

Savona: “. . .The situation is exactly what you describe. . . . It is the international financial market which has monetary sovereignty. . . . The progress of civilization involves maintaining popular sovereignty and a network of social welfare. . . . Oligarchies controlling the international market do not show social sensibility. . . . For them, cutting the welfare net is the banner under which they fight the new economic battles.”

Savona accuses the EU of proceeding with an insane policy, the Maastricht Treaty for a single currency union. “The European Union claims fiscal rigidity . . . awards the rentier and penalizes the productive entrepreneur. . . . This is the vice, the ‘big sin’ of those who have the responsibility for international monetary creation. . . . For this reason I believe that, if things stay like this, the worst is yet to come.”

Q: “Will we have a Great Depression again and a new New Deal?”

Savona: “Maybe, but if this were true, history has taught us nothing! . . . I insist that a more forceful fight should have been engaged to prevent the insanity of Maastricht’s rigid parameters. . . . The kind of Europe they propose to us will end up with using unemployment as the unique and prevailing instrument for adjusting international competition . . . to present us with a ‘nice’ financial democracy.”

An anecdote

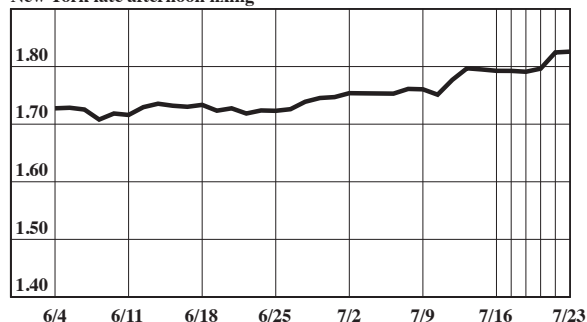
To illustrate the lunacy of people who decide policy in the international financial institutions, Savona recounts an anecdote: “At the beginning of the 1970s . . . I participated at the first meeting of the Eurodollar surveillance committee at the BIS [Bank for International Settlements]. . . . Together with Francesco Masera, head of the Study Center of the Banca d’Italia, we presented a memorandum demonstrating the technical possibility to control, and even neutralize, international financial speculation. Boxed in at the logical and technical level, representatives of other central banks admitted that it was possible to intervene with good probabilities for success, but that there were so few areas of freedom in the world . . . that, if we were to abolish or limit the freedom of moving capital and creating international money, the world would have felt suffocated. . . .

“The Fondazione Guido Carli, recently founded by the Italian Senate, the Bank of Italy, Confindustria [industrialists’ association], LUISS university, and Mediocredito Centrale bank . . . wants to bring up again the issue of a functioning international monetary system. . . . The fight could be won; however, not at the level of a single country, but rather through an international agreement. If, for instance, European heads of government intended to regain monetary sovereignty, instead of the simple control over state deficits, demanding that central banks implement this action, maybe we would feel Europe was closer and more civil than the rest of the world. . . . Therefore, the responsibility is still on those authorities which count, the United States and Germany first of all, but Japan as well.”

Currency Rates

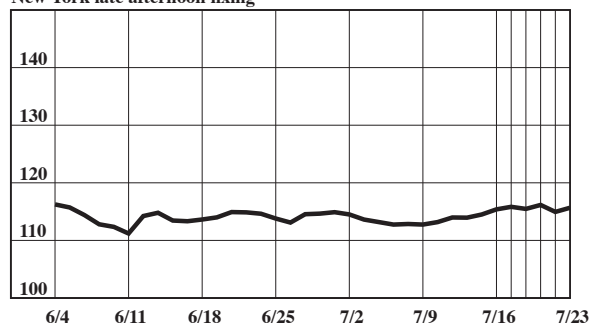
The dollar in deutschemarks

New York late afternoon fixing



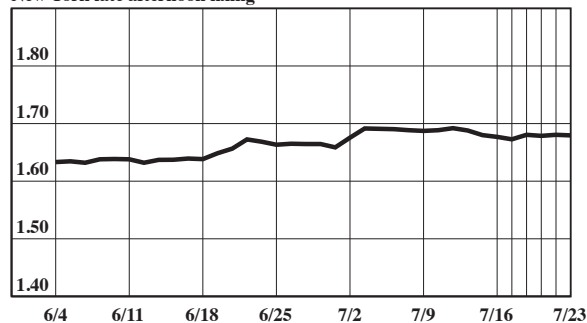
The dollar in yen

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing

