

Report from Italy by Renato Tosatto

A new IMF destabilization

Its previous prescriptions have produced untold poverty and unemployment—so the Fund demands more of the same.

The Italian government's progress to date in reducing its budget deficit and the inflation rate by gutting necessary expenditures and destroying its productive economy, is not enough to please the International Monetary Fund. At its annual meeting, in Seoul, Korea in October, the IMF will present its new report on Italy, and it constitutes an attack on the government of Socialist Bettino Craxi.

According to the evaluations of the murderous international financial agency:

- Italy's internal deficit will increase from 15.4% of GNP in 1984 to 16.6% in 1985, and 17.6% in 1986.

- The foreign debt will increase from \$2.8 billion in 1984 to \$6.4 billion in 1985, and \$7.6 billion in 1986.

- Monetary policy has been changed by the deficit increase. The growth rate of the money-supply is about 2.6-2.7% annually for the years 1984-86, because there is strong internal demand. The Fund links this growth to the growth in Italy's foreign debt, whose effects have been only partially minimized by the recent devaluation of the lira.

- The Craxi government will be unable to keep inflation below the 5% promised. According to the Fund, inflation could reach as high as 6.2% by the end of 1986.

Overall, the report is unquestionably an attack on government policy. It is typical of the Fund's approach to its victims: Since our previous round of prescriptions only made your finan-

cial and economic situation much worse, we must now demand still more of the same poison that is killing you.

The result in human terms is coming to light. Premier Craxi held a press conference on Sept. 17, and unveiled the results of a study by a government agency showing that more than 10 million Italian citizens now live in poverty, i.e., one-fifth of the entire Italian population. About 6 million live in "extreme poverty." (According to the press, the poverty line is 420,600 liras, about \$215, monthly income per capita.) Yet, last March, the IMF demanded a cut in welfare-service expenditures.

Craxi told the press that it is necessary to reconcile the "needs of the economy with the needs of social justice," but he has yet to buck to the IMF.

Now on the table is a proposal by IMF-puppet Treasury Minister Gorla and Labor Minister De Michelis to divide the population into three different categories according to income, for purposes of determining welfare-service payments. The first category would be those below 10 million lire annual income, the second below 25 million, and the third above 25 million. Welfare services, in particular health services, will be free only for the first category, with income below 10 million. The second, between 10 and 25 million in income, will pay for part of their welfare services, and the third, over 25 million, will pay for all such services.

The proposal would mean a significant cut in services, and particularly health care, to the Italian population.

But Treasury Minister Gorla is arguing that there is no other proposal around, and his idea is the only one that would control public expenditures in keeping with IMF dictates. And, there is blackmail: Should his proposal not be implemented, Gorla is threatening to cause a government crisis.

Meanwhile, the Communist- and Socialist-controlled trade unions are demanding more taxes on non-unionized workers. They are in total agreement with the devastating austerity, and only differ as to means.

Meanwhile, the unemployment figures show the results. Unemployment in the first six months of 1985 was up 5.5% over the same period a year earlier—and it is concentrated in the most vital industrial sectors. In basic metal and machine-tool industries, employment levels are down 6.3%; in transportation, the number of those working is down 5.9% over the same period in 1984.

But speculators are having a field day. During the same period, the Milan Stock Exchange did a booming business, as new capital flowed in in large amounts. Of course, none of it was invested in the stocks of the nation's collapsing industries. Rather, it was invested in the speculative *Fondi d'Investimento* (investment funds).

The situation, economically and politically, was summed up by the general secretary of the Partito Operaio Europeo (POE) in Italy, Fiorella Operto, when she said:

"The Italian economy can be put back together only when the genocidal austerity demands of the IMF are refused flatly and finally. Italy's politicians and trade unionists only require one, very rare quality: courage."