

Italy: Development of the Mezzogiorno Is Back on the Agenda

by Claudio Celani

Sept. 18—The opening of the New Suez Canal, the refugee crisis in the Mediterranean, and a report last July on the decline of Southern Italy, in combination, have shaken up Italian politics and public opinion, creating a new awareness of the need—and the possibility—for a crash economic program to face the crises. We are still below the threshold, however, of a political decision to mobilize the necessary resources to do the job, which would mean breaking the chains of the current Euro system.

At the end of July, Svimez, a government-sponsored think-tank for the industrial development of Italy's Mezzogiorno, published its yearly report, which acknowledged that Southern Italy is facing industrial desertification and demographic annihilation. Measured in GDP, in the 2001-2014 period the Mezzogiorno declined faster than Greece: -9.4% against -1.7%. GDP growth has been negative for seven years in a row. Although all Italian regions have been hit by the economic collapse during 2008-2014, Southern Italy has lost cumulatively 13%, while Central/Northern Italy has lost "only" 7.4%.

The industrial collapse is more dramatic: Value added has collapsed by 45% in the Mezzogiorno, against 17.2% in the rest of the country. Building construction collapsed by 38.7% (vs. 29.8%).

This has produced an unprecedented, negative demographic trend. There were only 174,000 births in the Mezzogiorno region in 2014, in a population of 20.6 million. That is the lowest figure since the birth of the Italian state in 1862.

"Southern Italy will thus be characterized in the next years by a demographic distortion, a tsunami with unpredictable consequences, destined to lose 4.2 million inhabitants in the next 50 years," says Svimez.

The report, traditionally presented to all major state authorities and institutions, triggered a shock wave.



Courtesy of Movisol

Schiller Institute representative Massimo Lodi Rizzini addresses a Sept. 11 meeting of the Italian Democratic Party on developing the Mezzogiorno. Right from Rizzini are Massimo Guarascio of the University of Rome, and Enzo Siviero, University of Venice.

Seventy Democratic Party legislators signed a letter asking Prime Minister Matteo Renzi to address the issue. Pressure on Renzi is coming from below, as all Southern Italian regional administrations are ruled by his Democratic Party (DP), and all southern governors are united in demanding an investment plan.

Calabria Governor Mario Oliverio reported, "In the aftermath of the National DP Leadership meeting on August 7, finally the spotlights have been turned on and the debate has started again. Never has so much attention has been dedicated to ... the Mezzogiorno as now. This has not happened in 20 years." And his colleague Michele Emiliano, governor of the Apulia region, reminded Renzi that, "If we leave the Mezzogiorno to its fate, it will be a deadly threat to the country, but also a missed, irrecoverable opportunity."

The Suez Opportunity

The southern governors are well aware of the unique opportunity offered to the Southern Italian economy by the development around the "One Road and One Belt"

FIGURE 1



Courtesy of Movisol

Italy's Mezzogiorno, with key cities and proposed new transportation links highlighted. In the bottom left corner, the proposed Messina Bridge link to Sicily is shown; on the right, a proposed bridge across the Adriatic to Albania.

strategy of China and the BRICS countries as a whole. This became evident with the second shock, the opening of the New Suez Canal.

"Suez, a challenge for Sicily and Calabria" was the headline of the Messina-based newspaper *La Gazzetta del Sud*, the premier daily in Calabria and the third largest in Sicily, on Aug. 6, when Egypt's major infrastructure project was inaugurated.

It emphasized: "This tired and distracted Italy should mark the date of Thursday, August 6, on the calendar: Egypt will inaugurate the 'new' Suez Canal. There are two good reasons to focus on what a future-oriented country has been able to accomplish: One reason is linked to our past, and the other one to scenarios which will become true in a few years."

The first Suez Canal was based on the design of Luigi Negrelli, an Austro-Italian engineer, and was celebrated with Giuseppe Verdi's *Aida* in 1870. "A triumph of the Italian genius and of the will of the Egyptian people," the *Gazzetta* recalled. Today, Negrelli and Verdi are no longer with us, but "Italy cannot miss the value of such a revolution."

"Has anyone understood that Sicily and Calabria could garner the fruits of the increased traffic in the Southern Mediterranean region? It is a pity that our island [Sicily] is not physically connected with the rest of Italy [by a bridge, ed.] and that Gioia Tauro [the port in Calabria, ed.] is not well served by rail. We need to change that quickly." (Figure 1)

"Southern Italy cannot ignore this revolution, born of the will of an entire people: Consider that when the government announced the project, the sale of EGP 6.5 billion [\$934 million] in bonds was completed in just 8 days. Egyptians scrambled to finance the great challenge. Here at home, instead, we have plenty of No Tav [No High Speed Rail, ed.], No Bridge, No This, and No That—regardless of the validity of the projects.

"Is there another Italy, looking to the future and willing to play a role?"

Another Italy

A first answer to this question came on Sept. 11 in Rome, when an important meeting, organized by the Democratic Party, included in the morning session all governors of southern Italian regions, and in the afternoon, featured a panel of experts comprising a Schiller Institute representative and a group of fiercely pro-development fighters led by Prof. Enzo Siviero, who builds bridges and is himself a supporter of the Schiller Institute.

The speech by Schiller Institute representative Massimo Lodi Rizzini, which focussed on the importance of a credit system for infrastructure, and the development of the Mezzogiorno as part of the World Land-Bridge and the BRICS/New Silk Road policy, was very well received.

The BRICS, led by China, Lodi Rizzini said, are now implementing the program which Lyndon LaRouche and the Schiller Institute have been fighting for over the last 40 years.

