

SPECIAL REPORT

Milan Investment Counselor Polimeni: 'Austerity Will Kill Italy'

MILAN, Feb. 29 (IPS) — Respected Milan investment counselor Italo Polimeni, publisher of an influential monthly market newsletter, agreed to the following interview as part of his counterattack to the Watergate operation launched against him this week by the Italian Atlanticist machine.

IPS: You have been under enormous attack in the last four days with articles appearing in *Sole 24 Ore*, *La Repubblica*, *Panorama*, *Il Giorno*, etc., attacking you for "manipulating" the stock market. What is the reason for these attacks? Where do they come from?

Polimeni: It's a political question and has nothing or very little to do with the stock market. Recently, I wrote a reserved letter to my clients and since then, I haven't had a moment's peace. I've been under constant attack. In the letter I stated my views on the current Italian situation, clearly stating the austerity program being proposed by Moro — and the PCI is with him on this — would destroy the economy and bring Italy to a situation of civil war.

IPS: You actually talked of civil war?

Polimeni: Of course! These people are crazy. They think they can throw the workers out of the factories, bring the population to the point of starvation, provoke mass discontent close to civil war, and thus force everyone to think that some "saviour" is necessary. That's the plan and the saviour is Berlinguer. Absolute madness, they don't know what they're doing. I said this in my letter and also said that the only solution to the situation would be an anti-austerity government led by Mancini and Andreotti. That is the reason for the slander campaign in the Agnelli press.

IPS: So Agnelli is behind it?

Polimeni: Of course. There are some people who would like to see only FIAT stocks make money (Ha Ha). But the real reason is political. Agnelli wants austerity and wants the PCI in the government.

IPS: What do you think would happen if the PCI went into the government?

Polimeni: God Forbid! Are you crazy? I would be the end of Italy! Poor Italy! The people would kill them (the Communists)! What the hell do you think? If Berlinguer pushes austerity and people starve, if Berlinguer unleashes the Carabinieri (national military police — ed.) on striking workers and drives down the living standard, destroys imports and production, what else can the population do? They'll lynch him and the rest. No doubt about it.

IPS: What about the PCI's local politics, in Bologna, say, where they have a reputation for "good government?"

Polimeni: What? That's pure demagoguery. These people with their demagogic free transit have destroyed the cities. They've followed a deficit financing system, getting themselves sunk into debt all to have the "bella figura" of free transit on Sundays. These are the theoreticians of hunger. They're criminals. They are more interested in paying debts,

and making them, than transport. But what good are free buses if people don't have money to buy food? And what good is inflated money if there's nothing on the shelves to buy? They're destroying production and ruining the economy.

IPS: So you're not in favor of paying the debts?

Polimeni: Ha! How the hell can Italy pay its debts? If they, the politicians in Rome, had taken my advice three years ago when I sent them telegrams saying to devalue the lira and restart production from scratch, we wouldn't be in this situation. But now the lira is being devalued by international means and there's no way out but to stop paying the debts. If I have debts to pay and I don't have work, and if the debts are paid, then I destroy the possibility of ever surviving. If I don't pay the debts now, because I cannot, then at least I create the basis on which I can produce. That's the logic behind the situation right now. If Italy tried to pay its debts — and it couldn't even if it wanted to given the state of the economy, with less than 70 per cent of plant capacity utilized — then it would be the end of Italy. If we start from the premise that debt has to be paid, there is no hope. But if we start from the premise of survival, then everything changes. In order to make an economy work, you have to produce, it's simple. You can't get anything from austerity, it won't work. With austerity you destroy production and then increase taxes to pay the debt; increasing taxes creates inflation and then these idiots say you have to cut production by restricting credit — to "fight" inflation.... Are they all nuts? But if you take the other point of view, another, opposite policy, then the Italian economy could begin an absolutely explosive expansion. We have the plant capacity, we have the labor force which is dying to work productively, we have trade relations for the raw materials we need: Italy can produce just fine and that is the only way to fight inflation, by producing. And to do it you have to get rid of the debt. But these idiots don't understand it. They think you can get blood from a stone. They don't see that in order to produce you have to make it possible for both the worker and the industrialist to do so. You can't expect the worker to work for nothing and kill himself, in order to die of starvation. The worker has to eat and his family has to eat. He's not an animal. If you want a productive and efficient economy you have to give the worker what he wants. If you don't, if you put him in a political ghetto and strangle him, you create a political crisis that will be out of control. Logical, No? And you don't increase production with austerity. Can't be done.

IPS: The Atlanticists have been pushing rearmament, both in the U.S., Ford's State of the Union speech, etc., and in Europe with the Tindemanns plan, which the PCI accepts. What's your view of this "solution?"

Polimeni: Insane! The military is an economic insanity. Look at the Italian Army (Ha!). Here you've got these poor wretches forced to spend twelve months in the army, where they get no military training — maybe get to shoot an old rifle

twice in twelve months. Now if there really is a need for an army for some reason then it should be brief and efficient. Soldiers could learn what they need to know in ten days and be free to have a decent job and earn a living.

IPS: But the Communists are pushing this European-wide. The PCI by now has won over the other CP's to its white communist line.

Polimeni: The Communists? They're finished. Berlinguer is finished. Brezhnev took care of that yesterday at the Congress (at the 25th Congress of the Communist Party of the Soviet Union—ed.) Brezhnev said it very clearly: "Look Berlinguer," he said, "Communism is something else. Communism is what we have done in the last fifty years. We made the revolution, we took power, we organized the economy. We are the Communists. Not you!" Berlinguer? He is not a Communist. He's not even a Social Democrat. He's a bad imitation of backward Christian Democracy! Don't make me laugh. Berlinguer a Communist? And as for Italy, the whole plan is finished anyway. Forlani has taken care of Moro — he's a dead duck — and Brezhnev has done the job with Berlinguer. They're politically done for.

