

## Giorgio Vitangeli: 'We must re-launch the real economy'

*The following is a paraphrase of the remarks of Giorgio Vitangeli, formerly a journalist for the economic daily Il Fiorino, and currently editor-in-chief of the monthly Finanza Italiana. His remarks have been translated from Italian. A subhead has been added.*

Summarizing the pathological genesis of the international monetary and financial superstructure, which today presents the world economy with the imminent risk of collapse, Vitangeli first recalled the destruction of the Bretton Woods system, and the two oil crises of 1973 and 1979.

These crises represent the greatest manipulation and mystification in modern economic history. Using as a pretext the momentary disequilibrium in the oil market following two completely secondary episodes—a short little war in the Middle East and the fall of the Shah of Iran—the scare story about the end of our planet's oil resources was circulated insistently. And, on this false premise, two waves of price increases were manipulated, moving the price of a barrel of oil from \$2 to \$40.

This manipulation, Vitangeli underlined, has given to the oil-producing countries their ephemeral, illusory, and in reality, "doped" riches, while collapsing those countries, such as Italy and the developing nations, that are totally dependent on imported oil. But above all, it made appear almost indispensable something that till then had been considered unthinkable and criminal, i.e., the creation from nothing of an enormous mass of international currency (above all, dollar paper), necessary to sustain international trade at inflated prices.

The editor of *Finanza Italiana* recalled that the famous economist Robert Triffin calculated that in the ten years between 1970 and 1980, the amount of international currency that had been created was nine times the amount of all the currency created since Adam and Eve.

This mass of petrodollars went, first, to create loans made to the developing sector, above all the countries of Latin America, which have been thus imprisoned by a usurious logic, though the brutal increase of the interest rate of the dollar and the collapse of their national currencies. This increased enormously the mass of "xenodollars," i.e., those

monetary flows which are out of the control of national monetary authorities.

This has produced, first, a divergence, and later a complete schizophrenic split, between the financial and the real economy. The divergence also affected the currency exchanges and the stock exchanges. In this way, for years we saw the value of the dollar going up, while the United States faced growing budget and trade deficits, together with high inflation. At the same time, the deutschemark was losing value vis-à-vis the dollar, even if Germany had minimal inflation and a gigantic trade surplus. Also at the same time, the value of stocks went up, while the real economy collapsed into "stagflation."

Finally, the complete schizophrenia: Wall Street goes up and gives a premium to the companies that cut employment, while it is fearful and shaken up when the economy gives some sign of development.

Finance, Vitangeli underlined, instead of giving indispensable support to the real economy, became self-feeding, and to realize profit, it was unscrupulous in destroying jobs and in cannibalizing factories. If this logic is allowed to continue, it will become self-destructive.

This is now even more dangerous, because absolute freedom in the movement of capital favors speculation, and the use of financial derivatives increases out of proportion to the mass of speculative capital, while modern telecommunications enables the instantaneous movement of this capital all over the world, rendering the monetary authorities and the governments totally impotent.

### Some steps to be taken

How do we get out of this cancer, out of this "Financial AIDS"? LaRouche, Vitangeli underlined, has seen it rightly once again. We must first of all put in order the international monetary system with a New Bretton Woods, to end a quarter-century of anarchy and abuses.

It is also necessary to put a stop to the pathological development and improper use of derivatives, and to bring under control the wild speculation of "hot money," establishing clear distinctions between capital for real investments and mere speculative capital.

Also, concerning international trade, we need a re-regulation based on bilateral agreements, because the mythology of the "global market" depicts social abandonment and the exploitation of cheap labor in the Third World as free trade, which benefits a financial and trade oligarchy, but undercuts employment in the industrialized countries, creating economic, social, and political instability.

Finally, we need a global re-launching of the real economy, one able to create jobs and ensure development according to a social model which can transform the continuous increase in the level of productivity into the improvement of the living standards of all, and not in the increase of the financial power of a few.