

Draghi's legacy behind Lagarde's gaffe

While the transformation of the coronavirus into a global pandemic and the blockade of Europe-US flights ordered by President Trump caused the price lists to collapse all over the world, on Thursday the communication disaster produced by Mrs. Lagarde forced the head of State Sergio Mattarella to address against the European institutions the hardest words of his entire term at the Quirinale. A mocking episode for a cautious statesman animated by a sincere Europeanism such as President Mattarella is, but which in any case permits to grasp the seriousness of the situation of deep crisis that grips us. Which sees Italy hit by a completely unexpected external shock (COVID-19), that provoked a semi-paralysis in its aggregate economic activity. And with a government that finds itself increasingly isolated at the international level, despite the two-faced support declarations received from its elusive continental partners. In addition to being fully exposed to the seductive promises of Chinese aid and suddenly forgetting Beijing's serious responsibilities in spreading the health emergency abroad. Within this context, the communication disaster of the successor of Mario Draghi at the top of the ECB is all the more unpleasant given the formidable expectations surrounding the central banks since the 2008 crisis. Until then, the global economy had accumulated a set of speculative bubbles, starting with the real estate one, which once exploded made the concerted intervention of the main central banks – FED, ECB, BOE, BOJ and PBOC – all the more necessary to prevent the collapse of the global financial

system. For the ECB governor, it was a question of injecting billions of euro into the system through negative purchase programs for deposits, in order to make European banks pay for the choice of keeping their money parked in Frankfurt, instead of lending it to businesses and families. It was Draghi's much celebrated *Whatever it takes*, although at the same time he never got tired of calling the EU national governments to devise and implement concerted fiscal policies aimed at relaunching a harmonious growth on a sustainable basis. And while the Eurozone was shaken by the clash between Nordic "creditors" and Southern "debtors", Italy chose to entrench itself behind the ECB monetary shield to avoid facing the long-standing problems that depress its economy from within, by at least twenty years: productivity decline, bureaucratic and judicial system inefficiency, tax evasion, organized crime, South-North divide. Except for wasting money that it did not have, with debt spending programs such as 'quota 100' and the basic citizenship income, which had limited positive impacts. Mrs. Lagarde's serious communication mistake arrived precisely in this context ("We are not here to close the spreads"), despite being partially corrected in extremis following the angry reaction of Italy's Quirinale, MEF and its whole political system. But nevertheless such as to confuse the ambitious political objective contained within her message: to push EU states and institutions toward a greater commitment in contrasting the economic consequences of the virus. Before it gets too late to react.