"Historically and geographically," he said, "Italy is an ideal bridge for connecting Europe and Africa, and this bridge must be physically built to plan the joint development of the two continents, a development envisioned by Enrico Mattei, the great industrial leader who, 60 years ago, wanted to bring technological progress to Africa and to the Middle East. On behalf of Italy, Mattei went to build and not to loot." (Figure 2)

Apparently, the Renzi government is split into two factions: One, led by Finance Minister Gian Carlo Padoan, wants to use the little money available for tax cuts for firms in the Mezzogiorno, although such a measure has never worked in an underdeveloped area; the other wants to use the money to finance infrastructure.

Indeed, the Ministry for Infrastructure has dedicated

its 2014-2020 plan entirely to the Mezzogiorno. The government lists all of the projects that are essential for enabling the southern Italian economy to reverse the collapse described in the *Gazzetta del Sud*, but with a missing link—the bridge over the Strait of Messina, which would connect the toe of the Italian peninsula with Sicily. Without the bridge the entire plan becomes useless.

However, in response to grassroots pressure, on Sept. 10 a cabinet member announced an initiative to put the bridge back on the agenda. Interior Minister Angelino Alfano declared that his party, the New Center-Right (NCD), will soon introduce a draft bill to re-start procedures for construction of the Messina Bridge. When presenting the program of his party for the Mezzogiorno Sept. 10, Alfano said, “It is inconceivable that the [future] high-speed rail will stop at Reggio Calabria” at the toe of the peninsula, and not extend to Sicily and the city of Palermo.”

Alfano’s statements were welcomed by Pietro Salini, head of the Salini-Impregilo consortium that had already begun construction when, in 2013, the Monti government cancelled the project on behalf of the European Central Bank’s austerity program. The consortium is building some of the largest infrastructure in the world, including the Panama Canal upgrade and the Grand Ethiopian Renaissance Dam.

The Messina bridge is indispensable for bringing together the upgraded system of integrated port, railway, and road infrastructure of Sicily and the southern Italian peninsula.

Del Monaco’s Vision

How the system could work was illustrated by former government adviser Andrea del Monaco, writing in the *Gazzetta del Sud* earlier this year. Del Monaco pushes for an integrated system of ports and rail connections to make Southern Italy “the logistical base for a new productive basin in the Mediterranean.” Southern Italian ports and upgraded logistics and rail networks would become the pivot for sea trade between South East Asia, Europe, and North America, del

FIGURE 2



Courtesy of Movisol

The island of Sicily, with proposed tunnel-bridge links to Italy (upper right), and to Tunisia in Africa (lower left).

Monaco writes. In addition, three large new cities would be created by the connections among existing urban centers in the regions of Sicily, Basilicata, and Calabria.

The ports of Gioia Tauro, Crotone, and Taranto, he writes, “are the only ports serving four markets, i.e., Central Europe, North America, North Africa, and the Middle East.”

Currently, 75% of container traffic—between South East Asia and North America—goes through the Pacific. The remaining 25% passes through the Mediterranean and enters the most important European markets through North European ports. Today, the hub-and-spokes model regulates transport of manufactured goods: They are first loaded onto large ships (mother ships) and unloaded in a few large ports (hubs) along pendulum routes, i.e. itineraries that connect the economically most important ports; in the second phase, goods are reloaded onto smaller ships (feeder ships) and delivered to their destinations (spokes).

Given the ever-larger size of ships and a the more and more frequent service demanded by their customers, large ships risk being underutilized. Only ports serving many markets can guarantee that the large ships will always be fully loaded. The southern Italian ports of Taranto, Gioia Tauro, and Crotone could be such ports, and would enable goods to reach Central Europe in five to seven days less than the current route through Gibraltar. Furthermore, large ships coming from Singapore, once they have unloaded/loading freight with their origin/destination in Europe and in

FIGURE 3



Courtesy of Movisol

The three new “policentric” cities proposed by former government adviser Andrea del Monaco.

the Mediterranean, could continue to North America with less freight costs and more load.

“Taranto, Gioia Tauro, and Crotona would become the headquarters of world logistics, where the unloading/reloading of containers, assembly, collecting, and packaging of goods would be concentrated. Furthermore, their back-ports could become new production sites for shipyard and heavy machinery, dedicated to instrumental goods for steel, petrochemicals, building construction, and freight movement in port and railway terminals. The ports of Genoa and Trieste could specialize in receiving feeder ships with freight destined for Northern Europe” via land routes, says del Monaco.

Complementary to this logistics system, high-speed rail connections south of Salerno should not only be for passengers (350 kilometers per hour), but must become high capacity rail for both passengers and freight (250-300 kilometers per hour) and must connect five major population centers on the Italian mainland, and Messina and Palermo in Sicily.

Three new cities should be created through upgrading connections among existing population centers in an area where travellers could reach every point within

60 minutes. (Figure 3) These are the Messina-Reggio Calabria city created by the Messina Bridge; the “Apulo-Lucania City” (Potenza, Tricarico, Ferrandina, Matera, Altamura, Gravina, Genzano); and a third city, in Calabria (Cosenza, Scigliano, Serrastretta, Catanzaro).

This plan outlined by del Monaco is very similar to the one developed by this author in a series of LaRouche publications in 2012 under the headline “The Rebirth of Mezzogiorno.” The critical issue is that under the current European Union system, it is not possible to generate credit to finance the project—or any other great project. A reorganization of the financial system and a Glass-Steagall banking separation regime is therefore urgent.



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