

# Bretton Woods

Sen. Riccardo Pedrizzi, who is the author of a resolution backing a New Bretton Woods which is being discussed in the Senate, is quoted by *Avvenire*: “From today on we are more civilized. Until now, [International Monetary Fund] structural adjustment policies did not allow the development of poorer countries.”

The need for “bilateral agreements” with Third World countries, if multilateral agreements, such as the ones reached in Okinawa, go in the opposite direction, was also emphasized by Bianchi to *EIR*, particularly because Italy is in a special position with the Jubilee year still ongoing, and the next G-8 summit is scheduled in Genoa, Italy, in the year 2001.

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## Interview: Patrizia Toia

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# Unchecked Free Trade Damages Development

*The Hon. Patrizia Toia is Italy's Minister for Parliamentary Relations. She was interviewed by Liliana Gorini on Aug. 1 in Rome.*

**EIR:** In a comment to the Catholic daily *Avvenire* on July 14, on the passing of the law in the Senate on cancelling the debt, you said, “With this law, Italy comes in first, and unilaterally, and presents itself at the Okinawa summit in an excellent position. I hope this also wakes up the other [G-8] members.” The summit has concluded now, and the debt question has been raised also by some of the African representatives, such as Nigerian President Olusegun Obasanjo. Do you think that Italy obtained the results it had hoped for, and how do you judge the results of the summit?



**Toia:** It would be nice if a question as important and complicated as that of the debt of the poor countries could be resolved through a meeting among the “great” countries of the world. Unfortunately, this is not the case. We live in an extremely complicated world, in which everything is interconnected, and the ability to make decisions is, correctly, decentralized among various levels, while public opinion also plays an important role. I say this because, if both the citizen and the governmental figure truly recognize a certain issue—such as the generalized attention of the developed world on Africa during the middle of the 1980s—the support, as in that case, for the resolution of the problem, can be created without the need for a great deal of mediation by the political world. Nonetheless, on the question of the debt, there is still no mobilization even minimally comparable to what we saw in the past to defeat hunger. It is necessary to wait. In the meantime, as can be seen in the resolution approved at the end of the summit in Okinawa, those who have government responsibilities in the West must attempt to encourage the process toward a more just world; an objective which is not impossible, but is still, unfortunately, far off.

**EIR:** One of the problems raised by the African and Asian countries at Okinawa, is that of financial speculation, and blind faith in the “New Economy,” which certainly doesn’t favor poor countries. How do you judge, from this point of view, the proposals made by the American economist and Democratic Presidential pre-candidate Lyndon LaRouche for a “New Bretton Woods,” that is, for a reorganization of the financial and credit system in favor of cooperation and economic development rather than financial speculation?

**Toia:** There is no argument over the basic goal here. The damage done to development by unchecked liberalism is evident. When I met personally with LaRouche, I was able to discuss these issues, and on many points his ideas were quite convincing. We need to be clear, though: Theory is one thing, and the application of a theory is another. Experience teaches us that the human race acts very efficiently when profit is involved, and a lot less efficiently when what is involved is the collective well-being. Therefore, the current mechanisms which regulate profit need to be, for the most part, preserved. If I understand correctly, LaRouche does not condemn wealth in his proposal; rather, he proposes the increase of those who benefit from it, in terms of both individual persons and underdeveloped countries.

**EIR:** Another point on which Italy, and also you yourself, as well as other government ministers, have intervened repeatedly with the U.S Administration, as well as with Hillary Clinton, is the death penalty, for which a moratorium has been requested for the Jubilee year. What is your view on the case of Rocco Barnabei, the Italian-American death-row inmate in the United States, which is currently being discussed in the Italian Chamber of Deputies?

**Toia:** Given that I am a convinced abolitionist, and I think that capital punishment should never be used, I think that the Barnabei case forces us to reflect even further on this question. A young man who was convicted on questionable evidence is being sent to his death. In Italy, no one could be sentenced to life in prison—we don't have capital punishment, fortunately—on the basis of such thin evidence. Therefore, I believe that the Governor of Virginia should seriously consider the possibility of intervening, since even the Holy Father intervened on this question, in a beautiful statement. On the other hand, the death penalty is one of the points which most divides us from the United States. Here, there is a strong disapproval; there, the majority is in favor of the death penalty.

