

Italy: Economic Crisis, Domestic Politics and the International Panorama

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Italy today is an isolated, ageing and relatively impoverished country with no common horizon. The crisis that we have faced since the fall of the “Wall Street wall” is not only economic but also, above all, social and cultural. The ties that bind our nation together are being put to a harsh test: an “every man for himself” mindset prevails. Institutions have been largely discredited, starting with political parties. If we take a look beyond the peninsula, we will discover that we are quite alone. Our main Atlantic and European partners are suffering the consequences of the same crisis afflicting us, and we are regarded as important only because other countries risk becoming involved in the same vicious cycle of sovereign debt in which Italy is now stuck.

The structural aspect of Italian fragility emerged following the end of the Cold War, when Italy lost its international standing. Previously, we had been a pivotal country. Not only did we stand at the enemy’s doorstep – the gates of Gorizia separated us from the Warsaw Pact – but we were also home to the largest communist party in the West (the Italian Communist Party, or PCI). In a sense, the “Iron Curtain” both brushed our external borders (Gorizia) and divided us internally (in the form of the PCI). This made Italy a strategic asset in the bipolar context. With the suicide of the Soviet Union and the collapse of the PCI, we were left with only our face value, without any additional geo-strategic, political or ideological significance. In NATO, having lost our bearings, we played a minor role, trying to make ourselves useful to the Americans whenever we could (Kosovo, Afghanistan, Libya), without receiving anything in return.

Over the course of these last twenty years, we have also gradually lost our second external point of reference: Europe. Until 1990, the European Economic Community was the geo-economic face of NATO, just as Comecon was for the Warsaw Pact. Following German reunification, the enlargement to the east and the introduction of the euro, a new stage was begun under the standard of the “European Union.” That name is misleading, since, in reality, ever since we renamed ourselves “Union,” we have been more divided than ever. However, there are three main differences: we are no longer united against the Soviet enemy; America has other priorities; and we have adopted a currency without a sovereign, which has divided the Union into euro countries and countries with national currencies. Today, as a result of the crisis, we may witness the evaporation of the euro zone itself, a construction that has proven to be unsteady and incapable of ameliorating the consequences of the global storm that broke over the American financial sector four years ago and that probably harbours even graver consequences yet.

In the Western European crisis, Italy could, in principle, turn to a special resource: the Mediterranean. This, however, is where the paradox lies. Although Italy is physically a Mediterranean country, with nearly nine thousand kilometres of coastline overlooking the *mare nostrum*, it is in no way Mediterranean in a geopolitical, cultural or economic sense. This often neglected aspect of the Italian crisis bears further examination. Although undeniably rooted in history, it also has a recent geopolitical dimension, dating back to the post-WWII years, when we bet it all on the West and Europe, shrugging off our Mediterranean identity. Indeed, in the name of a counterproductive ideological Europeanism, we cursed it.

The Anti-Mediterranean Curse

The anti-Mediterranean facet of our pro-Europe fervour is an especially dangerous legacy for Italy. It largely derives from the political culture of the ruling class during the First Republic (1946-1992). Our great Europeanists, particularly (but not exclusively) the secular ones, such as Ugo La Malfa, presented the need for Europe as a means of binding ourselves to the major economic – and, to a lesser extent, political – powers of continental Europe, thereby averting the risk of “ending up in Africa.”

This idea of setting Europe against the Mediterranean partially reflected the geopolitical and economic situation of the second half of the 20th century, the Cold War and the presence on Mediterranean shores of countries that could not be trusted or were allied with the Soviet Union, that is, the enemy. It also reflected a geostrategic framework: the Mediterranean had become an American sea, patrolled by the US Navy, which considered it the linchpin of its southern defence system against the Warsaw Pact. In addition, this pro-Europe, anti-Mediterranean ideology contributed to a widespread sentiment that lingers on today. Think, for example, of the campaign for the euro in the 1990s, when it was necessary to determine which countries could belong to the seemingly miraculous area of the European “single currency.” There was talk then, in some of the northern countries, of nations that were “euro” by vocation, headed up by Germany, as opposed to the so-called Club Med countries, which consisted of Italy, Greece, Spain and even Portugal, which does not have an inch of Mediterranean coastline but, for some strange reason, was nevertheless included in the group. These countries were identified as having a Mediterranean culture and a rather weak notion of currency, rendering them unsuitable to participate in the same currency as the Germans and their virtuous partners.

