

## Italy: Lost Sovereignty and Phantom Politics

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### Short Communication

In 1820, Giacomo Leopardi wrote in Zibaldone, "If we are to wake up one day and recover the spirit of the nation, our first step must not be pride or regard for our present achievements but shame".

If we were to look at ourselves honestly, we could not but feel this shame. This is the melodramatic story of a great country of individualists and geniuses who contributed to the construction of the western civilization but failed to create a common house.

Italy is today experiencing a dramatic identity crisis between the external dominance that seems to govern its decision-making processes and infringing its sovereignty, and phantom politics without thought, creativity and authority. There is not even the slightest trace of pride and dignity that allows holding our heads high as De Gasperi did when, in conditions of great weakness, he negotiated with the victors for the nation's survival.

We are at the end of a historical cycle that has engulfed a socio-cultural model in which conflicts are taking on increasingly primitive connotations, forgetting the horrors of war and enduring the dominance of the single thought that accepts no compromise and pursues only suicidal omnipotence. The crisis has overturned the order of values and priorities promoting first the economy and then finance as incontrovertible truth even against the evidence of the facts demonstrating the lack of a scientific base of the assumptions on which it is built. The "incontrovertible truth" of neoliberalism has created poverty, inequality, moral degradation, unemployment, the collapse of society and the family, unbridled individualism that normalizes corruption and misconduct but without questioning the dominant interests, and these global misfortunes in the end simply constitute "collateral damage".

The global elite's inability to understand that we are facing a historic crisis caused by the failure of a socio-cultural model starting from the US is now dramatically evident and instead of facing the challenges of history with creativity, courage, the historical culture of the human soul and critical lucidity - in short with thought - we hold fast to the old models that have long passed under the bridges of history. The great social scientist Keynes argued in his "General Theory of Employment, Interest and Money" that change is impeded not so much by vested interests but by the viscous resistance produced by ingrained and obsolete mindsets. He concluded his work stating, "sooner or later, it is ideas, not vested interests, which are dangerous for good or evil". Thus, conflicts increase, tempers exasperate and fuel war between societies, terrorism and rebellion, cloaked as religious wars but perhaps fostered more by hunger, class and by the mistakes made in the last 30 years since the fall of the Berlin Wall. Perhaps Bauman is right in accusing the political class that to survive, and in the absence of great ideas, it seeks legitimacy in the state of fear from which it must defend itself, "It wouldn't be too difficult to trace the reasons for the rapid and spectacular career of that illusion. In an age when all the grand ideas have lost credibility, fear of a phantom enemy is all that politicians have left to maintain their power". "And the strategy of capitalizing on fear is also well entrenched, indeed a tradition reaching back into the early years of the neoliberal assault on the social state" (op cit p. 9). The underlying problem is

precisely the socio-cultural model that was cloaked as incontrovertible truth by Nobel laureates, quantitative macroeconomists tightly locked to US finance, rating companies, emeritus academics, consulting firms and investment banks that led to believing a nonexistent truth - economics as an exact science and abstract from man when its nature is that of a social and moral science. Quantitative economists have broken with philosophy, ethics and morality, with the "History of Man", with sociology linked to "societas" and finally with political intent in the noblest sense according to Aristotle and not a shallow negotiation of "quid pro quo" without moral foundations. To think that Von Hayek himself, considered the founder of this school, declared the assumptions on which these dogmas were proclaimed as decidedly "unscientific". Negative globalization - as Bauman defines it - based on neoliberalism has undermined the social and political hierarchies separating wealth from states and subordinating them; the high concentration of wealth and finance influences political choices and separates them from power. Pressuring for reforms that serve private interests and justice that favours the strongest is a negation of justice that becomes a negation of peace. The "open society" becomes attackable and is exposed to "the rapacity of forces the state does not control and no longer hopes or intends to recapture and subdue". Neoliberalism invoked as overcoming absolutism has become itself absolutism. Moreover, in such a globalized world, all local problems are influenced by external factors such as we experienced in recent years with the "irrational" trend of the spread and ratings but functional to the definition of political structures and foreign policy decisions.

