

# Italian Senators Call For New Bretton Woods

On Feb. 26, nine Italian Senators introduced a motion calling for an international conference to prepare a New Bretton Woods system, as the only solution to the crises in the world financial system typified by that in Argentina.

The Senators are: Oskar Peterlini (first signer and member of the Senate Labor Committee), Helga Thaler Ausserhofer (Finance Committee), former Prime Minister Giulio Andreotti (Foreign Affairs Committee), Alois Kofler (secretary of the Constitutional Affairs Committee), Mauro Betta (vice president of the Education Committee), Renzo Michelini (Budget Committee), Augusto Arduino Claudio Rollandin (Environment Committee), Francesco Salzano (Industry Committee), Giuseppe Ruvolo (secretary of the Agriculture Committee).

The text of the motion, which was submitted to the Senate the day after, was prepared with the assistance of Paolo Raimondi, president of the International Civil Rights Movement Solidarity, Lyndon LaRouche's collaborators in Italy; and of Nino Galloni, General Director of the Italian Labor Ministry. The resolution text has been introduced in a different form in the Chamber of Deputies as well, by Reps. Gabriella Pistone and Marco Rizzo. The nine Senators are members of the Group of the Autonomies, which includes representatives of sections of the Italian population who speak German, such as in South Tyrol, and French, as in the Aosta Valley, north of Turin. Some Senators, such as Giulio Andreotti from Rome, joined the Group in order to reach the minimum quorum of ten members required to establish a recognized Group and thus give it a special status and rights in the Senate.

In the meantime there are other ongoing activities to increase the number of signers and to get the same motion into the lower house. For the Senate, the target is to exceed 50 signers soon. Already, two additional Senators have signed the motion: Tino Bedin (Defense Committee), from the Italian People's Party (PPI), which is oriented toward the social doctrine of the Catholic Church; and Amedeo Ciccanti (Budget Committee), of the government coalition party *Unione Democristiana e di Centro* (CDU).

After a debate on the Senate floor, the motion could be voted on, and if it gains majority support, could mandate the government to act accordingly, and eventually become a formal bill.

From the very beginning of the explosion of the Argentine crisis, Italy has been very active in helping Argentina find a way out, and in organizing international support out-

side of the usual austerity conditionalities of the International Monetary Fund (IMF). Already at the end of December, Italian Undersecretary of State for Foreign Affairs Mario Baccini, after visiting Buenos Aires, gave a number of interviews announcing that, among various measures of economic support, the Italian government was applying the policy of debt cancellation, as formulated in a decree unanimously voted by both Chambers during the second half of 2000,

The decree, demanding that Italy grant a debt moratorium to the developing countries, had been presented by Member of Parliament Giovanni Bianchi (PPI), who during the same period had invited Lyndon LaRouche to testify before the Foreign Affairs Committee of the lower house, and to speak about his New Bretton Woods proposal at a public conference held in the premises of the Parliament (see *EIR*, July 7, 2000). Baccini in his remarks stated that "debt conversion means to act by reducing the debt and converting it into development projects. Therefore, the debtor country invests in social works, environmental projects, and schooling, with control from the Italian government over the implementation of the programs. . . . Of course, this involves some costs, but it is also an investment in the new generations, . . . giving birth to a sort of permanent 'Marshall Plan' on the infrastructural and human level. It is a way to put into practice Pope John Paul II's exhortations on globalizing solidarity."

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## Text of the Motion

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### WHEREAS:

The crescendo of international financial and banking crises beginning in 1997 with the crises in Asia, Russia, and Latin America, up to the more recent crash of the New Economy in the United States, to the gigantic Japanese banking crisis currently under way, and the bankruptcy of Argentina, cannot but worry populations, leadership, companies, and investors, since this is not a series of isolated situations, but rather the manifestation of a crisis of the entire financial system which is characterized by out-of-control financial speculation;

The world-wide financial bubble has reached the level of \$400 trillion (of which \$140 trillion is in the U.S.A.) compared to a world GNP of about \$40 trillion, and this gap has been growing especially in the recent years;

The financial crisis threatens to provoke an enormous crisis in savings, and in particular for pension funds;

The monetarist policy of the IMF toward the so-called developing countries such as Argentina has been directly responsible for the worsening of the situation in those countries, to the point of bankruptcy, forcing the payment of high interest rates and cuts in spending and productive investment which have seriously affected the domestic output of the

real economy of those nations;

