

Federico Romero

## Rethinking Italy's shrinking place in the international arena

ABSTRACT: Italy's foreign policy is still shackled by two features inherited from its modern history: an obsessive focus on rank and prestige, and a no less delusional faith in the redemptive character of the EU and other multilateral arrangements it belongs to. The "middle power" foreign policy model elaborated in the 1980s had a rationale of its own but it can hardly be adapted to the globalized world, nor can it be sustained by a deteriorated economic and societal domestic fabric. Italy has to rethink its basic national interests, adapt its foreign policy tools to new concepts of relevance and influence, and focus on a long-term, concerted effort at domestic regeneration if it is to withstand the challenges of the globalized world we live in.

Italy always strove to regard itself and to be recognized as a European power. Ever since the *Risorgimento*, its key foreign policy goal was its definitive ascent into the restricted club of the major powers. In bipolar times the goal was scaled down to a more modest "middle power" position, but the inherent logic remained the same. Today we seem reluctant, perhaps even unable, to accept that such a grand model was predicated upon resources Italy seldom had and, above all, upon a world that does not exist anymore. It is therefore perilously out-dated. The problem is that such an idea – rather, such an idealized ambition - is at the core of the national paradigm since unification.

We can see this disconnect in the way Italy's public debate tries to grapple with current and future international challenges. Rather than metabolize the main historical transformations we lived through, political and media elites seem set on skirting or at best postponing a serious reckoning with their implications. Calls to prove once again that Italy is a "great country" often resonate in media-speak and political rhetoric, as though a country's greatness flowed just from its past or its will, with no relation to its resources, other actors and the overall international environment. In a comparative assessment – the only one that really matters - Italy is by any measurable standard (be it economic, demographic or strategic) a smaller, weaker, less influential country than 25, 50 or even 100 years ago. For the very obvious reason that decolonization and globalization have wiped out Europe's centrality and brought forward new powerful protagonists. The very idea that a nation-state of Italy's size and resources belongs among the "great" ones might gratify our self-perception but defies 21<sup>st</sup> century reality.

In spite of its grandiloquent self-image, Europe is decentred by the rise of emerging economies that are also on the way to become policy giants. Italy itself has experienced a very problematic quarter-century of *de facto* stagnation, during which it largely missed the key innovative dynamics of the cycle of globalization we live in, and lost ground vis-à-vis its European partners. Its presence in the most advanced industrial and service sectors has shrunk. It regressed in terms of research, skills and technological prowess. Its financial solidity and credibility was substantially degraded. Its voice in the international arena – never a resounding one – is little more than a well-meaning (and too often whining) whisper. Its global image does not go beyond food, fashion, historical heritage and, alas, corruption.

