
Europe's Sovereignty Threatened

Italian Government Is Brought Down

by Andrew Spannaus

With the beginning of the new year, and the sudden admission by broad sectors of international political and economic institutions that the global economic catastrophe can no longer be ignored, we are seeing an acceleration of the attempt to strip European nations of what remains of their economic sovereignty. In Germany, as denounced by Helga Zepp-LaRouche, the Parliament is preparing to incorporate the

Italian Senator: Crisis Threatens a New Fascism

Italian Sen. Lidia Menapace, who invited Lyndon LaRouche to speak in front of the Senate Defense Committee last June, commented in her newsletter on the fall of the Prodi government: "The situation is very dangerous, and to us, fascism of the 21st Century appears—that is, authoritarian democracy which oppresses and subjugates peoples, while thus far, we have been unable to put a brake to the ever more evident crisis of leadership, authority, and effectiveness of political, economic, and social balances of globalization."

In an earlier newsletter, entitled "authoritarian democracy is a product of Clean Hands," Menapace had warned that, "the threat of fascism I have warned against for months, is not a copy of the original fascism, but a process towards 'authoritarian democracy' which is dangerously going on." A very strong component of this slide, wrote Menapace, started with the "Clean Hands" scenario, a political/judicial witchhunt targeting political leaders in the 1992-93 period.

Clean Hands was first exposed by *EIR* as a British-controlled operation, aimed at eliminating the Italian constitutional system, connected to the enslavement of Italy to the supranational dictatorship of the Euro-Maastricht government and to the massive sellout of its national economy.

Maastricht budget-balancing criteria into the Basic Law, or Constitution (*Grundgesetz*); France is angling to have its Parliament approve the proposed European Constitution, which essentially codifies those same Maastricht criteria, without a popular referendum (which would surely fail); and in Italy, the government of Prime Minister Romano Prodi has just been brought down, and numerous establishment forces are pushing for a "technical" government which would slash social spending and ensure compliance with the monetarist diktats coming from the European Commission and Central Bank.

This operation, which would represent a further step toward the suicide of Europe, has been scripted by the same British financier oligarchy which promoted the Maastricht Treaty itself in the early 1990s, as a method of blocking any large-scale economic development throughout the continent, precisely at the time that the major nations on the continent—led by Germany—could have marked a decisive shift away from the disastrous post-industrial, free-market policies of recent decades, through a program of large-scale infrastructural and industrial growth aimed at extending development throughout Eastern Europe and Asia.

On the one hand, European nations have been induced to relinquish any power over economic policy. National governments must now follow the budget criteria set by the European Commission. Monetary policy and currency creation is in the hands of the European Central Bank; and the goal is to eliminate state-intervention from the economy entirely. On the other hand, numerous "chaos" operations have been launched, aimed at dismembering nations outright, or threatening such dismemberment in order to further weaken the state. The most visible such operation currently, is represented by the Flemish independence movement in Belgium, but there are numerous other situations which could be heated up at any time with the right dose of outside manipulation.

Italian Government Crisis

The acute nature of the disintegration of the real economy has created the perfect context for the government crisis in Italy. Over the past year, worsening living conditions have provided the pretext for a populist upsurge, pushed by various circles, aimed at discrediting the nation's political institutions in general, and opening the door for either a soft, technocratic dictatorship, or a more explicit, fascist-style strongman. In following a distinct pattern visible internationally, Romano Prodi's center-left government won the general election in 2006 on a wave of discontent with the inability of Silvio Berlusconi's coalition government to deal with the real problems facing the population. Not surprisingly, however, Prodi's government, although it promised a more socially oriented policy, has been unable to deliver, for two reasons: first, enormous pressure from financial circles to toe the Maastricht austerity line; and



Italian Prime Minister Romano Prodi's (left) government was toppled, as part of the drive by British oligarchical circles to destroy the nation-states of Europe. Italian central bank head Mario Draghi (right) is being promoted by those same circles to replace him.

second, the failure to face the root causes of the economic collapse.

In this situation, a large-scale media campaign has promoted a book titled *The Caste*, which details all of the privileges which Italian politicians have (money for taxis, party newspapers, cellphones, large pensions, etc.), promoting the idea that anyone who works for the state does so only for personal gain. The amount of publicity given to this book, and the various blogs which promote similar views, is staggering; in recent months, for example, this author has found himself in conversations with people from all sorts of political backgrounds, or even with no political background at all, who have spontaneously brought up the line promulgated by *The Caste*: The political class is totally corrupt, and there's no way you're going to change anything without kicking them all out.

The second pillar of this Jacobin-style offensive, is that represented by the comedian Beppe Grillo, who has served as the megaphone for the *Caste* program. His videos and widely read blog have led to the creation of a "citizens' movement" whose stated purpose is to purge all corruption from Italian politics. In a period of widespread disaffection with the inability of political institutions to resolve the problems people face in their everyday lives, such a movement is rapidly morphing into a second coming of the "Clean Hands" corruption scandals which decimated Italy's political ruling class at the beginning of the 1990s; as then, the result will undoubtedly be the elimination of what little remains of the country's political sovereignty. Corruption certainly exists, but the creation of an "anti-politics," Jacobin movement clearly plays into the hands of those who wish to break any institutional opposition to fascism in a period of crisis.

