

Report from Italy by Liliana Gorini

Communists back bankers' dictatorship

While the central bank demands emergency powers, the PCI is proposing a Federal Reserve-style system for Italy.

If any Americans still doubt that the "free-market economy" is a Soviet plot to destroy the Western economies, the Italian Communists are rushing to supply them evidence of this fact.

The typical Italian Communist leader of the '80s looks and acts very differently from what Americans might imagine: He dresses like a British banker, with only a little, well-combed mustache to remind him of "the good old days." In economics, he's a fan of Milton Friedman, and his best friend is the head of the Italian central bank, the Banca d'Italia.

When central bank chief Carlo Ciampi issued his annual report on the Italian economy on May 31, forecasting dark, looming disasters unless special powers are given to the Bank of Italy, to impose an even more draconian austerity policy than already exists, most Italian politicians attacked him. But not the Communists!

The organ of the Italian Communist Party (PCI), *l'Unità*, was the only daily newspaper to leak in advance—and with approval—the fact that Ciampi would demand a special status for the central bank. And on the day of his proclamation, *l'Unità* published a statement by the economics "expert" of the PCI, Giuseppe D'Alema, proposing a kind of Federal Reserve System for Italy, very similar to the tyrannical regime of Paul Volcker in the United States:

"We need a bill assigning to the head of the Bank of Italy special powers of intervention," D'Alema wrote, "and the Communist parliamentarians

will introduce a bill to this effect. . . . In this situation, we do need not only the decoupling of banks, financial institutions, and firms, but also the independence of the central bank from the political forces who are in the government. It seems to us not coincidental, that in a recent speech, the head of the central bank emphasized that banking independence must be defended day after day."

Whenever the head of the central bank has spoken in the past—whether Ciampi, or his predecessors, Paolo Baffi and Guido Carli (the Italian "Volcker" who started the credit crunch which has destroyed the productive capacity of Italian industry in the last 20 years)—the Communists have always enthusiastically endorsed the Bank of Italy's demand that domestic spending be slashed, on the grounds that "the indebtedness of the Treasury has become a form of 'general assistance' to industry, even more detrimental than the old welfare state," as *l'Unità* wrote on May 31.

It is on the basis of this strong alliance with the monetarists at the Bank of Italy, that the Communists keep demanding to join a "technocratic government," decoupled from the constituent-based political parties, even though their bid to join the government received a clearcut response from the Italian voters during the recent administrative elections on May 12, when the Communist Party lost almost 5%, dropping in strength from 34.5% to 30.2%.

In order to recover from this elec-

toral debacle, which generated endless internal wrangling and "self-criticism" on the part of many Communist leaders, the Central Committee of the PCI decided, after a long night session, to reunite on the issue of the scheduled national referendum on the cost-of-living escalator, one of the cheapest tricks ever used to buy votes.

Despite their full support for the fascist austerity policy of the Bank of Italy, the Communists pretended to be interested in defending the living standards of the workers, and are advocating the June 9 referendum on whether or not to abrogate a bill cutting four points from the cost-of-living escalator, the automatic wage increase mechanism which keeps up with increases in the inflation rate.

The Communists are presently campaigning all over Italy for a "yes" vote in the referendum, which would mean an increase of \$10 in the June wage of workers. In July, new negotiations will start on the cost-of-living adjustment—under the thumb of the Bank of Italy's new austerity demands, and coordinated with the International Monetary Fund.

If the Communists win the referendum on June 9, having bought up votes with a measly \$10, and thanks to the idiotic attitude of the government of Socialist Prime Minister Bettino Craxi, which issues public relations stories about an Italian "recovery" that never was, the workers who vote "yes" will be in for an unpleasant surprise. Instead of an improved standard of living, they will find themselves the victims of an economic dictatorship, under the auspices of the International Monetary Fund, to reduce wages and spending.

For this they will have to thank the unwavering alliance between the Italian Communist Party and the Bank of Italy.