

are here because we affirm the importance of the nation-state as necessary to provide the conditions of community and humanity in this very different world.” Later, he came back to the role of national governments, especially in Third World countries, where, he said, there is too *little*, and not too much government.

But, Clinton the pragmatist added, “The question is what Tony Blair always says: We have to do what works.” And what works is: “continue to reform the IMF and the World Bank,” and keep “moving a lot of money around every day.” Clinton also accepted the insane Third Way view, that if you “get more cell phones and computer hookups out there,” in developing countries, and give “micro-enterprise loans,” this will produce development in such nations. He concluded by calling for more free trade and fiscal discipline.

The conference ended without a common declaration. On the issue of financial speculation, participants agreed that some sort of regulation and more “transparency,” are needed, but each one meant something different by those words. Clinton’s proposal to build a foundation in Little Rock, Arkansas as the world center of the new movement, was rejected by Jospin before the conference began. It was agreed that they would all meet again in Germany, where Schröder will present the results of a “scientific examination” of the issues raised in Florence.

The question is now, how long President Clinton will be able to keep his feet on both sides of the river: defending the nation-state, as Jospin demanded, or defending global markets—two irreconcilable propositions.

## Italian banker urges curbs on globalization

Banca d’Italia Governor Antonio Fazio counterposed the stability and growth of the postwar reconstruction period, to the instability and evils of the globalization era, in a speech in Naples on Nov. 16. He put particular stress on full employment as a target of economic policy, and on the role of the state in creating conditions for growth and in running public services.

Fazio is weak in not challenging globalization as such, but calling for adapting to it, including with wage reductions if they help to keep productive firms afloat.

Fazio refers to five papal encyclicals—*Mater et Magistra*, *Centesimus Annus*, *Quadragesimo Anno* (the latter “posing, already in the 1930s, the problems of financier capitalism”), *Gaudium et Spes*, and *Populorum Progressio*—which opened “to all men a vision of hope and cooperation at the global level.”

Fazio says that unemployment is the number-one problem of the Italian economy, which is officially 11%; in southern Italy, the Mezzogiorno, where 36% of the population live, unemployment is officially 25%, and 50% among the youth.

Fazio praises “the effective interventions of the early policy to develop the Mezzogiorno, in the 1950s and ’60s,” referring to the period when the agency to develop the Mezzogiorno acted on the model of the Tennessee Valley Authority.

“In the 1950s and ’60s in Italy . . . the foundations were created for a modern social state: the public pension system was launched; social pensions were introduced; health assistance was extended to broader layers of the population. . . . Rising employment and living standards furnished the youth with the confidence to find a job and achieving dignified living conditions. The crisis in the 1970s and the delay in adjusting economic policies in the 1980s have first slowed, then stopped this positive evolution.

“In the 1990s, the capacity for creating new jobs in our country seems to be stopped, because of the fall of the growth rate, involving the exclusion of broader and broader layers of citizens from the productive process.”

Globalization is irreversible, he says, but we must correct its dysfunctions. “Globalization . . . has been pushed by large multinational groups and by countries able to get economic and political advantages [from it]. . . . A larger part of the world trade in goods is controlled by a few hundred large groups.” In other words, an oligarchy.

Globalization must be regulated. Markets “must submit to rules and controls that guarantee the full, correct functioning of competition. What is to be avoided is a few large operators who can twist market conditions to their advantage.” Having accepted globalization, Fazio points to the fact that labor costs “must be commensurate with the international norms.”

### The role of the state

Fazio believes that the state can intervene to correct the negative effects of globalization on the national economy. “The economic and social policies of states must explicitly set as their target, the utmost development of the economy and of employment.”

Referring to Article I of the Italian Constitution, he says, “The state has the duty to create conditions to allow for an increase in employment, as well as to supply the necessary preparation to the young and the unemployed, in order to insert them profitably” into the economy.

Although the state should not directly run productive activities, it can do it “in specific and well-defined cases, such as those concerning public goods and services,” he said, implicitly rejecting privatization.

Fazio proposes that a “work relation which is stable” would be an advantage to employers, because it creates an “increase in the technical and professional capacity of the employee and the latter’s interest in the growth of the firm.”