We are becoming a less relevant player and we sense that the trend will intensify in the foreseeable future. And yet we do not really translate such a foreboding in a full-fledged reconsideration of our foreign policy parameters. This is partly due to the enduring power of media-driven stereotypes that are repeatedly recycled for domestic political competition. During the Euro-Greek drama and then the refugee crisis commentators of every political hue rushed to deprecate Italy's absence from high-level Franco-German deliberations, as though this was unprecedented or unrelated to Italy's precarious financial position. So far Italy has not managed to either force or persuade India to settle a minor but symbolically charged friction, but no public figure can afford to draw the obvious conclusion, disown our glittering self-image, and still come out unscathed. However, our cognitive disconnect derives also from a persistent delusion about the redeeming effect of the international clubs we belong to, particularly the EU. Italy has a long tradition of trusting the EC\EU to obviate the country's shortcomings. At its most extreme, it is a deep-rooted faith in the narrative that "Europe" would fully replace its constituent but aged nation-states. Inherent to several of our traditional political cultures, this notion grew almost into a truism in the post-1989 heady days of European reunification and re-foundation. In particular, it became the uncontested world-view of Centre-Left politicians and pundits. A European currency, a European foreign policy and ultimately some sort of political union would finally build the strong, powerful subject with which we could confidently sail through the global. If the nation-state was being shrunk by globalization, a larger European Union projecting regional hegemony was the obvious – albeit slightly mechanistic – answer. It was in this broad framework that under Romano Prodi's leadership the Centre-Left rationalized its decision to join the Euro as the key to a brighter and safer future. Even the emergence of domestic discontent and estrangement, often stridently voiced by the Centre-Right, did not truly dent the cultural purchase of this European faith. Then we came to discover, in rapid succession, that the Eurozone operated as an inherently deflationary and severely constraining fiscal cage. That diverging national representations and discourses, far from being vanquished, had actually been strengthened within a less and less harmonious EU. That Germany stood tall at the centre of the enlarged EU, setting stringent rules and showing little compunction in pursuing its national interest at the expense of every diverging option. That enlargement had also widened the gap between foreign policy priorities within the EU (containing Russia or controlling Mediterranean turmoil?) to the point that they appear mutually exclusive. And finally, that our partners could be contemptuously dismissive of our key interest on migratory issues, at least until the latter directly hit them. Thus, we could do worse than question our conceptual premises, rethink the extent to which our deeply held beliefs truly relate to our current and foreseeable condition, and eventually jettison some untenable delusions. In particular, we should squarely face the possibility that our nation-state - albeit weak, unwieldy, and depressingly clumsy – might very well be not so much the ultimate but perhaps the main or even the sole resource to ride, or just withstand, the waves of globalization.

### **The "great country" discourse and its foreign policy**

Let us go back a bit and consider the 1980s ascent of the “great country” rhetoric, and the concomitant consolidation of a “middle power” foreign policy model.<sup>1</sup> Both rested, at least initially, on some plausible foundations and aspirations. The rhetoric responded to, and tried to make political capital of, the nation’s desire to put behind the disconcerting, occasionally frightening and always frustrating set of interlocking crises experienced in the 1970s. The rise of political violence had discredited the ideological divisiveness and cultural acrimony of the previous years. The urge to exit the long season of domestic terrorism (culminated with the 1978 murder of Aldo Moro) and move on to a more positive agenda was widespread. Weary of stagflation, economic disorder and the paralysing effects of the Christian Democracy’s drawn out crisis, most Italians seemed to long for a renewed dynamism. While traditional allegiances to Catholic and especially Marxist ideology were waning, the modernist, secular appeal of acquisitive consumption was visibly reshaping the cultural and societal landscape. In 1982, when the national team won the football World Cup, an unexpected and unprecedented outpouring of highly contagious nationalist fervour made clear that the country’s mood had changed. Most Italians appeared ready, indeed eager to understand themselves not as underdogs but as achievers, and nurture a collective self-image of success. Shrewd political entrepreneurs such as the new Socialist leader Bettino Craxi mixed old nationalist symbols with post-modern imagery to construct a language of self-identification in our “*grande paese*”, while old and new media – especially commercial television – engulfed the public imagination with neo-nationalist folklore and vanity. This self-representation as a proud, confident, even assertive country peaked with the stand-off at Sigonella in October 1985. By merely asserting its sovereignty and policy autonomy against a US anti-terrorist action of dubious legality, the Craxi government evoked a deluge of patriotic excitement that temporarily unified Left and Right, radical intellectuals and conservative pundits under the banner of national dignity restored. If the country could stand up to the US (albeit on a minor issue, although symbolically charged) while its economy was once again booming and its entrepreneurs were opening up new markets to “made in Italy” products, the time seemed ripe to shed the discomfiting sense of inferiority inherited from World War II.<sup>2</sup>

Of course, translating this new demand for national assertiveness into actual foreign policy initiatives was far from straightforward. It required caution and some delicate balancing acts. Still, the parallel between rhetoric and policy is fairly evident. In the mid-1970s Italy had experienced its most difficult predicament since post-war reconstruction, as economics and politics intertwined in a fearsome downward spiral. Disproportionally hit by the oil price rise, apparently incapable of containing inflation and balance its payments, Italy’s economy seemed to be sinking and dragging down with it a Christian Democratic system of government that few observers deemed capable of self-reform and initiative.

