

EUROPE'S RESPONSE TO THE CRISIS: OPTING FOR A "EURO-MEDITERRANEAN" SOLUTION. ADVANTAGES FOR ITALY.

The end of the old order and its consequences

With the end of Cold War, the world as defined by the post-World War II order came to a close. These changes also produced a final and irreversible end to a colonial period that was defined by the Industrial Revolution and the so-called "*Ancien Regime*."

The post-colonialism transition saw open differentiations between the so-called First, Second and Third Worlds and witnessed a widening of the gap between developed nations and those politely defined as on the road to development.

The end of the old order also ushered in two transitional decades that the United States sought to manage unilaterally. This global governing effort, largely unsustainable, helped generate tumultuous and largely unregulated globalization. On the one hand it unleashed the fierce economic energy of new global players (India, China, Brazil), on the other it provoked imbalances that have increasingly proved unmanageable.

These new realities helped bring about the crisis that finally exploded in 2008 (though the terrorist attacks on Sept. 11, 2001 had already sounded alarm bells). The configuration of the world was irreversibly altered, and with it the global map of political and economic ebb and flow. Relationships and trade patterns changed.

To be comprehensively aware of what has happened demands acknowledging one thing above all others: that whatever the outcome of the global crisis, the world that existed before it will bear no resemblance to the one that exists in its aftermath.

What will soon come to be known as the post-Pittsburgh world will have a radically different look with respect to its pre-Pittsburgh version. The first task is to speed up recovery and facilitate ways out of the crisis based on an understanding of the planet's altered configuration.

To do so, it's vital to put aside the easy illusion that this crisis resembled the many that came before it, and can overcome using tried-and-true logic and century-old response patterns.

The post-Pittsburgh world order

The worldwide order in the pre-Pittsburgh oversaw a phase of human development tied like many before it to a classic historical paradigm that the French historian Ferdinand Braudel encapsulated best. Based on this order, a limited number of protagonist states drove global development by exploiting weaker outlying regions (these were numerically in the majority from a demographic point of view).

The outlying regions were exploited both territorially and in terms of the management and domination of their of natural resources and their human capital.

During this phase of history, the “center” — that is, the area composed of the protagonist states — substantially possessed a common religious and cultural identity. Its central core became know as “the West” and was represented in practical terms by the entity known as Europe.

The Pittsburgh Post-world changes this paradigm.

Developmental competition and human progress has been expanded past the vicissitudes of West states to include all societies on the planet. The world’s states have been reconfigured into clusters and regions whose nations find themselves in more or less similar situations. Today’s world in essence numbers three major clusters, East Asia, South Asia, and Latin America, which are in turn organized around India, China and Brazil. This is “regional globalization.”

Each cluster has its own kind of economic and social dynamism. Each also has the necessary energy to focus on competing in the global marketplace. Developmental delays on the domestic front represents a market potential in their own right, since nations can invest in themselves. This in turn spurs overall competitiveness.

Region-by-region, the dynamism has helped foster rapid convergence between developed and so-called emerging market places. In East Asia, for example, there has been a lightening-fast confluence in the economies not only of China, Japan and South Korea, but also those of Taiwan, Hong Kong, Singapore, with Thailand and Indonesia on the horizon.

The pattern also explains stark changes in the arrangement of the global map. First off, the trans-Atlantic axis has turned into a trans-Pacific one; second, movement along the Eurasian axis (the old Silk Road) has helped return the Mediterranean to a central role — particularly the eastern Mediterranean — after more than five centuries of dormancy.

In practical terms, the new global configuration of the world poses the greatest threat to Europe, in particular that part of Europe (the Carolingian Europe, as delineated from the first phases

of European integration during the Cold War) that saw itself as among the key players in the old Braudel paradigm.

Much has changed. That Europe can no longer count on United States, as it did in the immediate aftermath of World War II. The U.S. has to some extent already begun adjusting to the new configuration, focusing on its trump cards, namely military and financial influence, as well technological advancement. It has already repositioned itself regionally (consider the NAFTA agreements), laying the groundwork for a North-central American axis, while also reorienting its Pacific strategy (better ties with China).

Based on this evolution, Europe has two choices. It can opt for a defensive, conservative response, which might be dubbed “Baltic Retrenching,” namely laying back regionally in an attempt to slow the emergence of the new configuration by pretending it doesn’t exist. But such a response risks subverting not only the European integration project but also unleashing dangerous tensions with its own midst (the Greek crisis stands is a good example).

