

Italian Economist: ‘Good Finance Is the Instrument of the Real Economy’

by Claudio Celani

Aug. 9—As the new Italian government was sworn in last year, we wrote that it could be a game-changer in Europe with its anti-austerity approach in economic policy and its anti-geopolitical approach in foreign policy. And so it was. But we also [warned](#) in *EIR* on May 25, 2018, that the anti-growth component dominating one of the coalition partners, the Movimento Cinque Stelle (Five Star Movement), would be problematic.

This negative element has built up an inner conflict between Five Star and its Lega party partner, which exploded on Aug. 7 in a vote in Parliament on a motion introduced by Five Star against a major infrastructure project, the Turin-Lyon section of the TEN-T European Transport Corridor 3 (Lisbon-Kiev). To upgrade the existing connection, a high-speed railway line is being built along the corridor, which includes a 57.5 km tunnel under the Alps between Italy and France. The Five Star motion was defeated, as the Lega and the entire opposition voted against it, thus opening a political crisis which became a government crisis when the Lega introduced a no-confidence motion into the Senate on Aug. 10.

The split between the two coalition partners had appeared to be irreconcilable already on July 16, when Five Star members voted to elect Ursula von der Leyen as the new President of the European Commission, after she had delivered a fanatic speech in the European Parliament on climate policy. Marco Zanni, head of the Lega faction in the European Parliament, characterized her policy as “Taliban-like” in explaining the Lega “No” vote. Eventually it came out that, without the Five

Star votes, von der Leyen would not have been elected.

It was clear then, that the Five Star movement was jumping on board the new “climate policy” agenda of deindustrialization pushed by the European Union, so that it is conceivable that the Italian government crisis had already been decided at the EU level.

On his side, Lega head and Interior Minister Matteo Salvini pointed to the Five Star opposition to a serious investment policy as the main reason for the government crisis. Indeed, the Five Star movement, controlling all the economic ministries, has blocked all major infrastructure projects, causing a loss of euro 56 billion

per annum in additional logistics costs for Italian firms, as compared to an adequate infrastructure policy.

As we go to print, the Italian Parliament is setting the date for a no-confidence vote. After the vote, the ball will be in the court of President Sergio Mattarella, who will decide whether to appoint a new Prime Minister or to hold early elections. Experience shows that in these circumstances any-

thing can happen. Under the existing political alliances in the current Parliament, no majority is possible other than “yellow-green” (Five Star-Lega) or “yellow-pink” (Five Star-Democratic Party), the latter being the most unnatural one. However, if petty interests prevail, Five Star members of Parliament might decide to ally with their Democratic Party (PD) adversaries to form a new government while avoiding early elections, as both groups know that most of them won’t be re-elected.

The pro-EU establishment—of which Mattarella is a member—is working on that profile to favor a pro-austerity cabinet and avoid early elections, which



Etienne Ansotte
Ursula von der Leyen, newly elected President of the European Commission.

would give the Lega 40%. However, the constituencies of both the Five Star and PD would regard such an unelected coalition (already dubbed the “Ursula government” after EU Commission President Ursula von der Leyen) as treasonous, and would punish the two parties accordingly when they get the chance to vote.

In the following interview, given to *EIR*’s Claudio Celani on August 8, economist Nino Galloni offers an insider view on the Italian crisis, including a discussion of what a correct environment, climate and economic policy should be.

Real Economy and Real Environmental Protection

EIR: Italy’s Five Star Party opened a crisis in the Italian government Aug. 7, when it voted against the Turin-Lyon high-speed rail project, a strategic part of Corridor 3 of the Trans-European Transport Network. Is Five Star still dominated by the ideology of “de-growth”?

Nino Galloni: The Five Star movement has always had two contradictory souls in economics: one post-Keynesian (which in my re-elaboration is very close to Lyndon LaRouche’s ideas, and can be characterized as “responsible growth”) and one of “de-growth” and mainstream environmentalism.

EIR: Whether it is called “de-growth” or climate protection, there is a real anti-emission hysteria, inclusive of European Union institutions. Where is this leading us, and what is your view of it? Lyndon LaRouche, whom you knew personally, pointed to the decisive role of energy-flux density, and said that its increase or decrease determines the survival or decline of societies. Do you agree?

