

Immigration, the Economy and the Italian Election

by George Friedman - September 26, 2022

Italy elected a hard-right party in parliamentary elections held over the weekend. The result indicates that Italians are unhappy with the country's reality. Italy has the third-largest economy in the European Union, after Germany and France, and its economic and social realities are very different from the Continent's other top-tier countries in the sense that its economy is less productive and generates more debt. Italians believe, with some reason, that the European Central Bank is pursuing monetary policies that benefit Germany, which wants to maintain the value of the euro as a net creditor. Italy favors a very different policy of cheap money, a reasonable preference considering it's a net debtor. A single European bank can't serve both interests, nor can it readily split the difference. But given Germany's size, its economic performance is a massive component of Europe's financial well-being, meaning the ECB must support the German position.

Logic dictates that Italy would elect a hard oppositional government that sees the ECB as a threat to Italian prosperity. It has long been our position that the tension between Italy and Germany over monetary policy would represent the largest threat, perhaps a lethal one, to the European Union. Given the coming winter, European politicians will be protecting the interests of their own voters, and therefore following divergent policies. The ECB will not be able to harmonize the economies of Europe, and if the Russian embargo persists, competition between nations will be intense. The EU was created to ensure peace and prosperity, as its motto proclaims. Peace is shaky, and prosperity is slipping away. The Italian election signals a crisis.

Meanwhile, there was another issue that loomed over the election: illegal immigration. This issue has been facing Europe since 2015 when massive numbers of Muslim migrants came to the Continent. At the time, relatively open immigration was the EU's policy, but the opposition was substantial. Proponents of the policy believed that member states had a moral obligation to admit migrants. But opponents argued that member states were expected to let in too many migrants, and that the bloc and its supporters, particularly those from wealthy countries, were strutting their moral superiority without footing the bill.

To understand these issues, I would insert my experience as a young immigrant to the United States, something I have done before. I'm an immigrant and certainly don't oppose immigration. At the same time, I understand the stresses immigrants put on the system and the fear over immigration. That

fear cannot be dismissed as simply racism. The cost of immigration is borne by groups that find the burden difficult to carry. However, the problem is not just financial. When immigrants arrive in a country, they do not live among the wealthy. Instead, they are channeled to live among the poorest of society, where an apartment might be barely affordable.

Immigrants are also foreigners and often don't understand the host country. The parents often go off to work in menial jobs, and their children are left to fend for themselves. Lacking parental supervision, immigrants from the same country huddle together and wars break out – between Jews and Puerto Ricans, Irish and Black people, Italians and Dominicans, to provide a sample of ethnic groups I grew up with. Crimes were committed, and residents were mugged and robbed in their apartments.

The point is that immigration is a brutal experience for the young and an even more horrible influence on the residents who had settled there years before. It was particularly a nightmare for the elderly. Anyone who could fled. Anyone who couldn't stayed indoors. This was the experience of immigrants, and it was also the experience of the working class and retired. It was not the fault of anyone really, save those who championed the policy without understanding what large-scale immigration meant and made no attempt to mitigate the crisis it caused.

I noticed a pattern in New York that I see in Europe and elsewhere. The most passionate advocates of immigration do not live in the neighborhoods in which immigrants settle, nor do they have any sense of what the collision of cultures will result in or what unsupervised teenagers do. If none of this happens in their neighborhoods, it's not that they are indifferent to the chaos; it's that they simply can't fathom it.

The rise in hostility to immigrants in Europe will surge when the immigrants are sent to the poorest neighborhoods in the poorest countries. Do not mistake me for an opponent of immigration. I am here in America as an immigrant. But I am also aware that there is no memorial containing the names of those who paid for it.

The immigration issue exists in all countries. But in Europe, it's more divisive. America is a nation of immigrants, and all of us have an ancestor who came here or was brought here, save for the Native Americans, who were the ones who paid for the first wave. But I understand the Italian position on immigration, which can be summarized as: "Let them all go to Germany." And this is where the economic and the immigration issues meet, creating a powerful new problem fueled by the contempt hurled at those who oppose immigration by the moral upper classes. The EU will be torn by these issues, and so will other countries.

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