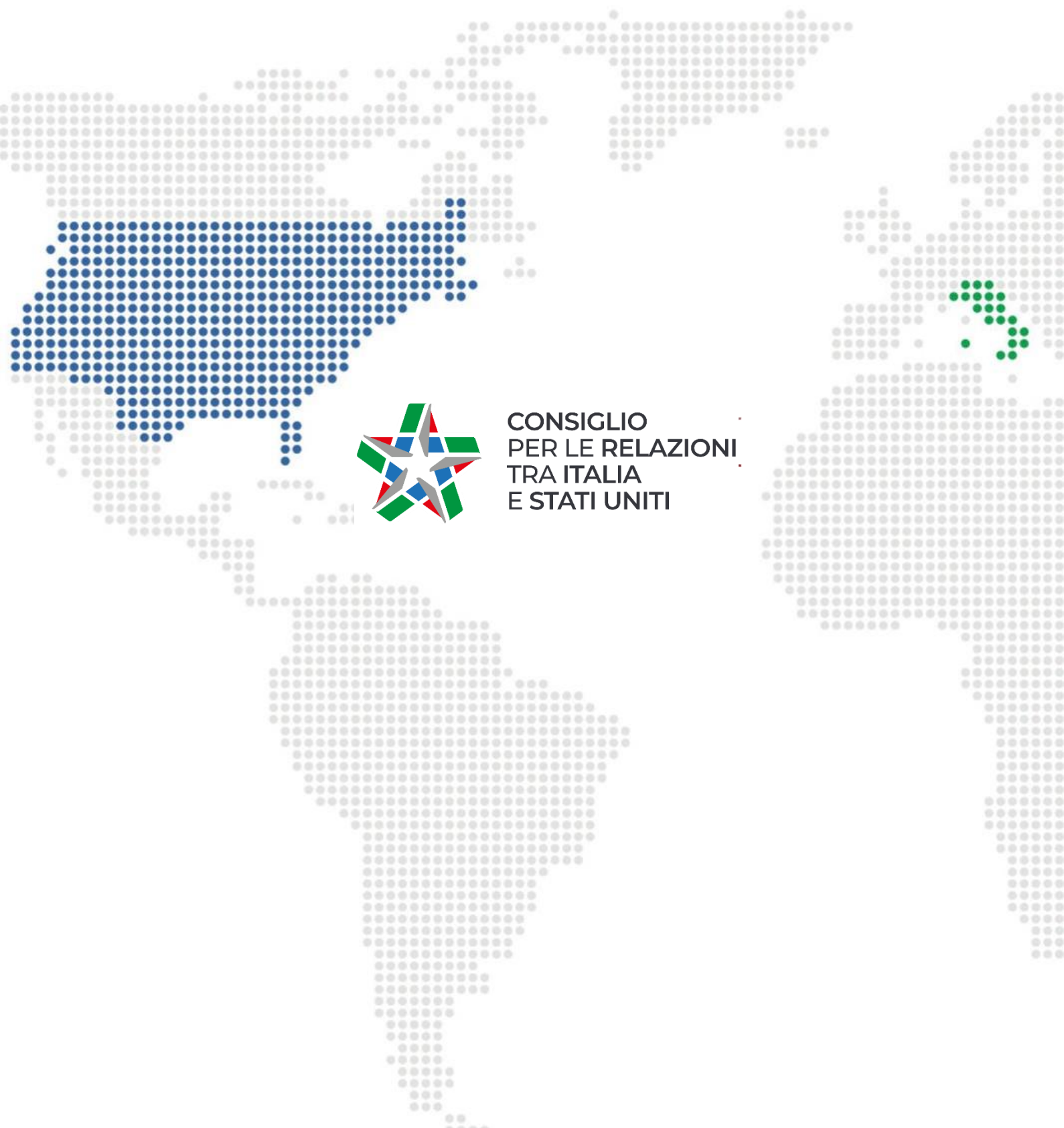


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“THE INFLATION RED HERRING” (Project Syndicate – June 7, 2021)



Joseph E. Stiglitz, a Nobel laureate in economics and University Professor at Columbia University, is a former chief economist of the World Bank (1997-2000) and chair of the US President’s Council of Economic Advisers, was lead author of the 1995 IPCC Climate Assessment, and co-chaired the international High-Level Commission on Carbon Prices.

