

A Replay of 1992 in Italy

Today's scandals have a familiar stench. Andrew Spannaus in Milan wrote this for www.movisol.org, the website of the LaRouche movement in Italy.

April 13—As Italy's technocratic government plows forward with the "reforms" it claims will finally modernize the country, corruption scandals are hitting almost all of the Italian political parties. An attentive analysis of this situation leads to a clear parallel with a similar period not so long ago, that of the Tangentopoli ("Bribe City") scandals and the imposition of technocratic governments at the beginning of the 1990s.

At that time, there was a large-scale speculative attack against Italy, which led to a devaluation of the lira. International finance, led by "mega-speculator" George Soros, took in billions of dollars, inaugurating a new phase on the international markets which perfectly represented the spirit of globalization: Governments were to bow down to the commands of finance, allowing "free competition" to dominate national sovereignty. The speculative attack and consequent currency devaluation aggravated the crisis in public accounts, and thus the state budget was considered to be unsustainable. A long period of blood-and-tears austerity followed, which had already begun prior to the attack, with the tax on bank accounts in July 1992, and continued with the austerity package of 93 billion lire (EU48 billion) of cuts, by the Amato government. Simultaneously, deregulation and privatization measures struck broad sectors of the Italian economy.

Smashing the Political System

All this took place in the context of the decimation of the parties that had governed the country in the post-War period—the so-called "First Republic." From the Christian Democracy to the Socialist Party, the leading political figures were discredited and ousted from power. Many recycled themselves in various forms, but the music had changed; now the technocrats were in control, experts like Giuliano Amato and Carlo Azeglio Ciampi, who would reorganize the Italian

economy. The rules of the banking and financial system were rewritten. The state-run enterprises were dismantled, and the state jewels were sold, in many cases at a great loss, and all at a significant discount for foreign buyers, thanks to the devaluation of September 1992.

Without going into a detailed analysis of Tangentopoli and its various implications, we simply pose the following questions:

- Was political corruption in Italy really "discovered" in that period? Or had it been known for a long time how the parties were financed, and a decision made then to knock over the table at that particular time in history?
- Is Italy better off today? Is the new political elite cleaner and better able to defend the interests of the population?

The answers are not difficult, and the time has come to start reflecting more deeply on that period of transformation, because something similar is happening today. This time though, the potential resistance by the political class seems to be decidedly less, inasmuch as almost everyone fell into line immediately when President Giorgio Napolitano imposed the government of Mario Monti at the end of 2011. The other Mario, Mr. Draghi, instead of being placed at the head of the Italian government, was sent to the real control room at the European level, the European Central Bank (ECB), and thus the "Greek" austerity formula is being imposed in Italy as well, with the predictable result of causing a recession, and making us all poorer by paying protection money to the markets that have to regain "trust" in the country.

'Structural Reforms'

But the most important aspect of the measures passed by the Monti government is not the money found to please the accountants; the real danger is in

the “structural reforms,” the goal of changing the areas where public money is spent, and the overall rules of the Italian economy. And this is where we see the true parallel with 1992-93. That was when the campaign began for Italy to adopt the euro. The EU’s Maastricht Treaty imposed a reduction of the deficit, and Italy had to get in line with European budget parameters, a transition that was long and painful. It was all for our own good, they told us, but 20 years later, we are still making sacrifices to comply with the European rules.

Our view is that the fault lies with those very same policies: The free-market reforms provided an incentive for speculative finance—which then crashed—and a disincentive for the productive economy, which continued to shrink. The consequences were inevitable: It was no longer possible to pay for social welfare services, and both public and private debt continued to grow.

The others, those whom we see on television, in the universities, and now in government ministries, say that we have to start all over again; that Italy is too rigid: there are interests, corporations, privileges. Taxi drivers and pharmacists earn too much; small businessmen don’t pay their taxes, and employees cling too closely to stable jobs. We need more flexibility, more ability to adapt, they say.

Adapt to what? To globalization. If in China and India people work for much less money, then Italians will have to embrace the new reality. There will be fewer and fewer manufacturing jobs, a decent salary is a privilege, and the fault is only your own, because you got used to living high on the hog.

So it’s time to deregulate everything, the pundits say; to privatize what’s left in the public sphere (based on ideology, not because privatization improves service or lowers rates; the contrary has been shown to be true in almost every case in recent years). The pension system has to be changed, as do labor laws. These are all things that in the abstract seem to be reasonable from the standpoint of accounting and maintaining a competitive edge, but when we view them in the context of the national and global economic crisis, we see that the only goal is to please the markets and further dismantle the national economy.

Scandals and More Scandals

Today, scandals are again being used to damage the Italian political elite. The fall of the Berlusconi government in November 2011 was announced with a

never-ending series of x-rated scandals, whose aim was clear to anyone who thinks strategically. The same weapon was used against Economics Minister Giulio Tremonti, to support the free-market faction in the battle against whoever dared question the domination of the market. In the Lombardy regional government, numerous parties have been hit in recent months, both for small violations, and also with large media campaigns such as the case against the Northern League (Lega Nord).

Don’t make the mistake of thinking about the usual “Communist” magistrates, whom some in the right wing have blamed for years; the same is happening to the centrist and left-wing parties as well, with corruption scandals being launched against the Margherita and Italia dei Valori, the former Christian Democrats (UDC), and the Democratic Party.

Are all these people innocent? That’s not the point. As in 1992, the question is what effect a new anti-corruption campaign will have. Who wants to manipulate this situation to impose fundamental changes that will shape the country’s future? And are these changes that will benefit Italians?

There seems to be quite a contrast with the oh-so-proper professors (and bankers) in the institutions in Rome. “The parties are corrupt, long live the technocrats!”

And thus, it will be much more difficult to oppose the free-trade massacres carried out by the City of London and Wall Street, passing through Frankfurt and Brussels.

If we really want to defend Italy, if we really want to defend European civilization, it’s time to restore national sovereignty. We need political leaders who are willing to oppose the looting operations. This is where the real corruption is. How many politicians think only of saving themselves, with money or cushy jobs, rather than acting to defend the common good?

We can no longer accept structural reforms that aim at opening the economy up to international financial interests, to speculative bubbles seeking new assets to swallow and then ruin, before moving on to the next victim. We have seen this movie before: The institutions of government are discredited because politicians are corrupt, but in the meantime, the newcomers work on handing the country over, lock, stock, and barrel, to their bosses in the transnational oligarchy.

Do Italians have the courage to fight, this time around?