

Bretton Woods Debate Spreads Beyond Italy

by Claudio Celani

The debate on the collapse of globalization and the need for a New Bretton Woods, which is dominating Italian politics, has now assumed European dimensions. Coming in the midst of the inescapable blowout of the world monetary system, this debate has the potential to redefine, even at the 11th hour, the global political agenda, toward the financial reorganization proposals that Lyndon LaRouche has advocated for two decades.

On March 19, the French daily *Le Monde* devoted significant attention to the debate spurred by former Italian finance minister Giulio Tremonti. Tremonti, who would resume that post if the moderate bloc wins the April 13-14 elections, is leading a real campaign within the election campaign, giving several television and newspaper interviews everyday, and trying each time to place up-front the real issue: the world financial and economic collapse, and the New Bretton Woods as “a global solution to a global problem.” Tremonti, who has publicly discussed the New Bretton Woods concept with LaRouche in Rome, has not yet said openly that his idea comes from LaRouche, as have others, such as Senators Lidia Menapace and Oskar Peterlini, and Hon. Alfonso Gianni, an under-secretary of State for Economic Development (see below).

In Italy, Tremonti’s insistence on raising the New Bretton Woods issue has polarized all the political parties, including his own Popolo della Libertà (PdL/People of Freedom), and, as *Le*



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Italy’s former, and likely soon to be again, Finance Minister Giulio Tremonti, has kicked up a political storm, by waging a very public fight for a New Bretton Woods financial system, an idea which is well known in Italy to have been originated by Lyndon LaRouche.

Monde writes, has taken everybody by surprise. His new book *La Paura e la Speranza (Fear and Hope)* is on top of the bestsellers list and has already been issued in a second edition.

Fortunately, the debate is now spreading to the rest of Europe. *Le Monde* reports extensively on Italian coverage of Tremonti’s argument against a system that favors the superfluous and penalizes the necessary. “The excesses of globalization” are behind the situation where it costs Eu20 to travel to Rome or London, but Eu40 to buy necessities at the supermarket, Tremonti writes. The fault, he says, lies with the “dictatorship of the marketplace,” which is “the degenerate version of liberalism.” *Le Monde* quotes Tremonti’s attacks, in which he calls “the market, the totalitarian ideology invented to govern the 21st Century, has demonized the State, and

almost everything public and collective, putting the sovereign market in a position to dominate all the rest.”

Most importantly, the article quotes Tremonti’s interview with the Italian daily *La Repubblica* (see box): “This crisis is global, structural, and not limited to finance, but extends to the world economy. . . . The instruments used so far show that their usefulness is limited. In every way, they mark the return to public intervention, opposite to the canons of the marketplace. The solution of the crisis is not technical, but political. We need a break, both concrete and symbolic: a new Bretton



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A seminar in Rome June 7, 2007, featured (left to right): Giulio Tremonti and Alfonso Gianni of the Italian government, EIR's Andrew Spannaus, Lyndon LaRouche, and EIR's Claudio Celani.

Woods. In 1944, we founded a new world economic order; the time has come to substitute the present disorder with a new global order."

Nation vs. Empire

A typical objection, familiar to all of us who have the experience of organizing people on international issues, is: "That is all good and fine, but what do we do here and now, to change the situation." Especially in an election campaign, such issues are avoided by politicians who think that the voters do not understand them, and will therefore not vote for them. Such conventional "wisdom" is now swept aside by Tremonti's campaign. When confronted with such objections by stupid journalists or TV anchormen, Tremonti answers: "There is no local solution. This is a global question and there is only a global solution: new Bretton Woods." When a journalist of the national TV channel La7 stubbornly disagreed, Tremonti did not back down: "If you do not want to understand it, our viewers will. There is no local solution."

On March 18, in an interview with the satellite Tv channel Rainews24, Tremonti insisted again: "It may sound a bit abstract, but it is not. As a government, we will commit to bring all major world governments around a table to negotiate a global agreement . . . a nation cannot solve the crisis alone but it is a national duty to move in an international forum."

Another piece of conventional wisdom that has been swept away is that truth has to be banned from election campaigns, because the most important thing is to defeat your adversary. This rule has now, at least partially, been demolished.

The traditional "left-right" division has collapsed, and lines have been drawn between those who defend national in-

terests, and those who defend the interests of financial globalizers—i.e., the Empire.