Far from signaling the return of significant inflation, temporary price increases are exactly what one would expect in a recovery following an economic shutdown. Whether those peddling inflation fears are pursuing their own agenda or simply jumping the gun, they should not be heeded.

NEW YORK – Slight increases in the rate of inflation in the United States and Europe have triggered financial-market anxieties. Has US President Joe Biden’s administration risked overheating the economy with its \$1.9 trillion rescue package and plans for additional spending to invest in infrastructure, job creation, and bolstering American families?

Such concerns are premature, considering the deep uncertainty we still face. We have never before experienced a pandemic-induced downturn featuring a disproportionately steep service-sector recession, unprecedented increases in inequality, and soaring savings rates. No one even knows if or when COVID-19 will be contained in the advanced economies, let alone globally. While weighing the risks, we also must plan for all contingencies. In my view, the Biden administration has correctly determined that the risks of doing too little far outweigh the risks of doing too much.

Moreover, much of the current inflationary pressure stems from short-term supply-side bottlenecks, which are inevitable when restarting an economy that has been temporarily shut down. We don’t lack the global capacity to build cars or semiconductors; but when all new cars use semiconductors, and demand for cars is mired in uncertainty (as it was during the pandemic), production of semiconductors will be curtailed. More broadly, coordinating all production inputs across a complex integrated global economy is an enormously difficult task that we usually take for granted because things work so well, and because most adjustments are “on the margin.”

Now that the normal process has been interrupted, there will be hiccups, and these will translate into price increases for one product or the other. But there is no reason to believe that these movements will fuel inflation expectations and thus generate inflationary momentum, especially given the overall excess capacity around the world. It is worth remembering just how recently some of those who are now warning about inflation from excessive demand were talking about “secular stagnation” born of insufficient aggregate demand (even at a zero interest rate).

In a country with deep, longstanding inequalities that have been exposed and exacerbated by the pandemic, a tight labor market is just what the doctor ordered. When the demand for labor is strong, wages at the bottom rise and marginalized groups are brought into the labor market. Of course, the exact tightness of the current US labor market is a matter of some debate, given reports of labor shortages despite employment remaining markedly below its pre-crisis level.

Conservatives blame the situation on excessively generous unemployment insurance benefits. But econometric studies comparing labor supply across US states suggest that these kinds of labor-disincentive effects are limited. And in any case, the expanded unemployment benefits are set to end in the fall, even though the global economic effects of the virus will linger.

Rather than panicking about inflation, we should be worrying about what will happen to aggregate demand when the funds provided by fiscal relief packages dry up. Many of those at the bottom of the income and wealth distribution have accumulated large debts – including, in some cases, more than a year’s worth of rent arrears, owing to temporary protections against eviction.

Reduced spending by indebted households is unlikely to be offset by those at the top, most of whom have accumulated savings during the pandemic. Given that spending on consumer durables remained robust during the past 16 months, it seems likely that the well-off will treat their additional savings as they would any other windfall: as something to be invested or spent slowly over the course of many years. Unless there is new public

spending, the economy could once again suffer from insufficient aggregate demand.

Moreover, even if inflationary pressures were to become truly worrisome, we have tools to dampen demand (and using them would actually strengthen the economy's long-term prospects). For starters, there is the US Federal Reserve's interest-rate policy. The past decade-plus of near-zero interest rates has not been economically healthy. The scarcity value of capital is not zero. Low interest rates distort capital markets by triggering a search for yield that leads to excessively low risk premia. Returning to more normal interest rates would be a good thing (though the rich, who have been the primary beneficiaries of this era of super-low interest rates, may beg to differ).

To be sure, some commentators look at the Fed's balance-of-risk assessment and worry that it will not act when it needs to. But I think the Fed's pronouncements have been spot on, and I trust that its position will change if and when the evidence does. The instinct to fight inflation is embedded in central bankers' DNA. If they don't see inflation as the key problem currently facing the economy, neither should you.

The second tool is tax hikes. Ensuring the economy's long-run health requires much more public investment, which will have to be paid for. The US tax-to-GDP ratio is far too low, especially given America's huge inequalities. There is an urgent need for more progressive taxation, not to mention more environmental taxes to deal with the climate crisis. That said, it is perfectly understandable that there would be hesitancy to enact new taxes while the economy remains in a precarious state.

