Italy's Tremonti Hits 'Suicidal' Free Market Policies in EU

by Andrew Spannaus

Giulio Tremonti, the former Italian Economics Minister known for his proposals in favor of large-scale European infrastructure projects, is taking a prominent role in denouncing the "dogma of the free market" that is being imposed throughout Europe. At a Feb. 21 conference in Milan, Tremonti slammed the European Union's policies against state intervention into the economy as "suicidal," while calling for protecting industry and creating new credit mechanisms to finance the productive economy.

That Tremonti has not backed down from his pro-protectionist stance, and is now launching a new public offensive in this direction in Italy, is an important factor in the current political fight in Europe. The three largest countries in the EU—Germany, France, and Italy—have all come out strongly for reforming the strict monetarist criteria of the EU's Stability Pact, yet no one seems willing to actually identify the root of the problem: the free-market ideology which is so deftly used by the international financial oligarchy to manipulate countries into handing their sovereignty over to the financial markets, and those who wield power through them. In this context, Tremonti's proposals are a step forward, compared to the defensive-minded opposition which has dominated the discussion so far.

However, in order to be effective in such a high-stakes battle, any such campaign must necessarily abandon the method of being merely "practical," and take on the fundamental changes which have been responsible for the accelerating slide into post-industrial decay, and bankruptcy, in Europe and the United States.

The Tremonti Plan

As Economics Minister in the Berlusconi government, Tremonti was responsible for Italy's "European Action Plan for Growth" proposal in 2003. The proposal, which soon came to be known as the "Tremonti Plan," centered on reviving and expanding the large-scale infrastructure projects throughout Europe that had originally been proposed under the "Delors Plan" at the beginning of the 1990s, but eventually crushed under the weight of the anti-investment policies of the Maastricht Treaty that have come to define the EU throughout the past decade.

Most of the original projects were concentrated on transport infrastructure, but the proposal was then expanded to include numerous research and development projects, in particular with the collaboration of German Chancellor Gerhard Schröder.

The key aspect of the Tremonti Plan centered around the source of credit for the projects. Under the rules of the Stability Pact, single nations are—for all practical purposes—prohibited from even thinking of paying for such large-scale investments, and thus find themselves making grand plans, and then hoping that private capital will come along to finance them.

The Italian government suggested that the initial capital for the projects be provided by the European Investment Bank (EIB), to the tune of 50 billion euros per year. This represented a very significant increase in the Bank's funding, and would have effectively transformed it into a vehicle for large-scale development, the likes of which Europe hasn't seen for some time.

Those who follow *EIR* and the activity of the LaRouche movement, will immediately recognize the affinity between the Tremonti Plan and LaRouche's New Bretton Woods and Eurasian Land-Bridge proposals. In fact, these plans are the necessary reference point for all proposals for large-scale infrastructure development under discussion today; and the question of credit creation to finance such projects, has been the subject of numerous LaRouche movement initiatives and publications over recent years.

In Italy, LaRouche's New Bretton Woods proposal for a reorganization of the international financial system has been discussed in the Parliament, leading to a unanimous vote in the Chamber of Deputies in September 2002 for an initiative in favor of a "new financial system . . . to combat financial speculation." Furthermore, Tremonti has repeatedly called for an FDR-style "New Deal," thus citing a centerpiece of LaRouche's campaign for a shift in economic policy.

Despite the support the Tremonti Plan garnered from key European nations—notably Germany and France—the financial forces behind the EU bureaucracy succeeded in sinking the plan before it could ever be launched on a significant scale. In fact, when the projects were finally "approved," Romano Prodi, then president of the European Commission, announced that the yearly EIB financing for the projects would be on the order of 5 billion euros per year; a mere 10% of the original proposal!

By the middle of the following year, the anti-dirigist forces in Italy and throughout Europe had succeeded in isolating Tremonti, and at that point Berlusconi did their bidding, showing Tremonti the door at the beginning of July 2004. Before he left, though, Tremonti had launched the beginnings of a battle with the European central banking system, by criticizing the Bank of Italy's lack of oversight relative to the Parmalat financial disaster, and then questioning the Bank's role in market regulation and credit creation.

