

EIR: One week ago, Joseph Cardinal Ratzinger, Prefect of the Congregation for the Doctrine of the Faith, present 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

magistrates and law-enforcement agencies, the Bank of Italy usually comes up with the peculiar theory that they cannot reveal "confidential information," not even in the cases in which the bank investigated is positively found to be connected to mafia and drug money. One magistrate investigating the dirty-money recycling of certain Sicilian banks who was killed by the mafia, immediately after he had asked for information from the Bank of Italy!

Central bank's counterattack

After one day of frantic consultations in Italy and abroad, Ciampi finally decided to present a legal brief to the magistracy and denounce the authors of the Letter, while ordering a violent media campaign against the "trade unions' insults."

But a trade-union official told *EIR*, "We have all the proof of what we have said and we are happy to go in front of a court to present our evidence." He added that the monitoring sector of the Bank is totally inadequate: "One of our demands is to make this sector really work."

In its media counterattack, the Bank has insinuated that that the unions must be "accomplices" in any wrongdoing; threatened that since the "The Bank of Italy is the only internationally credible institution," any effort to undermine proves the politicians are corrupt; and finally, "This attack does not come from the union, but from political groups, namely the Socialist Party and Prime Minister Bettino Craxi, who unsuccessfully had attempted a policy of low interest rates to favor an investment policy and increase his electoral base."

Venice sends an SOS

On Feb. 13, the day after the Open Letter was published, in the sanctuary of the Venetian oligarchy, the Cini Foundation at the former Benedictine monastery in San Giorgio Maggiore island, an international conference took place. The issue? How to defend the "independence" of central banks in Italy, France, Germany, Great Britain and, above all, in the United States! It was a sort of SOS, organized by the Olivetti Foundation of Henry Kissinger's friend, Carlo De Benedetti. So, the illustrious professors gathered there to defend the sanctity of the central banks found out that the Bank of Italy had just been accused of being no less than a "criminal association."

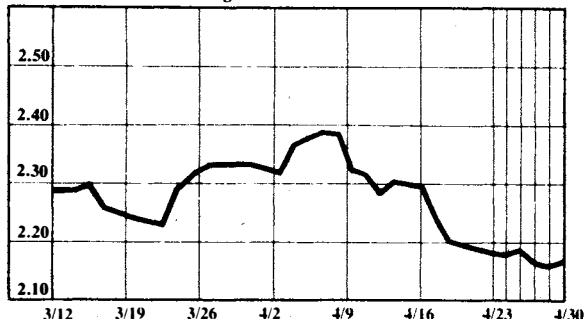
Interestingly, in the analysis of the U.S. Federal Reserve presented in Venice by Prof. Richard Sylla of North Carolina University, he stressed that "the independence of the Fed is real, but fragile. The independence can be compromised by government officials. . . . Besides, the independence can be put aside in periods of serious national emergency as showed by the two World Wars. . . . Where does the potential danger to the Fed's independence come from? In the U.S. situation the most effective way to attack the discretionary monetary policy of the central bank and its independence is to stress that the Fed has not always had a wise leadership."

If this is true, then not only Ciampi's position, but Volcker's, too, is quite "fragile."

Currency Rates

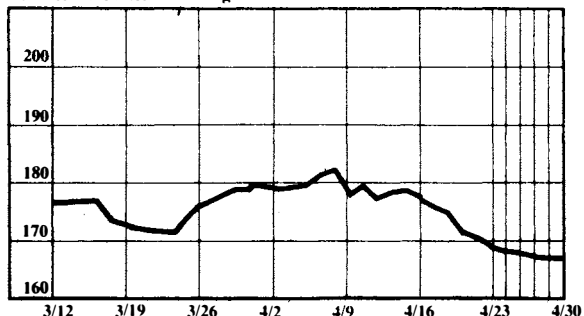
The dollar in deutschemarks

New York late afternoon fixing



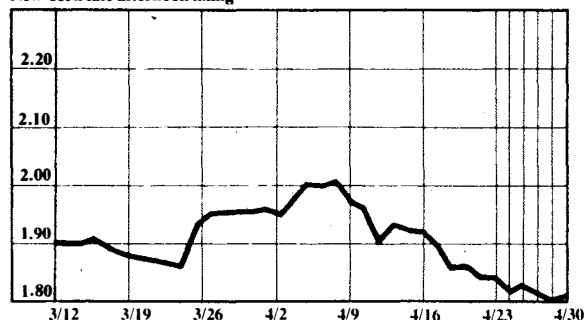
The dollar in yen

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing

