LaRouche's New Bretton Woods Debated in Italian Parliament

by Paolo Raimondi

The Chamber of Deputies, one of the two houses of the Italian Parliament, began a discussion on March 14 of Motion 1-00320, which calls on Rome to take international action for the convening of a New Bretton Woods conference, to get the world economy and financial system out of systemic crisis. The motion (see our previous issue for the full text) had been introduced on February 2004 by Deputy Mario Lettieri, who gained the support of about 50 parliamentarians from all the parties represented in Parliament, mostly from the opposition, but some also from the present Berlusconi coalition.

The importance of the Lettieri motion is that it is an institutional act undertaken in a member nation of the G7 group, and one of the main initiators of the European Union, which publicly and officially poses the urgency of a new international financial architecture to be organized by the direct intervention of government and state leaders, as U.S. President Franklin D. Roosevelt acted in 1944 at Bretton Woods to rebuild the world economy after World War II. As reported fully in the following pages, in his intervention, Lettieri immediately identified Lyndon LaRouche as the initiator and the promotor, at the international level, of the campaign for a New Bretton Woods.

It Couldn't Be More Timely

If anything, Lettieri's motion is more crucial today than when he introduced it more than a year ago. Despite "official" statements about an economic recovery being underway, it is obvious even to the unschooled observer that the dollar-based financial system is currently blowing out. The question is not whether there will be a new financial architecture—which Lettieri's motion calls for—but what *kind* of architecture that will be: one along the lines LaRouche has outlined in the tradition of FDR; or a globalized fascist dictatorship.

As the Italian parliamentarians were speaking, the dollar's value was crashing relative to currencies in Europe and Asia. Two days later, the U.S. government announced that the current account deficit for 2004 had hit a new high of $665.9 billion, up by 25% over 2003. To cover this deficit, capital inflows to the U.S. in January had to amount to approximately $4 billion *a day*. Reports are coming out daily about the "diversification" of assets being carried out by major dollar-holders, such as China, Korea, and Russia. And major global financial players are rushing into hard commodities, in anticipation of the inevitable dramatic crash ahead.

Nor was it simply the financial system that was in turmoil. On March 16, General Motors, the company once virtually synonymous with U.S. business, announced that its earnings for 2005 will be 80% below its prior forecast, its first quarter earnings will be negative, and its cash flow could be negative by $4-5 billion. The rating agencies which have been keeping GM bonds just above the junk bond level, were widely expected to take that fateful step soon.

In this context, new warnings of a looming financial catastrophe come as no surprise. On March 6, Tony Dye, the City of London investor well known for his early and correct prediction of the Internet bubble crash, was quoted by the conservative *Sunday Telegraph* that the "wildly speculative" share-price bubble in oil and natural resources companies, is going to go the same way. "We've seen these cycles before over the years," Dye said, "and there won't be many people who make much money out of it."

The same day, the *Sunday Times* ran a feature: "Is private equity building up a Debt Bubble?" The private equity "industry," *The Times* wrote, is "the Jekyll and Hyde of finance."

As part of his campaign for a new, just world monetary system, Lyndon LaRouche keynoted a conference entitled "Toward a New Bretton Woods" in Rome on June 23, 2000. Shown here, in the "Sala del Cenacolo" of the Chamber of Deputies where the conference was held, left to right, are Claudio Celani, LaRouche, Paolo Raimondi, and Helga Zepp-LaRouche.

The Times quoted Mark Anson, chief investment officer of the $175 billion California Public Employees Retirement System, saying that the biggest asset bubble that "I'm afraid of at the moment is private equity," in a speech in Geneva last month. Like derivatives, private equity firms are an unregulated risk to the whole system.

A full-page feature in the City of London's *Financial Times* March 14, reported that the high-yield debt markets were "bracing for a fall." Another article said that the recent years' "global credit boom" is about to come to an end, and bankruptcy firms are gathering around. The sharp rise in yields on 10-year U.S. Treasuries, about a half a percentage point the week before, was a warning shot, the *Financial Times* wrote.

Missing from all the warnings, of course, was the hint of a solution to the crisis. *That* was, however, on the agenda at the Italian Chamber of Deputies.

Italians Take the Lead

Mario Lettieri is a deputy of the Margherita party, a national organization formed by people who strongly identify with the social doctrine of the Catholic Church, and with the pro-labor, pro-dialogue and anti-war attitude of the Pope John Paul II. He represents the intellectual elite from the Mezzogiorno of Italy (he is originally from the Basilicata region, south of Naples) that has fought for emancipation and development out of the poverty of the Southern areas. As secretary of the Finance Committee of the House, he has been on the front line in the fights against speculation, against the arrogance of the banking community, and at the same time to put Italy in alliance with the Third World countries for policies of cooperation and development.

The Margherita party strongly follows the tradition of Aldo Moro, the Italian statesman who was declared an enemy by Henry Kissinger, and later kidnapped and killed by the Red Brigades terrorists. Another very well-known Italian politician, Giulio Andreotti, is close to the Margherita, as is former European Commission president Romano Prodi, the leader of the left opposition coalition in the upcoming elections.

