

Michele Geraci

One Humanity: A View from Italy

Speed: Our next speaker is Mr. Michele Geraci. He is an economist from Italy, and was the Undersecretary of the Development Ministry in Rome, where he played a critical role in the East-West dialogue with China. That's a tradition that goes back in Italy to at least the 13th century. We are happy to have him with us from Italy.

Michael Geraci: Thank you very much. I am happy to be here. I will give a quick thought on some of the hot topics for the next 15 minutes, more or less. I would like to draw from some of my experience that you just mentioned as part of the Italian government cabinet until recently, and also in my capacity as one of the main enthusiasts over Italy joining the Belt and Road Initiative with China, that followed my ten years in China.

What I know from my year in the Italian government is that we have been facing a deep crisis. We have a big dilemma that has halted progress in our society. That dilemma is between competence and representativeness in the members of the cabinet. The assumption has been, up to today, that elected politicians who had received the consensus of the people, were expected to take the role of politicians and then make decisions based on analysis, with input from the directors and other people in the ministries. This model does not require a politician to be particularly knowledgeable about a specific subject.

In the past, we used to have more stability in government. Politicians would continue to work in ministries for a number of years, during which time they could, little by little, acquire some expertise in their own field. However, we have seen in the last five years, the government changing every year, or year-and-a-half. Take my example: 15 months in the government—obviously not enough to allow a politician to gain relative competences and skills, because of the high



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frequency of change.

So the politicians have needed to rely on the directors, the employees, the civil servants. However, they face another problem, the opposite: They have been there for many years, 10 years, 15 years, no incentives, no promotion, no bonus, no rewards; they cannot go higher too much, they cannot go down, they cannot be fired. So they have little incentive to efficiency and productivity. This worked well in the past, because changes, external variables, were not as frequent and as in-

tense as they are now.

How the Italian Government Doesn't Function

Looking at how government was run 10, 15, 20 years ago, then a politician would hold his position for an extended period of time; civil servants, without much difficulty, would pass their reports to that politician, who would have time to learn, and the system pretty much worked.

The speed of change in these external variables doesn't allow people to learn within the timeframe of their mandates. And this has created a serious lack of competence among both the politicians and the civil servants. And therefore, in the political decision-making process of policymakers, who have no data, no analysis on which to make decisions, we have entered what I call a world of randomization of the political decision-making process.

So the questions that we have to ask are, "Should the politicians be experts?" "Should they be ministers, allowed to represent the people no matter their background, well-educated or not educated at all, as long as they have votes?" How do we come up with a solution to this dilemma, given that we need experts, and we don't have them in our political or civil service layers? I'm talking in general, of course. There are very good people, at both levels, but in general,

this is a problem that we are witnessing.

Now, when you don't have enough knowledge, you base your decision on feelings, on old stories, on what you were told, but you don't have time to process and think it through. And so, you tend to make not just decisions, but also statements that are disconnected from reality.

The Wellspring of Anti-China Sentiment

Let us look at the growing anti-China sentiment that we have seen in Italian public debate, as well as in European and other Western public debates. There are many reasons, but I don't need to elaborate; the reasons are very well known. The one that I want to bring to your attention, is the mismatch of knowledge and time-to-learn, which does not allow people to learn. And this was, in a way, also one of the main reasons I pushed so much for Italy to sign the MOU (memorandum of understanding) with China on the Belt and Road. Regardless of the economic benefit of joining this infrastructure project, we importantly succeeded in having the Italian general public discussing China, as never done before. For the last 12 months, the media and the politicians have brought China back into the center of their discussions.

Now, 90% of what I hear is completely wrong, but we go step by step. At least we are discussing China, we're discussing the Belt and Road, we are discussing the effect of global changes, artificial intelligence, technological development, and climate change. People were—trust me—yes, formerly disgusted, even at the government level, but not really addressing the intrinsic nature of the problems. I am concerned about the anti-China sentiment that I see: On the one hand, I am worried, because I see it increasing, as everyone writes from the previous statements by other people, without thinking too much.

On the other hand, I'm going to be optimistic: Because that's based on a lack of knowledge, I do hope that as their knowledge increases, and people have the time to learn, study and maybe take part in events—such as this one today—they will reverse their criticism and at least form an opinion based on fact and analysis. And this is really what we have been trying to bring to the Western, Italian, and European Union-level discussion tables. Analysis, fact, data—not just concepts based on old stories which they naturally get wrong.

Coronavirus: 'Black Swan,' or 'Gray Rhino'?

