

# Italy: IMF economist to form technocratic government

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The attempt to form a government in Italy of the Five Star (M5S) protest movement and the far-right Lega has failed, for the present. Giuseppe Conte, who was commissioned by President Sergio Mattarella to form the government after being proposed by the two parties, returned his mandate on Sunday evening after just four days.

The reason for Conte's withdrawal is Mattarella's refusal to appoint the 81-year-old Paolo Savona as minister of finance and economic affairs. The president had accepted all of the other ministerial proposals, but he rejected Savona on the grounds he planned the exit of Italy from the euro currency.

Mattarella said he was committed to protecting savers in Italy, pointing to the heightened risk premium on Italian government securities and the losses on the stock exchanges with which the financial markets had responded to the prospect of a eurosceptic government. After Conte's withdrawal, volatility on the financial markets receded.

Savona is a figure of the Italian establishment. The retired economics professor sat on the board of various banks and companies, was the director-general of the employers' association and industry minister under Carlo Azeglio Ciampi. But he now considers Italian accession to the European Union (EU) a "historical mistake" and the euro a "German cage" in which the Italian economy is trapped.

On Monday, Mattarella commissioned a man to form the government who stands for the exact opposite. Carlo Cottarelli is a fervent supporter of the euro and European austerity. After his appointment, the 64-year-old promised that a government formed by him would pursue a pro-European course. Italy's participation in the euro zone was of "fundamental importance," he said. "A government under my leadership would

guarantee a prudent approach to the budget," he added.

Cottarelli worked for the Italian National Bank in the 1980s and then spent over 25 years at senior posts with the International Monetary Fund (IMF). In 2013, he was "savings commissioner" in the Democratic Party (PD) government of Enrico Letta and drew up a drastic austerity plan for the state apparatus.

Now Cottarelli is to form a so-called technocratic government of non-party experts, which will adopt a budget and prepare for elections in spring of 2019. However, he needs a parliamentary majority for this, which he is unlikely to receive. So far, only the ruling PD has agreed to support a transitional government under Cottarelli's leadership. It is therefore likely that new elections will take place in early autumn of this year.

Both the Lega and Five Star had refused to propose an alternative to Savona, as is customary in Italy, where the president has veto power over every minister. Instead, they are exploiting Mattarella's intervention in behalf of the financial markets, which was welcomed in Brussels, Berlin and Paris, to make a right-wing populist and nationalist appeal.

Five Star boss Luigi Di Maio spoke of a problem for democracy and threatened Mattarella with impeachment.

Matteo Salvini, leader of the Lega, called the former IMF official Cottarelli "a representative of those powers...to whose dictates Italy should bow." The Lega would not let itself be blackmailed, he declared, adding that in Italy, the Italians decided, not the Germans.

Salvini said it was now necessary to "go to Rome," an allusion to the 1922 march on Rome by the fascist forces of Benito Mussolini.

For Salvini's Lega, new elections in the immediate future could be opportune. It did surprisingly well in

the parliamentary elections in March, winning 17 percent of the vote, and became the third strongest party behind M5S (33 percent) and the social democratic PD (19 percent). Since then, it has overtaken the PD in the polls and stands at 24 percent, while the Five Star Movement is stagnating and the PD continues to lose support.

The international financial press assumes that the Lega and Five Star will emerge stronger as a result of the current crisis. For example, the *Financial Times* wrote: “The big danger for Mattarella is that the Five Star and the Lega could emerge even stronger from a new election, as they would probably strongly insist in the election campaign that they were denied the right to rule.”

The *Neue Zürcher Zeitung* commented, “Now the populists bitterly accuse the president of undermining democracy and freedom in Italy and conjure up a ‘conflict between the people and the palazzo.’ Their followers are already posting poisonous messages against Mattarella on the Internet. He is even threatened with impeachment. The election campaign has begun, and it is likely to be much more aggressive than the last one.”

The Belgian newspaper *De Tijd* stated, “There is a danger that the principled attitude of President Sergio Mattarella has not prevented the disaster, but only made it bigger. Those who thought the euro crisis had been overcome may have to do their homework again. The hot summer in the south of Europe has begun.”

The Lega and M5S are exploiting popular outrage over the EU’s austerity policy, which has led, since the 2008 financial crisis, to mass poverty and youth unemployment of more than 30 percent in Italy. But, as the *World Socialist Web Site* wrote on May 23, “in the conflict between the working class and capital, the Lega and M5S stand firmly on the side of the latter.” They are merely pursuing a more aggressive nationalist course than previous Italian governments, which were always loyal to the EU.

The joint government programme of the M5S and the Lega provided for massive tax cuts for the rich and the elimination of tens of thousands of civil service jobs, while the social reforms announced, which met with outrage in European capitals, turned out to be a scam.

The two parties signaled to the banks that they accepted their terms. They had already dropped the

demand for a euro exit before Mattarella charged them with forming a government. And Prime Minister-designate Conte met with central bank chief Ignazio Visco to reassure him of his loyalty before submitting his ministerial list to Mattarella.

What distinguishes the Lega, and to a lesser extent M5S, is their unbridled agitation against refugees. Their government programme provided for the internment and deportation of hundreds of thousands of refugees. This witchhunting serves to arouse chauvinist hysteria, strengthen fascist forces, increase the powers of the state apparatus and attack the democratic and social rights of the entire working class. There was no criticism of this in European capitals or media because this policy has become the consensus policy of the European bourgeoisie.



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