

## Control Speculation And Start Production

*Hon. Mario Lettieri is a member of the Italian Chamber of Deputies, and sits on the Finance Committee. He was elected in the southern region of Lucania on the slate of La Margherita, the second-largest party in the coalition opposing Silvio Berlusconi's government. La Margherita includes mostly former Christian Democratic party members, who are inspired by the teachings of the Social Doctrine of the Catholic Church, and by other progressive and democratic forces. This is Lettieri's second term in the Parliament. Before entering national politics, he was a professor of literature and served as a regional representative in the Lucania parliament for 15 years.*



*On Feb. 13, 2004, Lettieri was the first signer of a motion calling for a New Bretton Woods conference, which had the support of 50 other deputies from parties in both the opposition and the majority. In opening the parliamentary debate on March 14, 2005, Lettieri referred to the "important American economist and Democratic politician Lyndon LaRouche, who has promoted an international campaign called 'For a New Bretton Woods: the alternative to the global financial crash—large-scale Eurasian infrastructure projects.'" After an intense debate, the motion was approved by a majority vote on April 6.*

*This interview was conducted in early May by Paolo Raimondi of the EIR bureau in Rome. Raimondi is also president of the LaRouche movement in Italy, the Movimento Internazionale per i Diritti Civili—Solidarietà, which had collaborated with Lettieri in preparing and presenting the motion.*

**EIR:** You introduced a motion for a New Bretton Woods in the Italian Parliament, which was approved on April 6. What are your expectations now? What are the next steps we can take, both in Italy, and at the international level? What is your general evaluation of what has taken place?

**Lettieri:** It is important and very significant that the Italian

Parliament, and specifically the Chamber of Deputies, has debated a problem of such great importance for the first time during one of its sessions. Effectively, the vote, although it was a majority vote—and those who opposed it in the government parties abstained rather than vote against it—was very important. With this motion, the government was called on to act in all international venues to bring about a specific conference on these matters at the international level. We will see if it could be in the context of the G-7 group, or in the enlarged G-8.

Until now, these organizations have underestimated the need to review the criteria which were at the base of the old Bretton Woods agreement, including considering the experiences of the International Monetary Fund and the World Bank. You know that the World Bank has made large investments, but clearly these investments have not produced the results expected. These considerations come from the fact that there are too many imbalances in the world, which particularly affect the countries of the developing sector. In particular, the effects on the continents of Africa and Asia are intolerable, if one has the idea of living in a world which is peaceful, but also balanced, in its economic and social development.

I am not speaking of preaching charity, but of initiating a serious policy of support, with a spirit of solidarity, in the belief that all countries and human beings have the right to live with dignity, in every part of the world. These statements of principle which are often proffered verbally by everyone, in practice are not followed up with concrete and coherent actions in political choices and decisions at the level of international relations, or in international institutions like the IMF or the World Bank.

We need to return to the original spirit which led to the creation of the World Bank. For example, there was a good dose of healthy utopianism among the founders of the institution at that time. Over time though, this process was not continued and did not take steps forward. Rather, we have seen an increase of selfishness by the so-called rich and strong countries of the Western world. The lack of a coherent policy in support of development has often been followed by situations of war inside individual countries, with the "complicity" and indifference of Western countries—the United States of America, in particular, but not exclusively.

Why has this happened? Because instead of thinking of the development of these countries, their internal peace, and their economic and cultural growth, Western countries put their selfish interests first, through the control of the natural resources present in the developing countries. This also produced indifference with respect to authoritarian regimes, coups d'état, famine, and epidemics which have devastated the populations, and in particular the children and weakest members of the society.

**EIR:** In your intervention in the Parliamentary debate, and also in the text of the motion, there are very specific ideas and

proposals to be carried forward in the context of a general reorganization of the collapsing international monetary and financial system, such as the questions of exchange rates and the speculative bubble.

**Lettieri:** I have to immediately emphasize that in the world markets and economies, there has been a process of excessive “financial transformation” of the economy, a process which has penalized and reduced all productive activities, and thus the development of many countries, including Western countries.

I will explain with an example: In Italy, we have entrepreneurs who have become real estate speculators, and this has created a real speculative bubble in Italy. The money drained by this speculation has been used to purchase shares in the banking system. And we got into a real distortion, an unclear relationship between banks and companies, including the concentration of economic and financial power in the hands of the few, while the real and productive economy needed a monetary and financial system that was more directed towards the development of production and research and development, and thus less towards purely speculative activity.