Now, I want to bring up the example of the coronavirus. We have heard about a "black swan" event. I compare this more to a "gray rhino," an animal that is there, visible, but that people ignore. They either pretend not to see it, or they cannot see it, but it is an event that is there. And this is what really happened in Italy. When we first heard about the Wuhan China situation in mid-January, toward the end of the month, we in Italy had enough time to plan—the lockdown, the economic measures, the financial measures, how to discuss this with the European Union, with the Central Bank, and with the European Commission.

We are now, at the end of April, three months later, still discussing what to do, what measures to take, whether to use an app for contact tracing or not—three months later! And while this was a "black swan" in November, in December, maybe for China, which may not have expected such an outcome, for us in Europe it was a "gray rhino": We had the luck to look into the future, just by looking at what was happening in China, in Korea!

But we didn't. The "gray rhino" was sitting there, people turned their heads away, not wanting to see it. Why? Because of this idea that I see ingrained in many of my colleagues, that is, basically this: "Whatever China does is wrong. There is nothing that we could possibly learn from China. When we do benchmarking exercises, we probably should not even look at China, let alone ask questions."

And this is really one of the most serious problems that we are facing in our society. Because that is mixed with the psychological problem of accepting that the problems we have in our own countries are mostly because of our own mistakes. But, as in story-telling, we always need to find external reasons, we need to create a monster, which is *not us*, but *someone else*, so we can blame it, so we can fight it, and then be the hero of solving the problem.

Of course, this is all imaginary. And this does not solve the situation. It may create some popular support because many people will believe the story. A large majority of people are inclined to believe the monster/hero story. This increases consensus for politicians, increases misunderstanding in the population, and it gives our countries something like a "final stripe" in making it unable to actually respond to the core root of the problem. So, it is almost as if we live in a novel of disillusion.

Different Value Systems, Same Humanity

This is what we have seen in these few months. The thing that really makes us different—I again compare our Western values with the Chinese values—the thing that really is difficult for to accept, maybe sometimes objectively, is that we live in a society where the individual, of course, comes first, where the dream is an individual dream, the American Dream is an individual dream, it's the dream of a person. In China, it's a collective dream, it's the dream of the society as a whole of the country. And yes, there is of course, an element of the individual, and people of course take advantage of it, but the general trend, the big difference I have noticed, is this collective versus individual dream.

So, we not only find it difficult to learn from this model, which is quite different from ours, but it is also a model we fear might invade Europe. But, really, we have seen little evidence of China wanting to export their social, economic and political model to Europe. Of course, they know it would never work here.

But this puts us in a crisis, because now, we are asking ourselves, “Does free trade work or not? Does printing money work or not? Does the European Union work, or not?” So far, from what I've seen, the European Union is good at solving problems created by the very existence of the European Union itself. So it is a meta-solution to a problem. There is no marginal value that is immediately visible, including maybe the “Mario Draghi” solution, during the eurozone crisis. Yes, he stopped the crisis, but the crisis was there because of the common currency. Other countries with individual currencies did not need a European Union solution: they solved it according to their own means, and pretty much everyone did relatively well.

So, the thing that really, may I say, bugs us the most

in Europe, is this philosophical conflict about so-called models—democracy or no democracy, collective versus individual.

Maybe we are starting to realize that the average Chinese person does not care very much about what we want to sell them in terms of a model. I have seen, with some exceptions of course, people in China are generally quite happy. They put value in other values differently than we do. They attach value to other things, not the things that we do. And this is something that we really—and it had been a personal effort when I was in the government, as it still is now that I am back in academia—need to try to tell our people, that not everyone entirely shares the same values. Certain values may be universal, yes, but they cascade down to the individual to different extents, in different layers of society.

Let me conclude by repeating what Helga La-Rouche said earlier. We need a Renaissance. We need to look back 400, 500, 600 years. It is from that vantage point that our European society can reemerge. This is something that I've been arguing for over many years. And I am happy to hear it being discussed again, today. This is a cultural challenge, but also a cultural asset, and we must use it. It is also one

of the potential responses to the challenges of artificial intelligence that may wipe out many jobs and many tasks. But it will find it difficult to attack the soft-skills, the arts and creativity.

The Belt and Road—I hope it is something that will help bring our two worlds closer to each other, increasing reciprocal knowledge and understanding. When knowledge increases, perceptual risk decreases. Just as in financial investments, people who are more willing to take steps, to get closer, and maybe to do more business together, more exchanges, look more at the opportunity and not at the threat.



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Completed during the Renaissance, the dome of Florence Cathedral.