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Italy: Vincenzo Carollo

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## 'Time of colonialist feudalism is over'

*Excerpts from the speech by Sen. Vincenzo Carollo, vice-chairman of the Christian Democratic group of the Italian Senate:*

One of the gravest problems faced by the countries who believe in democracy, as the continuation and guarantee of true peace and social development, is determined today by the persistent economic crisis striking them, which can create in public opinion a growing disillusionment with democracy itself, with the danger that the disappointment may gradually turn into pessimism.

The damage in that case would affect not only the countries directly hit, but also those countries having highly developed economies, because persistent economic instability in the countries not yet guided by the dictates of international communism, could determine the conditions of an even graver instability than the present geopolitical situation, to the sole advantage of those who work for the gradual destabilization of the democratic world. . . .

I believe it our duty to discuss the problems relating to the present situation of the developing countries and the role of the IMF. . . .

Since 1982 the international financial flows in favor of the developing countries have been contracting, both from public and from private sources. The total foreign debt of these countries, which amounted to \$747 billion in 1982, reached \$791 billion in 1983 and \$878 billion in 1984. The growth of loans granted to the developing countries has decreased by percentages, from 5.9% in 1983 to 4.7% in 1984. But in 1982 the growth was around 14% with respect to 1981.

Significantly, the credit provided by private sources, that is, principally by businessmen who invested in developing countries, and by banks, whose relative financing went from \$84 billion in, 1981 to only \$14 billion in 1984. In essence, the investments from foreign investors have undergone a grave decline. What has been the role of the IMF in these years? It has been similar to that of international banking; new credits conceded in 1984 are around \$7.2 billion. The percentage decreased with respect to 1983 from 45%, and already in 1983 it was noticeably decreased from 1982. . . .

From 1980 on, the economies of the industrialized countries of the Western world have undergone grave tremors of crises, and hence, every nation has felt it had to provide for

itself, even at the cost of making another one pay, or at least, of no longer transfusing part of their blood to the anemic organisms of others. . . .

At this point, it is right to ask: "But what has the IMF done, or what should it have done, to alleviate the negative effect the world economic crises have had on the destinies of the developing countries?" . . .

Notwithstanding the Seoul meeting's promises of an increase in net credit of \$20 billion in three years, by commercial banks, last Oct. 28 in Washington, it was decided that for the moment the IMF was not ready to assume any obligation to grant new loans. . . .

Under these conditions, I maintain that the prospects are bitter.

The banks are not wrong to ask guarantees of the governments of the developed countries, but, for the same reason, the governments are not wrong to deny such guarantees. An international fund that may have as its end economic and social development cannot evidently govern itself by the simple principles of cost and profit on the narrowly monetary plane.

An international fund that is born of the principle of solidarity among peoples must have a pre-eminent political sensibility and thus must put this operative sensibility at the forefront of the respective governments.

. . . To the mass of workers, who fight for the rights of labor guaranteed to all, we must offer full solidarity if for no other reason than because the time of colonialist feudalism is finished, by the merits of democracy and Christian values that have been introduced into the consciences of men and of populations.

It must be clear to all, however, that international solidarity cannot be invoked only by feeding the growth of socially just consumption, but by contextually stimulating investments, and thus the production of real goods without which high standards of living are not reachable. . . . The fact that in 1984 inflation was 100% in Peru, 200% in Brazil, 600% in Argentina, 1,000% in Bolivia, is not encouraging. It is necessary rather to create the conditions not so much to produce money, but to produce real income: then money will be the title to a true value, and not the title to the void to be filled by future revenue. . . .

To conclude: It is necessary to transform the operative content of the IMF; to be able to do this, it is not enough to perhaps formally modify it, but is a matter of an act of conscience of solidarity by the developed countries toward the developing countries. The formulas, the entities, and the institutions can change from the juridical and formal point of view; what must not be changed, attenuated, or gutted is the political will to aid those who are not, cannot, and must not be alien from the force of democracy, liberty, sovereignty of peoples, for the peace of the world built on the respect for all men, and not on the austerity of feudal despotism ready to promise, and unable to fulfill, people's evolution.