

Gianni: How To Go Beyond Capitalism

Alfonso Gianni, Italian Deputy Minister for Economic Development, gave this speech at the June 6 conference on “Market Radicalism or New Deal,” in Rome. It was translated from Italian by EIR, and subheads were added.

I’ll try to be brief, because I know that my influential colleague [Giulio] Tremonti has an appointment on television, and thus he has to leave us at eight o’clock. I agree on many things, but obviously not on everything that Lyndon LaRouche introduced into our discussion. In particular, I would like to briefly mention the historical-analytical framework. In my view, midway through the 1970s, there was indeed what I would call, borrowing an expression from Karl Polanyi, the second great transformation of the modern capitalist system; which in my view revolves around—and here I obviously differ a bit from LaRouche—three large, enormous phenomena which had an enormous influence in the course of the last quarter century and the beginning of the current century.

The first is undoubtedly the decision made on Aug. 15, if my memory doesn’t fail me, of 1971, to suspend the convertibility of the dollar into gold, by Richard Nixon, which disrupted the international financial arrangements that the world had established with Bretton Woods, and after World War II. From that point on, the push for the financial transformation of the economy, the volatility of capital and its detachment from material production was truly very, very strong. The international system became a system of debts and credits. There is a nice expression by a French scholar whom I am very fond of, Marc Bloch, who defines the capitalist system as a system in which debts are uncollectable, because it wouldn’t be in anybody’s interest to draw a line and request settlement, because certain systems would crash, and the global system would probably crash.

The second great event, which however I think LaRouche underestimates, is the so-called oil shock, which led to the emergence of a desire for a global role on the part of oil-producing countries, which is at the base of many current problems, but which also introduced in the West—and for me this is a positive, not negative, phenomenon—a concept of a limit to the possibility of purely quantitative development.

The third great event, which however, is the fundamental event for me, is the dominant and characteristic element of the current capitalist globalization—and I say the current one because we have had more than one type of globalization. Think of the globalization before World War I, and before the Soviet

revolution, which broke the uniformity of the global capitalist system; we can speak of the post-’75, and especially post-’89 globalization which is characterized by a deeper phenomenon, which in my view is the transformation of the paradigm of production. The globalization which those who study industrial enterprises call the passage from “Fordism,” that is, from mass production through the assembly line, to post-Fordism, which some identify with the Japanese experience of “Toyota-ism,” or anyway to just-in-time production, focused on the specific demands of the market, and—this is the essential point—division of production at the global level.

If I were to characterize the current globalization with respect to that analyzed by Lenin or Hilferding in the first 15 years of the 1900s, I would say that it is the division of production. That is, the large companies, starting with those which are technologically developed, have a thinking center, an organizational body, in a specific part of the world, which does not always coincide with the United States of America, although it predominantly does; and then they have a division of production facilities throughout the world, with the consequence of being able to apply different systems of wages, and different methods of extracting what we obstinate Marxists continue to call “surplus value.”

Three Characteristics of Globalization

These are the three dominant characteristics of worldwide globalization. Now, as paradoxical as it may seem, I am not suggesting we start changing the situation by intervening only on the methods of production, the means of production. I propose we intervene on all three fronts, at a global level. On the one hand, the democratization of the relations of production, possibly with the generalization of labor rights throughout the world. On the other hand—and this is the clear difference with LaRouche—placing value on the safeguarding of the environment as a motor of a new type of economic development, and not simply as a limit on economic development; and the third question, is a new international economic order. On this point, it seems we agree.

What do I think? I basically think this: The other day, the only newspaper which provides me with things that are new, *Il Sole 24 Ore*, not coincidentally that of the opposing camp—you have to read the other group’s newspapers, because your own are only consolatory—had a brilliant article by Platero on the contradictions of international economic institutions. For example, the article pointed out that last year, the International Monetary Fund had issued a sum of credits equal to \$15 billion. Seven years ago, the total amount was \$78 billion, compared to an endowment of \$100 billion. It should be remembered that the currency reserves of China are estimated to be about \$1.2 trillion. So China’s monetary reserves are obviously overwhelming compared to the assets of the International Monetary Fund. At the same time, the World Bank is suffering from competition from private banks regarding the financing of projects, for example, infrastructure, develop-



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Alfonso Gianni, Italian Deputy Minister for Economic Development, expressed agreement with LaRouche's view that a "new international economic order" is needed to restore the power of nation-states over globalized financial interests.

ment projects in emerging countries, the so-called developing countries, which are in any case, able to offer a favorable market. So despite their ambition, and at times the bullying, as [former World Bank chief economist Joseph] Stiglitz correctly taught us, of the International Monetary Fund and the World Bank, these bodies are undergoing a crisis, just as the current phase of globalization is in a crisis.

