

Archbishop Endorses New Bretton Woods

by Liliana Gorini

Does morality have anything to do with economics and the financial system? Should financial institutions orient toward profit, or the Common Good? Should Italy, as a Catholic country, promote a New Bretton Woods? These questions were answered with a resolute "Yes," by Cardinal Dionigi Tettamanzi, Archbishop of Milan, at a conference on "Moral Orientation in Credit and Finance," held at the Cariplo Foundation in Milan on Nov. 24.

The collapse of Parmalat, considered the "Italian Enron," poses most sharply the threat to the financial system from rampant speculation in derivatives, and makes the Cardinal's intervention particularly timely.

The conference was an initiative of Dr. Giuseppe Vigorelli, president of the Association for the Development of Banking and Stock Exchange Studies, which since 1973 has provided a link for the Milan banking world to the main Catholic university in Italy, the Catholic University of the Sacred Heart. In July 2001, the Association had invited economist Lyndon LaRouche to address a conference on his proposal for a New Bretton Woods global financial reorganization. LaRouche's speech was sent out by the Association to 400 Italian banking, financial, and political institutions.

The Nov. 24 conference with Cardinal Tettamanzi was opened by Dr. Vigorelli, who reminded the audience, composed of nearly 300 leading representatives of Italian banks, European financial institutions, university professors, and press, that "each market, and in particular financial markets, must undergo strict regulation, whereby efficient organization must guarantee transparent information."

"The classic theory according to which the sole responsibility of an enterprise was that of maximizing profit, is coming to an end," Vigorelli said. "A new reality is replacing it, that of 'social citizenship' of companies, which aims at 'profits accompanied by principles' and relative social responsibilities. . . . We have seen the values of *Having* trample over the values of *Being*, in a culture which is experiencing a moral decline—the mother of all other declines."

Cardinal Tettamanzi demanded an end to financial speculation, in order to establish an economic system based on the Common Good. He recalled the words of Pope Paul VI, who had addressed the Milan and Varese banks in 1957, when still Archbishop of Milan, teaching them that "the economic world is governed not only by values and competences which are intrinsic to financial activity, but also by moral values, as well

as spiritual and religious ones."

"Think about some of the characteristics of today's most common financial products," Cardinal Tettamanzi said. "First of all, their immateriality, which allows for gigantic transfers of capital from one point of the planet to another, with the inevitable consequences deriving from this. Most of these operations are virtual, limited to accounting entries, detached from any material basis, although their results can heavily influence the overall social and economic situation. Think, for example, of the financial support which can be given to a certain country in the world and subtracted from another, because of a gigantic financial transaction, which can create employment and wealth on the one side, and unemployment and poverty on the other. Without forgetting the high technological sophistication of such financial instruments, which allow for innumerable and complex operations, with no limit on place and time and with potential real effects on the life of many people. . . .

"Since financial activity is an activity of Man, it has the imprint of Man's characteristics. Man is not only the one who carries out this activity, but he is also the object of such activity. In this sense, all the work of Man, including financial work, must have Man as the main criterion. . . . Morality, because it is for Man, cannot only be meant as individual, or even worse, as privatistic. Man is in fact in relation to others. Therefore, by its very nature, morality has social implications. It concerns all aspects of social life of people, including what can be realized in the complex economic, financial, and credit system. As such, financial activity cannot be advantageous only for some and damaging for others, who may be the ones already penalized. It must remain at the service of each and every one; in a word, at the service of the Common Good." In order to make this possible, the Cardinal called on bankers and financial institutions to put "Man, moral issues, and the Common Good at the center of their activity," including by punishing financial speculation.

Referring to this statement, Liliana Gorini, vice president of the Solidarity Movement (the LaRouche movement in Italy), asked Cardinal Tettamanzi about LaRouche's proposal for a New Bretton Woods, pointing out that his call was also at the center of a motion to the Italian Senate endorsed by, among many others, Sen. Giulio Andreotti, a Catholic politician. "Your Eminence, do you think that Italy could and should support this proposal?" Gorini asked. Tettamanzi replied, "You asked about the proposal made by a layman to reorganize the financial and economic system, and your question was: Can Italy and must Italy promote it? My answer is: Not only can Italy promote it, but it must promote it, as difficult as it may be, and Italy must develop the energy necessary to realize this task."

Vigorelli announced that Tettamanzi's speech will open up a series of conferences on this issue, culminating in the yearly seminar of the School for Managers of the Bank of Italy which will be held in Perugia in March 2004.