

Italian Parliament Votes For New World Financial System

by Claudio Celani

After hearing a Senator proclaim, “Let us not let . . . a prophetic figure, like Lyndon LaRouche . . . be the only one to carry on this issue,” the Parliament of Italy on Sept. 25 became the first national legislature to mandate its government to promote internationally “a new financial architecture able to support the real economy and to avoid speculative bubbles and financial crashes.” Such a new financial architecture must be the answer, the resolution says, to the current “crisis of the whole financial system.”

The resolution (reproduced below) is the conclusion of a series of Parliamentary motions and resolutions of important Italian cities, all initiated by the LaRouche movement in Italy; it represents a compromise motivated by the intention of achieving unanimity among all political parties. In the process leading to the final draft, it was softened in some aspects, changed in some others, and new elements were added. Despite that, it constitutes an excellent impetus for other nations’ Congresses and Parliaments to rapidly build a world coalition for a “New Bretton Woods” conference out of the systemic financial collapse, as specifically proposed by U.S. Presidential pre-candidate Lyndon LaRouche.

The Italian resolution was originated by a motion on the Argentine economic crisis, written by the chairman of the Italian LaRouche movement, Paolo Raimondi, and by economist Nino Galloni, Director General of the Italian Welfare Ministry. The original motion was presented first in the Senate last March, by Sen. Oskar Peterlini, and eventually in the lower house of parliament, the Chamber of Deputies, by Rep. Sigfried Brugger, a member of Senator Peterlini’s parliamentary faction.

It soon became clear that the motion had a great potential for a large bipartisan majority, and it was thus decided, with

the support of Chamber of Deputies Chairman Ferdinando Casini, to seek a unanimous vote of approval, such that it would have a maximum impact on government foreign economic policy. A precedent for such a decision was the vote in favor of the resolution on foreign debt in the year 2000, solicited by the Pope’s call for a remission of debt for poorer countries (see *EIR*, July 21, 2000).

However, this time it was clear that the fight would not be easy, because the motion called for a reform of the whole financial and economic system, and—it happens in the best of families—resistance was expected by forces which oppose such a reform. But, as the parliamentary debate shows, a nice fight took place and the opposition did not succeed in emasculating the final resolution, which kept the fundamental elements of 1) calling the crisis a systemic one; and 2) calling for a new world financial architecture to protect the real economy from financial speculation. This success is to be attributed entirely to the influence of Lyndon LaRouche, whose unique role in forecasting the collapse of the international financial system was recognized during the debate. The success is even more important, because it took place in the midst of another debate, on the Iraq issue, in which the pro-war faction has polarized the Italian political spectrum, and has so far prevented a bipartisan consensus.

Argentine Crisis and New Bretton Woods

The fact that the resolution is dedicated to Argentina, indicates the global significance of Argentina’s 2001-2002 economic meltdown, and also the important role which that South American country plays in the hearts of Italians, many of whom still have relatives who emigrated to Argentina in the early 20th Century. When the Argentina crisis struck last



Lyndon LaRouche speaks in Milan in August 2001, one of LaRouche's many invitations to explain his New Bretton Woods idea, which led to the Parliament's historic Sept. 25 vote. At left, the original Bretton Woods monetary conference convoked by Franklin Delano Roosevelt in 1944.

year, a spontaneous wave of sympathy grew in Italy, prompting the government to implement early support initiatives which bypassed the International Monetary Fund's watchdogs.

But the Argentine crisis, as Rep. Siegfried Brugger stressed in opening the parliamentary debate on Sept. 23, "is not specific to that nation, but concerns the whole Latin American continent; where Mexico and Brazil, for instance, have been led by the IMF to the edge of a crash like the Argentine one—and other nations, such as, for instance, Turkey or even Poland; in a very strong manifestation of the crisis of the whole system, which is emphasized in a more and more tangible and quantifiable manner also in the United States, in Japan, and Europe. Therefore, a durable solution for Argentina can take place only in the context of a total productive reorientation, and a reorganization of the international economic and financial system."

Brugger then, as in his original motion, reminded the Assembly of the position taken by the Catholic Church in Argentina in its open letter on foreign debt, and pointed to a series of measures to be taken in order to re-establish Argentine sovereignty over its economy. He called on the government to support, in particular, the request for cancelling the foreign debt, as well as projects for relaunching investment in the productive economy. "Otherwise, as concerns the crisis of the whole international financial and monetary system, the government must commit itself to carry out, in all forums, the request for a total revision of the role and of the policy of the International Monetary Fund, and to undertake, in particular, the initiative of proposing to convoke a new international conference, with heads of state and government, like the con-

ference held in Bretton Woods, New Hampshire in 1944, to the purpose of founding a new international monetary system, and taking those initiatives necessary to eliminate the mechanisms that created the speculative bubble and the systemic financial crash, and to start reconstruction programs for the world economy."

