
ITALY

Central bank mounts blitz against industry

by Marco Fanini

The surprise economic measures taken by the Italian government late Sunday night, March 21 to devalue Italy's currency and raise interest rates are truly extraordinary. The measures include the following:

The lira has been devalued by 6 percent against the other currencies of the European Monetary System (EMS), making a de facto 6 percent devaluation worldwide. The official discount rate has jumped from 16.5 percent to 19 percent (this is the rate the Bank of Italy grants to other banks). Consequently, the prime rate has climbed upward from 21 to 25 percent (a level not yet fixed, but clearly in the wind). And regular interest rates have also climbed, to 30 percent (which means that if a businessman wants credit, he will find it difficult to get at less than 35 percent). Finally, there has been an increase in the monthly reserve level banks must maintain against their deposits, from 15.75 to 20 percent.

Tightening the screws

The immediate consequences for Italy include a 6 percent rise in the price of petroleum and every other type of commodity imported. In turn, this will mean price increases for every commodity, in the cost of living, and thus in salary levels through the cost of living escalator. The noted exponent of the Trilateral Commission, Gianni Agnelli of FIAT, declared that these measures are useless without a cut in the cost of living escalator for workers. And the central bank, the Bank of Italy, considered by many for some time to be a branch of the Bank of England, has adopted the principal plank of the "Visentini Plan"; that is, becoming a private bank (see *EIR*, Feb. 17, 1981).

The technocrats of the Bank of Italy want to control all the finances of the state, and hence the economy, but without being under any governmental control. This is the plan of the powerful Venetian black nobility, for whom the president of the Olivetti electronics firm, Bru-

no Visentini, is the spokesman.

One does not have to go far to see why these attacks on Italy's economy are being made. The nobility is using its instruments in the International Monetary Fund and NATO to break Italy away from the rest of continental Europe, to make Naples the base of operation for the Rapid Deployment Force, and to make Italy the leading Mediterranean nation, or even better, of the Third World. To that end, for the last 10 days L. A. Wittome, the director of the IMF's European Department, has been in Italy to dictate the above-mentioned measures.

And despite the requests of the Andreotti-linked faction of the Christian Democracy for the government to resign, and the calls for a general strike by the Italian Communist Party, the reaction of Italian patriots has been one largely of impotence, and a failure to understand that the EMS is the real target of all these maneuvers.

But since the government handed down its new austerity decrees, reactions from industrialists' associations and cooperatives, trade unions, banks, and politicians have ranged from shrieks that "this is the end!" to "these measures are crazy, inflation will increase and production will decrease," to "construction and agriculture will be the first sectors to collapse."

The 'Operto Plan'

The only alternative, which was discussed in a major international conference in Rome sponsored by the Italian Antidrug Coalition March 20-21, is the so-called Operto Plan, named after the secretary of the European Labor Party (POE) in Italy, Fiorella Operto. The Operto Plan calls for the introduction of the "heavy lira" to clean up the dirty money market and permit the generation of the credit necessary for the industrialization of the backward Mezzogiorno region of southern Italy, totally devastated by the earthquake several months ago.

Instituting a heavy lira would not merely substitute one new lira for each 1,000 old liras, but would mean that those people who now have vast sums deposited in Swiss bank accounts, and have otherwise recycled "dirty money" derived from the international drug trade, various fraudulent banking schemes, and tax evasions, would be forced to come forward to turn in their old liras, or risk losing their fortunes as the old currency becomes valueless.

The recent ADC meeting, which some 300 people attended, and which was widely covered in the national press and on national radio, has brought the issue before the whole Italian population. But whether they accept this latest round of austerity measures with any more than a whimper of protest remains to be seen.