

# Italy's Foreign Minister Is First Euro Victim

by Claudio Celani

When the government of Silvio Berlusconi was inaugurated in Italy last Spring, *EIR* wrote that it had two conflicting souls, and sooner or later the conflict would explode. That explosion, timed with the European monetary reform and the Argentinian crisis, has now led to the resignation of Foreign Minister Renato Ruggiero, on Jan. 5.

Ruggiero's dismissal is the product of resistance against the destruction of the nation-state, a process which has many components, including the influence of Lyndon LaRouche's ideas on key factions of the Italian elite. The conflict exploded around the inauguration of the European single currency, the euro, on Jan. 1, and will soon extend to other members of the European Union (EU). A growing coalition of forces in Europe is becoming aware of how dangerous this process is, and is trying to put on the brakes—although without yet openly challenging the supranational monetary reform, thinking that it is irreversible. They have started a fight to prevent more national powers from being ceded to the European Commission, a supranational technocratic dictatorship, currently led by mega-speculator George Soros' friend Romano Prodi. As a staunch supporter of such a dictatorship, Ruggiero was the first victim of this fight.

Ruggiero, the former director of the World Trade Organization, was imposed upon Berlusconi last Spring, in a form which eloquently manifested the nature of the operation. First, Ruggiero's longtime mentor, FIAT magnate Gianni Agnelli, pushed his candidacy, while government coalition partners were negotiating the composition of the Cabinet, threatening Berlusconi that if he did not accept him, they would topple him as they did in 1994. In a show of force, the entire board of the Anglo-American Carlyle group, of which Ruggiero is a member, came to Rome for their annual meeting. Since Berlusconi still hesitated, Henry Kissinger personally showed up, and accompanied Ruggiero in a visit to Berlusconi, making Berlusconi "an offer he couldn't refuse," as the mafia puts it.

One of Ruggiero's first acts was to promote the "set-up" that took place at the Group of Eight (G-8) meeting in Genoa last June, through his insane decision to open a dialogue with the Genoa Social Forum, the organizers of the anti-G-8 riots. The step gave the status of official interlocutors, to those ultimately responsible for the street warfare which devastated the city, leaving one person dead and creating the image of the "fascist Italian police" abroad.

More generally, Ruggiero blocked any national foreign

policy initiative, as State Secretary Margherita Boniver told the daily *Il Giornale* on Jan. 10. "In the last two months, we have made no foreign policy," she said. "I'll explain it with two cases. After Silvio Berlusconi had proposed his Marshall Plan for Palestine, normally, a diplomatic process would have begun. Instead, nothing moved. Second case: How is it possible that a hyper-announced crisis like that in Argentina, was met by us with so much inertia? We should have joined forces with Spain, to assume European leadership of the management of the crisis. Instead, nothing."

Finally, the conflict between Ruggiero and the rest of the Cabinet blew up. Around the date of the introduction of the euro, three Cabinet members—Defense Minister Antonio Martino, Economic Minister Giulio Tremonti, and Reform Minister Umberto Bossi—publicly expressed their skepticism on the new currency. This provoked Ruggiero to ask for a clarification within the government. Prime Minister Berlusconi, Ruggiero said, should shut up the "euroskeptics" inside the government, in order not to lose "international credibility." Bossi replied with a de facto ultimatum to Ruggiero. The interesting thing is that Bossi introduced arguments in favor of the nation-state. This is quite remarkable for a man who started his career as a regional separatist; but it simply reflects orientations by broader government circles, possibly including Berlusconi himself.

"My Europe," Bossi said, "is a Europe of peoples, a democratic Europe which . . . bases itself on nation-states, . . . a Christian Europe. His [Ruggiero's] Europe is a Europe of bureaucrats, a despotic and tyrannical Europe, where all powers are concentrated in the hands of few non-elected, chosen ones, . . . a world in the service of financial circles. Ruggiero is one of them." Bossi ended his interview saying that he is against "a Europe where income is no longer connected to production and work, . . . where those who do not work make money and move enormous capital, with the purpose of exterminating the workers, the small and middle bourgeoisie, the small and middle-sized firms of Northern Italy."

Berlusconi responded by formally praising Ruggiero, but said that Italian foreign policy is anyhow made by the Prime Minister, since Ruggiero is "only a technician." This was a clear dismissal, and Ruggiero resigned.