We have done our best to create adversity and then try to blame others when it is too late. Contributing to this is the political transformation of a ruling class that has lost touch with the moral legacy of its founding fathers and attempts to stay afloat by denying its historical values and moving effortlessly from one idea to another; a ruling party that betrays its history and is wedded to the neoliberalism of finance, failing in deeds, and an opposition that is fragmented with no ideas and arguments. We are thus exposed to external coercive actions that infringe our sovereignty, often using finance as a weapon.

The first use of finance as political power over the sovereignty of countries is ascribable to the 70's-80's when the US decoupled the dollar from gold and found itself needing to peg the excess dollars in circulation to oil - petrodollars - persuading the Arabs to sell oil only in US dollars while also increasing the price; we as importers found ourselves with an inflation rate that grew from 4% to 24% and having to cycle on Sundays.

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**Figure 1:** The graph shows the asymmetry between the trends in the spread and those of debt and GDP in blatant contradiction in Italy in the period 2011-2015. To be able to achieve the goal of creating a sort of superordinate hegemonic senate, finance cloaked itself as "incontrovertible truth", assigning Nobel prizes to quantitative macroeconomists who helped transform the DNA of economics as a social science into an exact science, turning it from an instrumental science into a purposive science; totally detached from history, from philosophy, from "societas" to turn into "bellum omnium contra omnes" (the war of all against all), and from politics in the noblest sense as Aristotle intended it, "polis - ethos".

The fall of the Berlin Wall contributed to the cultural colonization of finance that has assaulted us with derivatives, sub-primes, credit-default swaps and other toxic products that should be impeached. Debt has grown to levels that are not easily controlled in a market ruled by a few - five Wall Street investment banks account for 95% of transactions in derivatives - who determine the trends in values and use them as a means of coercive action. As Warren Buffet stated in 2002 [1], the power of supranational finance runs the risk of becoming a weapon of mass destruction because when debt is in the hands of others it becomes passive and subordinated. We experienced this in the "Europe campaign" of 2010-12 when the need to weaken the euro and maintain instability in the Middle East to "counter" the Iranian nuclear issue led to a financial attack on the small and illiquid Greek public securities market and then reached us through the domino effect, leading to a change of political governance according to different and external interests. The trend of data relating to the performance of the GDP, public debt and the rating from September 2011 to date is unassailable evidence. The Bloomberg graph in relation to the trend of these variables (Figure 1) confirms the Trani Prosecutors' correct assessment of the evaluation behaviour of S&P on our credit rating. Furthermore, the same agency was condemned by the US Department of Justice for fraudulent manipulation of the rating as were the five Wall Street investment banks for manipulating data on the trend of property values that led to the sub-prime crisis. So why were they saved?

Then everything got worse and we are now in a situation of obvious weakness, checkmated by finance, we have a BBB- rating, junk, and a spread of 100bp over the German bund sustained by a triple A rating, exactly as in November 2010, when the rating was ABB+ and the debt was 600 billion euro less. Blatant irrationality that proves both the opportunism of measurements intended to force the decision-making processes and that this finance - a mythological science - and the

unicorn-spread are instruments to exercise dominance. We are thus able to decide almost nothing, we do not have proposals to reconcile with Europe, we are unable to decide whether to be a federal or central country, the role we should have in the Mediterranean, putting ourselves forward as policy makers and defending a form of autonomy that led the Italian government in the Sigonella crisis to oppose the threats of Reagan without fear. We silently endure the sanctions against Russia of which we are the 4th trading partner, with companies in difficulty that without commercial outlets are uninterested in the "Jobs Act" [2-4]. We ended up placing - almost secretly - as a financial guarantee to business banks for derivatives traded in 1993 as much as 37 billion euro that would end up being shouldered by taxpayers. Thus, to divert attention from phantom politics, chasing after reforms, regulations, laws, often an end in themselves and ethereal, a perpetual race on a surfboard to stay afloat in a situation of instability. Then the proposal to turn our cooperative banks into limited companies as a critical reform to "create shareholder value", the mantra of investment banks, creators of all the misfortunes that have reduced us to poverty and without regulating the market.

We do not govern the wind but if we do not even govern the sails we really are in shambles.

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