We should recognize the current "inflation debate" for what it is: a red herring that is being raised by those who would stymie the Biden administration's efforts to confront some of America's most fundamental problems. Success will require more public spending. The US is fortunate finally to have economic leadership that won't succumb to fearmongering.

"KILLER POLITICS"

(Project Syndicate – June 18, 2021)



Michael Burleigh, a senior fellow at LSE IDEAS, is the author of 14 books, including *Day of the Assassins: A History of Political Murder* (Picador Macmillan, 2021).

The long history of political murder shows that its incidence has waxed and waned through different epochs. And recent political and technological developments suggest that the practice may be returning with a vengeance.

LONDON - On the final leg of his first European tour as US president, Joe Biden met with Russian President Vladimir Putin in Geneva. The period leading up to the meeting felt like two heavyweight champions squaring up and trading insults before a historic showdown. In the blue corner, Biden had readily agreed with a TV interviewer in mid-March that Putin is "a killer." He then added that Putin has no soul (an obvious rebuke to former US President George W. Bush, who once claimed to have gotten a sense of that very thing).

The response from the red corner was immediate. Putin, ensconced in his COVID-proof sealed residence, menacingly wished Biden "good health" and retorted with the adolescent barb: "It takes one to know one." He then treated his interviewer to a disquisition on the psychology of projection. Biden was merely imputing to Russia his own country's penchant for killing people - an observation by then-President Donald Trump on Fox News in February 2017.

After "constructive" talks with Biden, Putin quoted Tolstoy on "glimmers of hope," although he robustly threw the crisis of American democracy back in American faces. US and Russian ambassadors will return to their embassies, and some formal mechanisms will be put in place to deal with cyberattacks, the climate, and the COVID-19 crisis. While Biden is keen to have "predictability" in Russian behavior, notably in Europe, so the US can focus on China, it seems highly unlikely that Putin will oblige him. Putin constantly needs to remind the world that Russia deserves "respect" in its own right and not as an appendage of the People's Republic.

FATAL ATTRACTIONS

If we're honest with ourselves, we should recognize that we're all at least somewhat intrigued by the murderous and the gruesome. Programming about serial killers, assassins, and political killers is ubiquitous on TV streaming services nowadays, and some of us probably watched too many of these series during the lockdowns. I know I did; but having just completed a history of political murder called *Day of the Assassins*, I at least had a professional excuse.

Many of today's assassin films involve Colombian and Mexican drug lords whose cartels' illicit cash profits are so large that they are more easily weighed than counted, as the Italian journalist and fugitive from Mafia retaliation Roberto Saviano once put it. These are killers who can have someone eliminated for even a nervous glance.

Most of this makes for sordid viewing. But there are exceptions, including the series *Narcos: Mexico*, which follows the career of Miguel Ángel Félix Gallardo, a Mexican policeman who became the *El Jefe de Jefes* - the most powerful among all cartel bosses. Many readers also may have seen Denis Villeneuve's *Sicario*, the story of a Mexican lawyer who becomes a CIA assassin after a cartel chief has his wife and daughter tortured and murdered. In the show, he shoots people like Gallardo, even though the real-life Gallardo is in a Mexican prison serving a 37-year sentence.

The popularity of these productions cannot be explained just by their "lifestyles of the rich and criminal" fare. Their deeper appeal, I suspect, is that they tap into the thrill of the hunt. For about 85% of *Homo sapiens'* 300,000-year existence, men and women were hunter-gatherers. But only in the last 12,000-15,000 years did "we" definitively evolve from the status of prey to top predator. And only in the last decade, we have created intelligent machines which, by matching our heartbeat signature or faces to their databases, could make us prey again.

The entertainment industry has used this prehistory to brilliant effect. In the 1989 true-crime film *Elephant*, the superb BBC director Alan Clarke (in collaboration with producer Danny Boyle) recreates from police reports 18 humdrum assassinations in Northern Ireland during the Troubles. Resembling footage from a nature film, the scenes consist solely of men walking very fast into shops, workshops, and warehouses to shoot their victims, whereupon the Steadicam deliberately lingers over each corpse. There is no dialogue; the only sounds are fast footsteps and guns firing.

Our primordial history also is the main ingredient in *Il cacciatore* (*The Hunter*), an Italian TV series based on the life of Alfonso Sabella, a real-life anti-mafia prosecutor in Palermo who caught and jailed 300 members of the Corleone crime family in the early 1990s. As a boy, he learned how to hunt wild boar from an older teenager who grew up to become a mafia hitman. The series explores how Sabella, as a prosecutor, applied hunting techniques to track down his urban prey, relying on extreme patience and tactical ploys to lure his main target, the fugitive Leoluca Bagarella.