By 1974 Italy was seen in Washington and in the major West European capitals as a serious drag, if not an outright danger, for the Western effort at coordinating a response to economic crisis and political instability. Its financial troubles

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<sup>1</sup> For its scholarly and theoretical presentation see Santoro, *La politica estera*, 1991

<sup>2</sup> I have discussed roots and dynamic of this cultural shift in Romero, *L’Italia nelle trasformazioni internazionali*, 2014

epitomized, in exasperated fashion, the overall difficulties the industrialized economies were experiencing in facing the “shock of the global”<sup>3</sup>. Its social unrest and political fragility, with the alarming rise of its Communist Party’s influence and legitimacy, conjured up the 1930s nightmare of a downward spiral from recession into political collapse. And Italy was viewed through the lens of a Southern European arc of instability – epitomized by the Portuguese revolution and the attempts at Euro-communist coordination – that could threaten NATO’s Southern flank and Western cohesion.<sup>4</sup>

Thus while engineering new tools of international governance – most visibly, the G7 summits – Western leaders devised also a peculiar monitoring practice of the Italian case. Between 1974 and 1976, the foreign ministers of France, West Germany, Great Britain and the US regularly met to devise financial instruments, policy recipes and political suggestions to be brought to bear upon Italy’s government in order to cure one of the “sick men of Europe”. On the face of it Italy was, as a G7 member, a proactive subject of Western coordination. But it was also the object of such an exercise, with all the demeaning consequences this entailed once leaks transformed the confidential four-power arrangement into public knowledge.<sup>5</sup>

The economy eventually began to recover. A refurbished Centre-Left coalition took control and the Communist Party’s influence waned while Southern Europe’s democratic stabilization gained momentum. In 1979 Italy managed to join the European Monetary System. The worst of the crisis was over, but it had left a deep scar among the nation’s political and economic elites. Italy could no longer risk being, or just appearing to be, a burden on its allies. It had to become an asset, rather than a liability, for European and Western solidity. It was this consensus on the urge to bury, once and for all, the notion of a sick and wobbly Italy that drove the 1979 decision to host a new generation of NATO Cruise missiles on Italian territory. Given Germany’s request to have the new weapon system spread over a number of countries, the Italian government saw the chance to play a key role in solving the political stalemate in the Alliance, and it seized the opportunity even if it entailed a hard confrontation with pervasive domestic pacifism<sup>6</sup>.

These two decisions – on EMS and *Euromissiles* – marked 1979 as a turning point. Although separate and to a certain extent *ad hoc*, they paved the way to a more self-confident foreign policy aimed at making Italy a reliable and proactive partner in the key institutions of Atlantic and European decision-making. If the country could provide valuable resources to the international coalitions it belonged to, it would acquire influence and rank, and these in turn could help it pursue – it was assumed – its key national interests.

As a concept, of course, it was far from new. It is what Cavour had in mind when he sent the *bersaglieri* to Crimea, after all. In many other moments, and most noticeably with the late 1950s *neo-atlantismo*, diverse Italian governments had trod the same path and entertained similar expectations.<sup>7</sup> But the moment

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<sup>3</sup> Ferguson, *The Shock of the Global*, 2010. Also Rodgers, *Age of Fracture*, 2011, and Romero, *Storia della guerra fredda*, 2009.

<sup>4</sup> Romero, *Refashioning the West*, 2014 and Del Pero et al., *Democrazie*, 2010.

<sup>5</sup> See Cominelli, *L’Italia sotto tutela*, 2014; Varsori, *La Cenerentola*, 2010;

<sup>6</sup> Nuti, *La sfida nucleare*, 2007.

