

## Baking pizza with sauerkraut

For several months we have been following a heated controversy between Italy and Germany, Monti and Merkel, Draghi (Ecb) and Weizmann (Buba) about the sovereign debt crisis in the euro area.

As a German citizen (or better, a European citizen) living in Italy, I feel deeply concerned about this debate, since the problem does not only involve the political and economical dimension, but, increasingly, the cultural one too. In my view this dispute poses a serious danger for the relations between the two countries and is creating some tension within public opinion in both countries.

As far as I can see, Germans are basically concerned for two reasons. First, they think their tax money is used to repay the debt of the Club Med Countries. Also, the Italian debt rate is the second highest in the euro area after Greece. Second, monetary stability. Germans are historically adverse to high inflation rates after the experience lived in the twenties and after World War 2. Besides, the primary objective of maintaining price stability and the control of inflation through the second half of the 20th century made the German mark one of the most respected currencies and created a high standard of living. Moreover, many Germans think that Italian people have been living above their means for years. They often hear or read in the media about the incompetent state apparatus, the high cost of public administration, retirement pensions, running deficits in order to finance government's expenditure which could not be covered by tax revenues.

As long as Italy had its own currency, the Banca d'Italia was given the possibility to inflate the Lira in order to face the problem, but now, with the common currency, the Euro, and strong partners like Germany within the system, this is not possible anymore.

It is also important to mention that Germans have always tried to keep an eye on their debt, undertaking major reforms as for retirement, healthcare, unemployment and public spending especially over the past 15 years and these strict measures have not always been easily accepted by the population. All of this might explain some really harsh positions, for example that of Jens Weidmann, chairman of the Bundesbank, who, some days ago, criticized Mario Draghi.

Finally, one should also consider that many other problems in Italy, like a lame judicial system, nepotism, corruption and waste disposal, people faking diseases and poverty in southern regions do not seem to find a solution, and this contributes to developing yet more prejudices against the country. Not to mention the bad image caused by 20 years of Silvio Berlusconi... Fortunately Mario Monti and his cabinet of non-part ministers, all experts in economics, have managed to recreate a very high credibility in the European public opinion, but Monti's term of office will expire next March and the Italians will have to choose a new government. And again there will be the problem of trust. Who will come after Monti? Beppe Grillo or again Silvio Berlusconi? German investors are afraid because they consider the political risks in Italy greater than the economic ones!

I don't think there is anything in the Italian culture or the Italian way of life which Germans do not appreciate, admire and enjoy when they go to Italy on holiday. Indeed, they even try to imitate some aspects of Italian culture in their own country.

What certainly is true and perfectly fits the clichè is that Germans are stubborn and adverse to change. Therefore it takes time to convince them to give up their values and overcome their fears. However, they must understand that too much rigor could kill their partners, and then, who will benefit from that? And again, who is it that is benefiting most from low interest rates and a weak currency?

Europe is as important for Germany as it is for Italy, and such a situation requires a certain degree of foresight if not of solidarity. Germans should remember that they were helped by

other countries to repay their debt after World War 2 and rebuild their industry, giving them the chance to become what they are now.

But what I also observe and what personally concerns me is that Italian media frequently misunderstand Germany's behaviour. More and more often I can read in Italian newspapers that Germany's political line is driven by arrogance and the desire to have a strong political influence or even supremacy in Europe. The slogan "*Deutschland, Deutschland über alles*" has been abolished from the German language but it is quite present in the minds of people in its neighbouring countries.

In conclusion, my feeling is that the continuation of the crisis is very much exploited by some politicians on both sides in order to gain consensus from this anti – European feeling which is spreading in some parts of the population. And this would be a real pity after more than 50 years of efforts and working on European integration. Maybe it might be worth trying to put some sauerkraut on a pizza!

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