Abstract

The following work is derived from the study , under the chair of Law of Economics, of the currency war unleashed against the euro after the crisis of the Collateral Default Swaps backed by Mortgage Securities in the United States (CDS). After 2008 and the outbreak of the derivatives bubble the U.S. Government was forced to non-physiological inputs of liquidity in the banking system that led to an increasing inflation against the dollar, making the green bill lose more than 40% of its value compared to the Euro. It is well known that for at least two decades, with an acceleration in the last period as a result of the enormous monetary mass pushed into the system by the Fed , there is an ongoing reduction in the use of the dollar in international business transactions and in the function of international's currency reserve. What would happen if instead of using the dollar as currency in international transactions related to trade in oil or gas Nations would use the euro? And what would happen if China, which holds a reserve of more than 3000 billion dollars, converted all of them in euro? That all the dollars in circulation would come back home, causing a devastating inflation, since the amount of money in circulation would be far greater than the quantity required for domestic transactions and this would mark the final decline of the dollar as the international reserve currency. And this was unacceptable, making containment measures necessary to maintain the dollar status as world's reserve currency, with the Euro beginning to emerge as a formidable opponent.What to do then? If it is impossible to strengthen the dollar the same effect could be achieved by pulling down the major antagonist of the dollar, the euro. So the only way to strengthen the dollar went through an attack on the euro, which trades amounted to one million per day , too much to think of a frontal attack against the currency as done in 1993 against the Lira. So the assault financiers and hedge fund managers of Wall Street have devised a strategy that, starting from the edge of the Old Continent , aims to strike the heart of euro and Europe. These financiers have looked for the weaker sides of the European Monetary System and they have

identified them in the government bonds markets of peripheral countries, Greece, Ireland and Portugal first, Italy and Spain then. The government bonds market of Greece is much more limited and much less liquid than those of German bunds, an ideal condition for a short sales attack. These attacks, together with a series of articles wrote by some Wall Street guru about the risk of default of these countries, can lead to a real panic over the solvency of these countries and , more generally, on the premises of the single currency. First of all it was necessary to spreading distrust about the currency before starting a real currency war , and what better than the media and their messages to spread distrust?

And it is precisely here that my job starts, going to highlight the manipulation that has been made by the media of the news on euro , on Europe and on the crisis to create distrust on European markets, making easier a speculative attack to the single currency , highlighting the role that newspapers have had in the propagation of those destabilizing news.

Ever since the media industry came to life, theories of the influence that this industry has on the public have been advanced. It 's very difficult to think that communication is end to itself. Edward Bernays, one of the fathers of the theories of media manipulation, claims that a conscious and intelligent manipulation of the opinions of the masses plays a vital role in democratic societies, making the media able to direct the thoughts of the people in the direction that the media have established. More recently, the linguist and philosopher Noam Chomsky has compiled a veritable handbook of media manipulation, that through manipulative techniques such as the "strategy of distraction", "the strategy of gradualism" and "the strategy to first create the problem and provide the solution then", wishes to create what is defined by the linguist himself the "manufacture of consent", the clear preponderance of one point of view on the topic of interest.

The thesis is simple, to show how, at the end, this media manipulation has reached the goal to put under question the foundations upon which the monetary and political union was built , benefiting the U.S. currency. Not because of its strength but because of its relative stability, which the Euro area does not have. My research starts in 2010 , when the crisis began to move from U.S. to the other side of the Atlantic Ocean, and ends in the present days. It goes through a chronological analysis of the articles of the major Italian newspapers, mainly the Sole24Ore La Repubblica and Corriere della Sera, inserts in magazines and online information sources compared with the major decisions of economic and monetary policy taken in the E.U. an U.S. My work wants to emphasize that, at the end, a manipulation of the news to encourage speculation on the Euro by the American finance has really taken place.

The strategy was clear and straight: starting with questioning the solvency of the most risky States, then, once the solvency was questioned, increasing the cost of borrowing in financial markets (the interest rate on the public debt), which in turn creates more distrust and further increases of the interest rates. This would force the ECB to buy securities of the most risky States by issuing currency that would lead to inflation with a consequent devaluation of the euro and the re-balance of the dollar-centric system. To start the attack then the first thing to do was to put in doubt the solvency of most exposed debts, and what better weapon than rating agencies and media networks, whose role in the outbreak of crisis is now well known.

Theoretically, rating agencies are companies that emit judgments and estimates on securities listed in the financial market and, therefore, they should be non-partisan companies that issue their judgments on detailed analysis and reliable statistics. But in truth they had a role in this attack on euro. The role these agencies had during the discrediting of euro was to create mistrust about the solvency of countries at risk through their judgments and through the so much feared rating cuts. Cuts that were made in the crucial moments, and then amplified by the media agencies to fuel the tension around the Euro and Europe. Think about Greece, went from an A rating in 2006 to a BBB-rating in 2010, or Italy, went from an A + to BBB + in 2013. Affected by the attack were also the banks that held a portfolio of securities of these states, forcing them to get rid of the titles and to implement the downward spiral. Once the ratings were downgraded, the ball passed to the media who skillfully amplified and distorted the message in order to encourage an aversion to the rescue of the swing states and of the euro itself.

