

## Report from Italy by Umberto Pascali

### The collapse of the lira

*A financial coup d'etat in Italy has dramatically destroyed the last remains of national economic sovereignty.*

On July 19, in the space of a few minutes, the lira collapsed from 1,839 liras per dollar to 2,200 liras per dollar, i.e., 17%. At that point, and only at that point, Treasury Minister Giovanni Gorla ordered the exchange markets closed.

A day later, a meeting of the representatives of the central banks of the European Monetary System (EMS) in Basel, Switzerland, decided upon a "technical" devaluation of the lira inside the EMS by 6% and the revaluation of EMS currencies by 2%. In other words, a lira devaluation of 8%.

The lira has already been devalued several times, but this was the first time a devaluation was not the decision of the Italian government, but a brutal financial coup. At this point, everybody in Italy knows that, unlike in the past, there will be no more IMF delegations coming to Italy to recommend, pressure, and blackmail, no more discussions, counter-proposals, and final compromise. The constitutionally elected government, republican institutions, and parties have nothing more to say on the most vital matters of national interest.

There are rumors that the devaluation within the EMS had been decided upon earlier, and that the government agreed. But even if true, it was still an Italian "Black Friday."

"Technically," the collapse was the direct consequence of the decision taken by Franco Reviglio, the president of ENI, the state-owned corporation which includes the national oil company. Reviglio, through the Istituto Bancario San Paolo, started sell-

ing lire to obtain 125 million dollars to pay off a debt obligation. Normally, such an operation would not be cause for concern; its size is not that great, and there is an agreement between the EMS central banks to defend their respective currencies. This time, however, the Bank of Italy, led by Carlo Azeglio Ciampi, was apparently not paying attention, and apparently, neither were other central banks.

But according to witnesses, Ciampi's bank was complicit. A director of the Bank of Italy and former executive of the IMF, Lamberto Dini, personally followed the drama of the lira inside the exchange market office in Milan, and is also reported to have been in constant communication by phone with other central banks to make sure that the collapse took place.

It is also now known that the Banque de France and the Bundesbank actively participated in the operation. When journalists asked a high official of the Bundesbank why they had not moved a finger to support the lira, despite the EMS regulation, he replied coldly: "Better that you ask this question in Rome."

Friday, July 19, was not only the day of the collapse of the lira, but of the collapse of a dam in Trentino, killing 300 people. There are investigations going on into the "natural" disaster, and here in Rome, some compare it to a terrorist attack "without bombs." But then, doubly so for the lira collapse.

The "terrorists" in this instance are known. On that very same July 19, a semisecret meeting took place in the

Quirinale, the office of the President of the Republic, where the newly elected Francisco Cossiga received the leadership of the Aspen Institute. One year ago, the same Cossiga was made president of Aspen-Italy at a meeting in Venice—where the real decision was also made to make him President of the Republic. ENI's Reviglio is a director of Aspen-Italy.

The Venice meeting also resolved to create a "channel" for talks with the East bloc leadership, and the meeting was attended by Janos Fekete, vice-chairman of the Hungarian National Bank and "inventor" of the transferable ruble, a means for economically subjugating Western Europe to the Comecon.

In short, the meaning of the lira collapse is that Italy is about to become the first Western European country Finlandized economically.

Immediately after the operation against the lira, Labor Minister de Michelis and the nation's trade union leadership, dominated by the Communists, agreed on a series of measures including the almost total elimination of the cost-of-living escalator. De Michelis is another director of Aspen-Italy.

A few months ago, an IMF delegation in Italy demanded cuts in budgetary spending on the productive economy, and a devaluation. It met some resistance. Prime Minister Bettino Craxi even reproached Treasury Minister Gorla for having accepted IMF proposals without consulting the government. Now, after some violent verbal reactions, in which he compared "Black Friday" to an act of terrorism, Craxi backed down. At this point, he is trying to save himself politically: The shadow-government of Aspen attacked the lira, and showed itself stronger than any other political mafia.