Unfortunately, this has happened not only in Italy with the case of Parmalat, Giacomelli, and so on, but also in the United States, with the bankruptcies of WorldCom and Enron, for example, in which pension funds and small investors were basically defrauded through the enrichment, including through accounting fraud, of various managers. It is a generalized tendency in all countries, and it creates serious damage for the real economy and citizens everywhere.

What we need, is a series of measures to control speculation, along with policies in support of real production, infrastructure, and useful and productive services. I do not want to be seen as a total Keynesian, but large-scale infrastructure is an absolute necessity. If we do not build such projects on certain continents, they will not be able to develop their economies.

Then there is the problem of the market for goods and merchandise; we need an agreement in the context of the international trade organizations such that goods produced in the so-called underdeveloped countries are not stolen at low prices. This arrangement keeps those countries in a continuous situation of underdevelopment, destroying any chance and possibility for growth. If adopted, these new rules could also lead to positive effects in the economies of the industrialized countries.

An example: In Italy, we talk a lot about the Chinese danger. The textile and clothing products from China are invading the European continent, and Italy, in particular, because we have a long tradition in the textile sector, is the first victim. As I said recently, while speaking in the Parliament, during the debate on the government’s competitiveness measures, if, in the context of the World Trade Organization, we can come to an agreement that convinces the Chinese

authorities to adopt minimal standards of security, living conditions, the prohibition of employing children in production, and a minimum wage, we can provoke positive effects for Chinese workers. And at the same time, by increasing the cost of production in China, their goods will become less competitive with our products, and thus we would have a more balanced market, allowing us to overcome the distortions we have seen and continue to see—instead of imposing tariffs, which is illogical and not possible to do today.

There are other measures we can adopt, such as a sort of “Tobin Tax,” or let us call it whatever we want. I believe the Belgian Parliament has recently adopted similar legislative measures: a small tax on financial transactions, in which the proceeds are used to support trade with developing countries.

**EIR:** In your interventions in the Parliament during the discussions on the motion, you made several references to the teachings of the Social Doctrine of the Catholic Church, and the message of Pope John Paul II on the need for a New, Just World Economic Order

**Lettieri:** It is undeniable that the Papacy of John Paul II signified a shift in the overall policy of the Church, giving priority to two themes: peace as a fundamental condition for any possibility of development, and the necessity for a “third way”—if I can use this term—between the bankrupt bureaucratic communism in the East and the extreme capitalism, such as that we see in the U.S. today, for example. I recognize and endorse the importance of this indication given by the Pope, and I hope that the Catholics in government positions in various advanced countries act intelligently and follow the Pope’s indications. And I want to add that I am not a religious person, but I have great esteem and consideration for these teachings.

**EIR:** Speaking about the situation in the developing countries, and of Argentina in particular, you also dealt with the role played by the IMF.

**Lettieri:** The IMF, sometimes with the imposition of too harsh conditionalities, has not carefully evaluated the local situations of individual countries. Several times, credits were given to countries when we knew in advance that they were being misused and would not be paid back. It would be more serious and effective to extend these lines of credit, but make them directly related to specific real productive projects, with control over what projects are financed, rather than giving credits to a certain country where the government is under a dictator, or some cheating politician who wants to divert the contributions towards some tax haven.

There were no controls and interest in the real projects to be realized, such as roads, railways, phone systems, information technology networks, water management, irrigation for agriculture—everything needed for a real economic process of development.

I do not judge the IMF positively: Certainly, in the Argentine bankruptcy there were also government leaders who did not honor the name of that nation. I see, I hope, that the present leaders of Argentina are doing better, even if in the meantime 450,000 Italian small investors have paid for the bankruptcy of the Argentine bonds with very big losses.

**EIR:** As I mentioned earlier, several parliamentarians and other leaders around the world, including in the United States, have expressed interest in the Italian Parliament initiative. Many, as you have done, are now signing a call for an Ad Hoc Committee for a New Bretton Woods initiated by the President of the Schiller Institute, Helga Zepp-LaRouche. What suggestions could you make to these parliamentarians and politicians, including in the U.S.?

**Lettieri:** I believe the democratic debate in the U.S. should concentrate more on these issues, as well as on global policies, because the U.S. also has many problems; for example, the tens of millions of poor. And as part of a strong democratic debate, one can present these questions in the Congress with some motions and other initiatives aimed at committing the Presidency to collaborate with the Italian and other governments on an international conference that deals in a specific and detailed manner with questions related, for example, to the relations with developing countries, in order to accelerate their growth.

