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**"SARKOZY'S CONVICTION IS A WIN FOR THE RULE OF LAW"**  
(Project Syndicate – March 3, 2021)



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*From France to America, democratic countries are affirming the fundamental principle of government by law, not by men (and women). That is the message of our time that should reassure the Cassandras who believe that despotism is on a roll.*

HAMBURG— The harsh sentence handed down to former French president Nicolas Sarkozy, who was found guilty of influence peddling, confirms anew an ancient truth of politics. Even in the world's most firmly entrenched democracies, corruption remains a curse.

Power always gets you more power. It works its magic better than greasing palms with money. The strong don't need to wave their purse. Five hundred years before the verdict against Sarkozy, Machiavelli famously declared in his Discourses that "Gold alone does not procure good soldiers, but good soldiers will always procure gold." In other words, clout beats cash.

So, power is the hardest currency in politics, creating temptations that cannot be exorcized, but must be contained and controlled. This is why democracies have devised intricate checks and balances, above all, an independent judiciary – something despots don't need to worry about. The three-year prison term given to Sarkozy, from 2007 to 2012 the mightiest person in France, shows that the French system is working as designed.

The signal sent by the Parisian court could not have come at a better time. Everywhere, darkness is supposedly descending on democracy. The COVID-19 pandemic is said to undermine the separation of powers everywhere, tilting the balance toward a grasping executive, which threatens freedom in the name of safety. Aren't lockdowns the first step into servitude?

Moreover, authoritarianism is rampant in Eastern Europe, and strongmen are ruling from Budapest to Beijing and Brasilia. Even in the United States, the world's oldest democracy, former President Donald Trump spent four years attacking (and stacking) the judiciary and incited a violent insurrection at the Capitol, the seat of the US Congress.

Against this backdrop, the verdict against Sarkozy, which he will appeal, spells out a reassuring message in troubled times. Chief financial prosecutor Jean-François Bohnert highlighted the symbolic significance of a case involving "a former president of the Republic who was once the guarantor of an independent judiciary." As the court wrote in its ruling, Sarkozy had "used his status as former president ... to reward a magistrate who had served his personal interests."

Sarkozy is not the first French president or senior official to face the bench. Jacques Chirac, president from 1995 to 2007, was convicted in 2011 for misusing public funds when he was mayor of Paris. François Fillon, Sarkozy's former prime minister, was sentenced last June to five years in prison (three suspended) for embezzlement. Christine Lagarde, now head of the European Central Bank, was convicted on charges of "negligence with public money" while she was France's finance minister under Sarkozy. Jérôme Cahuzac, the budget minister under President François Hollande, was sentenced in 2016 to three years in prison for tax fraud.

Now, the frequency of such crimes – and not only in France – suggests a depressing pattern: the progressive erosion of public trust across the Western world. These incidents heighten suspicions that politicians use their muscle to benefit themselves or their parties; hence an endless string of campaign finance scandals shaking one democracy after another.

Actually, their citizens should take heart. This side of neo-authoritarian Hungary and Poland, the democratic ship of state is not sinking, but plowing ahead, no matter how strong the headwinds. The rule of law and the separation

of powers, enshrined in every Western constitution, remain strong, even in perilous times when economic and health catastrophes torment the soul and strengthen the grip of the all-providing state.

In fact, electorates have become more sensitive to misdeeds in high places. It is a plausible assumption that during the French Fourth Republic (1946-58), let alone during the Third (1870-1940), former heads of government would not have been given a three-year prison term. "Transparency" and "accountability" are the new battle cries in the democratic arena.

Just consider Italy, known as the land of *arrangiarsi* – making do, wiggling through. And yet, Silvio Berlusconi, a three-time prime minister, has been indicted dozens of times. Finally, in 2012, he was sentenced to four years for tax evasion. Better late than never.

And then there's Trump, Berlusconi's heir as the world's populist-in-chief, who tried to cow and outflank the judiciary and Congress. Yet, when democracy was on the line, as it was in the months after the 2020 presidential election, even his own appointees to the Supreme Court ruled against him. The occupation of the Capitol by his loyalists on January 6 briefly delayed but did not disrupt Congress in confirming the election of Joe Biden as president. The institutions proved mightier than the mob.

From France to America, democratic countries are affirming the fundamental principle of government by law, not by men (and women). That is the message of our time that should reassure the Cassandras who believe that despotism is on a roll. Some may carp that Sarkozy, if his appeal is rejected, will have to serve only one year, and then in the comfort of his home, guarded only by an electronic bracelet.

Yet the larger moral of this drama of crime and punishment is the supremacy of the law, which goes back to the English Magna Carta of 1215. Its 63 clauses boil down to a single commandment: No ruler stands above the law.

