

Italians Call for LaRouche-FDR Solution

by Claudio Celani

A number of Italian political and economic leaders have recently spoken out about the systemic character of the current global financial collapse. This has to do with the fact that in recent years, Lyndon LaRouche's ideas have found a positive reception among these circles, exemplified by the fact that, in June 2005, the Italian Chamber of Deputies voted up a resolution, based on LaRouche's proposal, calling for a reorganization of the international financial system based on the New Bretton Woods concept.

Last June, LaRouche paid his most recent visit to Rome, and on that occasion, prominent political leaders of both the government and opposition parties associated publicly with his proposals. One of these was Giulio Tremonti, former finance minister and now, deputy chairman of the Chamber of Deputies. Thus, it was no surprise that, among those who spoke out on the systemic collapse during the unfolding of the "subprime mortgage crisis" in August, was Tremonti. Another was Antonino Galloni, an economist and a longtime supporter of LaRouche. Other leaders, such as Deputy Finance Minister Vincenzo Visco and Sen. Mario Baldassarri, who have never met LaRouche personally, echoed his analyses and proposals.

Visco, unexpectedly, given his record of promoting neo-liberal policies, declared that "the current crisis was born out of the Internet bubble a few years ago," according to the daily *Corriere della Sera* Aug. 16. "The problem is to control the instability of the system: After the Bretton Woods conference, we moved to increasingly exposed regimes. There is actually a problem of controlling global finances. Here, the alternative is between the safety of financial markets and the enrichment of some managers who run such products, that can end up in the portfolio of common citizens."

On Aug. 23, Galloni released a statement to *EIR*, which was then published on www.movisol.org, the website of the Italian LaRouche movement, in which he said that "the current financial turbulences are only a foretaste of what awaits us starting next Autumn." "The system," Galloni continued, "is characterized by an evident excess of liquidity in speculative sectors, such as derivatives and hedge funds, and by a lack of capital for investments." Currently, around the world, "the mass of circulating financial instruments in the form of unpayable credits is 60 times the value of the yearly production of the whole country. Central banks can think of using their assets to protect the so-called savings from the

crisis in just one country, but if the crisis is global, they have no means to build a dam. This potential insolvency, bad debts, and similar things are managed through the creation, each time, of more and more junk paper, which still finds purchasers among those who are blinded by the possibility of easy and huge gains, swindled by their financial advisors and brokers.”

“In my view,” Galloni concluded, “the only chance to avoid a collapse at the end of Autumn, which can disrupt the real economy, is to dedicate the next two years—within which the decisive crisis will unfold—to create a new Bretton Woods system that will succeed in transforming pseudo-monetary, paper assets, into long-term obligations, to finance large global infrastructure, and an economic recovery. Only in this way, by exploiting the potential of the planet for development, is it possible to transform the current, dangerous and speculative pseudo-currency, into assets that correspond to the value of world production in ten or twenty years.”

‘Revolutionary Times’

Almost simultaneously, Giulio Tremonti gave a prominent interview to *Corriere della Sera*, in which he described the current situation as “revolutionary times” and called for an FDR solution. The alternative between a New Deal and free-market policies was an issue Tremonti recently debated with LaRouche and Alfonso Gianni, the Undersecretary of State to the Ministry for Development, at a public conference in Rome June 6.



EIRNS/Flavio Tabanelli
Hon. Giulio Tremonti

“August 2007: *tempus revolutum*,” said Tremonti in the interview. “The financial crisis is a hairpin curve around which a piece of our life takes a turn. It will bring not just economic, but also political, even spiritual consequences. It marks the end of many equations: that the fatherland is equal to the world; that the euro contains Europe; that the market is everything; that money is free; that consumption is the sublimation of existence; that desires are as important as needs. The vacuum left by finance will be filled by the comeback of values; needs come before desires; Cain is different from Abel; life is not only GDP and not only science; ’68 is not the future but the past; Europe’s government must move from inertia to economic initiative, such as with Roosevelt’s New Deal.”

Tremonti continued: “The intensity of the current financial crisis has not yet been fully appreciated. It is probably still underestimated. In any case, it is a crisis that will not

have effects limited to finance; they will be extended to the economy and many other elements of our life. It is a crisis that marks the end of the ‘Golden Age,’ the end of the last ideology of the 20th Century, a pagan as well as a post-modern one: the idea of ... finance as universal fuel of an engine which, overcoming the past and the future with all their limits and complexities, overcoming history, is finally able to push humanity towards a ‘new,’ ever easier future, ever more gratuitous. The Crisis of 2007 overturns these terms, stops the fugue in the future, marks the comeback of history.”

Asked whether the comparison with 1929, earlier drawn by Tremonti, means that there will be a replay of the Great Crash, Tremonti answered that “history does not replay itself with perfect identities, but through analogies.” And he ridicules those “who debate whether it is substance or accident, whether it is 1929 or not. Whatever it is, this is a Crisis with a capital C.”

“The impression,” Tremonti said, “is that a fantastic Ponzi scheme has come to an end. The policy of easy mortgages in the U.S. is a link which collapsed, but there are more weak links. The weakest link is the hedge funds, ‘irregular banks,’ which, in the last decade, developed outside of any jurisdiction. A key date will be the end of the month, when the hedge funds must present their balance sheets and say how much they are worth and how much they lost.”

‘Only the Tip of the Iceberg’

On Aug. 28, Senator Baldassarri, Vice Minister of Economics and Finance from 2001 to 2006, released a statement to *EIR*, in which he stated that the real crisis goes well beyond the question of mortgages, and has to do with the structure of the real economy. Baldassarri said: “The high-risk, or subprime mortgages which everyone is talking about, are only the tip of the iceberg, in the sense that the real issue is the U.S. imbalance, the imbalance of the global economy.” Pointing to the U.S. trade deficit as “the mother of all problems,” which is sustained only because China finances it, the Senator said that in addition to the emergency interventions by the central banks, “the real answer, in terms of government intervention, is a readjustment of the global economy.... Apparently, America is growing, China is growing, and Europe is sleeping. But this growth has feet of clay. We need to reverse the situation.... America needs to grow, Asia needs to grow, and Europe needs to grow much more, based on an international monetary system and exchange system which is compatible and reflects the performance of the real economies.”

Regarding LaRouche’s proposal for a New Bretton Woods monetary system, Baldassarri said, “We need a new governance. Call it a New Bretton Woods, or whatever you want. The world has changed, and we cannot have a structure of international monetary and financial institutions which reflects the old world, which no longer exists.”