The role that the media have had, and they all have now in this war, is critical. Putting on the sly some news and amplifying others these institutions are able to influence public opinion with an alarming power. Going to re-read the newspapers from 2010 to date is impressive to note that the news about the decisions taken on the other side of the Atlantic Ocean or the countermeasures taken by the ECB, were bound in the final pages or even omitted at all.

In 2010, with the first 110-billion bailout package for Greece, the manipulation of the media entered a critical phase. In that occasion the saving fund was attended by the member of the Eurozone and also from the International Monetary Fund, allowing the U.S. to make their triumphal entry into Europe. The fact that Europe left the rescue of a member state in the hands of an international body was an alarm bell not adequately understood in the European institutions, making evident the absence of a common accordance between the countries of the Eurozone. The IMF care is quite clear: deregulation, public spending cuts and privatization of public services, dealing primarily to ensure the recovery of the loans and investments of foreign banks. Leaving the rescue of Greece in the hands of the fund was a mistake, because it has generated the belief that the titles of Eurozone were at risk and thus a potential victim of financial speculation. The border was left open and the IMF has caught the ball, realizing that from it Greece would have been able to get to the heart of Europe. Since then, the fund has never stopped to give advices and make doomsday predictions on the progress of the Eurozone. At this point the media attack was really getting going. Causing mistrust on the solvency of the public debts of the Eurozone and implementing a strategy of theming in that regard, the media can trigger a process that would inevitably lead to the depreciation of the' euro against the dollar. Starting from

Greece to get up to Ireland and Spain, the media has fed the news day after day on the risk of the future of the euro.

The central body of the work is focused on a chronological analysis of the major Italian newspapers. Starting from 2010 and arriving to 2013 in this chapter all the newspapers are analyzed chronologically to highlight the discrediting strategy described before. My work analyses , almost every month , all the first pages of the already mentioned newspapers to highlight how "Eurosceptic"communication against markets and institutions has gradually taken more and more ground in the newspapers. Rereading articles of our own journalists, reports of foreign press agencies, the International Monetary Fund press releases and Interviews with U.S. economists reported on Italian newspapers, my work wants to emphasize how all these media releases had one thing in common , the desire to destabilize the markets and the cohesion European Union. If at the beginning of 2010 the waters still seemed relatively calm for the markets and for the states, at the end of the year the situation had changed dramatically, with the specter of the crisis that was getting closer. 2011, 2012 and 2013 had been even worse years, with the risk of default that became real and the spread hitting new records every day.

The last chapter focuses on the analysis of a particular case, the spread in Italy. In this chapter it is analyzed the media manipulation that has been made of this financial indicator for political purposes. This chapter shows the misuse that has been done of the spread, first to force Berlusconi's government to resign and the to justify the actions of the Monti's one. From a simple tool used to calculate the spread between Italian government bonds and German ones, it has been converted into a meter for the judgment of a government's action, blaming its ascent and descent to the merits or demerits of the Political institutions, when in fact it depends on all other exogenous factors, such as the dollar exchange rate on euro.

In conclusion it is difficult to see in which step Italy and Europe are right now. Trough public opinion has spread the most dangerous of the fears, that the Union and especially the Mediterranean countries can often be on the brink of default. A spread that rises because of public debt auctions gone empty , increasing unemployment , difficulties even for the government to pay the salaries , the European Council that is never in accordance on the economical and political issues, political uncertainty that is rampant, these are the posts to which the Italians are now exposed daily. A fear that, once made out, it feeds itself. Messages whose propagation media have been contributing, trying not only to create distrust in the European markets , but to create a real anti-European climate in Europe. Just look at the amount of populist parties born around the old continent, all united more or less to the same slogans against the single currency. The promises of a referendum on the exit from Euro whose consequences would be disastrous for the various economies that would create, all potential prey for the financial speculation that brought Europe at this point. My analysis does not aim to make predictions for the future , because everything could happen but , as has been demonstrated through the analysis of the various newspapers during the work , it aims to bring out the major role that the media played in the destabilization of a whole system, from the economics to the politics, making easier the return of the dollar to its role of international currency reserve. In conclusion I can say that if the war has not reached the goal of devaluing the Euro (because it still has a strong change in the currency market) it has reached another goal, to destabilize the basis of the European Social stability, making every day more people think the Union is the real cause of all the social changes that have been taking place in Europe during this last years. I personally think that if the Union really had a role in this is because it has leaved too much power to the financial markets, making them able even to force a government to resign (with the complicity of the media) , as in the case of Italy. If Europe hopes for a better future, I personally think that it has to reduce the power of financial markets with measures such as the Tobin Tax.