<sup>7</sup> Varsori, *L’Italia nelle relazioni*, 1998

appeared particularly propitious in view of the nation's changing mood and of more factual transformations in economic outlook and international scenery. Although still saddled with relatively high inflation and unemployment, in 1979-1989 the Italian economy grew faster than its major partners and competitors (2,5% per year as against an OECD average of 2,3%).<sup>8</sup> A heady optimism took roots as new areas of the country – especially along its Eastern coast – experienced rapid industrialization and growth, exports grew, fast rising entrepreneurs promised to usher in a new renaissance, and a new middle class' conspicuous consumption reshaped the country's self-image. In 1987 the statistical office claimed that Italy's GDP had grown larger than Britain's. As the "fifth world industrial power" the country could revel in the self-satisfied belief of having travelled "from the periphery to the centre".<sup>9</sup> Alas, the 1980s would soon turn out to be the last instance in which Italy managed to further catch-up with richer economies. The country's trajectory towards "the centre" of the world economy would stop there, and then reverse, but nobody knew this yet. The international arena also offered some ground for national optimism. As the resurgence of bipolar tensions called for deeper trans-Atlantic solidarity, Italy could actively contribute to the strengthening and re-launching of NATO, as it did with the implementation of the Cruise missiles decision in 1983. At the same time, it could – and did – pursue the continuation of intra-European détente that promised bigger commercial as well as political results. It supported the building of the Siberian gas pipeline that pitted Western Europe against the US, deepened its trading links with Socialist economies, and simultaneously sponsored the human rights activist networks that used the Helsinki platform to censure the Socialist regimes.

Key to these efforts at balancing trans-Atlantic cohesion with an independent action for intra-European détente (that openly antagonised the US) was increased cooperation with the European Community, the second crucial platform for Italy's enlarged role. Adhesion to the European Monetary System and economic recovery enhanced Rome's credibility and influence, as the Italian government appeared to anchor economic policy to new parameters of stability and consolidate its grip on the country. Italy played a role in accelerating Spain's and Portugal's accession to the EC (hoping that a Southern rebalancing of the Community would heighten Rome's clout) and especially in securing the launch of the intergovernmental conference for the Single Act, a key step towards the European Union. All the subsequent advancements towards the Union and the Single Market would actually be shaped by the Franco-German duo and its negotiations with Great Britain, but for a little while Craxi could project an image of national success.<sup>10</sup>

Italy displayed an unprecedented activism also in the field of international cooperation, where trade and aid initiatives dovetailed with discourses about rights and global equality. Campaigns for human rights in Latin America no less than in Eastern Europe, as well as vocal support for Palestinian statehood, accompanied a new, energetic Italian policy of development aid. Substantial public investments in development cooperation - selectively focused on areas of

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<sup>8</sup> OECD, *Economic Outlook*, 1991

<sup>9</sup> Zamagni, *Dalla periferia al centro*, 1990.

<sup>10</sup> Varsori, *La Cenerentola d'Europa?*, 2010

particular interest in Northern Africa - aimed at opening new markets for Italian firms and expanding Italy's influence as an international player.<sup>11</sup>

Last but not least, Italy's new drive focused on Mediterranean volatility and Middle Eastern turmoil as key arenas in which to project a stabilizing effort. In geopolitical terms these were areas of immediate relevance to Italy, of course, and the country had a solid – albeit not terribly successful – foreign policy tradition there. They were also the focus of growing US and Western concern. Thus, if Italy took a proactive role in conflict mediation and regional stabilization, it could reap several gains. It would extend its influence in areas of direct national interest, support its most obvious interlocutors (the moderate Arab regimes) and open new markets to its exports. Most crucially, it could reinforce its voice and relevance within the Atlantic alliance and the EC.

