
I. An Historical Period Without Precedent

Trump and Conte Launch U.S.-Italy Preferential Relationship

by Claudio Celani

Aug. 7—At their meeting in Washington on July 30, President Trump and Italian Prime Minister Antonio Conte launched a “preferential relationship” which goes beyond the mere affinities among so-called “populist” governments. The historical reference here is to the alliance between Italy and the U.S. sought by Enrico Mattei after the 1956 Suez Crisis, when Italy was the only European country to vote in support of the U.S. resolution condemning

France and Britain for invading Egypt. Eventually, Mattei’s efforts were successful under the Kennedy Administration and Aldo Moro. (See *EIR*, June 5, 2009: “[Mattei and Kennedy: The Strategic Alliance Killed by the British](#)”).

The current U.S. and Italian governments are expressions of the voters’ reactions against the same neo-colonial forces, including the European Union, which in recent times have brought us “regime change” wars in the North African/Middle Eastern theater and, through their bankrupt economic policies, have produced deindustrialization, unemployment and poverty.

Prime Minister Conte was greeted by a LaRouche PAC welcoming committee on his arrival at the White House. LPAC organizers displayed a large banner saying “Benvenuto Prime Minister Conte—Go Glass-Steagall!”—referring to the financial reform contained in the Italian government program. Conte waved at the sight of the banner, which was covered by some Italian news agencies.



White House/Stephanie Chasez

President Trump welcomes Italian Prime Minister Conte to the White House on July 30, 2018.

At the joint press conference of the two leaders, President Trump stated that the United States recognizes Italy’s leadership role in the Mediterranean, while Italian Prime Minister Conte announced that a joint U.S.-Italy “steering committee” has been established to stabilize Libya, confirming what he had previously said on background to a group of Italian journalists.

The new “axis” between Italy and the Trump Administration has freaked out the

EU establishment. Exemplary is a July 31 commentary in Germany’s *Die Welt*: “Conte is now Trump’s man in Europe. His best friend on a continent which he just called an enemy. A new axis seems to have been born: Washington-Rome. It will stand against the old Berlin-Paris axis. ‘We are now partners,’ Trump said. It is a partnership against the dominance of Germany and France, of Angela Merkel and Emmanuel Macron,” *Die Welt* wrote.

The German liberal daily is correct: Italy and the USA are building a partnership against the old Berlin-Paris axis. However, the Berlin-Paris axis is no longer what it was when it was founded under De Gaulle and Adenauer. Then it was a partnership between two countries seeking the “benefit of the other” and the well-being of their own populations, but it has transformed itself into its opposite under the influence of the City of London.

In this respect, Rome’s choice to decouple itself *de facto*, albeit not yet formally, from the Franco-German dominated EU and seek the backing of a powerful ally in the USA, has no ideological color. It is not only Ma-



LPAC

The LaRouche Political Action Committee rallies in support of Italian Prime Minister Conte. Washington, D.C., July 31, 2018.

chiavellian in its highest meaning, but can and must be seen as the beginning of a liberation war.

Both Trump and Conte had stressed the significance of their bilateral relations in their joint press conference.

Trump said, “Today, Prime Minister Conte and I are pleased to announce a new strategic dialogue between Italy and the United States that will enhance cooperation on a range of issues. This includes joint security efforts in the Mediterranean, where we recognize Italy’s leadership role in the stabilization of Libya and North Africa.”

Conte said that both parties had agreed to set up a “steering committee . . . in the Mediterranean between Italy and the United States. I would say that we’re almost twin countries, in which Italy is becoming a reference point in Europe and a privileged interlocutor for the United States, for the main threats and challenges that we have before us—terrorism—and for all the crises that we see in the Mediterranean and, in particular, in regards to Libya.

“Secondly, the American administration also recognizes that Italy has a leadership role as a promoter country that will lead to the stabilization of Libya. And of course, this with great respect for the Libyan population.”

Later, Conte announced that “we are going to organize, in agreement with President Trump—I’m going to organize a conference on Libya. We would like to deal with and discuss all of the issues relating to the Libyan people, involving all of the stakeholders, actors, and protagonists in the whole of the Mediterranean. We are going to discuss economic aspects but also social aspects; the protection of civil rights; the problem of constitutional process, of issuing and passing laws [inau-

dible] to enable Libya in particular to get to democratic elections in a condition of the utmost stability.”

