
INTERVIEW

Why Italy's central bankers oppose the 'heavy lira'

The following interview was conducted with Paolo Raimondi, an EIR Economics Editor in Wiesbaden, Germany, who gave a presentation at a conference sponsored by EIR in Rome Dec. 4 on the "heavy lira" proposal of Lyndon LaRouche, chairman of the advisory board of the National Democratic Policy Committee. Also participating in the interview was Leonardo Servadio, editor of the independent weekly Italian journal Nuova Solidarietà, and chief of the Rome bureau of the EIR.

Q: The Rome Dec. 4 conference on the heavy lira focused very heavy criticism on the role of the Bank of Italy in sabotaging Italy's national economy.

A: The Bank of Italy [BdI] had already sabotaged a heavy lira project in the period from 1945-1947. Everything was ready, but a few days before the Bank of Italy—whose directors opposed the plan—was to begin printing the new currency, the plates were "stolen." Today, the Bank of Italy would follow the same policy, and this has been stated explicitly by BdI spokesmen to the *Executive Intelligence Review*. "The heavy lira," they have said, "is institutionally impossible."

The program of financial reorganization which must immediately follow the actualization of the heavy lira, the program that has been studied by Lyndon H. LaRouche, is based on principles diametrically opposed to those which the Bank of Italy adopts as its policies—free-market or Friedmanite policies. It is enough to think that the Bank of Italy has maintained the highest interest rates in the world in Italy, higher than the U.S. rates. Today the prime rate in Italy is over 23 percent. Thus, under the pretext of defending the value of the currency and of stemming inflation, the BdI is destroying the real Italian economy.

By statute, the Bank is independent of all elected power, from parliament or the government. The Bank was created by forces which today are presented in the Banca Commerciale Italiana, a group of private bankers close to Lazard Frères and the Venetian nobility.

Let us give one example to understand more directly why the BdI would not accept a cleansing of the Italian economy of its dirty money from drugs. Today Italy has become the largest drug-trafficking center; the drugs

produced in South Asia, the Middle East, and especially Turkey are turned into morphine inside Italy and then sent all over Europe and to the United States. Thus, the Italian banks play an important role in mediating the dirty drug money. For example, 20,000 billion liras in drug money passes through the Bank of Sicily every year. Bank activity in Sicily during 1979 increased 400 percent. Now, given that the Bank of Italy has the full power of surveillance on banking activity in Italy, is it possible that they have noticed nothing?

There was a Judge Costa of Palermo who was seeking to investigate the origin of some funds tied to drugs, and in particular the activity of some suspected banks. He secretly asked the Bank of Italy for information on the flow of money through these banks. He was dealing with money and banks obviously connected to the Mafia and the drug traffic. Two days after he had secretly communicated his request to the BdI, Judge Costa was killed, and now nothing more is known of these investigations.

Today the Bank of Italy is requesting, and this already exists as a legal proposal, to be granted the status of a private bank. This is because its ex-president, Paolo Baffi, was arrested two years ago under the accusation of having illegally passed funds to SIR, the chemical company of Nino Rovelli, a close friend of Socialist Giacomo Mancini. Mancini is connected in his turn to persons like Piperno and Pace, two terrorists accused of, among other things, having participated in the assassination of Aldo Moro. No one knew where the funds given by the Bank of Italy ended up.

The BdI asks to have the same status as any other private bank because a private bank cannot be subjected to investigations if funds are transferred to someone. But in this case, the entire Italian economy would be controlled by a totally private institution. Some sort of David Rockefeller would practically be the godfather of the Italian economy!

For all these reasons, it is unthinkable that the Hamiltonian monetary and financial reform delineated by LaRouche would be feasible if the actual structure of the Bank of Italy remained intact. All the participants at the Rome conference said they were in agreement with this, from spokesmen for the Bank of Italy to spokesmen from

some embassies who for diplomatic reasons could not say so publicly. Particularly interesting was the response of some DC parliamentarians, who sent letters of support to the conference.

Q: How do you propose changing the Bank of Italy to make it a true national bank?

A: The Bank of Italy must include statutes that its financial policies will be Hamiltonian, that credit will be given according to a system of two windows: low interest rates (4-6 percent), to finance businesses of a productive character, and high rates for businesses which cannot guarantee making productive investments in their business from the viewpoint of the national economy.

Such a principle has been discussed thoroughly in LaRouche's "Why Credit Can Be Greatly Expanded Without Adding to Inflation" as well as his proposal for a "Gaullist solution for Italy." In general terms, the policies of the BdI must be put under government control, except for so-called statutory conditions which would guide its conduct. Thus, its statutes of total independence, which date from the period of its creation and of the financial reform under Mussolini, will have to be totally changed.

Q: How will the small saver be protected under the LaRouche proposal? This was a concern that was raised during the Dec. 4 conference.

A: Since the LaRouche proposal would totally cut out inflation, this has come to be realized as the primary interest of the small saver. The LaRouche proposal cuts inflation because new credit is granted only for activity that will produce, in a well-defined period of time, tangible goods for commerce. These include activities that will improve social productivity. Thus, there will be no gap between existing goods and circulating currency.

