

Italy: The Center Cannot Hold

For a generation, acceptance of the neoliberal doctrine that “there is no alternative” has paralyzed politics in the West. But what is the meaning of politics if there’s no alternative to the resulting Authoritarian Center, asks Diana Johnstone.

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The traditional governing parties, center “left” and center “right” all follow the same neoliberal policies and constitute the self-designated “center.” Mainstream media enforce center right claims to authority on the base of orthodox economic expertise, while the center left derives its authority from its “values,” centered on an identity politics version of human rights. “Center” sounds so reasonable, so safe from dangerous “extremes” and unpredictable populism. Against such threats, the Center presents itself as the champion and safeguard of “democracy.”

How true is this?

World Values Survey results [indicate](#) that in Europe and the United States, people who describe themselves as “centrist” on the average have less attachment to democracy (e.g. free and fair elections) than those on the left, and even those on the far right. This is not as surprising as it may seem at first, since “centrists” are by definition attached to the status quo. In European countries, the authoritarian neoliberal “center” is institutionalized in the European Union, which imposes economic policy over the heads of the parliaments of the member countries, dictating measures which conform to the choices of Germany and northern Europe, but are increasingly disastrous for the Southern EU members.

The Rise of the Outcasts

The Centrist fear of democracy was resoundingly confirmed by March 4 legislative elections in Italy. The Center was relegated to the margins and outsiders burst in. The winner, with 32 percent of the votes, was the Five Star Movement (M5S) whose campaign “against corruption” won popular support in the impoverished South. In second place, with 17 percent, was “the League”, formerly the Northern League – that is, a party of rich north Italy chauvinists ready to secede from the “lazy good-for-nothing” south. It took almost three months for this extremely odd couple to agree to a coalition government.

The mystique of the European Union is anti-nationalist, based on the theory that “nations” are bad because they caused the devastating wars of the twentieth century, while European unification is the sole guarantee of “peace.” Convinced of their mission, the Eurocentrists have had no qualms in throwing out the baby of democratic choice along with the nationalist bathwater.

The notion that “peace” depends on “Europe” persists despite the NATO bombing of Serbia and European participation in U.S. wars in Afghanistan, Iraq, Libya and Syria, not to mention

EU participation in the current major military buildup in the Baltic States against “the Russian enemy.” Indeed, thanks to NATO, the EU is gearing for a war even worse than the previous ones.

Since the “nation-state” is blamed for evil in the world, the Eurocentrists react with horror at growing demands in Member States for a return to “national sovereignty.” This, however, is a natural reaction to the economic and social disasters resulting from policies dictated by EU institutions in Brussels. The 1992 Maastricht Treaty legally bound member countries to centralized neoliberal monetarist policies; not only “socialism” became illegal – even Keynesianism was ruled out. Promised endless peace and prosperity, citizens of European countries were cajoled into giving up their sovereignty to EU institutions, and many now want it back.

Disillusioned Italy

Italian disillusion is particularly significant. Italy was an exceptionally enthusiastic founding member of the unification begun with the 1957 Treaty of Rome. And yet, Italy’s own history illustrates what can go wrong with such unification, since the 19th century political creation of a unified Italy centered in Turin led to the enrichment of the industrial north at the expense of southern Italy, where the splendor of Naples declined into chronic poverty, crime and corruption. Now Italy itself is “the south” in the periphery of a European Union centered around Germany.



Signing of the Rome Treaty, 1957 (Photo: European Commission)

Antagonism between northern and southern Italy has given way to a much stronger antagonism between Italy and Germany – each blaming the other for the crisis.

It is only fair to recall that Germans were very attached to their Deutsche Mark and to their own austere financial policies. Germany could only be lured into the common currency by agreeing to let the euro follow German rules. France eagerly supported this concession

based on the notion that the common currency would unify Europe. It is doing quite the opposite.

Germany is a major exporting nation. Its trade with the rest of the EU is secondary. It uses the EU as its hinterland as it competes and trades globally with China, the United States and the rest of the world. The proceeds of Germany's favorable EU trade balance is less and less invested in those countries but in Germany itself or outside the EU. In the official German view, the main function of the Southern EU members is to pay back their debts to Germany.

