

LaRouche Briefs Italian Parliament on Financial Crisis, What Must Be Done

by Liliana Gorini

On Oct. 12, American economist and former Presidential candidate Lyndon LaRouche was the main speaker at an informal hearing held by the Foreign Affairs Committee of the Italian Parliament (the Chamber of Deputies) in Rome. The hearing, announced as an “informal hearing with Professor LaRouche on the reform of the Bretton Woods system, the present oil crisis, and the roots of inflation,” had been requested by Hon. Giovanni Bianchi, a member of the Committee and spokesman for the legislation on debt relief for poor countries which had been approved unanimously by the Italian Parliament in July.

Those who know Italian politics, and the ongoing fights between the government parties and the opposition on domestic issues, can appreciate the importance of this event, and the fact that, at LaRouche’s presentation, as in the case of the legislation for debt relief in the Jubilee Year, there was unusual agreement between the government and the opposition parties. The reason for this agreement lies in the role that Italy can play as “the conscience of Europe,” as LaRouche put it, because of its geographic and historic position as the bridge to Africa, the Middle East, and the Balkans, and because of the moral role that Pope John Paul II assigned to Italy and its political institutions in the Jubilee Year, in order to create a “new, more just economic system” which will overcome the deadly mistakes of the old International Monetary Fund system. Many politicians from left to right refer to this moral role that Italy has to play internationally. An example of this, is the fact that many politicians and economists involved in the legislation for debt relief, are also involved in the peace process in the Middle East, and very practically in the attempt to develop water resources in Palestine, as well as in the campaign to stop the embargo against Iraq.

When LaRouche was invited to address the Foreign Affairs Committee, the Chamber of Deputies was discussing the 2001 budget, a discussion which is taking place in the midst of social tensions all over Italy, due to the continuously increasing oil prices. In Sicily, all economic activity and transportation were blocked for almost a week, because of a protest strike against rising gasoline prices.

LaRouche’s ten-point memorandum on the oil crisis (see *EIR*, Sept. 29, 2000) was taken very seriously by the members of Parliament attending his presentation, because even the Governor of the Bank of Italy, Antonio Fazio, admits that

the oil crisis will have devastating effects on the economy and employment.

The Global Breakdown Crisis

The chairman of the morning session, Hon. Vincenzo Trantino, introduced LaRouche as “the world-renowned economist and former Presidential candidate,” and also welcomed his wife, Helga Zepp-LaRouche, and the president and vice president of the Solidarity Movement (Movimento Solidarietà, an Italian political party associated with LaRouche’s ideas), Paolo Raimondi and Liliana Gorini. LaRouche made an opening statement, which was followed by almost an hour of questions to him from the ten members of Parliament attending, representing both the government parties and the opposition; the discussion took up double the usual time allotted, “because of the importance of the issues discussed,” as the chairman put it, in thanking LaRouche at the end of the session.

In his opening statement, LaRouche rejected the accusation that oil-producing countries are responsible for the present hike in oil prices, explaining that “after the overthrow of the Shah, there was a shift in the market of oil, away from previously existing country-to-country contracts, to the development of the spot market” and derivatives speculation, so that “when petroleum leaves the producing countries, it stays on the sea for 30-60 days, and futures contracts change owners 20 to 50 times.” This, he said, is the immediate cause of the price hike, which may go as high as \$50-100 a barrel. He then explained the other two factors involved: the present hyperinflationary spiral and the massive looting of the euro and Japanese yen in order to stave off a financial crash until after the U.S. elections on Nov. 7. He proposed that the Italian Parliament and government urgently go back to “state-to-state agreements which existed before,” which, even if they “do not solve the entire problem, help to develop a pattern, to bring nations together and work together in the event of a collapse,” and to work toward the reorganization of the financial and monetary system. LaRouche compared the present crisis to the collapse of the Bardi and Peruzzi banking houses in the 14th Century, stating that “we are on the edge of the worst crisis in three centuries,” and that only by reviving the nation-state, subjecting all bankrupt financial institutions to orderly bankruptcy procedures, and mobilizing the neces-

sary political will to act, will the crisis be averted.

The first question came from Hon. [NAME??query sent to LIL] Frau, a member of the opposition party Forza Italia, who first thanked LaRouche for the dramatic clarity of his introduction, reminding the audience that what LaRouche proposed, used to be Italy's policy of direct agreements with oil-producing countries, from the time of industrialist Enrico Mattei up to the oil crisis in 1973. But, he asked, would this not reduce the power of the Organization of Petroleum Exporting Countries? He had two more questions on the Bretton Woods system and the role of the U.S. dollar, and about LaRouche's proposal for orderly bankruptcy, since Italian law equates it to forced liquidation for the bankrupt institutions.

LaRouche answered that Europe should go back to the policies adopted by U.S. President Franklin Delano Roosevelt, and by French pro-industrial banker Jean Monnet after the war, in rebuilding Europe after the ravages of the war. Europe, LaRouche said, no longer has to depend on the United States for credit creation. Today, you have other new combinations, such as the Association of Southeast Asian Nations-Plus-3 (ASEAN plus China, Japan, and South Korea) group in Asia, similar developments in Ibero-America and elsewhere, groupings that should be treated as full partners. Protectionist measures should be adopted, such as those taken between 1945 and 1965. Central banks, "which are all bankrupt," he said, should be transformed into national banks, and the Italian bankruptcy law should be changed accordingly, to conform to the criteria of Christian social welfare law, since "only the authority of the government can protect the general welfare," and only the government can promise to pay back credits 25 years from now. "Governments must not allow mass unemployment, and must make sure that savings are not wiped out" when the crisis erupts with its full force.

The second question came from Hon. Giovanni Bianchi, representing the government parties, regarding the recently adopted legislation on debt relief for the poor countries. He recalled that Mattei had been "eliminated" in 1962 for his policies of direct agreements with the oil producing nations, and that the present financial crisis "exposes how slow politics is, with respect to financial and economic decisions." He demanded a "recovery of politics." He also asked LaRouche to elaborate on his concept of the sovereign nation-state.

LaRouche answered that the magnitude of the crisis (with as much as \$400 trillion in short-term debt, compared to a world annual GDP of \$41 trillion, estimated at the beginning of the year), shows that globalization has failed, as the Anglo-American attempt to bail out this debt by looting the euro and the yen, has failed, creating conflicts within the Group of Seven. What South Korea, Japan, and western Europe should do is go back to national banking, putting financial institutions under bankruptcy law, and preparing legislation for the creation of long-term credit for infrastructural and development projects. Italy should use the positive experience of its legislation for debt relief, which has been adopted unanimously,

and by the motions and interrogatories on the New Bretton Woods, to adopt such legislation quickly.

The last question came from Hon. Michele Rallo, who reminded his parliamentary colleagues that he had introduced an interrogatory on the New Bretton Woods, which received an official answer from the Italian government, "recognizing the importance of the issue." He asked LaRouche what step Italy should take next, since "it is clear that the government will only act once the crisis has erupted."

LaRouche's suggestion, keeping in mind the sovereignty of the Italian Parliament and government, was to keep up the momentum created by the legislation on debt relief and the motions toward a New Bretton Woods, and prepare similar legislation for the oil and financial crises. "We need more Giuseppe Verdis!" he said, referring to the centennial of the great Italian composer next year, "and there should be more music in Italian politics," he concluded—by which he meant, less fighting over domestic issues, and more agreement on fundamental issues in which Italy can play a role internationally, such as debt and development.

LaRouche had a number of other important political meetings, including a discussion with a meeting at the Italian Senate in Rome, where he discussed similar issues with Senators, again representing both the government and opposition parties.

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