

## ‘Neurotic’ Scheme for ‘Lighter’ Euro Targets Italy

by Claudio Celani

While the agony of the European Monetary Union is becoming more and more visible, some factions in the European elite are playing with the idea of trying to prolong the life of the doomed euro by making it “lighter.” That is, they would reduce the monetary union to a core group composed of Germany, France, Luxembourg, and a few smaller countries, excluding other major EMU members, notably Italy. Such a “core-euro” would keep Germany on a leash, which was the real purpose of the euro in the first place.

As this scheme is being cooked up in synarchist pots, Italy’s well-known budget difficulties and political crises are being dramatized, helping to create an “Italy case” that will be useful for the supporters of the “core Europe” strategy.

This scenario was confirmed in an interview given to the *Frankfurter Allgemeine Zeitung* on Aug. 8, by Morgan Stanley economist Joachim Fels. “I hold it as relatively improbable that Italy will go out of the EMU by itself,” he said. “A more probable scenario is that the stability-oriented countries one day will say: We introduce a new, hard currency, the neuro—or whatever one wants to call it. Then the Italians and the others, who dilute the quality and the stability of the euro, will be left out.”

While Fels and his “Neurotic” faction are engaged in planning a further monetary catastrophe, allied quarters are dramatizing the current Italian budget and political crisis, in a way that recalls the 1992 “Britannia plot.” Let’s review that sordid affair. On June 2, 1992, a group of bankers from the City of London and Italian businessmen, technocrats, and politicians met onboard the Queen’s yacht to discuss privatizations and other reforms of the Italian financial and political system, in order to fit it into the new reality defined by the Maastricht Treaty (signed at the beginning of 1992). That meeting was exposed by *EIR* a year later, and since then has been associated

with the financial speculation that forced Italy out of the EMS in the Summer of 1992.

Not accidentally, Italian Deputy Prime Minister Giulio Tremonti, returning from a European tour a few weeks ago, compared the current phase of financial warfare to the 1992 Britannia plot. “Sometimes,” Tremonti said, “I think that this period has affinities with the early ’90s. Do you remember the meeting on the *Britannia*, in Summer 1992? Well, that was an elite operation, which ignored the people,” said Tremonti. “I do not think that they can try that again, ignoring popular will.” The interviewer then explained: “That cruise on the *Britannia* in the summer of 1992 is still, in the imagination of many, a metaphor for the political change which was accomplished at the expense of a piece of Italian sovereignty.”

Tremonti went on: “Today, the climate of those years is no longer there. At least, the elements of the drama are not there. We are in the euro, and a crisis similar to ours is being lived through in Germany, as well as in France. The *Britannia* cruise symbolized the price the country paid to both ‘modernize’ and to stay in the club.” The “club” Tremonti referred to is the EMU. In 1992, the Maastricht Treaty established a timetable for the introduction of the EMU, and the deflationary policy dictated by its infamous budget “parameters.”

Today, as in 1992, international rating agencies are now paying unwarranted attention to the Italian debt titles. On Aug. 8, Standard & Poor’s downgraded its economic outlook on Italy from “stable” to “negative,” a prelude to a downgrading of its bond ratings. S&P argued that both the ruling political coalition and the opposition are judged unable to enforce the so-called “structural reforms,” which the financial markets consider necessary to “stabilize” the budget. Addition-

ally, the City of London's mouthpiece, *The Economist*, on Aug. 13, called on central banker Antonio Fazio to resign, in a blatant interference in Italian affairs.

### The Fight Around the Central Bank

*The Economist* is backing a campaign started by a coalition of international and Italian pro-globalization forces, who recently lost a banking battle against a group favored by Fazio. The issue involved the hostile takeover of a middle-sized bank, Banca Antonveneta, by the Dutch ABN-Amro group. Parallel to that, a Spanish bank launched a bid for another Italian bank, Banca Nazionale del Lavoro. Such bids aim at winning a foot-in-the-door in Italy's still large family-savings market, which some estimate at more than 140 billion euros.