Thus, the leading candidate of the Left-Rainbow coalition, the chairman of the Chamber of Deputies, Fausto Bertinotti, came out in support of the New Bretton Woods, in an interview with the Democratic Party newspaper *Il Riformista*, on March 18. Bertinotti said that the New Bretton Woods is "a reasonable proposal that we should not leave to right-wing representatives." And the leader of the most militant trade union, the metalworkers union FIOM, said he prefers Tremonti to the putative "progressive" finance minister in the Prodi cabinet, Tommaso Padoa Schioppa. In an interview with the same daily March 19, FIOM secretary general Giorgio Cremaschi, said that "Tremonti's criticism of the WTO and the necessity of a New Bretton Woods are ideas that can be shared." "The problem is not only to correct globalization; the problem, as Tremonti says, is this globalization. . . . Tremonti is more to the left than Padoa Schioppa." Cremaschi

also shares Tremonti's criticism of the EU as "a concentration of free-market ideologies and bureaucratic practices," and mentions the European Court sentence against the Swedish trade unions as an example of the EU anti-labor policies. "I do not want to be alarmist, but facing this crisis, either we act immediately, or I see a scenario of destruction."

The two largest parties, Tremonti's own PdL and the Democratic Party (PD), are split down the middle on Tremonti's attack on globalization and support for the New Bretton Woods. Sociologist Luciano Gallino and economist Roberto Gualtieri, who are close to Foreign Minister Massimo D'Alema, have published favorable judgments on Tremonti's proposals, and even the author of the economic program of the PD, Enrico Morando, has admitted that he shares many of the ideas in Tremonti's book, but he feels distant from the PdL economic program. At the same time, economist Renato Brunetta, an advisor to Tremonti's party leader Silvio Berlusconi, attacked Tremonti. "Tremonti is philosophizing," Brunetta wrote in *Il Tempo* (Rome). Brunetta hysterically insisted that there is no alternative to the free market, and that financial derivatives are "legitimate instruments to invest in the markets."

Such a factionalization is very relevant, as it is possible that those two parties will form a Grand Coalition after the vote. Ironically, the Grand Coalition is pushed both by Tremonti and by his enemies in London, but with two different programs and different personnel. London has pushed through its mouthpieces, such as the *Financial Times*, for a Grand Coalition in order to carry out destructive budget cuts, dismantling of the health and pension system, and takedown of the industrial capabilities. Their candidate for Prime Min-

ister is the central banker Mario Draghi, a former Goldman Sachs executive, who has been called “Mr. Britannia,” after *EIR* exposed his role in the famous June 2, 1992 meeting on board of the Queen’s yacht to plan the privatization of the Italian economy.

The opposing option is a Grand Coalition, in which Tremonti would be the economic czar, and politicians, not technocrats, would lead the ship of state in the midst of the greatest economic collapse in history. Who will be prime minister, and whether policy will be dictated by the Tremontis or the Brunettas, depends not only on the power relationships inside the coalition and inside the two parties, the PD and the PdL, but mostly on the power relationships outside of both parties, and outside of Italy. Ultimately, on the outcome of the U.S. Presidential campaign. The two main candidates, Silvio Berlusconi (PdL) and Walter Veltroni (PD) will adapt to whatever the outcome will be. Currently, Berlusconi is a supporter of U.S. Republican Presidential candidate John McCain, and Veltroni a clone of Democratic contender Sen. Barack Obama, running with the same slogan “*Si può fare*” (“Yes, we can”). But they are ready to scrap their slogans and jump in the Hillary camp as soon as a Clinton Presidency were probable.

The “British Party” has reacted to Tremonti’s campaign by trying to outflank it, either in a state of denial, or in a “delphic” way, à la Felix Rohatyn. Take the case of Giuliano Amato, the author of the dictatorial, supranational Lisbon Reform Treaty, which is being imposed on European nations right now. Amato, who now serves as interior minister, was interviewed by the Democratic Party’s *Il Riformista*, as part of its daily debate on Tremonti’s proposals, where he tried slyly placed Fed chairman Ben Bernanke’s systemic bailout and Tremonti’s New Bretton Woods proposal on the same shelf, both as examples of “*Statalismo*,” i.e., state interventionism, to be rejected in favor of a “third way”: one world government.

Amato’s interview is entitled “Oh, my God, the last thing we need is the *Statalisti*.” The nationalization of Northern Rock and the bailout of Bear Stearns are “follies, evidence of frightening derailing,” Amato says, only to add, in an act of black propaganda: “I consider as products of cultural cowardice, those who, out of such necessary but insane interventions, draw the conclusion that the anti-crisis recipe is state intervention.” French President Nicolas Sarkozy wants to reduce the autonomy of central banks? “Wrong solution.”

Tremonti: Globalization Led to First World War

La Repubblica, Italy’s second-largest national newspaper, published March 17 an interview with Giulio Tremonti under the headline: “Globalization creates poverty, let us defend our production. Tremonti: another Bretton Woods for the world order.” The article has a small box explaining that, “The Bretton Woods agreements were signed in July 1944 by 44 anti-fascist nations. They included fixed exchange rates, convertibility of the U.S. dollar into gold, and the birth of the World Bank and the IMF. In 1947, the treaty on trade followed.”

In the interview, Tremonti says among other things: “This crisis is a crisis with a capital ‘C’, unfortunately similar, in many aspects, to 1929. Until now, there has not been a panic, only because public intervention took place, not after financial crashes, but one moment before them. We can get out of it only through a new Bretton Woods, by re-writing the rules of the world order.