Brugger's intervention was supported by the next speaker, Carla Rocchi, a former trade unionist who is a member of the Social Democratic (DS) party. But the expected ambush came soon after, carried out by a real blue-blooded member of the aristocracy, Marquis Gian Paolo Landi di Chiavenna, who happens to be the spokesman for immigration policies of Alleanza Nazionale, a member of the ruling coalition. In a long, pedantic intervention, Landi di Chiavenna described the 1990s economic policy of disgraced former Argentine Economic Minister Domingo Cavallo (the IMF's man) in apologetic terms, calling it an "economic recovery;" and blamed the "corrupt political class," and not the IMF, for the collapse. He posed conditions for the approval of the Brugger motion, first of all eliminating from the text the proposal for foreign debt moratoria.

The irony is that Marquis Landi di Chiavenna had signed the original Brugger motion—a fact which other representatives stressed later on. Why had he changed his mind, or who had convinced him to change it? This was clearly an intervention from the highest levels, aimed at sabotaging the motion.

The next speaker, Rep. Marco Boato, from Brugger's faction, faced Landi with this contradiction: "It seemed I had seen your signature," and quoted IMF Managing Director Horst Köhler himself, who admitted the IMF's responsibility

in the Argentine crisis. As for Argentina's "corrupt political class," Boato said, when three Presidents are replaced in a few days, "the credibility of the political class is indeed at a very low level," and you have an "institutional crisis." But such a polemic is nonsense, because "we all know that the economic-financial bankruptcy is accompanied also by a political bankruptcy."

A Global Collapse

These aspects were stressed more forcefully by Giorgio Benvenuto, former chairman of the House Banking Committee, and currently international economic spokesman for the DS party. Benvenuto declared that "we are facing a crisis of the world financial system, characterized by a speculation which is out of control." He described the explosion of the Argentine foreign debt from 1991 to 2001: "The responsibility lies in the fact that to cover the debt, one should have dealt with the question of increasing the competitiveness of the system. . . . Therein lies the problem of the IMF policy. It is not possible to cover the debt if you start a deindustrialization policy, which was pushed by the macroeconomic policies adopted starting in 1991." Therefore, Benvenuto said, "there is responsibility on the side of the government, there is corruption, there is capital flow abroad, there is privatization; but we would be making a very serious mistake if we did not pose the problem of responsibility, and of mistakes committed by the international institutions." Benvenuto supported the idea of an international conference ("we recall the great importance of the Bretton Woods system in 1944") to build "a new international monetary system."

The first phase of the debate was closed by the government representative, Deputy Minister for Foreign Affairs Mario Baccini. Baccini, from the Christian Democratic party CCD, basically supported the Brugger motion, saying that "on many issues, the government has nothing to object to. There are elements for a common evaluation of a crisis, which is not only a crisis of the Argentine ruling class. I believe that it would be unduly limited to discuss here the domestic aspects of policy." Baccini spoke of "a crisis of the entire geographic area," and, referring to the IMF and other banking institutions, said that in his meetings in Washington, he "explained to those gentlemen that on many occasions, the primacy of politics must overcome the logic of numbers." Nevertheless, Baccini proposed to "reformulate" the text, in order to "find all political forces united on a problem concerning in particular Argentina."

The Final Text

The next day, the final text was drafted. An agreement was found on a text which would include part of a separate motion, presented by Rep. Luca Volonté, which supports and expands the bilateral actions already undertaken by the Italian government in support of the Argentine economy, such as credits for the health system and small enterprises, commercial agreements, and immigration policies. On this



A Resolution supporter, Lombardy Region Gov. Roberto Formigoni, presented an award to LaRouche's collaborator, Schiller Institute Vice President Amelia Boynton Robinson, one day before the vote.

last issue, a highly controversial sentence was added, which facilitates visas for Argentines of Italian origin who want to return to Italy. It was correctly observed that such an action would impoverish Argentina, instead of strengthening it, and the all-party agreement threatened to collapse. It was then decided to divide the resolution into three parts, to be voted on separately, so that most of it could get a unanimous vote, and the "controversial" part could be passed with a simple majority.

It was also decided that the original LaRouchian formulation "convoke a new international conference at the level of heads of state and government, like the one which took place in Bretton Woods in 1944," should be replaced with "pursuing, in the competent international forums, the activity of studying and proposing a new financial architecture." This formulation is more generic—and therefore weaker—but it does not contradict it. In regard to future initiatives by other national legislative bodies, here there is room for improvement.