Battle Within the Italian Government

Just a few months after his ouster, Tremonti was brought back into Berlusconi's party, Forza Italia, at the highest level. He is now vice president of the party—in theory, second only to Berlusconi—and thus has the ability to throw his weight around in the political debate. Over the past few months, he has been participating in numerous television talk-shows and public events around the country.

However, Tremonti is not the one determining policy in the Berlusconi government. The Forza Italia itself is a mix of various and opposing elements: While there are some who support pro-infrastructure and growth policies, other leading members are representatives of the ultra-free-market Mont Pelerin Society, and yet another faction is linked to the right-wing, synarchist-leaning groups that are preparing to impose outright fascist policies as the current financial and economic crisis worsens. Furthermore, Tremonti himself is not immune from the market ideology which dominates policymaking today; he boasts of how the Berlusconi government has succeeded in reducing unemployment by making the labor market more "flexible," just as demanded by every free-market economist in the world today.

As he demonstrated in the Feb. 21 event in Milan though, Tremonti is willing to put up a fight on dirigist policies, and his return to a prominent position in Italian politics clearly reflects a certain amount of institutional support for this position. Tremonti lit into the European Union's rules against state intervention in the economy. The "power of the European Union bureaucracy," said Tremonti, is just as totalitarian—although it considers itself benevolent—as that of the former Soviet Union. We have "gone from the dogma of Communism to the dogma of the free market," and the fanatical application of these free-market rules is destroying the productive base of the European economy. The free market penalizes industry, he said, and for this reason we need protectionism. Upon prompting from *EIR,* Tremonti also reiterated his proposal for a regional bank that can promote development in Italy's South, the Mezzogiorno.

The New Bretton Woods

When *EIR* challenged him to support LaRouche's proposal for a New Bretton Woods, Tremonti brought out his more "practical" side, answering that today, despite the problems of the Stability Pact, the euro now exists and it would be impossible to turn the clock back. We have to deal with the crisis in this context, he said. Throughout his remarks, though, he referred to the importance of continuing what clearly appears to be an uphill fight. "Good ideas have to go uphill," he said, "but they eventually get somewhere."

Finally, he noted that someone recently gave him a book against protectionism, written by Italian Mont Pelerinite Antonio Martino (current Defense Minister, and a prominent member of Forza Italia). "We must be making progress," he said, "because there are already books attacking us."

From the EIR Berlin Seminar

French Gov't Policy: Words Belied by Deeds

by Jacques Cheminade

Here is a speech delivered by Jacques Cheminade, to the Jan. 12, 2005 EIR *seminar in Berlin (subheads have been added). Cheminade, a longtime friend and associate of Lyndon LaRouche, ran for President in France in 1994 and 2002, most recently with the Solidarity and Progress (Solidarité et Progrès) party.*

Much was expected of France once she had taken a stand, alongside Germany, against the second Gulf War. Regrettably, however, faced with such great expectations, precious little has transpired.

President Jacques Chirac has often spoken very warmly of peace; he has proposed that a tax be levied on financial transactions in order to help the Third World; and he has moved to intensify our relations with Russia, China, and India. Why then has nothing concrete come from such fine intentions, nothing that would truly prove up to the circumstances? And why has our flamboyant Foreign Secretary Dominique de Villepin been replaced by that drab compromiser Michel Barnier?

The first reason is that our President lacks the steadfastness of political will and determination. In that, he is no different from his European colleagues. The second reason is that our high-ranking civil servants and bureaucrats of all sorts have dug in their heels against change, and taken on a mind-set where compromising and submitting to the so-called Laws of the Marketplace have taught them to keep their heads very low. Worst of all, our domestic economic policy, every bit as liberal, in the modern sense, as that of the U.S. Administration, has stifled every impulse that our leaders may once have entertained to stand up and be counted, in the face of the sort of foreign policy that we have seen coming out of Washington.

Austerity Against Labor, the Elderly

Indeed, the domestic economic and related decisions that have prevailed in recent years, are scarcely such that would rally a nation behind a bold foreign policy. Public expenditure on research and education has shrunk, while de facto, state pension benefits have been slashed; as early as 1993, the Balladur government decided that state pensions would henceforth be pegged to the official inflation rate rather than to wages, and the Fillon Act has raised pension taxes once more.