Meanwhile, Italy's once flourishing industrial network has [lost](#) its competitive edge due to the euro. It cannot save its exports by devaluation, as it was accustomed to doing. Italy's debt is now 132 percent of its GNP, whereas the Maastricht Treaty governing the monetary union puts a ceiling of 60 percent on national debt. And to continue paying the debt, public services are cut back, the middle class is impoverished, the domestic market declines and the economy gets even weaker.

This is precisely the situation that has plunged Greece into ever deepening poverty.

But Italy is not Greece. Greece is a small peripheral country, which can be pounded to death by creditors as a warning of what can happen to others. Italy, on the contrary, is too big to fail. Its collapse could bring the whole EU crashing down.

Italy's Potential Strength Through Weakness

The traditional Italian parties had no solution beyond those that have ruined Greece: cut back social spending, impoverish workers and pensioners, and pay back the foreign banks, with interest.

The odd coalition of the League and the M5S was obliged to try something different: basically, to invest in the economy rather than abandon it to its creditors. Their program combines lower taxes with Keynesian stimulation of investment. Since the leader of the League, Matteo Salvini, and Luigi Di Maio of M5S do not like each other, they selected law professor Giuseppe Conte to be Prime Minister in their coalition cabinet. The interesting choice was that of Paolo Savona for the key post of Minister of Economy and Finance. Savona, whose long career has taken him across the summits of Italian and international finance, was certainly the most qualified choice imaginable. Savona knows everything there is to know about the Italian economy and international currency creation.

And yet, it was the appointment of this 81-year-old expert that created outrage in the Eurocenter.

Image on the right: DiMaio and Salvini: Enemies trying to rule together. (Photo: Italian Insider)



The uproar was spurred by the fact that in one of his books Savona had described the euro as "a German prison." Savona had also said it was necessary to prepare a Plan B, to leave the euro if there is no other choice. "The alternative is to end up like Greece."

This hint of disloyalty to the euro was totally unacceptable to the European establishment.

The Center struck back in the person of the largely figurehead President of Italy, Sergio

Mattarella, who used, or misused, his unique constitutional power by refusing to approve the government. On May 28, he designated as prime minister Carlo Cottarelli of the International Monetary Fund – a man who represented everything the Italians had just voted against. Known in Italy as “Mr. Scissors” for his advocacy of drastic government spending cuts, Cottarelli was supposed to run an apolitical “technical” government until new elections could be held in the fall.

This coup against the Italian voters caused momentary rejoicing in the Authoritarian Center. The European Budget Commissioner (a German of course), Günther Oettinger, was reported to be gloating over the prospect that “the markets” (meaning the financial markets) would soon teach Italians how to vote. Italy’s economy “could be so drastically impacted,” he said, as to send a signal to voters “not to vote for populists on the right and left.”

This simply intensified Italian indignation against “German arrogance.”

Meanwhile Savona wrote a letter to President Mattarella which introduced a bit of cold reason into an increasingly hysterical situation. He reminded the president that an important meeting of EU heads of state was to be held at the end of June; without a political government, Italy would be absent from negotiations which could seal the fate of the EU. Italy’s plea for economic change could expect French support. Savona denied having called for leaving the euro; in the spirit of game strategy, he had mentioned the need for Plan B in order to strengthen one’s position before negotiations. He made it clear that his strategy was not to leave the euro but to transform it into a genuine rival to the dollar.

“Germany prevents the euro from becoming ‘an essential part of foreign policy’, as the dollar is for the United States”, wrote Savona.

But change becomes necessary, as the dollar is less and less suitable for its role as world currency.

Indeed, the Italian crisis merges with a mounting trans-Atlantic crisis, as the U.S. uses sanctions as a weapon in competition with its European “partners.” The paradox is that Italy could use its very weakness to oblige Germany to reconsider its monetary policy in a moment when the German economy is also facing problems due to U.S. sanctions on deals with Russia and Iran, as well as protectionist measures. Savona’s message was that clever diplomacy could work to Italy’s advantage. In its own interest, Germany may need to accept transformation of the euro into a more proactive currency, able to defend European economies from U.S. manipulation.

Image below: Paolo Savona



It was a matter of hours before Cottarella stepped back and a new M5S-League government was formed, with Savona himself back as Minister of Relations with the European Union.

Italy’s Double Jeopardy

The new Italian cabinet sworn in on June 1 is riven with contradictions. Despite all the released anti-EU sentiment, it is definitely not an “anti-EU” government. Conte is back as prime minister. The new foreign minister, Enzo Moavero Milnesi, is a staunch pro-European.

