

# Business Briefs

## Finance

### Italy's Tremonti Urges 'A New Bretton Woods'

Former Italian Finance Minister Giulio Tremonti proposed a "new Bretton Woods" financial system, during a talk show March 6 on Raidue national television. He said that deteriorating labor conditions in Italy and the collapse of purchasing power are due to "the folly of globalization," a folly invented "by a group of madmen, of mad illuminati, who decided in the last two decades to divide the world in two parts: Asia for low-cost production, and the U.S.A. and Europe for consumption. The result is that the situation has worsened for them and will be, in the end, worse for Asia too."

"Globalization has failed. The crisis will get much worse," he continued. The solution does not lie solely in one country: "We are thinking about an agreement among large nations, like the one in Bretton Woods: a new Bretton Woods."

Tremonti is the author of a new book, *Fear and Hope (La paura e la speranza)*, a critique of the free-market policies which have brought the world to this extreme crisis.

## Corporatism

### Felix Rohatyn Calls for 'New Global Regulator'

Financier Felix Rohatyn, currently vice chairman of Lehman Brothers, explained his plan for a fascist new world order, in an interview published in France's leading economic daily, *Les Echos*, on Feb. 11. Rohatyn called for a "new global regulator, capable of imposing regulations and speaking with a single voice," to deal with what he described as far more than "just another crisis."

In a sophisticated appeal to Franklin Roosevelt's New Deal, he revealed what his idea of the New Deal is: "Today, we need a new New Deal. It reminds me somehow of the middle of the seventies, when the city of New York was about to go bankrupt. Helmut

Schmidt and Valery Giscard d'Estaing had warned us: a bankruptcy of New York risked provoking a dollar crash. The crisis we confront today is much more global. That is something frightening."

Rohatyn was brought in to "save" New York City at that time, as head of Big MAC (the Municipal Assistance Corporation), which turned over the control of the city's finances from its elected officials to the banks, to ensure debt payments at the expense of wages, services, industry, and infrastructure.

In his interview, Rohatyn in effect called for a global dictator (himself?), saying the problem today is that "finance has been globalized ... but the control structures, they have not adapted. Taken separately, each central bank is too isolated and follows its own policy. America lowers its rates. Europe doesn't. We might need a more global regulator."

He also spelled out his corporatist scheme for infrastructure, making explicit that the key is the private sector use of public funds (see article by Marcia Merry Baker, in this section). He said the United States needs a "domestic World Bank" with \$60 billion in Federal funds, "which could then raise funds and lend money to finance great projects. It never would lend more than 50% of the investment, in order to maintain a strong relation to the private sector."

## Agriculture

### Threat of Food Crisis Worries India, Pakistan

Concern about the rapid rise in food prices, and shortage of food grains, has begun to appear on the Indian Subcontinent. New Delhi has imposed new restrictions on export of lower-priced rice varieties: Only those varieties which fetch more than \$650 per ton on the international market will be allowed for export.

In Pakistan, Naeem Butt, chairman of the private All Pakistan Flour Mills Association, said, "the government may have to import between 1 and 2 million tons of wheat to meet requirements." Pakistan will

miss its wheat output target of 24 million tons for the 2007-08 crop year. