

# Euro Crisis Prompts Italian Village to Declare Independence

Difficulty:

**A**VERAGE

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## *Discussion activities to be done after completing this EA lesson*

Today's report is about a small village in Italy. Why is the Mayor not happy? What does he propose doing? What has already been done? Do all the villagers agree with him?

## *Extension discussion topics*

### **A. Talking about and going over the specific topic / idea / issue in listening text**

*Introduction = Why is the Mayor of Filetino not happy? What does he propose doing? What has already been done? Do all the villagers agree with him?*

1. Why is this problem occurring in Italy?

- Euro is in deep crisis.
  - Italy has a huge public debt (€1.9 trillion).
  - Government's \$67 billion austerity package is to force around 2,000 towns of less than 1,000 inhabitants to join with neighboring communities.
- } not actually stated in report

2. What does Mayor Luca Sellari want to do and why?

- If Filetino joins with the next village, he will lose his job.
- He has protested to the Italian government.
- He wants independence from Italy for Filetino.
- He claims there are great economic opportunities for the town as it has water, land and forests which could be cut.

Do you think he will be successful?

3. What preparations for independence have been carried out?

- Filetino has created (printed) its own currency, the Fiorito.
- It has designed a new coat of arms.
- Shops are selling souvenir T-shirts with the new coat of arms.

Do you think this is premature or not?

4. What do we learn about the feelings of Filettino residents?
  - Not all agree.
  - Giulitti family who run the main restaurant says they don't want independence from Italy.
  - They just want to be able to manage their own resources and not have to share them with anyone else.
  - They are very proud of their culture and village, especially the quality of their cattle (steak).

How would you feel about your town merging with the next town?

## B. Expanding on (one of) the topics / ideas / issues in listening text

*Topic = Euro Crisis in Italy.*

*(source: <http://www.bbc.co.uk/news/business-15429057>)*

*(video presentation of euro crisis at <http://www.bbc.co.uk/news/business-13991135>)*

*(Teacher: points are listed here, if no internet access is available during these exercises, but students should watch video and read article for themselves.)*

1. Why is Italy in trouble now?
  - Its economy is very weak.
  - Italy is plagued by poor regulation, vested business interests, an ageing population, and weak investment, all of which have conspired to limit the country's ability to increase production.
  - The country has averaged only 0.75% annual economic growth rate over the past 15 years.
  - That is much lower than the rate of interest it pays on its debts.
  - This creates a risk that the government's debtload could grow more quickly than the Italian economy's capacity to support it.
  - In the past, this risk has not materialized, thanks to Italy's relatively high inflation rate, which has steadily pushed up the government's tax revenues.
  - Now the outlook is much more grim. Like other southern European economies, Italian wage levels rose too quickly during the good years, and left Italy uncompetitive versus Germany and other northern economies within the eurozone.
  - That lack of competitiveness is likely to mean many years of even weaker growth and low inflation, as Italian workers find their pay is frozen, or even cut, until they regain a price advantage over German workers.
  - But lower growth and inflation suddenly make the Italian government's debt load look much less sustainable.
  - Further government spending cuts are likely to hurt the economy even more, and - as Greece is discovering - may not even do much to improve the government's borrowing needs if they lead to a sharp rise in unemployment.
  - That outlook has frightened markets, and lenders are demanding a much higher interest rate from Italy in order to lend it the new money it needs to repay its old debts as they come due.
  - To borrow money for 10 years, Italy now has to pay an interest rate of 6.7%. Germany, by contrast, must pay only 1.8%. Spain - Europe's other big, troubled economy - must pay a record 6.1%.
  - But of course this higher cost of borrowing makes Italy's debts look even less sustainable.
  - That means the market's loss of confidence in Italy could well end up becoming a self-fulfilling prophecy.
  - If nobody will lend to Italy, then Italy cannot repay its debts. And if Italy cannot repay its debts, then nobody will lend to it.

- If markets do panic and switch their money out of Italian debt into "safe" German debt, Italy would need an enormous bailout much bigger than the original 440bn-euro EFSF, agreed in July. Much of this fund had already been earmarked to support Greek government spending.

2. After having watched the above video if possible, do you think the euro will crumble as a result of the debt crisis? Why / why not? Who would you blame in particular for the crisis? Why?
3. Is your country, or the one in which you live, affected by the eurozone crisis? If so, is it affecting you personally yet? Do you think it will in the future? How? If neither is true, how do you think it will affect ordinary people in the countries affected?
4. What have you seen on TV or the Internet about the reactions of people in countries like Ireland, Greece, Spain, Italy, which are having to endure austerity measures? Why do you think they are justified / not justified in their complaints?

**C. Extending discussion of (one of) the topics / ideas / issues in listening text**

*Topic = Secession.*

1. How many Western European territories do you know of that are seeking independence from the country they presently belong to?

Territory	Country
Basque	Spain
Catalonia	Spain
Scotland	UK
Flanders	Belgium
Corsica	France
xxx	xxx

2. Why do these territories want to secede? (economy, language, religion...?)  
Do you think they will be successful? Is it the people or the politicians who really want to secede? (*e.g. in Scotland many, if not most of the people, do not want independence.*)  
What difficulties can you think of that these territories would face if they secede?  
What would the parent country lose if they secede? (*e.g. Scotland's oil*)
3. Are there any such territories in the country or region you come from? Have any already seceded? What have the results been for both the parent country and the territory which seceded? Was it done peacefully or with violence?
4. With the eurozone crisis, it is being speculated that some countries such as Germany could secede from the eurozone. Do you think this will happen? Why / why not? What effect would Germany's secession have on the euro and the other countries in Europe? (*You can research this on the Internet.*)

## *Audioscript*

Deep in the rugged mountains east of Rome lies the quiet village of Filettino.

Not much has changed here for centuries but the 554 residents are now part of a revolution in the making; Filettino is trying to break away from Italy.

Under the government's tough \$67 billion austerity package, all towns with fewer than a thousand residents are being forced to merge with neighboring communities.

That would see Filettino's Mayor Luca Sellari out of a job. So he's leading the fight back.

"We wanna manage our resources independently. This town is rich in natural resources and this could provide great economic opportunities. We have about 8,000 hectares of land, and forests that we could cut, but the state doesn't allow us to do it. We have water resources, but these are managed by a company in Rome, and we don't receive any money."

Filettino has even started printing its own currency, the Fiorito - complete with a picture of Mayor Sellari.

The village's few shops stock T-shirts bearing the new Filettino coat of arms. For now, they are just souvenirs. But, Sellari insists there is legal precedent.

Before unification in the nineteenth century, Italy was made up of dozens of principalities and kingdoms. Some, like San Marino, still survive.

"We were the first ones to protest, maybe the ones who protested loudest - and the government stepped back. At the moment the town is not merged with the neighboring village, but still, the government is forcing us to unify our services. That would force our costs up, so I hope Prime Minister Monti's new government will propose a reasonable solution to this."

Rosa Maria Giulitti helps run Filettino's main restaurant, La Galleria. She remains skeptical of the mayor's plans.

"We don't want to be independent from Italy, we don't want to be out. We just wanna manage our own resources, which we don't want to concede to anyone else."

Giulitti's mother takes over the cooking - insisting that the local cattle produce the tastiest steak in the world. She declares "This is the local blood of the principality!"

Filettino's people are clearly proud of their culture and their village.

Across Italy, around two thousand villages face losing their mayors. Many of them will be watching carefully whether Mayor Sellari can one day call himself the Prince of Filettino.

Henry Ridgwell, VOA News, Filettino, Italy.