Galloni: The issue must be correctly addressed. First of all, we must distinguish the causes of climate change from those of pollution (with their effects on nature and health). The former is cyclical and have always been present; the only difference is that now they are occurring in a situation of greater human activity than in the past. But today we have the technology to



EIRNS/Julien Lemaitre

Nino Galloni

deal with them—not to stop them; therefore, humanity must collaborate in its own interest. The causes, therefore, are not man-made and not even due to the increase of CO₂, which is a tiny component of greenhouse gases, which consist 98% of water vapor, without which we wouldn’t have life on Earth.

Pollution, instead, is the consequence of the ill-conceived effort to block growth, which, through globalization, has slowed down the introduction of ever more advanced technologies (what LaRouche called the intensification of energy flux-density), in order to promote competition policies based purely on cutting production costs. Thus, we are still the captive of hydrocarbons, although non-polluting, convenient alternatives are available, which are compatible with the growth—including demographic growth—of humanity.

EIR: The Italian government has signed a partnership with Britain on the COP26 conference

which will take place in London at the end of 2020. Prince Charles solemnly declared last month that the eighteen months that separate us from that deadline will decide the destiny of the Earth. Is it wise, in your view, for Italy to ally with the United Kingdom in a campaign that actually targets China and other developing countries, and aims at blocking their development?

Galloni: It is not wise, because it is totally unfounded that in eighteen months the Earth will have used up all resources. Resources are becoming scarce



Ministry of Foreign Affairs of Denmark

Prince Charles

for given technologies (as in the erroneous linear equations of the Club of Rome and company), but human history is a history of growth, which leads to a steady reduction of needed resources or—which is the same thing—to the reduction of resources (and polluting factors) per unit of product.

Change the Paradigm

EIR: Again, the UK—or better, the City of London—has launched the Green Finance Initiative, to divert hundreds of billions into a “CO₂-neutral” conversion of the economy. Is this the attempt to bail out the bankrupt financial system through a new mega-bubble?

Galloni: The connection between ultra-speculative finance, transnational movements, and environmental hysteria is evident. We must counterpose to it a political project that puts humanity and a new relationship with Nature in the center, while dumping the model that puts Nature alone in the center. Drastic population reduction is the link between irrational de-growth and vested financial interests.

EIR: In order to sustain the bubble, they demand government money to be obtained through “emission taxes,” and, using modern brainwashing techniques, to convince citizens that they should willingly reduce consumption and change their habits. Will they succeed?

Galloni: Habits are already changing in highly industrialized countries. Material products are losing importance as compared with immaterial products, but in order for the process to be positive, we need to increase family incomes. In those countries which must still reach acceptable levels of material consumption, we must instead promote more development of domestic demand and less growth of exports. But this is already occurring and will require a coming together of countries which are in favor of the de-dollarization of the world economy (including Trump’s USA, even if it is not always clear that they want this).



U.S. Army/Elizabeth Fraser
Matteo Salvini, Lega head and Deputy Prime Minister.

In other words, a New Bretton Woods.

EIR: What do you think of La-Rouche’s [Four Laws](#), the set of solutions he said were necessary to solve the economic crisis? (In brief: the Glass-Steagall Act, National Banking, use of Public Credit to raise physical productivity; and a fusion energy science-driver program.)

Galloni: I know and fully support the four instruments proposed by La-Rouche.

EIR: The Italian government has represented a shift in Europe in its break with austerity policies. After one year, the incompatible aspects of the two components of the coalition, Lega and Five Star, seem to be exploding into a government crisis. Are we going towards early elections in your view? Or is there another solution for the differences on investment, the EU, and budget policy?

Galloni: I think that [Lega head Matteo] Salvini understands that his tax-reform proposals would lead to harmful spending cuts, given the current makeup of the government. That consideration leads him to favor early elections to increase his party’s control. To continue with the current coalition, on the other hand, he would need support from the moderate and technocratic component of the government [Economy and Finance Minister Giovanni Tria—ed.], which I consider difficult to obtain.

EIR: After a promising start, the push towards a new Italian policy in the Mediterranean and on the New Silk Road has also lost momentum. What are the problems in your view, and how to proceed?

Galloni: As I have touched upon throughout the interview, we must change the Paradigm: away from the search for balancing accounts, and instead towards economic balance. Good finance is the instrument of the real economy. Causal relations go from real balance to balancing the accounts, and not the other way around.