As a concept, this regional outlook recalled traditional attempts at a Mediterranean role as leverage for higher rank among the major powers.<sup>12</sup> What was not only new but unprecedented for the post-war Republic was the propensity to deploy military resources as a key tool for the country's international projection. NATO was keen to strengthen its Southern flank and bring new resources to bear upon Mediterranean instability. Its emphasis on the need for military modernization converged with the Italian foreign and security establishment's own promotion of a more active, efficient and mobile force. The Christian Democrat-Socialist coalition understood that a military projection could not only bring foreign policy gains, but also enhance its domestic popularity if it came to symbolize an ethical approach to conflict resolution. An Italian commitment to peacekeeping and stabilization would appeal to the new national ethos while simultaneously respond to Catholic and Socialist calls for empathy and solidarity with international "victims", particularly the Palestinians. When coupled with development aid, an Italian peacekeeping role would therefore embody the image of an assertive, effective and yet gentle, humanitarian nation. Starting with the mission to Lebanon in 1982, this new model of an activist, "middle power" foreign policy took roots, and soon became Italy's new signature contribution to international (i.e. Western and European) diplomacy.<sup>13</sup>

A strategy of Mediterranean projection for national gains and international influence in key multilateral contexts had an abstract, rational logic for Italy. It focused on a limited but crucial area, it served economic and strategic purposes, and it joined domestic and foreign goals in a synergic dynamism. Its appeal for the country's governing elites rested on multiple grounds. If carried out with a decent degree of success, it would strengthen the perception of Italy as a robust, reliable partner. It would respond to domestic expectations for an enhanced, autonomous national role in international politics. And it would promote an image of Italy as a stabilizing, humanitarian power that would satisfy the internationalist ethos that dominated Italy's public discourse.

In its early years, this new foreign policy grew in parallel with a robust economy and the heady self-perception of an energetic, modernizing country.<sup>14</sup> Soon, though, the 1980s boom reached its peak and all its inherent contradictions and

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<sup>11</sup> Isernia, *La cooperazione allo sviluppo*, 1995.

<sup>12</sup> Brogi, *L'Italia e l'egemonia americana*, 1996 and Calandri, *Il Mediterraneo*, 1997

<sup>13</sup> Santoro, *La politica estera*, 1991; Di Nolfo, *La politica estera*, 2003.

<sup>14</sup> See Gervasoni, *Storia d'Italia*, 2010; Colarizi, *Gli Anni Ottanta*, 2004.

delusions came to light. Exporters had taken advantage of a favourable exchange rate to the dollar, but Italian firms failed to grow into robust multinational corporations or penetrate the most innovative high-tech sectors. The state was distributing ample subsidies but Italy's ability to attract foreign investments was declining. As Europe was preparing for a larger single market, Italy's administrative and legal system remained impervious to any adaptation to a more competitive environment. Most importantly, the fiscal discipline inherent to the European project, and to global competition for investment capital, was systematically overlooked, and Italy had to traumatically exit the EMS in 1992.<sup>15</sup> Above all, the key indicator of Italy's predicament, and the most serious impediment to the further development of its strategy, was the massive public debt. Already hovering around 60% of GDP in the 1970s, it shot up to 80% in 1985 and continued to rise until it peaked at 120% ten years later.<sup>16</sup> A good deal of the overhyped 1980s prosperity had in fact been built on debt and borrowed time, on an unsustainable deficit financing that masked the largely illusory nature of the "great country" rhetoric. Even more ominously, the huge accumulated debt compromised any future chance to improve Italy's competitiveness, and made its assertive strategy increasingly less sustainable.

### **Strengths and limitations of the "middle power" model**

Throughout its history, the Republic had thrived in a bipolar context that facilitated growth and eased its democratic stabilization. When that came to an end, Italy struggled to rethink its place and role in a more open international setting, while facing up to the yawning gap between its rosy self-image and its rickety accounts. The huge debt accumulated during the 1980s became the defining feature of the country's trajectory. From the 1992 exit from EMS to the effort at fiscal restraint in order to join the Euro, from the early 21<sup>st</sup> century stagnation to the convulsions of the great recession, the debt burden upon an economy that no longer managed to grow came to epitomize the country's sluggishness and fragility. The "great country" politics, economics and culture had built up the premises for its decline.

