



Patchwork Ending weeks of political turmoil that rocked financial markets, and prompted sharp criticism from the country's European Union partners, Giuseppe Conte (in the photos) has been sworn in as the Prime Minister of Italy's populist coalition. REUTERS/ALESSANDRO BIANCHI

STATES OF MATTER

Europe on edge

It is the season of dissonant combines, and coalitions across the continent are struggling to find their feet



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Recent events in Italy show yet again, that nothing can be taken for granted when democracy is in collision course with the technocratic impulse. The former has won the latest encounter, but only just.

As a new coalition takes power in Italy, there are worries that the doomsday forecasts bandied about since the indecisive outcome of the March general elections might become self-fulfilling. The repercussions in that case, will not remain confined to the continent's fourth largest economy.

It is a time for incongruous combines, beyond conventionally understood political categories. In Italy, a "movement" that identifies itself by the five objectives of clean water, sustainable development, public transportation, universal internet access, and environmentalism, has emerged as a decisive player in the years of economic turbulence. Though the "Five Star Movement" is only now gaining power at national level, its performance in local politics has been predictably shambolic, mirroring the wild jumble of its core programme.

De-growth and non-violence are other aspects of the Five Star Movement's philosophical outlook, and opposition to what it calls "imperialist" military adventures. All this sits comfortably with frequent recourse the M5S (the movement's fancifully abbreviated name) seeks to anti-immigrant sentiment.

The M5S won the largest bloc of votes in the March general elections. Offering a fleeting glimmer of clarity about its basic commitments, it then declared that the only coalition it was open to would be with the centre-left Democratic Party (DP). The DP demurred and retreated into the role of "responsible opposition". As a party still anchored in older verities, the DP evidently has no appetite for dabbling in new political paradigms.

The right-wing combine headed by media

mogul Silvio Berlusconi's Forza Italia and the Lega (formerly the Lega Nord, or Northern League) remained firm for a while in mutual vows of loyalty. This was despite the M5S saying it would talk terms if the Lega were to distance itself from many-time Prime Minister Berlusconi, now legally barred from holding office after a string of convictions on charges as diverse as corruption, fraud and soliciting underage sex.

Though riddled with inconsistencies, a combine between M5S and the Lega soon emerged the only feasible option. The Lega brought to the table an advocacy – now only partly repudiated – of northern secession and barely concealed disdain for the impoverished south of Italy. The M5S gained most of its votes from the south of the country.

The Lega demands a cut in taxes across the board. The M5S advocates a "universal basic income" of €780 a month for all Italians at risk of falling into poverty. Reconciling these would add roughly 3.5 per cent of GDP to government budgets, while the European Commission has been demanding an immediate deficit cut of 0.6 per cent.

It was an unlikely combine for especially fraught times, one so totally out of line with common sense, that it drew a string of deprecatory comments from the Brussels technocrats running the European project. The sniping became bitter enough at one point to draw European Council President Donald Tusk's ire, and an admonition that Brussels's task was to serve the elected leadership of member states rather than tutor them.

That seemed the reasonable political response, though the Commission, which, unlike the Council, expresses the technocratic attitude, did not learn till late. Jean-Claude

Juncker, the Luxembourgian politician who heads the Commission, responded to Italy's predicament with his own advice: Italians should care for their poorer regions, work harder and learn to be less corrupt.

The rift with Brussels threatened to widen irreparably when Italian President Sergio Mattarella, executed a clumsy manoeuvre to deny the M5S coalition an opportunity to govern. His intent of bringing in a former economist of the International Monetary Fund as Prime Minister, was seen as an abject capitulation to Brussels. The risks of a breach were sufficient for Juncker to come up with a disclaimer of any pressure from Brussels.

Meanwhile in Spain, right-wing Prime Minister Mariano Rajoy was voted out amid allegations of operating a slush fund during the country's brief real-estate bubble. Socialist Pedro Sanchez who takes his place, heads a precarious coalition of the far-left, anarchists and Catalan secessionists.

Germany's insistence on the narrow path of economic orthodoxy shows no sign of waning, though it has stirred up resentment across the continent. At some point, it will

have to recognise that the euro, a shared currency that brought widely disparate economies to a common baseline, making the weaker among them vulnerable to exploitation, was a historic error.

France, which has so far been the other stable pole of the European project, retains its commitment, though the pretence may be wearing thin. President Emmanuel Macron is beset by protests over his plans to change labour laws and cut social benefits. The economic situation remains precarious, and Macron may not for long retain his charm as the wunderkind who emerged from obscurity to retrieve the European project.

That all this is occurring at a time when the winds of a possible trade war are blowing in from across the Atlantic, makes it an especially fraught moment. Discredited old economic recipes may soon bring the global economy to tipping point.

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