Italian Senators Again Call For New Bretton Woods System

by Our Special Correspondent

Italian Senator Riccardo Pedrizzi, president of the Senate Finance Committee and member of the government coalition party National Alliance (Alleanza Nazionale), on July 2 issued a statement calling for a New Bretton Woods conference to organize a new world financial system. Senator Pedrizzi was the first signer of a motion presented more than a year ago in the Italian Senate, demanding Italy and other nations act to replace the bankrupt International Monetary Fund (IMF) system, before it crashes irrevocably and destroys the international economy. That resolution now is backed by over 100 Italian Members of Parliament.

Senator Pedrizzi's new call was published in the daily bulletin of the Agenparl, a press agency that covers political and parliamentary developments, and other press agencies have also reported it. It was issued on the same day as the most noted author of the New Bretton Woods proposal, U.S. Presidential pre-candidate Lyndon LaRouche, appeared in Rome at a seminar devoted to the same topic. The candidate and economist shared the podium with Dr. Nino Galloni, an economist and director general of the Italian Labor Ministry, and Sen. Oskar Peterlini, initiator of another parliamentary motion calling for a New Bretton Woods conference.

New demands have been raised in the Italian Senate, following this July 2 Rome seminar featuring Lyndon LaRouche, that Italy's government act to organize a New Bretton Woods conference for a new international monetary system, to replace the collapsing IMF system.

Pedrizzi's Statement

"After the shocking cases of Enron and WorldCom, both linked to the Arthur Andersen story, it is clear that even the American system of control has failed. For Italy it is necessary to define some reference points in a way that whoever is a consultant cannot at the same time also have the role of internal auditors and certification firms. In this regard we are studying a specific law. Financial globalization is creating interdependencies and fallout from one system to another. We have to develop measures of protection for market minorities, often representing citizens—shareholders—savers, because the ultra-liberal idea of a market that is able to reform by itself, which produces virtues through the sublimation of egoism, is largely contradicted by reality. While governments are not able to influence the fundamental economic processes, the speculative bubble is getting out of the control of the big finance that created it."

With the world facing such a scenario of "global crisis," for Senator Pedrizzi, there is only one answer: "To organize at the international level the necessary forces for a reform of the global monetary and financial system, a New Bretton Woods, determined by the governments that can, through continental great projects of economic development, relaunch the world productive economy, and renew dialogue, peaceful cooperation, and employment."

In the Parliament

In fact, there is already substantial dialogue going on within the Italian political establishment on the New Bretton Woods proposal.

Through his association with the LaRouche movement, Senator Peterlini drafted a motion—a platform—calling for just such a reorganization, which was presented in the Italian Parliament at the end of February, and has drawn remarkable support. In the Senate, prominent names, such as former Prime Minister Giulio Andreotti and former Labor Minister Cesare Salvi, signed the document; in the Chamber of Deputies, former Ministers Maccanico, Melandri, and Treu, as well as current Defense Committee chairman Ramponi, signed.

More than 100 members of both chambers of Parliament have signed the resolution, which was motivated by the outbreak of the Argentine financial crisis. After blaming the crisis on the IMF policy, it lists a six-point reconstruction program for Argentina, which "various political, economic, social, and religious forces in Argentina have put at the center of discussion:

"1. A peso-dollar decoupling, without devaluation or other forms of dollarization; de facto a new currency without obligations towards the current system;

"2. Measures of exchange and capital control, like those that in the 1950s were able to protect currencies;

"3. Creation of a 'national bank' to issue new, long-term and low-interest-rate credits to expand productive investments in industry and agriculture, particularly in middle-sized enterprises;

"4. Freeze of all foreign debts and the opening of an investigation on the legitimacy of the debt still owed;

"5. Creation of a defense coordination mechanism with other nations on the continent, aiming also to create a Latin American common market; and

"6. Reintroduction of the inviolable principle of national sovereignty against any form of interference from globalizing supranational structures."

The motion directs the Italian government to support Argentina's "process of regaining national sovereignty in formulating economic policy," to support an Argentine debt moratorium and organize support from the European Union.

As far as concerns the international financial crisis, the motion directs the government "to carry out at all levels the demand of a revision of the IMF role and policies; to consider the initiative of proposing to convoke a new international conference, at the level of heads of state and government, such as the one which was held in Bretton Woods in 1944, aiming at establishing a new international monetary system and at taking necessary measures to eliminate the mechanisms that have led to the creation of the speculative bubble and the systemic financial crash, as well as to start programs of reconstruction for the world economy."

Documentation

Italian Senate Motion For New Bretton Woods

Excerpts of the motion first introduced on Oct. 19, 2000.

Whereas, we could deal with this situation only by convoking a new conference at the level of heads of state and government, like the one which took place in Bretton Woods in 1944, with the aim of creating a new international monetary system and taking all necessary measures to eliminate the "speculative bubble," among them: forms of controlling currency-exchange rates, by introducing fixed parities, which could be modified only through the decisions of the sovereign governments, and analysis of exchange-rate conditions of the economies of the emerging countries; analysis of the crises in emerging markets; forms of control of capital movements; the introduction of measures such as the Tobin Tax, aimed at limiting speculative operations such as derivatives transactions; the creation of new credit explicitly oriented toward investments in sectors of the real economy; the definition of great infrastructure projects of continental dimension; the participation of the private sector in the prevention and solution of crises;

Various countries are compelled to adapt to a system characterized by floating exchange rates, and that the great instability and serious fluctuations of exchange rates of the strong currencies, constitute grounds for concern, particularly for the small economies based on raw materials exports; . . .

Binds the Government: To adopt concrete measures to contribute to the stabilization of the international financial system and to assure a rational sharing of the benefits which the open world economy could provide, above all for the developing countries, besides assuring the adjustment of monetary policies;

To undertake, in particular, the initiative to propose the convocation of a new international conference, at the level of heads of states and governments, similar to the one organized at Bretton Woods in 1944, with the aim of creating a new international monetary system, and to take those measures required to eliminate the mechanisms which led to the creation of the speculative bubble, and to implement programs to restart the real economy;

To bring this proposal to the Strasbourg [European] Parliament, the European Commission, and to all institutions of the European Union responsible for EU economic policies, and through bilateral agreements, in individual European governments and parliaments.