Keeping in mind that today, globalization must lead us towards a "cultural revolution"; we must think of the world as a global village, many countries together must constitute a single entity. If we consider that today the media allows us to see and experience events live, which are taking place thousands and thousands of miles away, we all feel like citizens of the same land, the same country.

**EIR:** Are you also thinking of contacts for example at the level of Parliaments and other institutions?

**Lettieri:** It would definitely be very useful for organizations that bring together representatives of different Parliaments to begin a debate on these questions. We could also conceive of a specific parliamentary session in the most important countries—one or two days—dedicated to this question of a New Bretton Woods, so as to give precise indications to each government and bring them to the table for discussion in an international conference, which was the aim and objective of the approval of the motion.

**EIR:** Let us take a brief look at the Italian situation. You were an active participant in a number of very important battles in the Chamber's Finance Committee, such as the one regarding the bankruptcy of Parmalat.

**Lettieri:** The Finance Committee has played a very positive role in the investigations of the Cirio and Parmalat cases, which are related to our discussions of the transparency of the markets, and the financial transformation of the economy.

Italian citizens bought Parmalat milk because it was a real and good product, without knowing that behind the milk bottle, there was a gigantic speculative hoax involving company president Calisto Tanzi and numerous banks—Italian, German, and American—for a total of \$20 billion. This tells us a lot about what must not be done.

To prevent such cases, it is necessary that the control authorities, the Consob [the Italian equivalent of the Securities and Exchange Commission], Bank of Italy, and the Anti-trust Authority, really control and supervise the situation. Markets today certainly do not have a national dimension, they don't respect any borders, and this is why a number of rules should be adopted at the international level.

For Italy, a number of rules are needed, at least at the European level: In the European Commission and Parliament, there are a number of directives along these lines, but we must proceed more rapidly. Currently, there are a lot of discussions in the Italian banking system, because certain Dutch and Spanish banks want to buy parts of Italian banks, and they have not found much openness on the part of the Bank of Italy. These are examples and cases which prove that the system requires more and better rules, and strong controlling authorities.

**EIR:** You and your party, La Margherita, are part of the coalition with Romano Prodi. What perspectives do you see

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for a possible Prodi government in the event of a victory in the elections next year?

**Lettieri:** I am convinced that the country is conscious of the failure of the economic and social policies of the present government coalition led by Silvio Berlusconi, despite Berlusconi's expressed optimism. Prodi is a guarantee for the country, because he is a man with a lot of experience, including in international affairs. First of all, he did well when he governed for three years in the 1990s, and above all, the fact that he was President of the European Commission put him in a situation where he was able to acquire an international vision of the dimension of economic, financial, and social problems. The role of head of the European government is extremely important.

Prodi, in the political discussions we have, supports the necessity for a greater and better equilibrium in the relations among different countries. He speaks a lot about the role China and India will have in the coming years, including because of their large populations, and he also sees the importance of Italy and Europe regarding the future movement of people and goods related to the process of development in Asia.

And in this context, I hope that the Mezzogiorno region, where I come from, can have the opportunity to benefit, because in this part of Italy, there are still areas that are very backward.

Let us take the area where I was elected: Melfi in the region of Basilicata. Melfi has a few industrial sites such as Fiat and Parmalat, and it has a great history. Here Emperor Frederick II issued the famous "Constitutiones," which are considered the basic precepts of the modern state. This region gave our country the important political leader Giustino Fortunato, a great expert on the "Mezzogiorno question," who, if he were alive today, would have discussed the same problems we are discussing here. When Fortunato spoke about the backwardness of the Mezzogiorno, at the same time, he was saying that the Mezzogiorno could represent great opportunity and fortune for the country.

This same concept can also be applied to the developing countries. They can be a great opportunity and fortune for the entire world, or a great tragedy.

Unfortunately, today we see a large tragedy, because millions of children and people die every year as a result of hunger and epidemics. The land where I come from is also the land of the Roman poet Horace. Every year in his town of Venosa, there is a global competition in Latin translation, the "Certamen Oratianum." This region was also part of "Magna Grecia," and Pythagoras worked here.

My family is a very typical Mezzogiorno family: One of my brothers has been living in Argentina for 50 years, and two of my sisters moved to cities in the north of Italy. And we represent the true expression of the growth which took place in this region: My father was an artisan farmer and his children have taken a number of different roads, thanks to the sacrifices he made. Today, we are world citizens.