IPS: The PCI despite its treachery and CIA leadership, still has its union structure, even though that, too, is crumbling. What are your views on the unions?

Polimeni: Now there's a good case for you. These people are criminals. Just take a look at what they did with the Innocenti case (Milan auto plant closed down-ed). Here we are in Europe with enormous unemployment, workers living off unemployment compensation and looking for jobs, and these poor devils at the Innocenti have been getting 80,000 lira per month (about \$65-ed.) for the last five months, since October. Why? Why is it that there and only there are they getting this pittance? Because certain circles in the ministries and certain circles in the trade union movement get together and decide that they would make a test case of the 4500 Innocenti workers. They decided to use these poor workers as guinea pigs to see what the levels of toleration are of the Italian working class! It's a filthy disgusting thing. By now, it's crystal clear: There is no "negotiation" or fight; the decision on what to do continues to be postponed day by day and week by week. And why just on this single case? Thousands of factories are in the same situation nationally. But only the Innocenti is being used this way. Why? A test case, a cynical laboratory experiment to see just how much a worker can psychologically and physically tolerate before he is destroyed. I wonder how the hell these people have managed to survive since October. 80,000 lira a month! That's the unions! That's Lama! (Luciano Lama - PCI head of the CGIL union confederation-ed.) They're things that make shudders run down your spine.

IPS: You know about the run on the lira organized by the New York banks and the fact that the dollar-deutschmark axis the Atlanticists want to build is based on forced devaluations of other currencies and brutal austerity?

Polimeni: They can play whatever they want. It won't work. It's true there are some cretins in Rome like Baffi who are willing to follow this crap. But it's total folly. What the hell are they actually doing with the lira? They drive it into the ground, then "offer" a loan, which doesn't exist anyway. Then they "lend" Italy dollars so that Italy can buy lira with them. For what? To buy more dollars! At least with some other countries, the Americans have had to promise wheat or goods. With Italy, no, and our politicians are stupid enough to

take it. What do they give Italy? Paper! Dollars! Total madness. Besides the dollar-deutschmark plan is crazy for West Germany, too. What the hell will they do with a revalued mark? Where do they think they can sell their exports? To Italy maybe, with all its paper? These people want one thing only: kill Italy, kill any possible recovery; that's the Moro-PCI plan.

IPS: What about the stock market in Italy? It's rising, isn't it?

Polimeni: Sure, but it has to. It's hot money from abroad coming in to buy up stocks at rock bottom prices. No one in Italy is buying, it's all foreign money. Obviously no one in Italy wants to invest in anything. How can they? Baffi and his crew in their "attack on the flight of capital" are planning to raise interest rates to "attract capital"! Crazy! Do you think people who have exported capital are going to bring it back in? For what? Raising the interest rates only destroys production more. These industries, especially now, are at the end of their rope. They can't survive. Some smaller industries are working because they have trade.

IPS: With the East bloc and Third World?

Polimeni: Right! Take the Soviets, for instance. You can say what you want about the USSR, and I have my qualms about certain internal political questions, but my God they put the economy together, people have jobs, they eat, they work, they earn a decent pay and they have a chance to enjoy life. The PCI is a different story. Brezhnev told 'em all right. The Communists have betrayed Communism, the bourgeoisie has betrayed its own class, and who is going to end up the winner? I'll tell you, the worker, the poor wretch who has been working his ass off all his life. That's who!

IPS: What do you think has to happen? You said the cause of the slander campaign against you was your support for Mancini and Andreotti. What do you think Mancini and Andreotti should do?

Polimeni: They should move to get a government together not based on austerity, taxes, credit restriction, etc., but on economic expansion. The moratorium! That's beautiful! It's necessary. They have to say that Italy can't and won't pay its debts. Then the economy can recover.

IPS: Why do you think Mancini and Andreotti are the people to do it? Is there anyone else?

Polimeni: They're the only ones. The only ones in Italy at least today with a different strategy than the historical compromise (PCI entry into the government-ed.). The historical compromise would be the ruin of Italy. The strategy is to exasperate the population, call the Carabinieri to shoot on the workers, and then the people will call for a national emergency government of national unity with everyone but the fascists and with a DC-PCI hegemony. And Andreotti and Mancini are the only ones who are fighting that. They're the only ones ready for economic development.

IPS: With all the Byzantine infighting going on, what do you think will happen?

Polimeni: Mancini will take over the PSI Secretariat at the next congress and Forlani will do the same in the DC (Christian Democracy of Andreotti—ed.). The two things are connected.

IPS: Can you tell me something about this Mr. Bozzi who was also implicated in the attacks against you? Is he an associate of yours? Why is he under attack?

Polimeni: Bozzi is the head of the Molini Certosa, a stock which I have told clients to buy simply because it's a good

stock. It keeps earning money. Now these idiots in Panorama say I "caused" the New York stock market to rise, too! But Bozzi is also the President of the Institute Finanziario Italo-Americano which the Credit Suisse is also in on. Ferdinando Bozzi has factories that produce machines for construction, food processing and mining. The food part is important. Since he's relatively independent of control, he can to a

certain extent guarantee an inflow of food products into Italy and that's what they want to stop. They want to starve the population, cut all imports.

IPS: Have you planned any action to counter these attacks?

Polimeni: No. There's no need to. It's all a question of credibility. People believe me, not them.