The truth is that Europe has only one way to cope with the paradigm shift. It must expand the horizons of integration east and south, developing what might be called a Euro-Mediterranean strategy. What this means in essence is extending the conceptual geography of enlargement further east while still maintaining the overall concept of the European unity. It means seeing enlargement as extending south toward what’s generally called the “Greater Mediterranean” (namely, beyond common Mediterranean confines, to include the Black Sea, the Caucasus, the Caspian Sea, the Middle East, the Red Sea and the Persian Gulf). Naturally, this means a quantum leap in thinking when measured against the goals of the Barcelona Process and the later Union for the Mediterranean. It means not only widening horizons to countries that were previously not factored into Europe, but also challenging existing institutional models and revising the long-held logic of integration.

That means moving in the direction of “variable geometry,” which is to say away from a strictly federal model to one closer to the values possessed by confederation and based on the dicta of intergovernmental cooperation. It would also entail irrevocably accepting the concentric circle notion of expansion and ditching the classic concepts of cohesion that for decades were depended on policies of proximity alone. These old precepts would be traded in for efforts to promote unification at broader level, an enterprise focused foremost on trade, financial concerns, the growth of economies, and the establishing of a monetary order. Practices commonplace during the Cold War and in Carolingian Europe would be in essence adjusted for use on a different scale and

applied to a different context.

This in turn would permit the creation of a regional hub whose population would be comparable to those of its major new global competitors. Its internal dynamics would reflect those already in evidence in other major regional areas.

There is already been some evidence to support the development of this kind of thinking, and the trend that underlies it (see the attraction of the model used by Dubai or Qatar). Economic data between 2000-2007 (the years before the global downturn) showed dynamic growth among the economies of Mediterranean countries.

In fact, it's fair to label the prospect of a Greater Mediterranean as a "fourth emerging economy" that is beginning to display signs of growth and consolidation noticeable among lesser-developed East Asian nations. These signs were accelerated further by the advent of the crisis. There's no reason the Asian development process can't be replicated.

Naturally, adopting such an anti-crisis strategy — which from our vantage point represents the only hope for the future as well as ushering in a raft of advantages — first demands a thorough risk and opportunity assessment.

Problems faced by a Euro-Mediterranean strategy

The main dilemmas faces by such a strategy may seen as falling into two main groups, which are summarized briefly below.

a.) First up is the difficulty inherent to convincing Europe's elites (and with it public opinion) that such an epochal transition is vital to the best interests of the region. The risk of close-minded, defensive reactions is obviously very strong. Historical transitions of this magnitude are never easy to bring off. The difficulties faced over the years by Turkey in its efforts to join the Europe Union represent a cautionary tale. That undertaking is obviously closely connected with the implementation of any Euro-Med strategy.

b.) Second is the matter of ensuring that logic and dialogue comes ahead of all else in efforts to connect European and Islamic societies, since Islam is the religion practiced in most of the nations that would eventually represent the Greater Mediterranean (it would also mean overcoming the problems posed by the ongoing Israeli-Palestinian conflict.)

At the same time, these undeniably immense difficulties can also be read as arguments in favor of working toward the goal.

In response to the first point, a case can be made that in the post-Pittsburgh world, choices grounded in defensive reactions or in the politics of exclusion will inevitably lead to defeat. Inclusion and integration is the key to success.

In the second matter, it's worth considering that the matter of the ties between civilizations, and specifically tied with Islamic societies, represent not only a prerequisite for any European model, but for creation of a stable and governable world (particularly given the dimension and role of the planet's Islamic population). A clear and direct European decision direct attention to the issue is fundamental to maintaining the centrality of a European role (and not just a marginal one) in any future global political balance.

Accepting a new sense of geography is, among other things, the only way to positively address the question that is most likely to pose the deepest threat to social stability, namely the handling of migration, which is the child of demographic imbalance.

If the option of literally sealing off European borders is definitively discarded, then the only one that remains viable is the creation of more manageable southern borders for Mediterranean nations. Governments located along those borders would then be able to act more efficiently in managing the influx of migrant from Sub-Saharan Africa. Moreover, the inclusion of citizens of these countries into a single labor market, another key ingredient of the Greater Europe idea, would help encourage the dynamic development emerging economies. Once again, the concept depends on inclusion.