However, before the vote on the new text—which now is called a resolution, because it is a deliberative act—several spokesmen pointed out that the desired model for a new financial architecture, is exactly the Bretton Woods one. In particular, Rep. Giovanni Bianchi, who spoke as a representative of the center-left group La Margherita, reminded the legislators of Lyndon LaRouche's role in starting this initiative. "Not by chance," Bianchi said, "one speaks of a new Bretton Woods. I believe that we are in such an evident disorder that the need and the demand for some order is necessary. Let us not let . . . a somehow prophetic figure, like Lyndon LaRouche, who had forecast the destiny of the bubble, be the only one to carry on this issue. Well, Italy's and Argentina's destiny lies within these international events, and I believe that this resolution is a step to deal with it."

Italian Parliament's Resolution 6-00030

Passed Sept. 25, 2002

The Chamber of Deputies, Finding That:

The escalation of banking and financial crises—starting from the 1997 crises in Asia, Russia, and Latin America, up to the more recent collapse of the New Economy in the U.S.A., to the giant, ongoing Japanese banking crisis and the bankruptcy of Argentina—cannot but be of concern, to the general population, the ruling classes, enterprises, investors, and savers, because this is not a series of isolated cases, but rather, is the manifestation of a crisis of the whole financial system, characterized by financial speculation which has reached the level of \$400 trillion (of which \$140 trillion alone occurs in the United States), as compared to a world gross product of about \$40 trillion (which difference has been growing during recent last years);

Between Italy and Argentina, there exists, in addition to a relationship of strategic partnership, which involves particular obligations for cooperation, as well as very strong cultural links resulting from a common history, shared by generations of Italian emigrants, and, lastly, numerous joint education projects resulting from cooperation among the universities of both countries;

The Italian government has already intervened promptly to support the Argentine economy; re-including this nation among the beneficiaries of the Italian Fund for Development Cooperation; increasing the personnel of consular and diplomatic offices in Argentina, intervening to support small and medium-sized Italian enterprises; promoting, together with non-governmental organizations in Argentina, initiatives aimed at mitigating the effects of the crisis on weaker social layers; and dealing with the health emergency by sending medicines and supplying health services;

[The Chamber] Mandates the Government

To proceed with the already-undertaken action, to foster the identification of a solution to Argentina's economic, financial, and social crisis, including in consideration of the significant presence of Italian citizens, and of citizens of Italian origin, with special reference to the most-impoveryed population layers;

To use, to that purpose, all available instruments, with the Development Cooperation [fund] in the first place; to support, also with direct participation, projects to relaunch investment in the productive economy;

To support the introduction, among the European Community system of generalized preferential tariffs, a group of products exported by Argentina, so as to favor the economic recovery of small and medium-sized enterprises;

To support initiatives promoting culture and science and teaching of the Italian language, with special regard to activities aimed at enhancing the image of our Country in those sectors in which it excels;

To give adequate priority, in the agenda of the European Commission, to the realization of an interregional EU-Mercosur agreement which could help and support the Argentine economy;

To strengthen forms of bilateral and multilateral cooperation through international agencies to develop and defend the environment;

To reconsider the possible request for restructuring the quota of Argentine foreign public debt owed to Italy, in the framework of multilateral agreements with the 'Club of Paris';

To strengthen measures and interventions in social welfare and health sectors in favor of the most impoverished layers of the population, also in collaboration with non-governmental organizations;

To undertake, in particular, the initiative of continuing, in responsible international forums, the activity of studying and proposing a new financial architecture capable of supporting the real economy and avoiding speculative bubbles and financial crashes;

To undertake any reasonable political and economic initiative, aimed at ensuring that the Argentine government pays maximum attention to Italian savers affected by the crisis of the financial system;

To consolidate, on a broader level, relaunching of Italian policy towards Latin America as a whole—above all in view of the next semester of EU chairmanship—giving this priority in national foreign policy, in consideration of the traditional political and cultural bonds connecting us to that region, of the broad and articulated presence of our co-nationals or citizens of Italian origin in the whole continent, and of a strong and well-established entrepreneurial presence;

To facilitate the return of Italian citizens resident in Argentina and, more in general, in Mercosur, in the framework of a more rational management, closer to the national interest, of immigration flows.

Initiating Signers

Volonte, Brugger, Ricciotti, Boato, Landi di Chiavenna, Benvenuto, Rossi, Rocchi, Intini, Pisicchio, Moroni, Pisapia, Colle, D'Agro, Gianfranco Conte, Pistone, Spini.