

really took the prize, as the saying goes! At that time, President Bill Clinton and his U.S. Treasury Secretary Robert Rubin led the temporarily successful bail-out of a crisis-struck U.S. financial system. The effort was considered Herculean, and perhaps justly so; but, although the patient survived, temporarily, none of the causes for the LTCM crisis were treated, and, therefore, the crisis of 1998 has returned in a much more resistant strain, as the global monetary-financial breakdown-crisis of today.

The characteristics of the methods used to cause that crisis then, have been continued, in all essentials, by Scholes and others since, still today.

The exotic methods crafted and employed by Scholes and his like, have been, in a certain sense, actually a leading contributing cause of the present lurch to the brink of a general, chain-reaction form of global monetary-financial breakdown-crisis. It is time to get the mathematical witch-doctors off the case, while the patient himself might still be saved. . . .

New Bretton Woods in Italy

Senator Backs Key Parts of LaRouche's Proposal

by Emidio Castellani

Sen. Mario Baldassarri, head of the Finance Committee of the Italian Senate, endorsed key aspects of Lyndon LaRouche's New Bretton Woods proposal, including the idea of freezing derivative assets. Baldassarri was one of three speakers at a conference organized in Ascoli Piceno, on Oct. 25, by industry and labor organizations under the umbrella of Confapi, an association of small and medium-sized industries. The other two speakers were Claudio Celani, co-editor of the EIR Strategic Alert Service, and Alfonso Gianni, former Undersecretary of State of the Prodi government (2006-08).

In front of a 100-plus audience, including local authorities, which filled the hall, Celani gave the keynote presentation, explaining how LaRouche had predicted the collapse of the financial system during his visit to Ascoli Piceno, in Italy's Marche region, in October 2000, on the basis of a long-term forecast based on his

"Triple Curve" analysis. Celani then compared the current collapse crisis with the 14th-Century collapse of the Venice-centered Lombard banking system, and explained LaRouche's four-step solution. Celani also showed images of the large infrastructure projects that must be implemented in the context of a reorganization of the financial system.

LaRouche's solution has already been endorsed by Italian Economy Minister Giulio Tremonti, and Tremonti's campaign has been adopted by President Nicolas Sarkozy of France. This has created a growing movement for a New Bretton Woods conference, but the fight is on to ensure that it is LaRouche's proposal, whose centerpiece is a commitment to the principle of the Treaty of Westphalia—"the benefit of the other"—and not some distorted version, like that put forward by British Prime Minister Gordon Brown.

Alfonso Gianni insisted that the current crisis is different from the 1929 Crash; it is a crisis of the real economy *and* of the financial system. This means that we need to adopt a new system of development, and we need a reorganization of the system starting from a fixed-exchange-rate system. Gianni agreed that we need state-financed large projects, and insisted that they must be environmentally safe.

The Economy Is a 'Living Thing'

Senator Baldassarri, who is also a leading economist, blasted policies based on linear economic models, saying that the economy is a "living" thing. He recalled his personal acquaintance with LaRouche, and explained that he has filed a Senate motion written in collaboration with LaRouche's Milan representative Andrew Spannaus. He is now seeking bipartisan support for the motion, which will be discussed in a Senate debate to be held soon. Baldassarri endorsed Celani's specification that any reform of the system must include a freezing of speculative assets, and that a continuation of the current government bailouts would ignite hyperinflation.

That proposition is indeed part of the draft motion presented by Baldassarri. It consists of the same text earlier introduced by Sen. Oskar Peterlini, a member of the opposition, with a few minor changes. One such change is that the name of Lyndon LaRouche, as the author of the New Bretton Woods proposal has been deleted, as Baldassarri, an economics professor, is not quite ready to give credit where it is really due. This was evident in his approach in Ascoli as well, where, although he acknowledged LaRouche's merits as an



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Lyndon LaRouche's New Bretton Woods was discussed at a meeting of industry and labor organizations in Ascoli Piceno, Italy. At the podium (left to right): Sen. Mario Baldassarri; Francisco Caprioli (Confapi); and Ennio Gibellieri (Chamber of Commerce).

economist, he did not recognize LaRouche's special leadership role. "I have been an economist for 40 years," Baldassarri said, and insisted that he has always been for the "real economy," and against speculation. "It was therefore natural that LaRouche, whom I have met several times, and I would converge on the same ideas."

With Baldassarri's motion, there are now three serious draft motions to be discussed and voted on in an upcoming Senate debate: Peterlini's (1-00029); Baldassarri's (00036); and a motion presented by Democratic Party kingpin Enrico Morando (1-00032). A fourth motion, introduced by Sen. Elio Lannutti, is seen as an attempt to disrupt the process.

Whereas both Peterlini's and Baldassarri's motions contain key aspects of LaRouche's program, such as the specification that the banking system must be put under bankruptcy reorganization, and that a new "credit system" instead of a purely monetary system be put into place, Morando's motion simply criticizes Alan Greenspan's bubble policy, and proposes new rules in generic terms. The Morando motion even calls for a UN agency for sustainable development as a world government agency.

Baldassarri said that he is seeking bipartisan support for his motion, and that he will introduce it even with-

out support from the opposition. On paper, he has enough votes to get it through. Of course, Peterlini, who filed the first motion for a New Bretton Woods, will support it. However, he will speak first, and ask Baldassarri to put LaRouche's name back in the text.

A floor debate had been scheduled for Oct. 16-18, but it was then postponed because of other business. Once the motion is voted and approved, it becomes a Resolution which the government is supposed to adhere to—however, without guarantees.

Full Political Sovereignty

Following the conference in Ascoli Piceno, Baldassarri announced his New Bretton Woods motion in an interview with the financial daily *Il Sole 24 Ore*, whose correspondent wrote, on Oct. 28: "The serious international financial crisis is in reality only the tip of the iceberg. Behind that, there are imbalances in the world economy, which are much deeper and more radical, and which today demand a comprehensive rethinking of governance." This is how Mario Baldassarri, chairman of the Senate Finance Committee, motivates his decision to introduce, in the name of the PdL [Prime Minister Silvio Berlusconi's alliance party—ed.] a motion that binds the government to act in international fora to promote a new Bretton Woods."

In that interview, Baldassarri also called for the G-8 to be enlarged to include China and India, and called for "full political sovereignty of Europe"—the "United States of Europe." The issue of the European Union and the Lisbon Treaty was raised by a member of the audience in the Ascoli meeting, and although Baldassarri and Celani both spoke against it, there were significant differences. Whereas Celani rejected the Treaty as a supranational, dictatorial government, and called for reintroducing a system based on national sovereignty, Baldassarri did not reject the idea of a "European government," but insisted that it be "democratic."

Another issue raised in the discussion was nuclear energy. Here, Gianni defended the prejudices against "safety" of nuclear energy pushed by his party, the PRC. Celani and Baldassarri insisted, with different arguments, that there is no alternative to nuclear energy, and that safety aspects are today reduced to the question of nuclear waste, which can be mostly recycled.

The whole conference was videotaped, and will be soon posted on the Italian Movisol website (www.movisol.org). The regional TV news program and local newspapers covered the event.