

## PUBLIC SPENDING AND THE LEFT IN ITALY

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1. In Italy the problem of reducing the public deficit through reduction in spending has been and continues to be a major concern of the political programs of recent governments. In my opinion, the Italian political and social framework, within which public spending measures – and especially cutbacks – are inserted, exhibits several distinctive and significant characteristics. In particular, I believe the concurrence of two phenomena to be of importance: on the one hand, unlike in many other societies, the policy of retrenchment and curtailment of government intervention is being carried out by the first Italian cabinet ever to be headed by a socialist prime minister (albeit in a coalition government with center and conservative forces); on the other, it can be pointed out that the Trade Union, the Italian Communist Party (PCI), the major opposition force on the left, and a considerable part of the working class support this policy, often actively and without any political/ideological misgivings. I will attempt to analyze these events which herald a turning point in the traditional stance assumed on public spending by the forces of the Italian left.

2. Three key elements can be identified which have contributed to altering the attitude toward public spending previously held by political and Trade Union forces on the Italian left: i) the crisis of holistic ideologies; ii) the crisis of representation; iii) the restructuring of the work process. These three phenomena., which have characterized Italian political life in recent years are strictly interrelated they are also part and parcel of a comprehensive process of restructuring of Italian economy. I will confine myself to a brief analysis of these three factors, currently at the focal point of the political discourse in Italy, out in such a way as to offer a global perspective of major political and ideological changes within the Italian left.

3. The crisis of holistic ideologies can be concisely typified by waning tenability of an all-encompassing alternative model of society. This ideological privation has precipitated a breakdown in the process of coalition of various socioeconomic groups. common frame of reference in which to appraise and assimilate the political activity of different social strata ceased to exist. The absence of such a

framework engendered an objective and subjective shift in political behavior, including economic concerns manifested. In recent years what has been dubbed "neo-corporativism" is none other than the voicing of concerns by assorted socioeconomic groups who are now bereft of unifying political vision to guide their action; hence this action has taken the form of fissioning and proliferation of often conflicting demands.

4. The various political institutions which represent the interests of these groups have naturally been involved in this process. We can subdivide these representative institutions into three groups: a) institutions of direct democracy (factory councils, neighborhood coalitions, progressive political action committees, etc.); b) political institutions (mainly political parties and trade unions); c) central and peripheral administrative institutions (parliaments local administrations, administrative agencies within the public sector). a) Directly democratic organizations were conceived and developed not only with the aim of monitoring political institutions but above all to formulate and take direct control of sectoral demands. These demands were to be shaped so as to constitute an integral part of a wider plan of unification of working class with other socioeconomic groups in society. These organizations, which were the mainspring for class struggle during the late 1960' and early 1970', have at present virtually exhausted their function: those organizations within politically "advanced" sectors have often been reduced to bureaucratic organs for the diffusion of party and trade union edicts; those within more "backward" sectors (primarily public services) have become instruments for defending the interests of special categories of workers, frequently in contrast with other categories. b) For political parties and trade unions the slogan "crisis of representation" is an elegant euphemism for almost total detachment of their political line from people they should be representing. It seems oftentimes that the coinciding of interests between representative and constituent is purely accidental; the latter are viewed as a "nuisance with respect to the interests and political policies of parties and trade unions. c) It is not mere happenstance that administrative agencies, out of all representative institutions, have been most successful in maintaining a rapport with the rank-and-file. Fragmentation of concerns has resulted in the

"citzinaization" of the various socioeconomic groups. As citizen, the institutions which best serve their interests, or at any rate where it is easier for them to make themselves felt, have proven to be representative administrative agencies, especially law-level offices.

##### 5. The changes in the productive structure and in the work

process in Italy in recent years have paralleled the political and ideological transformations. Since the mid-1970s a massive process of segmentation has been taking place in the Italian productive system. The process has been characterized by an objective division among workers, both on the plant floor, through segmentation of the work process, and at the level of social structure, through decentralization. This division tends increasingly to manifest itself in the emergence of conflicting or at least mutually exclusive interests. This third point is obviously of tremendous consequence. We have only left it until last so as to avoid a deterministic mode of interpretation. Ideological and political processes are not generated solely by "structural" phenomena: ideology, political policies and economic structure must be surveyed and analyzed simultaneously in their interplay and contrast. Naturally, the three phenomena we have briefly indicated constitute general tendencies in which conflicting elements are still present and which are remote from being wholly and unequivocally formalized. From at least one standpoint, however, I feel that this restructuring process has had important effects, to wit in the relationship between class structure and public spending.