Benefits and implementation of a Euro-Mediterranean strategy

The most significant advantage of the strategy we propose is the adoption of a paradigm more in keeping with future competition and progress. It creates the prospect for conditions that would permit Europe to enjoy far higher growth rates than the kind it has seen over recent decades.

This results in part from the specific opportunities offered by the region under discussion and more specifically from the complementary characteristics of the different countries concerned.

The first opportunity is tied to demographics:

Europe's current population dynamics can be described in terms of having "negative demographic dividends," which inevitably slows growth rates. What we call the Greater Mediterranean would instead offer strong a "positive demographic dividend," literally the opposite, with concomitant advantages.

Better conditions for human mobility and better government over the process itself can create further synergy (this mobility should also include the retirement age population located mostly in Northern Europe, senior citizens who are looking more hospitable climates of the kind that Mediterranean countries are known to offer.)

More opportunities arises from the fact the Greater Mediterranean possesses most of the planet's reserves of fossil fuels, which would give the region as a whole a vital strategic advantage over the next half-century of development. The development Greater Mediterranean's economy would be largely contingent on the availability of fossil energy (oil and natural gas).

Naturally, economic strength associated with these resources would bring with it both geopolitical and geo-strategic advantages. The exploitation of available energy resources would make available large amounts of capital that could then be invested in economic development, thus transforming the face of the entire region.

Europe, because of its technological strengths and overall productivity, would find itself ideally suited to serve a market that in historical and geographical terms could gradually become a kind of Euro-Mediterranean in-house market, helping industries within that market, and the region itself, to compete with rival economic hubs

This Greater Europe, within the context of the new rules of global competition, would possess what amounts to a self-made domestic market at its doorstep. Infrastructure and urban development needs would be high and generate parallel industry. The product of this industry could then stand in for markets that are gradually becoming less accessible as a result of transformation and local regional needs (this includes producing countries in East Asia, South Asia and Latin American — and, later, possibly those of Sub-Saharan Africa).

The unity generated by the Greater Mediterranean project would also offer new opportunities in terms of agricultural production, manufacturing, and the widening of the services industry. Demand would result from demographic shifts. The environmental characteristics of the countries would lead to the relocation of secondary and tertiary industries, based on the obvious advantages of geographical proximity.

In a word, the opportunities and advantages staked out by the creation of a Euro-Mediterranean region are manifold.

But reaching these goals and properly exploiting the opportunity at hand means immediately setting up short and medium term goals (focused on the year 2030, say). These goals must be based on concrete and appropriate policies that are conceived in terms of their usefulness to

Mediterranean countries, but more importantly to European countries, particularly those of Northern Europe.

A priority-action plan should have four main objectives:

a.) A hard and soft Euro-Mediterranean interconnection plan (Trans Mediterranean Networks) that lays out pointers toward the development of north-south and south-south integration.

b.) The creation of a “common” tertiary area for training and research, which by its existence would presage for the creation of the integrated labor market. Such a common ground would help promote the circular migration mentioned above.

c.) A Euro-Mediterranean energy policy that in addition to defining rational ways of tapping fossil fuel resources simultaneously also seriously promotes the use of renewable energy, with a special focus on solar energy.

d.) Creating financial institutions that could facilitate the able to circulation of the capitals, necessary to promote and sustain infrastructural and economic development.

The starting point: Urban development

In an effort to avoid further failures — and the past is littered with them — the transition from theory to practice must be based on trends that are not only feasible but can help verify the strengths of the overall strategy itself.

Urban development is the logical candidate to prove the validity of the plan.

Rapid urbanization is the focus of development not only in the Euro-Mediterranean region, but the world over. Its far-reaching demands helps create visible developmental markers, which in turn make it easier to verify the efficient interaction between economic processes, social and cultural change.

As occurred in Europe between 1816 and 1973, the years between 1989 and 2030 will see wholesale changes in the urban development of so-called emerging economies. These changes will be characterized not only by their speed but the extent to which they will involve hundreds of millions of people.

In the Mediterranean alone, the phenomenon will involve more than 100 million people over the next two decades. The ways in which this phenomenon is managed will help determine its direction and velocity, and the way individual societies respond to it. Beyond its economic impact,

how the paradigm shift is managed will have far-reaching social, environmental, lifestyle and even political effects on the nations in question.