Therefore, we have to think of new solutions, and the time has come to do so. Essentially, even though it may seem very theoretical, I am thinking of returning to a Keynesian model, in its entirety. Both as regards the concept of public intervention in the economy, and as regards the defense of the development of the welfare state, which in Europe has historically been something different than simply the solution to the problems of survival and reproduction of the labor force, because it has been a specific mode of production which was different from both the specific mode intended as strictly capitalist production, and from the real socialist systems. It was a state mode of production. And in fact, throughout the world, this model is being subjected, by private finance, from hedge funds to pension funds, to attempts at demolition and appropriation, which is not a phenomenon of liberalization, as my friend Tremonti believes, and thus an improvement of competition and opportunities for citizens, but is chiefly finance overpowering the economic policy of states and the real economy, at least in general terms.

Keynes' 'Bancor'

Now, I think that this reflection on Keynes is also useful in monetary terms. If I recall correctly, even though I don't remember the exact title in English right now, it was in 1942 that John Maynard Keynes developed a theory which he called the "Bancor," concerning a universal currency. Until now, this has proven to be a utopia; the universal currency has never

existed. The four basic currencies, if I'm not mistaken, are the yen, dollar, pound sterling, and euro, in which international transactions take place. If we could concretely revive that idea of creating a large global fund, a reserve fund, in which various countries—not only the four cited by Lyndon LaRouche, because Europe would be left out, if the fate of the changes in the monetary system depended only on the United States of America, India, China, and Russia; I think that Europe must have an important role as a collective system, if it has the courage to change, from an entity relevant for matters of trade, which it has only been until now, to an entity which takes initiatives in the field of global economic policy. So, a reserve system, in which the countries can deposit funds, and then receive them in a universal currency, and reuse them during periods of crisis, in the periods of transformation, in order to provide a sort of buffer that can shelter the world from crashes and large financial tragedies.

It may seem strange that a person like me, one who considers himself part of the field of Marxist thinking, wants to avoid the fall of capitalism. But actually, seeing as how, in the 1900s, the Marxists often discussed the fall of capitalism, but it never happened—because there were various crises, very profound crises, such as that of '29, the crisis in '87, the crisis in '97 regarding the emerging capitalist countries in Southeast Asia—but then capitalism always succeeded in rebuilding itself and changing. I think we have to abandon this messianic expectation of the fall of capitalism and think, like old moles, of how to go beyond capitalism from the inside of the system itself, breaking the anti-democratic and uncontrollable logic which governs global finance, and dealing with the problem of a system of monetary and financial rules in which democracy and the importance of real countries once again become current.

There is a lot more to be said, but I will let Tremonti speak now, otherwise he'll get nervous because he has to go to *Otto e Mezzo* [a political talk show—ed.], and I'll simply say that we can talk about this the next time, if we want to go into the merits of a possible reform and of how to go beyond the International Monetary Fund and the World Bank, and even reforming the functioning of the United Nations, I am completely available. However, we have to think about the world not in terms of replacing one superpower with a larger number, which would still be limited to the major powers, but rather of how to give importance—and this is the creativity we have to use in thinking of a global democratic system—to all peoples, all governments, possibly creating a method for compensation and dialectical solutions to the conflicts which will inevitably arise, so that those conflicts do not turn into tragedies. And in a world dominated by military powers, avoiding tragedies is essential for people's lives and for the survival of the struggling classes themselves, as good old Marx said, way back in the *Communist Manifesto*; a sentence which has been very distorted by everyone, but the value of which is beginning to be understood today.