“Citing Goethe: ‘This is not the end of the world but of a world.’ The end of the marketist world, the bankruptcy of economists who have either legitimized or misunderstood what was being created: [they are] furious Templars, who are now shouting under the ruins of their mental temple.”

How long will the crisis last? “This is a global, structural crisis. It is not limited to finance, but includes the economy; not limited to the U.S.A., but includes the rest of the world. The liquidity crisis is becoming an insolvency crisis. The technical instruments so far used have a limited usefulness.... We need a concrete and symbolic discontinuity: a new Bretton Woods. In 1944, a new world economic order was founded, and the time has come to replace global disorder with a new global order. The sooner we organize a Bretton Woods, the earlier the crisis will be over.”

Rebuking former European Union commissioner Mario Monti, who wrote that globalization had already begun in 1914, but was “interrupted by the war,” Tremonti says: “What we call now globalization, in 1914, was made by ‘high finance’ but above all, by colonialism, by mass emigrations, and by the violent conflict among mercantile powers. In 1914, it was not the war to terminate globalization, but, combining with other causes, it was that ‘globalization’ that unleashed the war, devouring itself.... Maybe we live in a time that needs more humanists and historians and fewer economists.”

Tremonti defends himself from those who accuse him, with verbal tricks, of “protectionism.” He says that he is not “protectionist” as such, but a “liberal” who believes in “rules that create, correct, and defend the market.” In his book *Fear and Hope*, Tremonti says, he wrote that “Europe must imitate America: protect its industrial production against unfair competition.”

Amato then says that he has for years attended meetings of the Policy Network, the European Blairite grouping, which has already criticized globalization without governance, i.e., they are calling for a one-world government.

Another leading member of the British Party, economist Francesco Giavazzi, who regularly argues the line of the “markets” in the daily *Corriere della Sera*, went the other way: praising “Helicopter Ben” Bernanke’s “wall of money” policy. “Last Sunday, the Fed has ensured the whole mortgage stock in Bear Stearns. This is responsible capitalism, not the end of capitalism as somebody wants to interpret it”; Giavazzi wrote March 21.

Giavazzi is a leading representatives of those whom Tremonti has called “*folli illuminati*” (mad Illuminati) playing with the double meaning of the word: both enlightened but also the name of the famous 19th-Century freemasonic lodge. He has also called them “furious Templars.”

The Privatization Test

The debate over the New Bretton Woods is already having an effect on some of the most important choices which the current government is supposed to take, like the privatization of the national airline company, Alitalia. Alitalia is on the verge of bankruptcy because of the wrong strategic choices made in the past, for instance, to move out of intercontinental routes and compete on short routes with low-cost companies like Ryanair; or, building a second national hub in the new Malpensa airport, on the outskirts of Milan, while continuing to maintain operations at the old Linate airport in the city. Without going too much into the reasons for such wrong choices, suffice it to say, that the Prodi government had decided that Alitalia can be saved from bankruptcy only through privatization, and has mandated the Alitalia board to open negotiations for a takeover by Air France.

However, when Air France presented its bid, on March 11, it was clear that this was a total sellout, aimed at the elimination of Alitalia as a competitor. Air France offered 10 cents per share, and, an exchange of one Air France share for 160 Alitalia shares. Moreover, they presented a plan to shutdown the cargo section, which is operated out of Malpensa, cut all routes to China and India, and reduce Alitalia to a regional airliner based in Rome.

Faced with the outrageous character of the bid, in the context of the electoral debate dominated by the issues raised by Tremonti, the government decided that, had it accepted the bid, it would be mean a devastating electoral defeat. At the same time, the would-be privatizers could not call off the deal with the French airline, or they would probably have faced penalties; thus, they decided that the last word should come from the trade unions, who had already announced that Air France’s offer is unacceptable, especially because of the planned layoffs.

Most probably, no decision will be taken until the elec-

tions, and until a new government is formed. This might take until the end of April; at that point, Alitalia will be the test whether there is a policy shift.

The Time Is Ripe

The outbreak of the debate in Italy over LaRouche’s New Bretton Woods proposal represents the fruition of a process dating back to 2001, when the LaRouche movement there organized a number of political leaders to raise the issue of a new international monetary system in the parliament. Italian members of parliament, were, in part, reacting to the Argentine debt crisis of 2001, and the bankruptcy, in 2003, of the multinational company Parmalat, based in Italy, which brought the disastrous effects of speculative financial policies very close to home. By 2005, the Chamber of Deputies approved a motion for “a new and more just international financial system,” with the objective of “preventing financial crashes and supporting the real economy.” Although, at that time, the government refused to act on the parliamentary initiative, and the discussion of the New Bretton Woods was shelved, the explosion of the global crisis, since July 2007, has placed it, once again, at the top of the agenda.