Today the small savers are terrorized that their money is not worth anything and thus they invest in whatever seems to be the most tangible and durable of goods. Real estate, which increases in value exclusively by virtue of inflation, has been taken up by the large groups like the Assicurazioni Generali of Venice [insurance], the IFI insurance company of Agnelli, and so on. And all this only increases inflation.

The LaRouche proposal puts an end to real-estate speculation, because it penalizes nonproductive investments. But because it rewards productive investments, the mass of small investors will be able to profitably invest in new productive businesses, through the banking or stock channels.

Q: A very real concern for Italian management strata is the "class struggle" which has become aggravated over the last period through strikes, absenteeism and a continuous atmosphere of confrontation. What has to be done

to correct this, from both sides?

A: This atmosphere of disagreement has been cultivated to its own benefit by the Bank of Italy, with its policy of blocking productive activity that is restricting industrial production and throwing out onto the streets thousands of workers and industries. It is a policy, consciously carried out, that is based on the proposed guidelines of the Club of Rome and other supranational institutions like the EC Commission, dominated by the British, which is imposing a real industrial triage of its own. Today the Socialist trade union leader [Giorgio] Benvenuto and his boss Craxi are working in this direction in Italy.

Political problems in Italy are dealt with by the DC, the party of management, and by the Italian Communist Party (PCI), the party of labor. If we put these two parties together to realize the monetary reform laid out by LaRouche, we will have resolved all the problems.

Q: LaRouche's book is titled quite provocatively *A "Gaullist" Solution to Italy's Monetary Crisis*. What is the attitude toward Charles de Gaulle in Italian policy-making circles? Do you think evoking the de Gaulle example will help in implementing the policy, and why?

A: Today, everyone in Italy is talking about a "Gaullist solution." That is the way the antihumanist factions in Italy react when they are confronted with a good idea by their humanist enemy. But by "Gaullist," they mean Craxi, as a strongman.

We intend, by the word "Gaullist," a solution that is in the best interests of the nation. It is unimportant whether there is one de Gaulle or many little de Gaulles.

The most recent example of "de Gaulle" in Italy is Enrico Mattei [founder of the Italian state oil company, ENI], the father of advanced Italian industry. It was he who constructed the first nuclear power plant in Italy and who succeeded in rendering Italy partially independent of the Seven Sisters oil companies, with respect to oil supplies.

Mattei was also the father of the policy of national solidarity. He constructed, in fact, large coalitions of all the parties, including the PCI at the local level, on the basis of precise construction programs for the national economy. His slogan was "Italian technology for the world," for his export of technology to Africa and the Middle East. With Mattei, Italy's economy had rates of expansion never achieved since.

Q: LaRouche strongly attacks the "technocrats" for their ignorance and botching of economic policy. Who is he talking about, and what have they done?

A: The technocrats are those who make the so-called policy of revenues. This policy, carried out under a series of other names, seeks to cut investments to productive industries under the pretext of reducing debt.

These have their center in a very specific group: They



Claudio Ciccam/NSIPS

The 'heavy lira' conference in Rome. Left to right: Dr. Giuseppe Filippini, director of the Italian Fusion Energy Foundation; Webster Tarpley of the National Democratic Policy Committee; Leonardo Servadio and Paulo Raimondi of EIR.

are Enrico Cuccia, head of Mediobanca, [Bruno] Visentini, head of Olivetti and connected to the Assicurazioni Generali of Venice, and [Giorgio] La Malfa, who comes from the Luzzatto school in Venice, the Luzzattos being the family of the wife of U.S. Ambassador Richard Gardner, who has always favored this specific power group. This group is also connected to Lazard Frères. It was this group which recently proposed, through Visentini and his friend Craxi, a technocratic solution for Italy; that is, a government run only by technocrats, competent in the various sectors.

This is exactly the same as a corporatist solution, otherwise known as Nazi or Fascist, i.e., the exact opposite of the Republic delineated by Plato. You would have to have a pilot to represent the pilot category, a general to represent the military, etc., and then you would find a group of people who know little or nothing of art or politics to direct a national economy totally dominated by the Bank of Italy and its absurd interest rates. We need politicians who possess the necessary virtue to make decisions on which the lives of the whole country depend.

Q: What has been the impact of the distribution of the "new lira" notes designed by LaRouche's Italian collaborators?

A: On Christmas Day the press reported that someone had already prepared the design for printing the new heavy lira. This shows the impact of our proposal in general and also the sketch of the heavy lira (see page 38). The Partito Operaio Europeo (POE—European Labor Party) distributed 10,000 copies. When people took them in their hands, they were delighted; their response was at last, there is something good, the nation still exists.

Dante, whose picture is printed on our design, is the purest essence of the Italian nation, its culture and history. This is what makes Italy a nation, and not, as the Venetian oligarchy would wish, the garden where they experiment with methods of social control, such as the government of technocrats.

When the POE handed out the lira sketch, a porter in Milan said, "I don't believe in politics anymore, but with this proposal, something serious can happen." Large banks in the north told *EIR* that the proposal for the heavy lira is practicable and desirable.

The reaction of members of the Italian Socialist Party is different. One Socialist, driving a car, took a copy of the leaflet and tore it up with his teeth. A similar, but more educated, reaction came from the Banca Nazionale del Lavoro, whose head is Nerio Nesi, a Craxian.