THE PLOTS THICKEN

Assassination is as old as recorded history. The "classic" example is the mob-like stabbing of Julius Caesar on March 15, 44 BCE. Caesar's murder exemplifies one type of assassination: the elite conspiracy. He was cut down by highly ranked men who feared what he might become as he embarked on his most lucrative war, against Parthia. He was already boosting his power through ostentatious acts of clemency for his enemies and rewards of land to the restive Roman plebs.

Although the assassination plot was designed to preserve the venerable Roman Republic, the ensuing chaos and civil war destroyed it. Following a complicated hiatus, centuries of rule by emperors followed, commencing with the "father of the nation" Augustus Caesar. As journalist Peter Stothard shows in his fine book *The Last Assassin*, the assassins were systematically tracked down by Augustus, with the last one - a minor poet named Cassius Parmensis - perishing 14 years after Julius Caesar's death.

Many other assassinations have also been the products of elite conspiracies, and some have been just as easy to unravel. To take a modern example, there were 33 attempts made on the life of President Charles de Gaulle by right-wingers incensed by his decision to withdraw from Algeria (which they considered as much a part of France as Paris). Most of these men were tracked down by France's excellent security forces, and most of them were proud of what they had sought to do.

Their abortive efforts inspired a highly successful thriller, Frederick Forsyth's *The Day of the Jackal*. Forsyth's book was avidly read by Mehmet Ali Ağca, the Turkish fascist who shot Pope John Paul II, and by Yigal Amir, the religious fanatic who murdered Israeli Prime Minister Yitzhak Rabin.

Much of our fixation with assassination conspiracies reflects a refusal to believe that random acts of violence do not have some deeper explanation. It is not enough to think that, sometimes, disturbed little men will seek their rendezvous with History, as the American writer Don DeLillo memorably put it in his novel *Libra*.

Even today, there are "Lincoln Truthers" who believe that US President Abraham Lincoln was killed in 1865 by Roman Catholics rather than by a small gang of resentful supporters of slavery led by the actor John Wilkes Booth. Some 61% of Americans still believe that President John F. Kennedy was killed by the CIA, a Mafia conspiracy, or both, even though Lee Harvey Oswald had used the same Mannlicher-Carcano rifle to shoot the right-wing former US General Edwin Walker seven months earlier. No one suggests that a "deep state" murder conspiracy was afoot when Oswald's shot grazed Walker's arm as he sat preparing his tax returns one night.

A psychological state called "apophenia" – common among schizophrenics – is often involved in seeing linkages where there are none, like the face of one's dog or cat in the coffee grounds or wireless communications heard from the radiator. A classic example is the "umbrella man" on the Dallas sidewalk when Kennedy's car crawled past. The theory is that by opening the umbrella, he was signaling to shooters lurking on the grassy knoll.

But what if the man was really a protester who was alluding to Neville Chamberlain's famous umbrella to denounce JFK for "appeasing" the Soviets by withdrawing missiles from Turkey after the Soviets withdrew theirs from Cuba? In fact, that is precisely what insurance salesman Louie Steven Witt was doing when he was captured in the famous Zapruder film holding up an umbrella.

WHO KILLS?

Rather than getting lost in the weeds of such episodes, which have their own scholarly literature, my research has focused on two areas: the assassins themselves and whether assassination works to advance political or economic interest. Most assassins are paid employees of states. And, historically, the most professionally competent government assassins were the pre-World War II Soviet NKVD killers who targeted dissident Marxists and Ukrainian nationalists in a variety of global contexts, from civil war-torn Spain to Mexico.

These assassins' cover stories were so dense that even someone as notorious as Ramón Mercader – the man who killed the exiled Leon Trotsky with an ice pick to the skull in 1940 – was able to conceal his real identity for ten years despite being interrogated by forensic psychiatrists for six hours every day for six months.

Mercader simply adapted his real-life story to his persona, including his dreams and his relationship with his mother Caridad, who was his getaway driver and an experienced killer herself. This allowed him to elide the fact that he was neither Frank Jacson (sic) nor Jacques Mornard, the first two of five false identities the NKVD constructed for him. Only when Mexican police made a chance visit to Barcelona did they uncover his Catalan origins ten years after the event.