## "A REALIST RESET FOR US-SAUDI RELATIONS" (Project Syndicate – February 27, 2021)



**Richard Haass**, *President of the Council on Foreign Relations, previously served as Director of Policy Planning for the US State Department (2001-2003), and was President George W. Bush's special envoy to Northern Ireland and Coordinator for the Future of Afghanistan. He is the author of The World: A Brief Introduction (Penguin Press, 2020).*

*President Joe Biden's administration appears determined to separate America's relationship with the Kingdom from the relationship with Crown Prince Mohammed bin Salman. But this separation will likely prove impossible to sustain.*

NEW YORK– The report issued Friday by the US intelligence community on the murder of Saudi journalist and permanent US resident Jamal Khashoggi in October 2018 at the Saudi consulate in Istanbul, Turkey mostly confirms what we already knew. The operation to capture or kill Khashoggi was approved by Mohammed bin Salman, Saudi Arabia's Crown Prince and in many ways already the Kingdom's most powerful person. MBS, as he is widely known, wanted Khashoggi dead, both to rid himself of a nettlesome critic and to intimidate other would-be critics of his rule.

We are unlikely to find a smoking gun, but MBS's fingerprints are all over Khashoggi's killing. There is not only abundant photographic and communications evidence that it was carried out by people close to the Crown Prince. There is also the simple reality that nothing of significant political magnitude happens in Saudi Arabia without MBS's authorization.

Former President Donald Trump's administration looked the other way at the time, as it often did in the face of flagrant human rights violations. Moreover, Trump wanted to avoid a rupture with MBS, whose anti-Iranian policies were appreciated and who was seen as central to his government's willingness to purchase armaments from US manufacturers.

President Joe Biden's administration feels differently. It has already distanced the United States from involvement in Saudi military operations in Yemen. And human rights are occupying a central role in its approach to the world. The fact that Biden has not communicated directly with MBS, and instead called the ailing King Salman,

underscores Biden's desire to separate the US relationship with the Kingdom from the relationship with the Crown Prince.

But this separation will likely prove impossible to sustain. The US is not in a position to prevent his ascension to the throne when his father dies. Any attempt to do so would almost certainly fail, in the process triggering a nationalist backlash, causing domestic instability, or both. And the fact is that the US has many reasons to maintain a working relationship with an individual who will likely lead for decades a country that is critical to setting world energy prices, containing Iran, frustrating terrorism, and, if it elects to do so, promoting Middle East peace.

Saudi Arabia is hardly the only country in the world where the US has to deal with a flawed leader. The Biden administration just signed an important nuclear arms control agreement with Russia, even though President Vladimir Putin tried to kill – and has now imprisoned – his main political rival. The principal difference between him and the Saudi Crown Prince in this instance is their competence at eliminating opponents.

Or consider China. Biden administration officials have accused the Chinese government of carrying out genocide against the Uighur minority. If so, they are accusing Chinese President Xi Jinping of genocide, as there is no way what is taking place in Xinjiang province could happen without his approval. Yet Biden recently spoke with Xi and is sure to meet with him regularly to discuss North Korea, trade, climate change, and much else.

Don't get me wrong. Biden is not wrong to strike deals with Putin and Xi. US strategic and economic interests demand it, and America's ability to influence Russian and Chinese behavior at home is limited. The US can and should criticize and sanction, but it would be feckless and self-defeating to hold the entire bilateral relationship with Russia or China hostage to their domestic policies. Foreign policy is not about virtue signaling; it is about advancing interests. Prioritizing and compartmentalizing are essential.

In the case of MBS, such realism might lead to opportunity. The promise of meetings with Biden administration officials should be traded for a firm commitment that he will never again target a political opponent in this way and that he will release imprisoned human rights advocates.

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Bringing the Saudis into diplomacy might preserve the possibility of a two-state solution to the Israeli-Palestinian conflict. The United Arab Emirates agreed to normalize relations with Israel only when Israel agreed not to annex occupied Palestinian territory for at least three years. MBS reportedly is ready to build bridges to Israel, but his father is not, and much of the Saudi population might resist. Even an Israeli government committed to expanding Jewish settlements in the Occupied Territories might find it difficult to resist curbing them in exchange for peace and diplomatic ties with the Kingdom.

It should be a long time before the now publicly-exposed MBS is invited to the US, much less to visit the Oval Office. But refusing to deal with him is not the answer. Pragmatic, conditional relations with him could bring protection and freedom to many Saudis, make possible collaboration to impede Iran's nuclear ambitions, wind down the war in Yemen, and advance prospects for Israeli-Palestinian peace. None of this would bring Khashoggi back to life, but it would give added meaning to his death.

## "THE CASE FOR A HIGHER MINIMUM WAGE" (Project Syndicate – February 24, 2021)



**Daron Acemoglu**, *Professor of Economics at MIT*, is co-author (with James A. Robinson) of *Why Nations Fail: The Origins of Power, Prosperity and Poverty and The Narrow Corridor: States, Societies, and the Fate of Liberty*.