This argument, which pitted “true” Europeans against “fake” ones, that is, Mediterranean ones, is once again being made today. The 1990s acronym “PIGS” or “PIIGS” (Portugal, Italy, Ireland, Greece and Spain) – not exactly a flattering term – has been dragged back out and dusted off to refer to those countries in no condition to administer the European currency according to clear rules. Reading between the lines of Chancellor Merkel’s discourse, these countries should prepare for an eventual exit from the euro. Moreover, should they fail to do it themselves – be-

ginning with Greece – the other countries will force them to do so.

This division between a “virtuous” Europe and a “vicious” one, between a “true” Europe and a “Mediterranean” one, is manifest in the financial flows that, following the Cold War, streamed from Brussels to the most disadvantaged countries in Europe and the Euro-Mediterranean region. The flows being channelled from Western Europeans to the former Soviet space are immeasurably larger than those sent to the Mediterranean shores and, in particular, the African one.

If we stop to examine the tragicomic case of the “Barcelona Process,” launched in 1995 to make the Euromed region more homogeneous and better connected by shrinking the distance between the northern and southern shore, which was to have culminated in the establishment of a Euro-Mediterranean free trade area by 2010, we see, first, the yawning gap that separates European rhetoric from European praxis and, second, and above all, how hard it is to conceive of the Mediterranean as our – that is, Europe’s – true priority. One cannot blame the Danes or Belgians for considering the Mediterranean only as an afterthought. A Dane’s “Mediterranean” is obviously more likely to be the Baltic. Likewise, a Turk or a Romanian can be forgiven for giving more importance to the Black Sea, another miniature “Mediterranean.” What is less understandable is that geographically and historically Mediterranean countries such as ours also neglect the region, almost as if they were not a part of it. Indeed, some even consider it a region of dangers and threats, especially since 11 September: in this view, terrorism and migration are the most salient features of a Mediterranean to be avoided.

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We thus forget that the vast majority of illegal immigrants who manage to enter Italy do not come from the South, from the Strait of Sicily, or from Libya, where the media and government focus their attention, but rather from the East. Most of our undocu-

mented immigrants are people who enter Italy on a regular visa that later expires, at which point they become irregular. Due to the colour of their skin and the fact that their origin is ostensibly more similar to ours than that of a Tunisian or Egyptian, these people are viewed less negatively than immigrants from the so-called “Fourth Shore” – who, many Italians feel, among other things, have the added defect of cultivating Islam, the religion of the perpetrators of the attacks against the Twin Towers.

Italy’s Reaction Must Begin with the Mediterranean or Not Begin at All

I have given a few examples of the growing amnesia – Mediterranean amnesia – afflicting both Italy and Europe, as well as of the construction of an anti-Mediterranean component within the pro-Europe ideology. Given that every geopolitical entity – and Europe is no exception – is built in opposition to something else, that is, is defined by what it is not, one way to achieve this negative construction is by setting Europe and the Mediterranean on opposite sides of the equation.

In this framework, the “Arab Spring” (a Western coinage) has revealed our country’s weakness. Not only did the wars and uprisings of the Middle East take us by surprise, in some cases they swept away some of Italy’s supposed historical friends: Ben Ali, Mubarak, Gaddafi. We even participated in the intervention in Libya, not to defend our interests, but because we thought that in doing so we would be able to share in the post-war spoils that would result from the regime change sought in Tripoli by Sarkozy and Cameron. Today, Libya is in a state of chaos and the spoils have not been shared. It is small comfort for us and, to a different extent, for the French and the British.

Still, there remains a need to rediscover the Mediterranean as a geopolitical and economic asset for Italy. If we examine the role of the Mediterranean over the last twenty years, since the end of the Cold War, from a geo-economic point of view, i.e. essentially in terms of trade, we see that, until the crisis of two years ago, trade relations in the region were developing at a considerable rate. The crisis has now drastically reduced trade. However, we can expect it to grow again, rebuilding on the foundations laid until 2007, which the crisis has largely eroded. This expectation is based on the fact that, in the Mediter-

ranean, the drivers of this growth have not changed and have solid foundations.

What are the growth drivers? Essentially, the emergence of the Asian economies, in particular, China, South Korea, Japan, India, Thailand and Vietnam, as “the world’s factory.” Large East Asian countries need to access the European market, which, in percentage terms, accounts for approximately one fourth of the global market. To tap this vast market, they must cross the Mediterranean, passing through the Suez Canal and, eventually, continuing West past Gibraltar to the Americas. It is a structural fact: the Mediterranean is the market for Asian trade.