Not all assassins have been so professional. Today's Russian GRU (military intelligence) successors to men like Mercader fall far short of their Soviet forebears' competence. After all, everyone already knows the identities of the officers who killed the former Russian Federal Security Service officer Alexander Litvinenko with polonium in London in 2006, and of those who tried to murder the former GRU officer Sergei Skripal with the nerve agent Novichok in Salisbury in 2018.

And, of course, not all assassins are in public or private employ. The question of whether "random" assassins are madmen recurs often. Back in 1812, English judges pondered the sanity of John Bellingham, the disgruntled merchant who shot prime minister Spencer Perceval. In the event, Bellingham was hanged.

But assassins can be both mentally ill and entirely rational. Consider the two men who attacked South African Prime Minister Hendrik Verwoerd, the Dutch-born architect of apartheid. One was a millionaire English farmer named David Pratt, who shot Verwoerd in the face (rather ineffectually) at the Rand Show on April 9, 1960. Pratt, who was chauffeured to the event, turned out to be suffering from depressive illness; but he was also appalled at how black South Africans were being treated by the police.

Six years later, Dimitri Tsafendas, a uniformed parliamentary messenger, stabbed Verwoerd to death at the House of Assembly in Cape Town. Tsafendas was almost certainly mad, having previously been admitted to mental asylums in six countries. But he had also learned how to tantalize his psychiatrists (thereby ensuring

better care for himself) with tales of a tapeworm that gave him orders from his gut.

Since the South African security chiefs did not want to try white men for attacking Verwoerd, they declared Pratt unfit to stand trial and subjected Tsafendas to months of torture before imprisoning him and declaring him insane. His sentence included a stint next to Nelson Mandela on Robben Island. In 1994, after apartheid had ended, Tsafendas was transferred to a psychiatric hospital, where he died five years later. With his Communist background, Tsafendas – like Pratt – had perfectly rational grounds for wanting to kill the man who had devised one of the most inhuman political regimes of our times.

DOES IT WORK?

Verwoerd was succeeded by the even more fanatical John Vorster, raising the question of whether assassination “works.” The British Prime Minister Benjamin Disraeli was sure that it did not, having just seen Andrew Johnson smoothly succeed Lincoln. And the problem certainly isn’t limited to democracies. If you kill a monarch, you just get another one with an extra numeral or a different Christian name – Czar Alexander III instead of Alexander II.

Still, there is a case to be made for the other side. After all, Caesar’s death certainly did change the course of history, inaugurating centuries of imperial rule that, like Russian absolutism, was often punctuated by assassinations. And once in the White House, Johnson, a slaveowner, succeeded in impeding post-Civil War Reconstruction in the former Confederacy, thereby helping to ensure continued white political hegemony in the South.

One factor determining whether an assassination works is the foresight of the perpetrator. The lone gunman who shot Rabin in 1995 was all too successful in derailing the Oslo peace process and ushering in a climate more conducive to extremists on both sides.

Similarly, the double assassination of the Rwandan and Burundian presidents over Kigali in 1994 led to what many informed observers had foreseen. The perpetrators had wanted to provoke a conflict, and the situation was duly exploited by Hutu extremists, who proceeded to slaughter a million Tutsis in accordance with their own long-held genocidal plans. Their bureaucracy of mass murder was as elaborate as that seen in the Holocaust.

But even with foresight, assassinations very often have terrible unforeseen consequences. The assassination of Archduke Franz Ferdinand in June 1914 did not “cause” World War I in any immediate sense, but it certainly created an opportunity for European leaders who worried that time was running out for them to win a major war. The war they got – in which ten million soldiers and sailors died – was not the one they had imagined.

KILLER WAVES

Throughout history, assassinations have followed a certain logic, often reflecting the fact that two Caesars or Khalifs is one too many. As Jeffrey Sachs has pointed out, rulers have a different moral compass from mere mortals like the rest of us.

Political killings also have ebbed and flowed, spiking during particular historical epochs. One such period was during the early modern wars of religion in Europe, when kings actively hired assassins to kill “heretical” rivals. The Catholic Spanish monarch Philip II paid big money to kill the Calvinist Dutch ruler William the Silent. Learned theorists at the time justified “monomarchy” – the killing of Catholic or Protestant rulers – by arguing that it could bring about the confessional reorientation of entire states.