**EIR:** Speaking of human rights, what do you think of the decision of the U.S. Supreme Court regarding the Voting

Rights Act, the law which guarantees the right to vote, and was a victory of the Civil Rights Movement in the United States? As well, there is another shameful Supreme Court decision, which permits the application of the death penalty on procedural grounds, even if there are questions regarding the guilt of the individual?

**Toia:** The American judicial system is too different from ours for me to express a definitive opinion. Certainly, given the fact that the power of your judges expresses a more direct relationship between the institution and the citizen, it is also natural that these judges, in their actions, regard and influence political and social issues. In this sense, nonetheless, I certainly do not think that trampling on rights that have been acquired on a juridical and historical level represents progress. As for the fact that formal procedure prevails over doubts about the defendant's guilt, this is an aberration of a system which, by its nature, since it contemplates death, makes the

## Russian Paper Notes Italian Steps Toward New Bretton Woods

Issue No. 29 of the Russian weekly *Ekonomicheskaya Gazeta*, published July 20, carried the last article by Prof. Taras Muranivsky, President of the Russian Schiller Institute, who died on July 17. The global financial system is doomed, Lyndon LaRouche's "New Bretton Woods" is the answer, and the Italian Parliament has taken steps in that direction, Professor Muranivsky told his readers.

The article was occasioned by "the complex and contradictory discussion of Russia's attitude toward foreign loans," contained in President Vladimir Putin's July 8 Message to the Federal Assembly. Professor Muranivsky gave the international setting for that policy question, providing one of his pungent summaries of developments in the world, especially in international finance and the economy, which *Ekonomicheskaya*'s readers in the Parliament, political parties, and academic layers otherwise never hear about. He quoted the recent admissions of former International Monetary Fund (IMF) Managing Director Michel Camdessus, that the entire financial system was on the brink of total collapse in the fall of 1998. He pointed out that readers of *Ekonomicheskaya Gazeta* already knew that, thanks to the warnings of LaRouche (conveyed through the articles of Taras Muranivsky). It was only by the U.S. Federal Reserve's "throwing hundreds of billions of dollars into the fire," that the system was saved, wrote Muranivsky, "But, for how long?" Even Camdessus

admits, that no effective changes were made.

Meanwhile, Muranivsky reported, awareness is growing, that the existing system is just no good. He cited former World Bank chief economist Joseph Stiglitz, on the damage done to the economies of developing countries that take IMF loans. The debts of those countries continue to rise, he reminded his readers, pointing to the call of Pope John Paul II for debt forgiveness.

Professor Muranivsky wrote about the latest developments in the Italian Parliament: "The Foreign Affairs Committee of the Italian Parliament, of which Giovanni Bianchi is a member, undertook to find answers to the following questions: What are foreign debts? How do they grow? Why are the debts of Sub-Saharan African countries triple what they were 16 years ago? . . . These processes are rooted in the purposeless financing of the globalized economy and in those excesses of financial flows, which began with the eurodollars in the 1970s. . . ."

"On June 24, 2000, the Chamber of Deputies of the Italian Parliament unanimously passed a bill on a debt moratorium for the developing countries. The Senate is expected to approve the law, whereupon there will be an appeal for the government to take the corresponding actions. On June 23, LaRouche, candidate for the U.S. Presidency from the Franklin Roosevelt wing of the Democratic Party, gave a major lecture on the need for a New Bretton Woods system, to a seminar at the Italian Parliament. He supported the initiative of the Italian parliamentarians. That same day, Bianchi (one of the initiators of the invitation to LaRouche to visit Italy) intervened at the final June session of the Parliament, calling on the Italian government to take a leading role at the upcoming G-8 summit in Okinawa, to free the developing countries from their debts."

possibility of changing decisions very difficult. Yet, I seem to remember that one of the principles of Anglo-Saxon law was: Better to have a guilty person go free than an innocent in prison. . . . Well, then?

