

Report from Rome by Fiorella Operto Filipponi

The fraud of the Italian recovery

The ideological flaw of the Craxians came into glaring focus at the Milan Fair, which ended on April 20.

The annual "April Fair" of Milan, which once-upon-a-time exhibited the newest industrial and agricultural technologies, this year was devoted to the dismal repertory of a depression made up of fashion, doodads from the service sector, computers, and "free time."

In the course of inaugurating the Fair, in early April, Italian Prime Minister Bettino Craxi announced that Italy was living through a period of the "fat cattle," referring to the Biblical story of Joseph's dream which foretold seven years of prosperity symbolized by seven fat cattle. According to Mr. Craxi, Italy and Japan are leading the world economic recovery, and Italy has entered into the phase of the post-industrial recovery, whose hub is Milan.

A week later, the governor of the Bank of Italy, Carlo d'Azeglio Ciampi, said that Italy is on the right track to defeating inflation, and forecast a future entirely free of inflation.

Italy's 3 million unemployed, 2 million underemployed, and 1.5 million laid-off workers on unemployment are a bit perplexed, not having noticed any change in their personal situation in the wake of these statements. Is the April stock market boom perhaps a recovery? Is the reduction in the rates the country will have to pay for oil a recovery, given the drop in oil prices?

Only a crass ignoramus could believe that the drop in oil prices is the mainspring of a real recovery in the world economy. An economic devel-

opment like the one which took place during the early 1960s in Italy showed an increased in production of 10-13% per year and an investment rate of about 10%. Today Italy's real production is sharply receding, and it has a zero rate of investment; indeed, we can speak of disinvestment, of dismantling of structures that were once productive.

The reduction in the oil price will have as its immediate effect the total shutdown of the Middle East market, and that of the Third World—hence, an even faster shrinkage of potential for Italian industries in Africa, the Middle East, Mexico, Venezuela, and so forth.

In Italy, not one private firm or governmental project is centered on investment in infrastructure or technological development. It is well known that the only activities that have flourished for years have been the speculative ones, led by the financing of the drug traffic that moves from the Middle East to Italy, to Switzerland, to the banks of Boston and New York. Offshoots of this activity are the burgeoning real-estate market, insurance, the stock market boom, and the flashy revenues of "*nouveaux riches*," along with the race to buy up Treasury Bonds and certificates which finance a state deficit no one knows how to cover in any other way.

If this is a recovery, then what is a depression?

The standards of living of the population keep getting lower. In fact, who today can allow himself to buy a house

or support a family with more than one child?

When Craxi speaks of a "recovery," to whom is he speaking? Who is the audience which, instead of loudly protesting, claps in glee?

Craxi's audience consists of the more or less seasoned "yuppies" of Milan, Rome, and Naples, whose incomes derive from post-industrial, speculative, or substantially useless activities. They are the newly wealthy, who often manage money that is not their own, investing other people's money in activities that correspond to no real production and which are therefore destined to fail before long—not only because of individual bankruptcies and internal mafia fights, but because the entire system is a soap bubble.

The typical Craxian is generally a pro-American, anti-Soviet "conservative," but often for the worst motives: He adores American free-market ideology and fears Soviet "dirigism." Fundamentally, he does not know the real America.

He has no idea of how a real economy functions and therefore he believes, like a blockhead, that there is a "recovery" in Italy. The "recovery" exists, for him and his circle, in a completely useless consumer boom. Sometimes, the Craxian feels himself to be a defender of Italian interests, at home and abroad, identified in the Italian fashion industry, and in all those superfluous activities which belong to the "post-industrial" genre. The Craxian is a "liberal-conservative": he has a burning desire for "conserving" his own wealth, which he perceives as a bit unstable. Hence, the games and political deals.

But his abysmal ignorance on economic problems, and an intellectual laziness which is difficult to overcome, could cost the country a lot.