Italy's foreign policy did not eschew the strictures of diminishing resources in a more competitive and uncertain world – how could it? And yet, its conceptual premises and basic *modus operandi* were not substantially altered. More consistently and unequivocally with the new Centre-Left coalitions pivoted on the *Partito Democratico*, but to large extent also under Silvio Berlusconi's governments, Italy maintained its key foreign policy parameters and priorities: membership in all the core EU arrangements, from the Euro to Schengen, and active, visible participation to multilateral security missions (whether UN, NATO or EU). Leveraging its military contribution to peace-keeping or anti-terrorism initiatives in order to preserve or enhance its voice in multilateral *fora* remained the key compass of Italy's foreign policy. To be sure, Berlusconi introduced a personalised style and nationalistic overtones that the First Republic had cautiously avoided, but in spite of his bombastic rhetoric even his governments did not substantially alter the fundamental framework of Italy's foreign policy.

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<sup>15</sup> Varsori, *L'Italia e la fine*, 2013.

<sup>16</sup> Toniolo, *L'Italia e l'economia mondiale*, 2011.

At issue here is not so much the “middle power” model *per se*, which has an obvious rationality for a country like Italy, as its sustainability, its diminishing rate of return and – above all – its undisputed conceptual foundation in a very conservative understanding of international influence pivoted on the traditional tools of state power.

There is no doubt that practicing such a model enhanced Italy’s profile among its allies. Rather than the potential flashpoint of crisis, as it had to seemed to be in the 1970s, Italy became a positive contributor to international stabilization efforts. From Lebanon to Bosnia, from Kosovo to Afghanistan its participation in international missions turned the country into a reliable and reasonably effective partner. It rarely, if ever, rose to such a degree of influence as to shape the overall strategies of the coalitions it took part in, but it certainly had a say on tactics and implementation on the ground. Most importantly, its reliable presence gave it a voice, even though never a decisive one.

However, the model carried some in-built limitations and contradictions. At the operational level, Italy’s military resources have never been such as to give it a prominent role. They could operate in complementary fashion to the British or French ones, not to mention the American ones, of course, but not on their own. Thus, the degree of influence of the “middle power” remained severely circumscribed. Italy’s military projections were also constrained by a domestic consensus that accepted humanitarian and peace-keeping roles but threatened to break down when combat missions were involved. Thus putting at risk the very aim of projecting strength and reliability, as evidenced in the blundering, unfortunate participation to the 1991 Gulf war.

The “middle power” strategy entailed also a good degree of self-delusion. It was premised on the notion that Italy ought not so much to pursue its national interests as to expand its influence in multilateral settings. In the long post-war era this made sense, of course, but it also nurtured the illusion that multilateralism offered Italy not only a tool for its security, growth and modernization but also a shortcut to transcend the limits of its international power and influence. Thus the pursuit of rank, role and prestige grew into the very rationale of foreign policy, the yardstick by which we measured our ascent – or lack thereof - into the international role that the nation’s insecure identity prescribed.<sup>17</sup> From the founding of the European Coal and Steel Community to this day, being invited into or rather excluded from the institutionalized or informal summits, select groups or *directoires* that mastermind this or that aspect of European and Western coalitions has been the key, overly sensitive parameter by which Italy’s foreign policy is declared a success or a flop. Finally, the model grew increasingly out-dated as international conditions changed. It had made sense in the Cold War era, when Italy could only gain by enhancing its profile within the Western coalitions it belonged to, from NATO to the EC\EU. But the end of bipolarism made clear that on strategic issues – even those most crucial for its future, like German reunification - Italy remained well outside any key decision-making loop.

In the post-Cold War environment the Atlantic and European frameworks grew increasingly loose and new challenges rose from emerging powers in Asia and

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<sup>17</sup> See Brogi, *A Question of Self-Esteem*, 2002; Bosworth and Romano, *La politica estera italiana*, 1991; Gualdesi, *L’Italia e l’Europa*, 2009.