If logic of “slums” or “favelas” is permitted to prevail, so will disorder and disintegration. If by contrast more rational models of environmentally sound management are introduced, there’s greater hope to be had for the future. The idea is to seek convergence between those who had first access to development and newcomers who seek to profit from it.

Synergy and convergence: These are the fundamental watchwords toward the development of a more sensible and sustainable urban environment in Euro-Mediterranean terms.

Preconditions for implementation

It’s unthinkable that the push toward the adopting of such a strategy would come from Scandinavia nations or the Baltic States. Italy's role must be a decisive one. Italy stands to benefit from the strategy (it also faces significant risks, by contrast, if the Baltic retrenchment will prevail).

A further decisive step would be to convince Germany of the wisdom of the strategy. The key to this would be to explain to Germany that no contradiction exists between the wish to extend eastward to Russia and beyond (towards the Caucasus and Central Asia) and the logic of Euro-Mediterranean integration.

It’s time to admit that if Germany chooses a different path, it is destined (following the logic of a Germanic Europe as opposed to a European Germany) to preside not only over the downgrading toward the idea of intergovernmental Europe, but perhaps also to leave the door open to nationalist-driven European disintegration. That would make Europe into a battlefield of competing interests in the multi-polar world of the future.

Each of the preparatory steps to foster the development of this strategy are in Italy’s best interests and presuppose a more active role by Italy as a whole toward achieving the strategy’s end-goals. There’s the need to work toward the completion of the enlargement process towards the Western Balkans, which in turn represents the final stage of post-Maastricht integration and can be seen as the first stage of the Euro-Mediterranean strategy. There is also Europe’s ongoing commitment to the Turkish question and similar European projects that are finally nearing fruition, including (after a decade of negotiations) a trade pact between the European Union and the Gulf Cooperation Council, as well as the prospect of enlarging of the Mediterranean Union to include Iraq.

Consequences in Italy, and on Italy

How Italy stands to be affected by the implementation of the Euro-Mediterranean strategy can be summed up in these points:

a.) First, the strategy stands to greatly benefit industry and production-rich north Italy. Among the consequences of the paradigm shift in global trade has been the end of an international division of labor model built in mid-20th century Europe. That model, now all but blown apart, was largely based on tight linkage between the German industries of northern European and those of northern Italy. It must now be replaced by new relationships and new potential markets for Italian goods along with, and in competition with, Northern European and German industry.

In objective terms, the Euro-Med strategy stands to deliver competitive advantages to Italy's industrial North, based both on that area's geographical location and the characteristics of the potential markets for its goods (particularly in regard to urbanization).

It will also facilitate the inevitable passage from the district to the chain model.

b.) The strategy would expand the role of the Adriatic Sea and its chain of ports based on the new global map of trade flows, accelerating interaction between Italy and the Balkans. In terms of trade, this would make for easier penetration of Central and Eastern Europe markets (the Baltic-Adriatic corridor), as a result benefiting Adriatic port facilities. The northeast port corridor could compete more effectively with that of the northwest.

A precondition for turning all this theoretical potential into reality is the installation of a more focused model of infrastructure management and development, one that is coordinated based on a larger strategic vision.

This would help give Italy's two major infrastructural choices — the Brenner Tunnel and the planned bridge over the Strait of Messina, linking the Italian mainland to Sicily — a greater sense of overall purpose. These two projects can live up to their expectations in terms of expenditure and effort only if they're made to supplement one another.

c.) Above all, the strategy would give new meaning and rationale to policies that need to be implemented in regard to Italy's south.

Europe's adoption of a Euro-Mediterranean strategic would overturn the long-time policies applied to the south. The logic of the south lagging behind would no longer make sense. It could then begin to overcome its gap with north Italy and Europe, returning to occupy a central role (as history and geography shows it should) based on unity and synergy in the context of the Greater Mediterranean.



This would fundamentally change the relationship between European resources and the needs of southern regions. A logic based on redistribution would be altered to one based on productive investments, with the prospects of higher returns.

These adjustments would also help make a better case for Italy's federalist transformation and for fiscal federalism: the rich North's future would also depend on the South's role in enabling the strategy.

Once again, the precondition for forging ahead is the ability to transform ideas into action in an effective and timely manner. Potential must be seen in terms of the reality of its accomplishment.

For the third time in history, after Greece and Rome, after Frederick II and Venice, there's a chance for Southern Italy to once again become a decisive ingredient in the course of history by playing a pivotal role in the progress of this part of the world.