As reported below, Italian parliamentarians have been, over the past years, constantly in contact with the LaRouche movement, and have undertaken numerous official initiatives in support of the Bretton Woods campaign. The particular sensitivity of many Italian politicians to these economic and development matters is surely a reflection of Pope John Paul II's commitment to economic justice and to a new justworld economic order, as reflected in his support for a debt moratorium for the countries of the South during the Jubilee of the year 2000.

When Lettieri's motion was introduced into the Parliament in February 2004, Italy was in the middle of the biggest corporate default in its history, that of Parmalat, a modern agro-industrial company turned into a financial scam, and an example of the systemic crisis involving almost the entire banking community beginning with the largest international banks like Bank of America and JP Morgan Chase. This collapse, together with the Argentinian bonds default, has affected over a million people and their families. Recently about 100.000 small and middle-sized industries have also been tricked into dirty financial derivatives games, which led to losses of more than $6 billion, and a dramatic risk of bankruptcies and layoffs.

Lettieri has collaborated with this author, who is president of the Solidarity International Civil Rights Movement, LaRouche's organization in Italy—first in the preparation of the motion, and now in its presentation for a general debate.

Similar motions have previously been presented in the Senate, the latest having been by Sen. Oskar Peterlini, from the party of the linguistic minorities (Autonomia), with the support of over 20 Senators, among them Giulio Andreotti. The open discussion in the House may stimulate the expansion of the debate in the Senate as well in the near future.

On March 14, immediately after Lettieri, deputy Paola Mariani, from the Left Democrats (DS), the main opposition party led by Piero Fassino and Massimo D'Alema, and a member of the Committee on European Affairs, intervened in support of the motion, arguing in particular against the nefarious role of the International Monetary Fund in the developing sector, and in the Argentinian crisis in particular.

The same message was delivered by Deputy Sandro DelMastro Delle Vedove, from the conservative party Alleanza Nazionale, whose leader Gianfranco Fini is the present Italian Foreign Minister. DelMastro, member of the Culture and Transport Committees, raised the risks of the systemic crisis and the danger for the world economy represented by the collapse of the dollar of an America dominated by speculation and debts. Using *EIR* materials and analyses, he has been very active in the Parliament in the past months introducing a dozen official inquiries and interrogations to the Italian government on different subjects related to the financial collapse, including the International Monetary Fund role in the Argentinian default. DelMastro's endorsement of the motion proves the existence of a bipartisan attitude against the policies of the neoliberal free market philosophy and policies, which are spreading in all parts of the society.

The neo-liberal interests indeed have taken some action to neutralize the dramatic impact of Lettieri's motion. They got Deputy Antonio Leone, of Forza Italia, the party of premier Silvio Berlusconi, to introduce a second motion which generally recognizes the negative effects on the market of the various defaults, and generically invites the Italian government to continue in its "good work," and also the "action, already begun in the competent international centers, to further define agreements in the fields of international finance to protect the financial markets and the savers."

The idea behind Leone's move was to propose a unification of the two motions, in order to gut the main thrust of the Lettieri's initiative. Mario Lettieri rejected this trick, on the grounds that he wants the New Bretton Woods proposal against the systemic crisis to remain, also for the future, as an official document registered in the Parliamentary Acts, even if with only the support of a minority of the Parliament.

On March 17, Lettieri introduced a slightly modified text, with the endorsement of an additional deputy, to emphasize the dimension of the systemic crisis and its effects on the real economy and on employment.

As we are writing, the discussion on the motion has been put on hold, delayed on the official calendar by the discussion of other issues, principally that of Italian military participation in Iraq, a topic which always raises major emotional and political tension. The Acting President of the House has also announced that a meeting of the leaders of the political factions has agreed to schedule the continuation of the discussion on the motion at a later time, probably after the regional elections of April 3-4.

Mario Lettieri

Urgent Reasons for A New Bretton Woods

The following is Hon. Mario Lettieri's speech to the Italian Chamber of Deputies on March 14. It was translated from Italian, and subheads have been added.


Hon. Mario Lettieri

Mr. President, it is well known that last year was the anniversary of the founding of the Bretton Woods system, with which, in 1944, the global economic and financial structure was planned. Bretton Woods, despite certain monetarist conceptions, was first and foremost intended as a system for economic reconstruction, supported above all by the President of the United States, Franklin Delano Roosevelt.

The goal was the development of the real economy of nations, which finance and credit were to support and promote. Unfortunately, this is not what happened, or at least, not what always happened: Large-scale international finance, after the death of Roosevelt, immediately began to undermine that spirit of growth that was intended not only to overcome colonialism, but also to defeat the misery and underdevelopment of the countries of the Third and Fourth Worlds.

The reality, unfortunately, is quite different; the data is dramatic, especially if we look at the countries of Africa and Asia: There are still wars, misery, disease, and death. I will spare you the numbers, which have been abundantly published both in the specialized press and in other media.

Stop the Collective Insanity

In 1971, Nixon decreed the end of the Bretton Woods system, and that opened the doors to large-scale speculation, and big financial bubbles. In recent years, people have reached the point of even believing that wealth is no longer produced by work, industry, agriculture, and the application of scientific and technological research to productive economic sectors, but rather by stock markets and finance. In my view, we are faced with a true case of collective insanity, which must be cured at the international level.

Today, reflection is beginning on this issue, and not only in our country. I am thinking, in the United States of America, of an important economist and Democratic politician, Lyndon