elsewhere. The range and reach of global interactions expanded, and Italy's single-minded focus on influence within the institutions of Western multilateralism gradually lost the relevance it had had. Throughout the 1990s, this waning of the traditional points of reference was compensated, or perhaps just swept under the carpet, by a powerful integrationist delusion that posited the decline of the nation-state and the rise of larger institutions of rule-based interdependence, among which the enlarged EU allegedly stood up as a shining model.<sup>18</sup> For quite some time, the Eastern enlargement and the creation of the Euro gave credibility to such a prospect in which a more powerful and cohesive EU would become a strong actor in a world being redesigned around regional mega-players like China, India or Brazil. Meanwhile, the rise of the terrorist threat epitomized by 9/11 allowed Italy to refurbish its "middle power" model with military missions now targeted against international terrorism, and legitimized by a discourse of international legality and Western cohesion (in the latter case with the risk of dividing rather than uniting the country, as was the case for the intervention in Iraq, which opened up a rift between an Atlanticist and a European alignment). Thus, a rough continuity of concepts and expectations prevailed upon innovative thinking, or even a level-headed reflection on the model's diminishing returns and relevance.

### **Sources of influence in a globalized world**

A particularly problematic aspect of this reiteration of old models and mental frameworks was their increasing marginality in the new competitive settings of 21<sup>st</sup> century globalization. Italy's post-war predicament had understandably geared the Republic's foreign policy to the overarching goal of reconstituting the nation's role and voice in the diplomatic *fora* that mattered, i.e. the Western ones in the first place, then the East-West negotiating tables and, more haphazardly, the Mediterranean theatre. Within an established security and economic framework, the task of foreign policy had been summed up by the need to acquire rank and voice, and the state traditional institutions – primarily diplomacy and the military – were central. This was, after all, the solidly established tradition of modern European nation-state diplomacy. In the Italian case, it had the added domestic purpose of reconfirming a fragile, uncertain national identity.<sup>19</sup> Half a century later, however, its usefulness and effectiveness had become highly debatable.

The lesson of the 1970s could have been helpful, but went unheeded. In those years of crisis, Italy's predicament had not risen from its weak diplomatic voice, but rather from its domestic fragility, financial instability, and socio-economic disorder. The country's troubled international profile had been a function of its internal difficulties. In the early 21<sup>st</sup> century the same problem was with us again, this time compounded by the much more severe and demanding competition engendered by market liberalization, larger trade exchanges and huge global capital flows.

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<sup>18</sup> Among the many texts that articulated such thinking, a particularly influential one in the Italian context was Telò, *L'Europa potenza civile*, 2004.

<sup>19</sup> See Romero and Antonio Varsori, *Nazione, Interdipendenza*, 2005; Graziano, *The Failure*, 2010; Lazar, *L'Italie contemporaine*, 2009.

Italy's foreign policy remained shackled to a state-centred notion of diplomatic actorness while all the other engines of international influence were sputtering, and the country was rapidly losing ground. Even before the great recession painfully brought the message home, Italy had clearly become a laggard in almost all dimensions of international competitiveness. Its productivity stagnated and economic growth was at historically low levels. With fewer and fewer multinational companies and banks, and just a handful of undersized research centres of international standing, its presence in the development of new technologies was, and is, minimal. Its administrative and legal practices hamper rather than favour the fast operational procedures required by today's economy, and interface very poorly even with EU agencies. The country's physical and digital infrastructures have accumulated deep systemic inefficiencies. The nation's ability to attract international capital flows – perhaps the crucial indicator in a globalized world – is lower than in most advanced economies.

Even beyond a purely economic dimension, Italy's international profile is feeble. It has no significant media voice with an international reach. Its public discourse and cultural debate is introverted and most often insular. Its workforce is growing increasingly less skilled and less educated as research and higher education suffer a long-term comparative deterioration. Its non-governmental organizations, although often active in many fields, are too small to have resonance at the global level. On many indicators, Italian society appears less open, internationalized and cosmopolitan than most of its European peers and direct competitors. In short, the discrepancy between any "great country" rhetoric and the actual conditions the country is in has grown most blatant.<sup>20</sup> Thus, concentrating increasingly scarce resources on state tools for international influence can no longer suffice. In the first instance because its payoff is ever more limited. Second, because such policy aims at the wrong target. Other sources of influence and relevance have grown increasingly important in the globalized world, and we should openly address Italy's dire social, economic, administrative and cultural predicaments in order to reverse the country's comparative decline and diminishing profile. Third, the burden of public debt erodes other key resources for the country's international standing (like research, infrastructures, technology, or higher education) while undermining the very policy tools the model prescribed. In the 1980s, for instance, development cooperation had provided Italy with a relatively strong footing in China. In the following decade, though, cuts to cooperation funds together with the relative weakness of Italy's small enterprises made Italy's position uncompetitive. As a weak investor with a discontinuous presence it projected fragility rather than influence, and it lost ground.<sup>21</sup>