In total, some 80% of world trade is carried out by sea, and approximately 30% goes through the Mediterranean. This circuit makes our sea a bridge between East and West. It is a strategic geo-economic area, and our country lies at the centre. Which is why we should be the heart of the system. Only we are not. We are not for the aforementioned cultural and political reasons, which, however, are not set in stone.

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This gives rise to a priority for Italians. We know that, in terms of shipping times, our ports offer an advantage of approximately one week over the northern European terminals (Rotterdam, Hamburg, Le Havre, etc.). There must be a compelling reason, then, in terms of costs and benefits, to ship goods to ports outside the Mediterranean rather than to ours, as, unfortunately, happens. The problem is the weakness of our port and dry port systems, that is, the lack of adequate links between our ports and the main markets: motorways, railways, everything that enables, or should enable, the delivery of the unloaded containers to consumers. From this point of view, the northern ports (in France, Germany and the Netherlands) are much better equipped and better connected to the main markets of their countries or

the rest of Europe, with fast, well-designed railway systems, motorways, river transport systems and canals, which are quite highly developed in that part of Europe.

Another handicap that we often strive to ignore when discussing our ports, particularly those in the south – the case of Gioia Tauro being the most extreme – is the fact that they lie in geopolitical regions not controlled by the State. Although they are officially located in Italian territory, in reality they are controlled by the Camorra, the 'Ndrangheta and other organised crime groups. This is a major drawback, first, because a region plagued by legal uncertainty holds little appeal for Italian and foreign investors alike and, second, because these criminal organisations almost always seem to be more powerful than the State and thus able to administer or compromise the operation of the ports. For example, in Gioia Tauro, local criminals organised a pseudo-union replete with red flags to prevent the port from falling into outside hands. Another more recent event reported by the press was the case of Taranto, which was a cultural problem, a problem of ignorance. In that city, the director of one of the largest maritime transport companies in the world, a Chinese man, asked to meet with the mayor because he wished to invest in the port. The mayor did not even deign to receive him, because he did not know who he was. Most likely, the Chinese director thought that Taranto's location and abundance of motorways would make it an ideal hub for the transport of goods to Milan and Berlin.

If we continue on this path, we will never overcome the major economic and political challenge facing our country in the coming decades: the competition for Asian trade in the Mediterranean. Ports such as Genova, Taranto, Gioia Tauro, Trieste or Ancona must be prepared to participate in a radial port system comprised of both large ports, true trade hubs, and smaller, conveniently linked secondary ones. This will be necessary to compete with Barcelona, Valencia and the new ports springing up on the southern shore of the Mediterranean, such as Tanger Med, in the Strait of Gibraltar, a terminal that could quickly catch up to the terminals of the "Northern Range" (Rotterdam, Antwerp and Hamburg) in terms of infrastructure, size and potential.

The Battle of the Euro

Before refashioning our Mediterranean dimension, we must emerge unscathed from the battle of the euro. Moreover, we must do it at a critical juncture, not just for our economy but also our politics. We are the only Western democracy without parties as such. Those that currently exist are either remnants of the First Republic, personal parties (Berlusconi's People of Freedom party, insofar as he still controls it, Di Pietro's Italy of Values, etc.), or new "populist" formations, such as Beppe Grillo's Five Star Movement.

After the fall of the First Republic and the era of uncertainty marked by the victories (and losses) of Silvio Berlusconi, today Italy is governed by a government invented by the President of the Republic Giorgio Napolitano, led by Mario Monti, a European commissioner, supported by the main political parties of the centre-right and centre-left, and primarily made up of technocrats. This is the executive with which we confront traditional European political governments in the battle of the euro.

Paradoxically, our weakness is also our strength. As the third-largest economy in Europe, and the ninth-largest in the world, Italy is, quite simply, too big to fail. It is in the interest of Germany and France, but also of the US, China and Brazil, to ensure that Rome does not go bankrupt. That would inevitably lead to the fall of the euro zone, with devastating effects for geopolitical and economic balance that would reach far beyond the Old Continent.

However, our government does not seem to have a specific plan to save Italy, aside from the one dictated by the European Central Bank. That plan, an austerity plan, will only exacerbate the crisis in an effort to put our public finances in order. It is a notoriously disastrous plan in the same vein as the "Washington Consensus." Clearly, saving Italy and, thus, the euro zone, will require at least euro bonds and perhaps a true European State able to re-establish the sovereignty of the euro. To help him attain this goal, which the Germans continue to resist, Monti can count on the support of Obama and, in Europe, especially on that of the new French president, Hollande. The question is whether that will be enough to persuade Berlin (and Brussels) that, sooner or later, austerity alone will sink us all, pulling us towards the same sad fate as Greece.