It was in this context that Prodi's government lost a confidence vote in the Senate on Jan. 25. The ostensible reason was the defection of several Senators from the party of the former Justice Minister Clemente Mastella, who, along with his wife, is under investigation for corruption and political favors in the Campania region. However, the government's survival was already in question due to threats from former Prime Minister and Central Bank director Lamberto Dini, who complained of the left's resistance to additional austerity, necessary to "shore up" the country's finances. Observers of parliamentary systems, and Italian politics in particular, will recognize the

script: small parties are able to blackmail the majority, and bring down the government whenever somebody pulls the right strings.

A key aspect in this process was the promotion of a popular referendum on changing the country's dysfunctional electoral system. The referendum, which was recently cleared by the Constitutional Court, was aimed at further weakening the role of Italy's political parties, by moving toward a "majority" system, in which party platforms would give way to more populist, media-based campaigns centered on individual candidates. This attempt to prevent Parliament from deciding on how to reform the electoral law, which was promoted by the same oligarchical crowd that is attempting to eliminate institutional resistance to free-market reforms, was a major factor in pushing small parties such as Mastella's to jump ship and force new elections before their role would be drastically reduced.

The Draghi Option

The government crisis is now officially underway, and the President of the Republic will decide what course of action to take by next week. There are essentially two options: call new elections before the Summer, while leaving Prodi as a caretaker Prime Minister, possibly with the task of modifying the electoral system; or use the electoral reform as an excuse to create a non-political, technocratic government, which would then proceed to implement "urgent structural reforms." The term "structural reforms" is code for large-scale austerity, through across-the-board cuts in pensions and other social programs. The plan is apparently to have Bank of Italy governor Mario Draghi, a former Goldman Sachs executive, and current head of the international "Plunge Protec-

tion Team,” preside over the process. Former President of the Republic Francesco Cossiga—although not known for his defense of national sovereignty in the past—denounced the scheme in a statement made the day the government fell. He said that Draghi is the real candidate to succeed Prodi, and that if he does, “we will have another wave of sell-offs of national assets.”

Support for the Draghi option is already coming from various individuals associated with the command center of the British oligarchical faction in Italy, centered around the grouping which controls the nation’s leading daily, *Corriere della Sera*. This group, which calls itself the “family,” includes individuals such as Luca Cordero di Montezemolo, the President of FIAT and the national industrialists’ association Confindustria, who has already come out in favor of a technocratic government.

Another glaring example of the radical free-market line being pushed by this crowd, is economics professor and *Corriere* columnist Francesco Giavazzi, falsely considered by many to be an authority on economics. In a webcast sponsored by *Corriere*, Giavazzi stated that the current crisis is merely a temporary blip due to an excess of optimism, as has often happened in the past, and that the important thing is to continue with “financial innovation” and liberalization, the only path towards economic growth.

Giavazzi was challenged by this author, representing the LaRouche movement in Italy. The author pointed out, that Giavazzi had forgotten to mention such details as widespread poverty, fascist dictatorships, and war. He then challenged all of the speakers to address the need to abandon the current financial system and rebuild the real economy on the basis of Lyndon LaRouche’s proposal for a New Bretton Woods. Giavazzi chose to babble on about how it would be a “disaster” to have advanced countries produce real goods, instead of services, assuming that the financial elite attending the event wouldn’t dare question his authority. Much to his chagrin, his arrogance as a lackey of the Wall Street and City of London financier oligarchy was challenged again by the next person to ask a question, who also addressed the real economy: “I would like to know,” he asked” how Professor Giavazzi plans to have 400 million Europeans survive on services alone.”

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India, China Push for Greater Understanding

by Ramtanu Maitra

Indian Prime Minister Manmohan Singh’s Jan. 13-15 visit to China took place at a time when the world was in the midst of a financial meltdown. However, his discussions in Beijing with Chinese Prime Minister Wen Jiabao did not address this burning issue, a high-level source told *EIR*, and neither did the two leaders, each representing more than 1 billion people, make any serious effort to lay the foundation for protecting their large populations from the effects of that financial collapse. For that reason alone, Singh’s visit can best be described as a missed opportunity.

In India, the slowdown of the six major industrial sectors, has already begun. In the April to November 2007 period, the core sector index grew 6%, as against 8.9% in the same period of the previous year. Most of these industries, such as power and petroleum, have been hit by supply constraints. Five of the six sectors in the index slowed, coal being the only exception. The growth rate in the index of six infrastructure industries in November 2007 halved to 5.3%, from 9.6% a year ago.

Next Door, But Still Distant

One possible reason that the two leaders were unable, or unwilling, to address these issues, is that China and India, despite their geographical proximity and the age-old interaction between their peoples, have remained politically and economically distant, and little long-term planning has taken place which involves both countries. This is despite the fact that both countries are generating wealth more rapidly now than they had done over the preceding centuries.

However, a number of important issues were addressed during this short visit. Both sides showed a great deal of interest in enhancing bilateral trade. While the trade situation may change due to the economic downturn that is stalking the world, the discussion itself indicates an attempt by each side to ensure a better life for the other. It was pointed out that China has become India’s biggest trade partner, surpassing the United States, which held that position for a long time. India-China trade reached \$38.6 billion in 2007, increasing 53% over the \$24.9 billion in 2006, adding \$13.7 billion in one year. During this period, India-U.S. trade was valued at \$34.6 billion, according to Indian government sources.

Both leaders seem confident that the present trend of trade growth will continue, and they revised their existing target of bilateral trade for 2010 from \$40 billion to \$60 billion. It must