Conte also announced the development of a commercial spaceplane as a joint U.S.-Italian industrial project. “I personally am sure that we can increase and improve the relationship with the United States at all levels, and in particular, in the space and aerospace fields. We already have a great partnership between the Italian Space Agency and NASA, so we hope that aerospace will bring together American technology and Italian technology, so that we can launch a new aircraft that will cross the atmo-

sphere, and will be able to bring the United States and Italy together in an hour and a half.

“This is a project that I’d like to discuss in detail with the American administration,” he said.

Italy is currently developing the Space Rider project, a sub-orbital re-entry vehicle which needs a rocket launcher to reach about a 400 km (240 mile) altitude, and has an agreement with Virgin Galactic to participate in the development of Virgin’s own spaceplane.

Whereas these projects rely on existing technologies, a real breakthrough would be the development of a “scramjet,” a hypersonic plane in which engine combustion takes place in hypersonic airflow. Italy has a great tradition in scramjet research through Antonio Ferri, who first worked in the first-ever supersonic wind tunnel in 1937-40 in Italy, and later, in the U.S., pioneered groundbreaking research on hypersonic thermo-fluid dynamics.

Italy/France Contradictions Over Libya

Stabilizing Libya is of utmost importance for Italy, both on commercial (Italy imports 23% of its oil and 10% of its gas from Libya) and security grounds. Libya is the main base for the human traffickers who organize mass illegal immigration through the Mediterranean, and it harbors ISIS or ISIS-allied groups which are a potential terrorist threat.

The main responsibility for the chaos in Libya rests on former French President Nicolas Sarkozy, who launched the war against Libya in 2011. France has never apologized to Italy for today’s refugee waves, but on the contrary, has hampered Italian attempts to share the burden. This took spectacular dimensions when



EU

Emmanuel Macron, French Prime Minister (far right), and Federica Mogherini, High Representative of the European Union for Foreign Affairs and Security Policy (center), with other participants at the International Conference on Libya, at the Elysée Palace in Paris, France, May 29, 2018.

President Macron's party spokesperson characterized the Italian decision not to let an NGO refugee ship enter Italian ports as "nauseating."

Previous Italian governments, while they saw the French attempts to expand its sphere of influence in North Africa, did not challenge them lest they break the hypocritical "European consensus." But the current government has decided to draw a red line and act on its own initiative.

Thus, when Emmanuel Macron, without consulting his EU allies, convened a summit of Libyan rival leaders in Paris last May 29, and had them agree on a schedule for presidential elections, Rome decided it was time to act.

Last July, three members of the Italian government visited Tripoli: Interior Minister Salvini, Foreign Minister Moavero and, on July 24, Defense Minister Elisabetta Trenta. During her meeting with Fayez al-Serraj, the Prime Minister of Libya recognized by the UN, Trenta said Italy opposes the holding of elections next Dec. 10 as agreed with Macron. "I believe that the reconciliation process in Libya must be inclusive," Trenta said in the meeting with Serraj. "Therefore, I think that talking about new elections before completing such a process is a mistake. Afterwards, we would still have the same problems, in Italy as well as in Libya."

During Trenta's visit to Tripoli, local media reported that France intends to establish a military base in Libya, a report that was confirmed to *Huffington Post Italia* by Tripoli government sources.

Italy has now resumed the friendship and coopera-

tion treaty signed by then-Prime Minister Berlusconi with Qaddafi in 2009, which includes Italian investments in roads, hospitals, etc., as a compensation for the colonial period. In addition, Rome has provided Tripoli's coast guard with twelve patrol ships to be able to control its sea borders.

Rome has so far had privileged relations with the UN-recognized government in Tripoli, but it intends to also involve Serraj's rival, General Khalifa Haftar, the head of the Libyan National Army, who controls the eastern part of the country. Defense Minister Trenta said that she will soon meet Haftar. Interior Minister Salvini's recent meeting with Egyptian President Al Sisi, Haftar's main sponsor, goes in the same direction.

Also, Trenta was reported in the media as giving "full support to the process of unification of the armed forces, a process that must involve all security players who want to participate in the defense of the state. The monopoly of force must belong to the state."

This complements the conditions demanded by Haftar and the Tobruk parliament, and opposed by armed militias, including some militias currently backing Serraj.

The Tripoli government recently joined the Belt and Road Initiative, a decision which was welcomed in Rome because it offers a development perspective for reconciliation.