A second spike occurred toward the end of the nineteenth century, when an extraordinary number of politicians and rulers were cut down, including Czar Alexander II, US Presidents James Garfield and William McKinley, Empress Elisabeth of Austria, French President Sadi Carnot, and King Umberto I of Italy. Here, the problem was partly that rulers and politicians had become more visible. Not only did many feel obliged to venture into galleries, theatres, and opera houses, but the media regularly published precise details of their itineraries. The reforming Russian Prime Minister Pyotr Stolypin was shot dead in 1911 during the intermission in Kiev’s opera house. Three years later, Gavrilo Princip merely had to pick up a newspaper to discover which Sarajevo streets the archduke would be driven along.

The twentieth-century transformation of religious sectarianism into modern ideological derangements also occasioned more assassinations, especially in the aftermath of WWI. Fear of Bolshevism also led Britain and France to become involved in efforts to assassinate the entire Bolshevik leadership, in preparation for armed Allied intervention to topple the new regime. In the event, the Soviet Cheka were a lot craftier than such

"diplomats" as Bruce Lockhart and Sidney Reilly (the "Ace of spies"), who was executed. In addition to the NKVD's many murders were those carried out by Italian Fascists, notably of the socialist Giacomo Matteotti in 1924, and by the National Socialists, who in June 1934 murdered their own stormtrooper commanders and several others, including ex-chancellor Kurt von Schleicher.

Even Engelbert Dollfuss, the clerical fascist chancellor of Austria, was assassinated, raising the intriguing question of what would have happened if Hitler, too, had been killed. The perpetrators would not have been the aristocratic plotters who failed in their assassination attempt in July 1944, but rather the lowly leftist craftsman Georg Elser, who in 1939 came within minutes of blowing Hitler to pieces with an elaborate bomb hidden behind the podium from which he had been speaking. Hitler eluded death by about 15 minutes.

POLITICS BY OTHER MEANS

Nowadays, assassinations have come to define how military powers prosecute wars. Soldiers are transformed into spies and spies into soldiers, a dismal process that during the Vietnam War resulted in campaigns of militarized assassination in which thousands of Viet Cong cadres were murdered by American and South Vietnamese death squads.

During the so-called War on Terror, the CIA has undergone a similar militarization, only now death increasingly comes from "snipers in the skies": Predator and Reaper drones whose operators sit behind consoles thousands of miles away, though the use of these weapons is often not as discriminating as their supporters claim. As China, Iran, Turkey, and others develop similar capacities, a pertinent question is how soon states, pushing the technological envelope, remove human judgment from the equation entirely. The UN has reported that in March 2020 a Turkish-made "lethal autonomous weapons system" or LAWS carried out such a "fire, forget, find" strike on the rebel forces of General Khalifa Haftar in Libya when it chose to smash into vehicles it came across.

Modern history is full of efforts to contain the practice of assassination - starting with rulers who regarded it as dishonorable even as they discovered its uses. During Gerald Ford's presidency, the US formally prohibited federal employees from engaging in assassination, though legal "workarounds" have obviously been discovered in the interim. When former US President Donald Trump ordered the assassination of Qassem Suleimani, the commander of Iran's Quds Force, at Baghdad airport, he removed a man who had organized the Iraqi fight against the Islamic State, and who was engaged in clandestine diplomacy with the Saudis (a process that has been resumed under Biden).

With the rise of strongman rulers like Putin, the assassins seem to have been let loose once again, inspiring others. Almost certainly acting on the orders of Saudi Crown Prince Mohammed bin Salman, a team of assassins murdered the journalist Jamal Khashoggi at Saudi Arabia's consulate in Istanbul in 2018. And the year before, corrupt politicians and other criminal elements saw to it that the Maltese investigative journalist Daphne Caruana Galizia was blown up outside her home. In both cases, crude public-relations campaigns were launched, and bent journalists were hired, to smear the victims or, in the Maltese case, to lay a trail pointing away from the actual assassins.

We will never stop assassination. But, clearly, something more than sanctions or a slap on the wrist is required to make the reputational costs of these premeditated murders prohibitive. Exposing the chain of command, as the investigative journalism website Bellingcat has done with the GRU, is important. But so is a much broader intolerance of a wider spectrum of international repression, from sinister surveillance technologies to misuse of Interpol "red notices" to the sharp end represented by Saudi bone saws and Russian Novichok.

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