The policy of privatization demanded by the IMF has been shown not to be effective in all situations, as demonstrated by the reconsideration of privatization under way even in England (for example, that of the railways), the nation which first championed this orientation;

The continuous payment of interest on the debt imposed by the IMF has strangled the Argentine economy (in 1998 the interest payments were equal to 11% of the national budget; in 2000, 15%; and in 2001, 18%. This draining of wealth and investments has increasingly had negative effects on tax revenues, which have plunged 33% compared to the previous year);

Ibero-America as a whole, in recent years, has already paid the total of its foreign debt several times over: In 1980 that debt was \$259 billion, and in 1999, after having paid a total of \$628 billion, \$793 billion in debt was "left over" to pay (data from the World Bank);

The crisis in Argentina, therefore, is not specific to that nation, but regards the entire Ibero-American continent, where Mexico and Brazil (in which the devaluation has not resolved the debt problem; on the contrary, it has created situations of tension with other countries of the continent), for example, have been led by the IMF to the brink of a crash like the one in Argentina or other countries such as Turkey and Poland, in a forceful demonstration of the crisis of the entire system which is increasingly evident and tangible also in the U.S.A., in Japan, and in Europe, for which a lasting solution for Argentina can only exist in the context of a total reorientation of production and a reorganization of the international economic and financial system;

The crash in Argentina cannot simply be ascribed to national corruption, but rather to the "political" system of the IMF, which, instead of supporting true participation in the development of the nation, introduced monetarist mechanisms which favored various forms of corruption. For example, Parliamentarians of the Argentine party ARI, on Dec. 31, 2001, presented detailed documentation on the "parallel bank structure" which, between October and December 2001, illegally organized a flight of capital, as well as money-laundering on the level of many billions of dollars, the which operations could not have taken place without the knowledge of the IMF. Buenos Aires Judge Maria Servini de Cubria has opened an investigation of these events;

The Argentine Catholic Church has taken a very clear position regarding the crisis. The Archbishop of Rosario, Mons. Eduardo Mirasha, said on Nov. 17, 2001, "A people cannot die to pay the debt." On Dec. 20, 2001, Mons. Hector Aguer di La Plata circulated an open letter on the question of the foreign debt, in which he denounced, among other things, the "zero-deficit" policy (imposed by the IMF), which has drastically reduced the general welfare, with the aim of paying the interest on the debt to the "usurers"; the people, in fact, are dying for debts contracted by others, and for

motives clearly not in the national interest.

Various political, social, economic, and religious forces in Argentina have placed at the center of the discussion the proposal for a program for reconstruction and national sovereignty which consists of the following points:

1. The decoupling of the peso from the dollar without a devaluation or other forms of dollarization, thus creating, de facto, a new currency, without obligations to the current system;
2. Controls on the movements of exchange and capital like those in place in the 1950s, which proved capable of protecting the currency;
3. The creation of a "national bank," to emit new, long-term, low-interest credit for expanding productive investments in industry and agriculture, in particular in medium-sized industries;
4. The freezing of all foreign debts and the opening of an investigation into the legitimacy of the debt still owed;
5. The creation of a coordinating mechanism with other Ibero-American countries for the defense and creation of an Ibero-American common market;
6. The reintroduction of the inviolable principle of national sovereignty against any form of interference from the supranational structures of globalization,

THE MOTION REQUIRES THE [ITALIAN] GOVERNMENT:

1. Regarding Argentina directly:

To in every way support this process of reacquisition of national sovereignty in the formulation of an economic policy in the interest of the Argentine people, as mentioned above;

To especially support the request for a moratorium on the foreign debt;

To support, including through direct participation, the projects for relaunching investment in the productive economy;

To bring this mobilization also to the institutions of Europe, so as to transform this Italian support into European support, and thus concretely relaunch the European position of support for Ibero-America through support for the Mercosur project;

2. Regarding the crisis of the entire international financial and monetary system:

To carry forward, in every aspect, the request for a complete revision of the role and the policies of the IMF;

To take the specific initiative of proposing the convocation of a new international conference among Heads of State and Government, like the conference held at Bretton Woods in 1944, with the aim of founding a new international monetary system and taking those measures necessary to eliminate the mechanisms which have led to the creation of the speculative bubble and the systemic financial crash; and to begin programs of reconstruction of the world economy.