Fazio organized a counter-bid to ABN-Amro, through a group of businessmen and private funds around Banca Popolare di Lodi, run by Fazio's close family friend Giampiero Fiorani. Banca Popolare's bid was higher, and ABN-Amro lost the battle. The next day, however, prosecutors in Milan started a spectacular action, which included freezing Banca Antonveneta's shares at the pre-bid situation, and opening an investigation of Fiorani and his partners. Additionally, papers from the Prosecutor's office were leaked to the press, including wiretapped conversations between Fazio and Fiorani, and Fiorani and Fazio's wife. Although such tapes contain nothing legally incriminating, they show a level of compromising familiarity among the three, which has brutally damaged Fazio's political image and prestige.

In the wake of this campaign, calls for Fazio to resign have mounted from several political quarters, including from Fiat chairman Luca di Montezemolo, who is also head of the Industrialists' association. Ironically, the faction which is loudly demanding Fazio's resignation, last year backed him on the Parmalat and Argentine bond scandal. In that scandal, Finance Minister Tremonti had correctly insisted that the central bank had overlooked, or even concealed, Parmalat's real bankruptcy situation by allowing it to issue bonds which were eventually defaulted. Furthermore, Fazio defended Italian banks which had sold those bonds to retail customers, and had previously sold defaulted Argentine bonds.

The central issue here is not to take the side of one or another group of gangsters, but rather to expose and denounce the unconstitutional status of the Bank of Italy, which is owned by those same banks it is supposed to oversee! In fact, as a result of post-1992 privatizations, the Italian central bank is *entirely* owned by private banks. More than 65% of its shares are in the hands of three banks: Intesa group, San Paolo IMI, and Capitalia. Other banks and insurance groups own smaller percentages. On this basis, no one could believe Fazio when he insisted that he had moved to defend "national interests," even if that were true.

Such control over the central bank is not only illegal, but unconstitutional. As Lyndon LaRouche's representative in Italy, Paolo Raimondi, stated on Aug. 10, "Article 1 of the

[Italian] Constitution says that 'sovereignty belongs to the people, who perform it according to the forms and the limits of the Constitution.' Therefore, monetary sovereignty is integral to, and inseparable from, the sovereignty of the nation-state and cannot be entrusted to private banking interests, or even become their property." Raimondi called for nationalization of the Bank of Italy and a serious "exit strategy" out of the euro system.

Raimondi also blasted those politicians who are demagogically using such issues as electoral weapons, in view of the general elections upcoming next Spring. He referred to the Lega Nord party, whose leaders provocatively said, "we must go back to the lira" without seriously meaning it, and Prime Minister Berlusconi himself, who during a recent party meeting stated, "Prodi's euro has conned us," thus capturing European media attention.

### LaRouche Euro 'Exit Strategy' Proposed

Raimondi supported Helga Zepp-LaRouche's proposal to re-establish national monetary sovereignty, and announced initiatives in the Italian Parliament for the nationalization of the central bank. As Parliament returns at the end of August, the Senate Finance Committee is supposed to discuss a reform of the Bank of Italy. This will be a test to see whether synarchist plans for Italy and Europe are going to be successful, or whether the "L" factor—the LaRouche factor—will derail them.

At least one member of Parliament who has backed LaRouche in the New Bretton Woods debate last April, Rep. Alfonso Gianni, has publicly intervened along the lines of Raimondi. In an article for his party newspaper, *Liberazione*, Gianni commented that the moral quality of the central banker had degenerated well before the latest scandal. "However, the question concerns the structure and the functions of the central bank. . . . the Bank of Italy is a subject of public law, with a totally private corporate structure, a singular hybrid." Pointing to the fact that the shareholders of the Bank of Italy have always been major Italian banks, Gianni remarked that since those banks have been privatized, actual and formal ownership of the central bank is in the hands of "a tangled web of private interests which besieges the central bank and its governor."

Even Governor Fazio, Gianni noted, "raised more than one doubt about the hybrid nature of the Bank of Italy, and the issue must be solved by establishing a fully effective public control."

Guido Crosetto, a member of Parliament from Berlusconi's Forza Italia party, also spoke out for reform, saying that "The question is not to introduce the limited mandate, but to deeply reform the Bank of Italy, in such a way that the State, and not the banks, are its main shareholders." However, others in his party are pushing for a reform which gives the central bank even more independence from the state.