After the resignation, Berlusconi announced that he would assume the Foreign Ministry portfolio personally, "for at least six months." In the meantime, the usual international media campaign has been unleashed against the Italian government, supported by some European technocrats like EU commissioner Mario Monti. Most serious, was a de facto threat against Berlusconi by Ruggiero's mentor Gianni Agnelli. In an interview with *La Repubblica* on Jan. 8, Agnelli said that Ruggiero's ousting "will hurt the government, well beyond what the government today thinks." He repeated: "I am afraid that they do not realize it yet, at least not fully. I wish it were not so, in the interest of the country, but I believe that they will realize it only afterward. . . . At that point, it will hurt."



*Italian Prime Minister Berlusconi (left) with Spanish Prime Minister José María Aznar on Jan. 11. Italian Foreign Minister Renato Ruggiero was sacked several days earlier; his blocking of a coordinated Italian-Spanish response to the Argentine debt moratorium, was an important reason.*

## The Conflict Beneath The Surface

One of the highest priorities of the Berlusconi government has been a policy of large-scale infrastructural investments to create jobs. The government succeeded in its first 100 days, as promised, to have Parliament approve a new bill establishing a fast track for a list of infrastructure projects considered as strategic for the country, including new highway and railway connections, Alpine tunnels, and the famous Messina Bridge between the Italian mainland and Sicily. But the EU's strict budget guidelines prevent the allocation of more than a few billion euros per year, making a national development policy impossible. Without productive credit expansion, and the creation of strong domestic demand, the whole government strategy is at risk, including another very important bill, which introduced a two-year tax reduction for companies that renew their production equipment.

Italy's efforts to convince its European partners to review the EU treaties in order to allow credit expansion have recently found some support, since the collapse of EU exports to the United States makes it harder for EU countries to meet their budget targets. But such efforts have so far been rejected, with the argument that such a shift would weaken the euro. This argument has been pushed by the supranational European Commission, the technocratic body which is supposed to become the European government, and by its allies in the national governments, such as Ruggiero in Italy. Unilateral deviation on the part of a member country from the EU's parameters would be punished with marginalization, and, ultimately, exclusion from the euro.

An editorial on Jan. 5 in *Il Giornale*, which is owned by the Berlusconi family, helps to locate such fights in a broader view of European affairs. The article was by Carlo Pelanda,

professor of international economics at a number of Italian universities, professor at the University of Atlanta, and an adviser to the Italian government. Instead of creating a "European super-nation," Pelanda wrote, it would be better "to go back to the sane and pragmatic principle of the former European Economic Community: We integrate in everything the economy needs; for the rest, we will decide case by case." The European Commission should not become a supranational government, but "a secretariat of the intergovernmental council," and the European Parliament "should be reconfigured as the place where representatives of all national parliaments meet on basic or exceptional questions."

In sum, it should be "a Europe clearly of nations, which supranationalizes the essential and leaves aside what is not essential."

Another issue of conflict, even if not spoken, between the Italian government and the international financial oligarchy represented by Ruggiero, has been the question of privatization. The Berlusconi government has shown no hurry in completing the privatization of state-owned enterprises started by its predecessors, supposed to include the national oil company ENI and the national electricity company ENEL. Economic Minister Tremonti, said to be the strongman in the government after Berlusconi, has emphasized in the past that ENI, already partially privatized, is an instrument of Italian foreign policy, and therefore one should be cautious with further privatizations.

Berlusconi himself went further. In his year-end press conference, he declared: "With the problems we have in the energy field—we are the European country where energy costs the most—I do not believe that Italy could drop a major role in the supply of energy. Therefore I believe that no balanced person could think of privatizing such a fundamental entity in this sector, as ENI."

## Argentina: The Switch Factor?

An Italian intervention in the Argentinian crisis could be the factor that switches the strategic situation internationally. Argentina's connections to Italy are very strong. One-fourth of Argentina's population is of Italian origin (in Buenos Aires, up to 40%). About 600,000 citizens with an Italian passport live in Argentina. Many large and small Italian industrial firms, as well as banks, are involved in Argentina.

Such connections have prompted a reaction of solidarity, especially from certain Italian government circles that had already been fertilized with Lyndon LaRouche's analyses and his proposals for a New Bretton Woods global financial reorganization. Such circles are now calling for an Italian initiative in support of Argentina, putting the blame on neo-liberal

free-market policies for Argentina's bankruptcy.

