The 2007 Budget, the bosses are laughing again!

Federazione dei Comunisti Anarchici

25th October 2006

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The 2007 Budget has the hands of the European Union around its neck.

Lowering the GDP/deficit ratio to below 3% as priority and reducing the debt (both already foreseen in the government's Budgetary Economic Programme) — this is what the government hopes to achieve by cutting public expenditure and finding new resources. And instead of redistributing the wealth, this work of frenzied accountancy rakes in billions of Euro by getting the money from the usual places — from our wages, our severance pay, and from the pensions of workers of all kinds.

The advantages for the State

The State's technocrats need to be presentable in the eyes of Brussels and to continue along the road of a State "withdrawal" from public expenditure in order to favour provatization. This policy of cuts not only regards the already-established 2% limit on the renewal of public sector employment contracts, but also sees, thanks to this Budget, the re-sizing of the entire public administration system (to the tune of €2.83bn), the reduction of health spending (€3bn), subsidization of local government bodies (€4.3bn) and €5.3bn of cuts in social insurance payments. With regard to finding resources, instead, the Budget includes moves to reorganize income tax, increase social insurance payments, increase savings tax and, last but not least, transfer to the Treasury 100% of unopted TFR funds[1] from workers in companies of over 50 employees and of public sector workers (€5bn). Nothing short of robbing the workers to finance the debt and public works. Not forgetting the military missions abroad.

The advantages for businesses

Once the State is assured its share of the money, the next step is to ensure the share of the country's industrial and financial capitalists who are always ready to finance themselves with public money. Businesses therefore receive a reduction of the so-called "fiscal wedge"[2] (by no longer having to pay certain taxes or contributions), they hold on to the workers' TFR that will remain with 99.5% of businesses, they will receive compensation for the TFR which is transferred to the Treasury, and finally they will also receive the profits deriving to the financial capital from investments made by the pension funds with the workers' TFR. And it must be remembered that the TFR that goes to the Treasury may be spent to finance the infrastructure that is necessary to businesses, through bodies like Sviluppo Italia. It is, in other words, one hell of a jackpot, and one that gives absolutely no guarantee whatsoever of investment in employment and innovation.

[1] The TFR ("trattamento di fine rapporto") is a system whereby a portion of workers' wages is automatically paid into a special fund held by employers (and therefore often used by them as a source of liquidity) and paid to workers when they leave the company — a sort of severance pay.

[2] The "cuneo fiscale" or fiscal wedge is a term which denotes the difference between the cost of one hour of work for the employer and the purchasing power that this hour of work gives to an employee after his taxes and social security contributions have been deducted. The cuts established in the budget will involve savings of 60% for companies (€2.5bn in 2007, €4.4bn in 2008) and 40% for workers.

The disadvantages for the workers

So, where is the support for the workers' buying power? Where is the support for demand?

There is none!

The demagogic policy of re-organizing the income tax system, which is being sold to the public as a (non-existant) tax gain for employees, the increase in social insurance payments, the increase in local government taxes, the increased tax on savings, new supplementary charges in healthcare, not to mention the poor prospects for the renewal of national job contracts, all point to a dangerous impoverishment of the material living conditions of the weakest classes, forcing them into increasingly frequent indebtedness. What passes for family support is no more than a tiny adjustment in the increase of the prices of social services. No less dangerous is the damage caused by the further lowering of the quality of public schooling following personnel cuts and the rise in class numbers. Poor schools for poor schooling. And the universities and transport systems are no better off, either.

The "victory" of the mainstream unions

Despite all this, some people are claiming a victory. The inter-classist framework of the Budget can, in effect, give the impression that the rich are crying into their caviar and bewitch the leftist parties within the governing coalition and above all the mainstream unions who, in their rush to get over the effect of a "friendly government", are demonstrating that they have no qualms about acting as the government's partners as far as Budget legislation is concerned, by furtively putting their signatures to government plans for social insurance from 2007 on. They are not the slightest bit interested in curbing or opposing an economic policy that transforms wages into a sort of "survival benefit", that places pensions and severance pay into the hands of the financial markets, that savagely taxes savings to encourage any available funds onto the stock exchange. No, this Budget does not re-distribute wealth. It does not provide any protection of our immediate or future income. It does not protect our future bargaining power. It does not address in any meaningful way the horrors of precarity and clandestinity that make slaves of so many Italian and migrant workers.

Mobilize! We have to mobilize! In the workplace and within our unions, in the community and in our social lives, within our grassroots organizations and our self-managed social and cultural associations.

To break the deadly grip of the partnership between the government and the unions, to build grassroots opposition to the Budget, to stop social unease and discontent spiralling out of control and into the waiting arms of the right.

National Stop Precarity march — Rome, 4th November

National general strike and march against the Budget — Rome, 17th November

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