Italy Under ECB/EU Blackmail

The second front where Washington could help Italy is the economic/financial situation. The Conte government wants to pull the Italian economy out of years of stagnation with a modest investment program, but it is facing EU opposition. EU rules do not allow deficit spending, and therefore Italy is facing a confrontation with the EU on the budget. In addition, in five months the ECB will suspend its Assets Purchase Program (resembling "quantitative easing"), and in many circles nervousness and speculation is increasing on how the Italian "populist" government will react to a new bond crisis. Especially in Germany, fears are growing that in the worst case scenario, Italy won't honor its "Target 2" liabilities, whose main creditor is the Bundesbank.

Target 2 is a clearing system inside the Eurosystem, the system of euro-area central banks, and is a fraud in and of itself. Under the Target 2 system, the European

Central Bank (ECB) buys government bonds from banks. The banks are accounted a credit at the ECB (i.e. money), but the ECB places an equal liability on the account of the national central bank of the nominal assets. In other words, the ECB acts as a foreign bank to all members of the Eurosystem. No other central bank in the world acts like that. It is as though the Federal Reserve, which also purchases assets by issuing liquidity, demanded that someone else cover the costs.

Under Target 2, the Bundesbank has accumulated the highest credit towards the ECB: 976 billion euros, and the Bank of Italy the highest debt at 465 billion.

Some German economists, such as Thomas Mayer from the Flossbach von Storch Research Institute, and Clemens Fuest of the IFO institute, are spreading the fear that in the end, since countries such as Italy will not be able to foot the bill, either the Bundesbank will never see that money, or else there will be a big writedown. Instead, they propose that the Bundesbank unilaterally withdraw from the Target 2 system.

In reality, if such accounts ever do have to be balanced, the central bank with the liability can always sell the bonds in order to pay the bill—probably at a loss because the value of such assets would fall, but in the case of exiting the Euro, this could be done with a relatively minor issue of national currency.

The question is complicated and weird enough so that public opinion gets confused by opposing propaganda, especially because everything is discussed from the monetarist standpoint of money as value-in-itself. The most important rumors flow from the City of London, where the bulk of the speculation on these scenarios takes place. But it is a reflex of the preparations for the big crisis ready to explode at the end of the year.

On the other side, the Italian daily *Corriere della Sera* has reported rumors that Italian Treasury Minister Giovanni Tria is planning to visit China to discuss the possibility that Beijing might help sustain the Italian government debt after the end of ECB purchases. This has not been confirmed, but it is plausible because Tria has good connections with China.

Someone should suggest to Tria a scheme to have the



Giovanni Tria, Italian Minister of Economy and Finances.

wikipedia

Chinese buy Italian debt, and re-invest it in a newly created Bank for Infrastructural Investments, to finance for instance the infrastructure in Southern Italy which the Chinese already wanted to build in 2011, but which were vetoed by the EU and by Hillary Clinton.

The Domestic Fifth Column

As if it were not enough to have so many friendly enemies in the EU, the new Italian government has a fifth column inside it, represented by the

radical anti-growth faction of the Five Star Movement (M5S). The Five Star has always campaigned against big infrastructure, such as the Turin-Lyon high-speed line (TAV) which is under construction, or the Trans-Adriatic Pipeline (TAP), which is intended to carry gas from Azerbaijan to Southern Italy. Some of the leading activists against such projects are now in the government, such as Transport and Infrastructure Minister Danilo Toninelli, or Mezzogiorno Minister Barbara Lezzi. A brawl has now broken out in the government between those two M5S representatives and their Lega coalition partners, as Toninelli and Lezzi have called for stopping TAV and TAP, while the Lega, through its leader Matteo Salvini, said the projects should go on.

To stop the Turin-Lyon TAV would be suicidal for Italy. It is essential to connect the port of Genoa, which has been identified as one terminal of the Maritime Silk Road, with the Trans-European Corridors 3 (Lisbon-Kiev) and 5 (Rotterdam-Genoa). Connections already exist, but they are obsolete as concerns speed and capacity. For instance, the current Turin-Lyon line goes through a tunnel that was built in the nineteenth century, and does not accommodate modern container size.

Another project under construction, the “Third Pass,” is also opposed by the M5S. This is a new line, parallel to the existing one, going from Genoa through the Appennine Mountains to the Piedmont and Lombardy regions, intersecting the already-mentioned Corridor 3 and completing Corridor 5.

If Prime Minister Conte and others do not succeed in solving the conflict, this might even bring down the government, to the delight of Brussels, Paris and Frankfurt—and London.