### **Rebuild a dynamic society to sustain national interest**

Thus, rather than pursue a policy of influence in the vain attempt at compensating for the country's weaknesses, Italy should prioritize economic renewal and a concerted drive for its societal and cultural credibility in the

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<sup>20</sup> Amato et al., *Grandi illusioni*, 2013.

<sup>21</sup> Samarani and De Giorgi. *Lontane, vicine*, 2011.

international arena. The focus on multilateral military missions as a way to acquire voice and leverage might have been productive in the past, but is an increasingly depreciated coin that the country can hardly afford. If Italy could ever aspire to turn itself into one of the main actors, or a junior but active and reliable partner of the main actors - not only belonging to the key, top clubs but also taking a disproportionately large role in international missions - that time is past. Rather than hang themselves at the vain pursuit of a top-tier role, with the obsessive comparison with France, Germany and the UK, Italian elites should recalibrate their mental maps and compass, perhaps by focusing on a more obvious comparison with countries in similar position like Spain or Poland. Our strategy should refocus on domestic sources of growth and influence, by building up efficiency and competitiveness, promote swift practices based on merit and effectiveness, reducing public debt and the ensuing financial uncertainty, so as to re-acquire legitimacy as an actor that is not permanently on the verge of crisis. Globalization does not only affect the geographic distribution of power, but also – perhaps especially – its multidimensional nature. Influence, power and authority derive from multiple, intertwined dimensions that include the ability to innovate, the flexibility to adapt, the efficiency of a society's public and private institutions and practices.

Foreign policy should aim – more modestly but also more pointedly – at defending key national interests, be they in the realm of security, migration or finance, without conflating them with a larger international influence that at the moment we cannot afford or lay claim to. We should certainly stick to the main international clubs we belong too, and try to use them as best we can in order to pursue our national goals, but without pretending to be a disproportionately active member of the international community.

The task can no longer be the one that the Risorgimento consigned to the country in the late 19<sup>th</sup> century and that was unevenly but persistently pursued ever since, i.e. to establish Italy as a great European power at first, and then as one of the most advanced Western economies under the ambivalent rubric of a “middle power”. Until a generation ago the horizon of Italian foreign policy could plausibly, although often impractically and misguidedly, be defined by this effort to help an upcoming country get from the margins in, and join the ranks of more established powers. This is clearly no longer the case. Nor will it be in the foreseeable future. Italy is an increasingly smallish country – and at serious risk of further marginalization - that must retool and refit itself in order to simply maintain its less than central position and avoid further retrogression. Not least because Italian democracy could hardly survive a persistent, painful economic and societal decline unscathed.

We should rather aim at avoiding the fate of the early modern Italian states and territories, that could not adapt to the new patterns of oceanic trade and capital accumulation leading to early industrialization, as well as to solid state-formation, when the international trading system pivoted away from the Asian-Mediterranean area to the Atlantic and oceanic ones.

Foreign policy – both at the operational level and as a discourse of self-representation – must serve this gigantic task of domestic regeneration that is ahead of us. If even the US debate now looks at domestic determinants of

international influence<sup>22</sup>, surely Italy should take a very serious look at the multiple dysfunctions of its economic, societal and cultural landscape. Today more than ever, foreign policy begins at home.

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<sup>22</sup> Haass, *Foreign Policy Begins at Home*, 2013

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