6. "I believe we must reconsider the role of the factory. During the '68s it was the site of exploitation and it was right that the response of the Trade Unions should be conceived there. Now exploitation is outside of the factory. The worker is exploited by the shopkeeper who does not pay taxes and raises prices, he is exploited by the public health system which takes his tax contributions but does not guarantee him adequate health care, he is exploited by local governmental agencies which spend billions upon billions of lire from which he derives no benefit." O. Benvenuto, Secretary general of Socialist oriented Italian Labor Union (IJIL), Panorama 1/30/84. This quote seems to accurately represent the attitude

of Left political forces and Trade Unions toward public expenditure. The struggle against parasitical incomes is actually within the traditions of the Italian trade Union movement. In recent years, however, a qualitative leap has been taken: on the one hand, the theory that a dynamic of exploitation exists between parasitical incomes and other productive incomes is accepted; on the other, a considerable share of public spending tends to be defined as unproductive and a source of income for parasitical social and economic classes, including many public employees and a number of welfare recipients. The underlying political strategy is the molding of the so-called "producers' front" (workers, technicians, managers, entrepreneurs, etc.) against the parasitical strata. One of the goals of this front must be deceleration of public spending.

With regard to Italy, this constitutes a radical shift in the Left stance on public expenditure. The classic conception of public spending stressed redistribution and social solidarity. Collective as opposed to private consumption was deemed to be constructive. Qualified expansion, i.e. attempting to eliminate waste and abuses by the upper echelons, was a goal. Many of the social struggles of the '60s, often spearheaded by the working class, brought about a widening of social services and public expenditure in general. The watchwords which epitomized these aims were rooted in the guiding principle of egalitarianism and in the building of foundations of a different society, based upon a relationship among equals. By forcing state intervention which increased equality, on the one hand several fundamental demands were met (education, health care, social welfare, etc.); on the other, paradoxical elements were introduced into the state apparatus whose basic function is the reproduction of the capitalistic system based on inequality. The widening of public expenditure represented a compromise between the working class and ruling classes. As with all gains won by the working class, this concession too was contradictory; its counteractive elements, however, do not detract from the fact that it seems to constitute the sole historical example of a partially advantageous use of certain state functions institutions and apparatuses by the Italian subordinate classes. On one hand these circumstances coincided with a political design of the powers that be to capitalize on legitimization afforded by public expenditure and on the other, with a favorable and expanding economy. Often the battle was not over whether or not to expand

social services, but rather over the establishment of appropriate criteria of allocation and selection of sectors to be upgraded. On the contrary, the present situation is characterized by imperatives to curtail spending and by an unfavorable economic period. The left's political acceptance of the reasoning behind spending cuts is interwoven with the crisis of the legitimizing ends of public expenditure. In an increasingly segmented society – in its work process structure as well as in its values and political ideology – it is difficult to legitimize government intervention which tends to have an equalizing effect, however inconsistent such effect may be. This general process of social segmentation tends to call into question the attitude previously held by citizens toward social spending; hence, in broader terms the possibility and necessity of the ruling class to legitimize its existence through overall expansion of public expenditure becomes doubtful. Widening of public services – especially those services available regardless of income level and to an even greater extent, direct or indirect welfare spending – appears to no longer enjoy a role of legitimization; on the contrary, instead of eliminating existing conflicts, increasingly expansion exacerbates the situation or provokes new contrasts. Initial spending cuts were concentrated in sectors in which marginal groups within the population were hardest hit (recipients of minimal state pensions the chronically ill, the mentally ill, drug addict, immigrant workers, etc.); other groups in society managed to preserve their share of services. It seems, however, that the anti-welfare state philosophy is readily gaining acceptance with the complicity of forces on the left matched by the indifference of the working class.