As interior minister, the northern Italy chauvinist Salvini – who doesn't particularly care for southern Italians – will get tough with migrants. As minister of economic development M5S' Di Maio will try to find ways to improve conditions in the southern regions that elected him. Since Salvini is the more experienced of the two, the League is likely to profit from the experiment more than the M5S.

Some Italians warn that by leaving the “German prison” Italy would simply find itself even more dependent on the United States.

One should never forget that ever since the end of World War II, Italy is an occupied country, with dozens of U.S. military bases on its territory, including air bases with nuclear weapons poised to strike the Middle East, Africa or even Russia. The Italian Constitution outlaws participation in aggressive war, and yet Italian bases are freely used by the United States to bomb whichever country it pleases, regardless of how Italians feel about it.

Worst of all, the U.S. used its Italian “NATO bases” to destroy Libya, a disaster for Italy which thereby lost a valuable trade partner and found itself inundated with African refugees and migrants. While international financial experts exhort Italy to cut government expenses, the country is obliged by NATO to spend around 13 billion euros to buy 90 U.S. F-35 fighters and to increase its military spending to around 100 million euros per day.

Italy's economic prospects have also been badly hit by U.S.-enforced sanctions against trade with Russia and Iran, important potential energy sources.

U.S. economic aggression, in particular Trump's rejection of the Iranian nuclear deal, is the issue with the potential to bring European leaders together at a time when they were drifting apart. But at present, the Europeans are unable to defy U.S. sanctions in punishment for trade with those countries because their international dealings are in dollars.

This has already led to the U.S. exacting billions of dollars in fines from the biggest French and German banks, the BNP and Deutsche Bank, for trading that was perfectly legal under their own laws. The French petroleum giant has been obliged to abandon contracts with Iran because 90% of its trade is in dollars, and thus vulnerable to U.S. sanctions. And that is why the idea is growing of building financial instruments around the euro that can protect European companies from U.S. [retaliation](#).

The Disappearance of the Left

The disappearance of left political forces has been almost total in Italy. There are many reasons for this, but a curable part of the problem has been the inability of what remains of the left to face up to the two main current issues: Europe and immigration.

The left has so thoroughly transformed its traditional internationalism into Europism that it has been unable to recognize EU institutions and regulations as a major source of its problems. The stigmatization of “the nation” as aggressively nationalistic has held back the left's ability to envisage and advocate progressive policies at the national level, instead putting its hopes forever in a future hypothetical “social Europe.” Such a transformation would require unanimity under EU rules – politically impossible with 28 widely differing Member States.

Without such inhibitions, the far right capitalizes on growing discontent.

Another related handicap of the left is its inability to recognize that mass immigration is indeed “a problem” – especially in a country like Italy, with a flagging economy and 20 percent official unemployment (although this figure is probably too high, considering undeclared labor). There is resentment that prosperous Germany issued a general invitation to refugees, which for geographic reasons pile in Mediterranean countries unable to cope. The mass influx of economic migrants from Africa is not even “taking jobs away from” Italians – the jobs are not there to take. These migrants fled war and misery to come to Europe in order to earn money to send back to their families, but how can they possibly meet these expectations?

It is all very well to extol the glorious hospitality of America entreating the world to “*Give me your tired, your poor, Your huddled masses yearning to breathe free, The wretched refuse of your teeming shore. Send these, the homeless, tempest-tossed to me...*”. Such generosity was suited to a new nation with huge empty spaces and rapidly growing industry in need of a work force. The situation of a “full” nation in a time of economic downturn is quite different. What is to become of the tens of thousands of vigorous young men arriving on Italian shores where there is nothing for them to do except sell African trinkets on the sidewalks of tourist centers? To make matters worse, the great contemporary thrust of technical innovation aims at replacing more and more workers with robots. Leftist denial of the problem leaves its exploitation and resolution to the extreme right.

Some leftist politicians in Italy, such as Stefano Fassina of the *Sinistra Italiana* are waking up to this need. A left that dogmatically ignores the real concerns of the people is doomed. A bold, honest, imaginative left is needed to champion Italians’ independence from both German-imposed austerity and the expensive military adventurism demanded by the United States. But the interlaced problems created by unregulated globalization do not lend themselves to easy solutions.

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