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## Interview: Giovanni Bianchi

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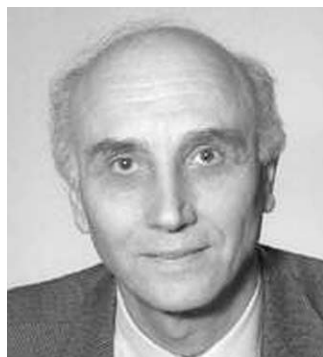
# Extinguish the Cancer Destroying the Economy

*Hon. Giovanni Bianchi is a Member of Parliament from the Italian Popular Party (PPI). Bianchi was the main speaker in Italy's Chamber of Deputies for the law which says that Italy will cancel \$6 billion of its bilateral debt with the poorest countries of the world. He was interviewed by Liliانا Gorini and Andrew Spannaus in Milan on July 28.*

**EIR:** The law passed by the Senate on debt remission was passed unanimously, which is an unusual occurrence. In the July 20 Catholic daily *Avvenire*, you said that it is not enough to only cancel the debt, but that more cooperation is needed, because otherwise the West risks thinking it has a clear conscience while the real problems have not been solved. How can the situation move forward now, and how, from this standpoint, do you see the summit at Okinawa? Are you satisfied?

**Bianchi:** No. And this is a resounding “no,” because all the big mountain of Okinawa produced was a little mouse, and a virtual mouse at that. The idea of bringing the Internet to places where there is a lack of water, electricity, food, health care, where there is the risk of epidemics, seems to me, frankly, a bad joke. Ethiopia, for example, is a country which is just coming out of a war, which has an average per-capita income of \$100, and where there is a terrible drought—this, in a country which is the source of the Blue Nile. These contradictions demonstrate that we can no longer even call these “developing” countries, but rather “underdeveloping” countries.

This [Okinawa result] is a line which seeks to promote the business of new technologies which interest Japan in particular, although not only Japan; but it is also a policy which is in contradiction with: the principles established by the G-8 in Cologne, the principles of the Italian law, and also the



orientation of the Italian Bishops Conference (CEI) in this year of the Jubilee, which is moving to intervene in Zambia and Guinea Conakry, but also to establish general and comprehensive principles, such as those which we heard from the chairman of the CEI Committee on Debt Remission, Msgr. Attilio Nicora.

What is this criterion? The criterion is that the funds which become available from the remission of the foreign debt be used to improve the conditions of the poorest segments of the populations of those countries. A somewhat tragic proverb was also used, in order to avoid being sarcastic, which goes: “The money of the poor in the rich countries risks going to the rich in the poor countries.” In those countries, which small elite will be able to use the Internet, if not the upper classes? It is therefore contradictory also to one of the ethical guidelines, in the view of the CEI. Therefore, in this sense, Okinawa, from my point of view, was a delusion, the mountain which produced a little, virtual, mouse.

In this situation though, Italy has done its part. Even the bicameralist system functioned perfectly, in the sense that the Senate passed the same bill as the House, despite the fact that there had been various discussions and even an attempt to change the law by adding macroeconomic criteria which would be used to intervene in highly indebted poor (HIPC) or medium indebted developing countries, or others. It is important to remember that we broadened the criteria of Cologne and the Paris Club, increasing from 41 to 72 countries, for which Italy will cancel its debt.

So, despite the fact that bicameralism functioned perfectly, the comprehensive action, or not-so-comprehensive action (I’m not quite sure what to call what happened at Okinawa) took another direction. Don’t get me wrong, there were some positive elements, such as the modification of tariffs, and therefore the possibility of increasing imports from developing countries. But, frankly, we were hoping for something more. Italy tried to get more, and will continue to try to lead in this direction, especially with regard to the United States, Canada, and Great Britain; and I hope that our country will find the courage and the opportunity to move forward in a bilateral way, since the multilateral situation is difficult. Clearly though, I don’t think we should move completely outside the rules which the G-8 established.

**EIR:** Given this situation from Okinawa, how do you view the very different position of the American economist LaRouche, in Cenacolo Hall, stated that without a reorganization of the economic system in the direction of a New Bretton Woods, it will be impossible to avoid an explosion of the speculative bubble which is also destroying the developing countries?

**Bianchi:** There are two or three elements here, which at first may seem a bit exaggerated, but which are actually very real. First, it is undoubtedly true that Okinawa demonstrated how this international economic system, whose aim is globaliza-