

## Could Italy be the Pivot?

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When the US engineered a coup in Ukraine it captured a region that had been an integral part of Russia for centuries – A land so close to the main centers of that country that no anti-missile system launched from the puppet state could prevent their destruction – It produced a series of world historic events primarily because the Nato gang underestimated its enemies.

The Russian economy did not collapse. Instead it reoriented its economy eastward. China, understanding that a Russian surrender would mean they were next, came forward with support. And the rest of the world -- Asia, North and South America -- began experiencing a surprising wave of Schadenfreude -- finally the world's most insufferably righteous moral fraud was being brought down to its vile reality -- a beast with a dying corrupt form of capitalism that now remains alive only through military bullying launched from its 800 foreign bases.

It appears that Americas weakest link will be exposed in Europe. Many of those nations expected a quick capitulation by Russia. When that didn't happen they have had to experience the effects of being cut off from Russian fuel and food. Germany has been most affected because a Russian natural gas pipeline completed primarily for their benefit now that they have eliminated all but three of their nuclear reactors has been placed in mothballs on US demand, and the one functioning line has be shut down periodically for 'maintenance.' Taking lukewarm showers in a hot summer is not so bad but will be unbearable in a few months. To make matters worse they have a pathetically weak Chancellor in Scholz. Today Economy Minister Habeck (a Green) was shouted down and called a warmonger in a speech defending the policy.

But Italy appears to be the country that will be first to bolt from the pack. Italian per capita GDP, measured in constant international dollars, has never recovered from the 2008 world economic collapse, and is now at it lowest point in the 14 years since the crisis. Recently 8 union leaders were placed under house arrest for organizing a strike wave and protests at Italian ports halting shipments of military supplies to Ukraine.

Mired in a no growth economy for years and now experiencing the after effects of Nato's criminal endeavor in Ukraine, the country now has lost a government (Draghi, the asshole that failed miserably as the head of the EU's central bank), and it appears that some sort of authoritarian regime will be installed unless the Italian masses are able to create a stronger opposing force.

In a recent piece by Paul Krugman in the *Times* he writes that "... *one of the continent's major nations seems about to go off the deep end.*" And then – "*On the other hand, how different is Italy from the rest of us?*" The problem he says is the rise of anti democratic forces in the West – which is to say, the horrors committed by those 'democratic' forces must be accepted as the new normal.

But we must note that when a person as prominent as Krugman writes such things as the following: "*Italy's political fragmentation — and the apparent inability of the center-left to get its act together despite the clear and present danger from the right — may bring authoritarian parties to power sooner than elsewhere. But maybe not all that much sooner: It's not at all that hard to see how American democracy could effectively collapse by 2025.*"

### **July 2022: Best Month Since 2020**

For the markets. The real economy is totally negative with third quarter GDP down 0.9%. Traditionally two negative quarters meant we were in recession until that bit of negativity was technically eliminated. We have had consistent inflationary growth since March 2021. Growth from this March through June 2022 has been 7.9%, 8.5%, 8.6%, 9.1%. Note that the rate of increase seemed to be slowing down between April and May only to leap up in June. Therefore, there is no evidence that the Fed tightening has done a bit of good, and instead it supports the alternative view that there have been issues getting goods from source to markets. As the above piece attests – we are entering a realm where the politics and economics of capitalism have reached a state of such brain dead idiocy that anything may happen. Be prepared.

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