
Interview: Luigi Tommaso Memmi of the Italian Parliament

'Independent' central bank dooms nation to dictatorship

The Hon. Luigi Tommaso Memmi, from Lecce (Puglia), became a member of the Italian Parliament on July 4, 1983. He belongs to the Budget and Internal Affairs Commission, and is a member of a group of Christian Democratic parliamentarians who are sponsoring a bill for the reform of the statute of the Bank of Italy. He was interviewed in Rome in April, by our correspondent Fiorella Operto Filippini.

EIR: In recent weeks the Bank of Italy has been at the center of a cyclone of protests, strikes, and polemics. On Jan. 7, you presented, together with a group of Italian deputies, a bill proposing a reform of the state of the most exclusive bank in Italy, the Bank of Italy. Could you go into detail on this?

Memmi: I would like to quote some passages from the bill presented by the group of deputies which you cited. We are spokesmen representing all the components of the Christian Democratic Party; we have been pushed to raise the problem of the Bank of Italy because of the intrinsic absurdity in the statute of our central institute, statutory absurdities which are linked to other similar deviations in its economic and financial policy.

At present, the Superior Council of the Bank of Italy is responsible for naming and revoking the governor, the general manager, and the two deputy general managers. True, these provisions depend on approval by decree of the President of the Republic, together with the prime minister and the minister of the treasury, but in reality, it is the Superior Council of the Bank of Italy that names its own directors, and which then, in turn, names the Superior Council of the central institute. It is an anti-democratic, medieval procedure, and unsuited to an advanced country.

Our bill provides that the President should name the governor of the Bank of Italy, by decree, on proposal of the prime minister in concert with the treasury minister, and that the governor remain in office for five years, renewable for no more than two times. And that the general manager and the two deputy general managers be named by the same procedure.

EIR: Your parliamentary action raised, at least in Italy, some sharp reactions. But also, many agreed, above all in Catholic circles.

Memmi: In fact, our bill represents a technical measure which is valid in itself, but the philosophical bases of which are represented, for us sponsors, by the social doctrine of the Catholic Church.

We maintain in fact that a free-market financial and monetary policy, like that presently being implemented by the Bank of Italy's management, is contrary to the Christian humanism which ought to guide our actions, at least, the actions of my party.

But even beyond our creed, as Italians, we must affirm that the reputation by which a central bank "decoupled" from

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the government, such as ours is today, is thought to be synonymous with an advanced, modern, progressive country, is false.

Exactly the opposite is true. A country in which the central bank is independent from the Executive is a country which has lost—or national economy. Let us take for example the case of many countries of the developing sector: There, the central banks are often "decoupled" from the government, i.e., under the control of the International Monetary Fund or the big international banks which, through the central banks, impose their economic line on the governments. The philosophical basis of our bill is that the Bank of Italy's policies should depend on the government, i.e., the nation itself, and serve its interests.

EIR: One week ago, Joseph Cardinal Ratzinger, Prefect of the Congregation for the Doctrine of the Faith, presented a document to the press, "Instruction on Christian Liberty and Liberation," in the final part of which it deals with the topic you mentioned, the social doctrine of the Church. How do you judge that document?

Memmi: Obviously, we agree with the theses presented by Cardinal Ratzinger, for the Church. In particular, we believe that "Instruction on Christian Liberty and Liberation," stresses in an adequate way the tragedy in which entire countries are crushed by foreign debt where the population can neither develop nor grow. We have to disprove the libertarian theory according to which state intervention into the economy is a Marxist or communist principle. It has always been a duty of the state to intervene to defend the population, the elderly, the poor, children, and youth, and liberate the nation from external conditionings dictated by usurious policies. Obviously, there is state policy and state policy: In Italy's Mezzogiorno, for example do we want to defeat the mafia? We need a greater state intervention to finance concrete economic projects: industries, agricultural development, reforestation, irrigation, and services.

EIR: As you know, in the United States the Gramm-Rudman law was voted up, which imposed harsh austerity programs on the U.S. economy. How do you judge it?

Memmi: The Gramm-Rudman Act acts on the United States budget similarly to, and perhaps to a greater degree, than what the Bank of Italy does, in the sense of automatically cutting, it seems to me, the "excesses" from the budget. In this case, even more than in Italy, the cuts are totally automatic, and the Executive no longer has any voice in the matter of the budget of the State. This is incredible; it is an extremely dangerous weakening of the state in the face of international speculative activities which play against nations, and, in particular, Western nations. The United States must take up again the economic policies of the 1950s, the program of "Atoms for Peace," and reestablish sovereignty over their finances. Otherwise, we are very close to the danger of an economic collapse.

EIR: Mrs. Helga Zepp-LaRouche, founder of the Schiller Institute, in the course of an international conference held in Rome for the year of St. Augustine, called for a decisive action against the austerity policies of the International Monetary Fund. What is your thinking on this point?

Memmi: The International Monetary Fund represents, from its founding, a supranational institution which interferes in national economic policies. Unfortunately, very often, with the central banks' approval. It is a question of a kind of elite reserved for the few, where governments have for the most part very little access. I would like to repeat: A nation whose central institution is decoupled from the Executive, sooner or later, will fall into the hands of a dictatorship.

Bank of Italy may lose its 'divorce'

by Umberto Pascali

The Bank of Italy, the Italian central bank, which years ago had its leaders arrested for corruption and yet won an official, total, and unique "independence" from the government and the parliament through a "divorce" from the Treasury Ministry, is in upheaval. On Jan. 7, four Christian Democratic parliamentarians called for "putting the Bank of Italy under surveillance" and reversing the "divorce" between the central bank and the Treasury.

Then, on Feb. 12, the corruption of the bank's "independent" leadership was sharply challenged by the three trade unions representing the majority of the bank's employees, with the publication of an Open Letter to the Governor, Carlo d'Azeglio Ciampi. The three unions that signed the letter were violently opposed by the Communist-controlled CGIL labor confederation. The unions attacked the Bank of Italy's collusion with the same international banking oligarchy that has been exposed for laundering the profits of the illegal drug trade.

The Open Letter was distributed on Feb. 12 in the context of a contract fight, against a plan to further increase the discretionary powers and "independence" of the Bank's directorate.

Referring to "the thousands of skeletons in your closet," the Open Letter attacked: "inadequate and thus partial monitoring of Italian credit institutions"; "the means by which the directorate's salaries are determined"; "the anomalous composition of a tame Superior Council"; "the unlimited duration of your mandate"; "the incorrect intervention in the naming of bank managers"; "cronyism"; and "administration of huge real-estate assets characterized by very high costs, waste, and favoritism."

The official and secret power exerted by governor Carlo Azeglio Ciampi and his directorate is even greater than Paul Volcker's.

Though there have been probes into the central bank in the past, and though the Communists, who still support the governor, admit that "the accusations are not new," no one has been able to nail the powerful gang that represents the local satrap of the International Monetary Fund.

One of the key powers of the central bank is the monitoring of all Italian banks. When asked for collaboration by