*In their push to increase the US federal minimum wage from \$7.25 to \$15 per hour, President Joe Biden and his fellow Democrats are on solid ground not just economically but also politically. A higher wage floor would create an impetus for good jobs, which is precisely what Western economies are lacking.*

BOSTON - Efforts in the United States to increase the federal minimum wage from \$7.25 to \$15 per hour have gained steam now that the Democratic Party controls the White House and Congress. Such a move makes sense both economically and politically.

Economists are no longer as skeptical of minimum wages as they once were. It used to be assumed that labor markets worked flawlessly, thereby denying employers the monopoly power with which to extract “rents” above the fair return for their physical capital investments. Under such circumstances, basic economics predicts that a higher minimum wage would reduce employment.

But research since the late 1980s has, for the most part, failed to find major disemployment effects from modestly higher minimum wages. The first salvo came from David Card of the University of California, Berkeley and the late Alan B. Krueger of Princeton University (partly building on joint work with Lawrence F. Katz). Their seminal work – summarized in their book *Myth and Measurement: The New Economics of the Minimum Wage* – found that reduced employment did not follow minimum-wage hikes; in some cases, employment actually rose when wage floors were raised.

Although these findings incited controversy at the time, additional evidence based on larger samples and more fine-tuned empirical approaches confirmed them. If minimum wages don’t reduce employment by much, if at all, it may be inferred that large employers of low-wage workers (like McDonald’s or Walmart) do have market power with which to earn rents (though the jury remains out on this question).

The earlier economics literature may also have underestimated other potential gains from minimum wages. After all, such policies do more than merely increase low-wage workers’ earnings. My own work finds that minimum wages tend to discourage low-pay employment and create an impetus for the creation of good jobs with higher wages, more security, and possibilities for career advancement. Now that opportunities are dwindling for workers without a college degree – many of whom must resort to the gig economy and zero-hour contracts – the need for such an impetus has become more urgent.

True, some economists worry that minimum wages can discourage skills training and other investments in worker productivity. But as Steve Pischke of the London School of Economics and I have shown, this concern has been exaggerated. When employers are earning rents – as seems to be the case in US low-wage markets – they can accommodate a small increase in the minimum wage without having to fire their employees. Better yet, when an employer must pay its workers higher wages, it has a stronger incentive to boost their productivity.

Moreover, while Democrats are already on solid empirical ground for advocating a higher minimum wage, the case for doing so is even stronger when one considers non-economic factors. As the philosopher Philip Pettit explains, humans strive for freedom from “dominance,” which he defines as living “at the mercy of another, having to live in a manner that leaves you vulnerable to some ill that the other is in a position arbitrarily to impose.” One is being dominated when one is “subject to arbitrary sway; being subject to the potentially capricious will or the potentially idiosyncratic judgment of another.”

This definition captures the experience of those throughout human history who have lived in servitude. But as James A. Robinson and I emphasize in our book *The Narrow Corridor*, even though most workers in the West no longer need to worry about the most brutal forms of labor coercion, the absence of job security and pay sufficient to meet one’s needs means that one is still subject to “dominance.”

Of course, neither Pettit nor James and I were the first to seize on this point. One of the architects of the British welfare state, William Beveridge, argued in 1945 that “Liberty means more than freedom from the arbitrary power of governments. It means freedom from economic servitude to Want and Squalor and other social evils; it means freedom from arbitrary power in any form. A starving man is not free.” Likewise, Article 23 of the 1948 Universal Declaration of Rights states that “Everyone who works has the right to just and favorable remuneration ensuring for himself and his family an existence worthy of human dignity.”

Viewed in this light, the Democrats’ efforts to increase the minimum wage and expand worker protections should be viewed as a return to a social agenda that has been ignored for too long. In an increasingly unequal and stratified economy, policies to level the playing field and reduce dominance are long overdue.

As always, policy design matters. At some point, raising the federal minimum wage probably would start to produce disemployment, and it is reasonable to question whether the same minimum wage should be applied to all parts of the country, considering the cost-of-living differences between New York and Mississippi, or Massachusetts and Louisiana. Hence, some economists call for state minimum wages to be calibrated to average earnings in local labor markets. But most states have not taken the initiative to raise their minimum wages, leaving

the federal government to set a new floor.

A higher federal minimum wage would have a powerful economic as well as symbolic effect; but it's no panacea. Without a voice in the workplace and a safe working environment, workers will remain under the "arbitrary sway" of their employers. If raising the federal minimum wage is the only substantive labor-market policy the Democrats enact during President Joe Biden's first term, they will not have achieved much, and may even have created stronger incentives for employers to automate more tasks.

The biggest problem facing Western economies today is a shortage of good jobs, owing to an excessive focus on automation and insufficient efforts to develop new technologies and tasks that benefit workers from all backgrounds. A minimum-wage hike would represent an important first step, but it must be accompanied by policies to redirect technological change and provide incentives for employers to create good jobs and better working conditions.

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