care and pensions, which are paid partially by the state, and partially by the employer. The League calls for eliminating these altogether, since they insist that the state has to stop any intervention in the “free market.” Furthermore, the labor market must be “totally liberalized,” i.e., the employers have to be allowed to fix wages as they wish, contrary to the present, regulated market, where the minimum wage is fixed by the state.

The League calls for a radical privatization of all state-owned companies, including services like electricity and transportation. They insist on cutting all state financing for industrial projects in the underdeveloped South, which instead should develop only agricultural and tourism activities. Although Bossi has abandoned all claims to a separatist northern state, the League policy, if implemented, would ensure that such a disintegration of the national state occurs.

Not by chance, the most recent endorsement of the League came from an American magazine, *Telos*, run by Paul Piccone, who wrote in a special 90-page feature dedicated to the League, that its model “can be extended to all of Europe.” Piccone used to be a Marxist in the

headline attacking the policy of privatizing the state industries, while it praised the policies of Ezio Vanoni, the postwar economist and minister who had a crucial role in the definition of the state holdings in industry and banking. This outlook is supported by factions among the former and present Communists, the Democratic Party of the Left (PDS) and the left-wing daily *Il Manifesto*. This paper has started a campaign to convince its readers that the Christian Democracy is veering toward the left, because it defends the national economy against the aggression of big finance capital. But the PDS, instead of coming close to the Christian Democrats, has moved toward the North League, by deciding to support a League government in the northern Italian city of Varese. Many hope that the PDS, whose alliance with the League has caused an uproar in the party, will backtrack on this.

1970s, when he supported leftist extremist and terrorist formations, like Worker Autonomy and the Red Brigades. He is connected to Warren Bennis, who comes from the Tavistock Institute, the psychological warfare center of the British secret services.

Separatism is the future policy of the European oligarchy. To facilitate that development, a new “Northern Jurisdiction” of Italian Freemasonry has been founded by Michele Maramarco, an emerging star of Freemasonry who decided to split from the national Grand Orient which, he charged, is lacking in “spirituality.” His lodge, Maramarco explained to *Corriere della Sera* newspaper on Jan. 16, agrees “with the northern federalists.” Maramarco explained that they are connected to the “Old Catholic” networks, a split from the Catholic Church which in Europe is led by the Archbishop of Utrecht, and is linked to the Anglican and the Orthodox Church. He claimed that his lodge will finally reintroduce “spirituality,” the real nature of Freemasonry, since the Grand Orient, in his words, had almost transformed Freemasonry into a “Rotary Club.”

Spiritualism is the most satanic current in Freemasonry, and it is indicative that such currents are coming out into the open now. German Nazism was born out of the spiritual branch of Freemasonry, whose lodges practiced anti-Semitism long before Hitler. Maramarco had a strong reaction when we mentioned the name Albert Pike (the American mason, Confederate general, and founder of the Ku Klux Klan, whose statue in downtown Washington, D.C. has become the target of a national outcry and demand for its demolition in the U.S.). “Albert Pike was great, but a bit confused; look at his statements about Negroes,” he said, after which he became suspicious: “Who did you say you are, by the way?”—*Claudio Celani*