Indications of such sentiment, have been a series of articles published in *Il Secolo d'Italia*, the official daily of the government party Alleanza Nazionale. For instance, on Dec. 21, an article was published entitled "Italy Has A Debt To Pay To Argentina," which said: "There is only one reason for the dramatic situation: the rigid, obsessive, maniacal application of liberal and monetarist recipes by outgoing Economics Minister Cavallo. . . . Do not think that our country can watch such a situation with indifference. . . . One thing we must not forget: There is a debt of gratitude that the Italians have contracted with Argentina, when Argentina in 1946 shifted toward Italy, on the order of General Peron, ships loaded with wheat and meat, to feed the Italian people after the war. The moment has come to return the brotherly help of half a century ago."

Another article, on Jan. 3, wrote that "no government in Buenos Aires alone can save Argentina from the pit. The international community must help it. Italy, in particular, due to its manifold and large historical connections, must promote a plan to that purpose."

Despite Ruggiero's obstructionism, the Italian government sent State Secretary Mario Baccini to Buenos Aires shortly before Christmas. Baccini came back calling for an initiative by the Italian Foreign Ministry in support of a moratorium on Argentina's debts to the International Monetary Fund (IMF). As concerns Argentinian debts to Italy, Baccini said that Italy could apply the policy of "debt conversion" already used experimentally with some highly indebted countries. In the meantime, the Italian government is helping Italo-Argentinian firms with a credit of 50 million euros (about \$45 million).

Italy is already applying a policy of debt cancellation or/and transformation, Baccini said, mentioning the cases of Peru, where \$127 million in debts have been converted, and Ecuador, where \$26 million have been converted. Conversion, Baccini explains, means "to act by reducing the debt and converting it to development projects, according to the scheme decided in Genoa [at the G-8 meeting]. Therefore, the debtor country invests in social works, environmental projects, and schooling, with control from the Italian government over the implementation of the programs. . . . Of course, this involves some cost, but it is also an investment for the new generations, besides representing an engine for the economy in those countries where Italian firms invest and work, as well as for the Italian economy. Our effort is to transform sympathy toward Italy into reliability, giving birth to a sort of permanent 'Marshall Plan' on the infrastructural and human level. It is, I believe, also a way to put in practice Pope John Paul II's exhortations on globalizing solidarity."

The first test for Berlusconi as his own Foreign Minister will be exactly such a challenge. Will Italy take the lead in a European initiative in support of Argentina, breaking with the IMF's murderous policies?

## Berlin Is Entering An 'Argentine' Future

by Rainer Apel

Ten weeks after the Oct. 21 elections for city-state parliament, the Social Democrats (SPD) and Democratic Socialists (PDS) of Berlin concluded their talks on Jan. 7 and decided to form a government coalition by Jan. 17. The two parties' intent to run Berlin by a "red-red" coalition has sparked intense controversy among many Social Democrats: The PDS is the successor to the communist Socialist Unity Party (SED), which was nominally dissolved after the collapse of the East German state in late 1989. Older Berlin citizens still remember the year 1946, when the communists of East Berlin forced the SPD into the newly formed SED, in a "unity" that was based on political suppression, mass arrests of SPD dissidents, and even assassination of many of them in camps established by the communists on the very sites of the Nazi concentration camps of 1933-45.

Prominent members of the SPD who have quit the party after decades of membership, include Willi Sickert, longtime leader of the labor unions in Berlin's non-communist west, and Klaus Hübner, longtime police chief of the city's western part. With them, the SPD will lose many of its core constituencies, which have been members and voters in the party for 30, 40, 50 or even more years. With the decision to take the PDS as a coalition partner, the SPD has crossed a Rubicon that had existed in Berlin for 56 post-war years.

But also younger members and voters of the SPD who do not have a personal memory of the first 20 or 30 years of communist rule in East Berlin, and are not shocked at the new "red-red" alliance, are certain to turn their backs on Berlin's SPD Mayor Klaus Wowereit. The obsession with budget cuts that has reigned over the birth of this new coalition is certain to cause a deep gulf soon, between the administration and the population. Even many members of the PDS will be driven away, by the transformation of their party into what angry Berliners have renamed from Partei Demokratischer Sozialisten (Party of Democratic Socialists) into Partei der Sparkommissare (Party of Budget-Slashing Commissars).

### Deeper And Deeper Austerity

The Berlin which the SPD-PDS alliance is going to run, will not have a regular budget, but will still operate on the basis of a total budget freeze, for the next few months. The freeze was imposed, after Wowereit and his Social Democrats ousted the government coalition of SPD and CDU (Christian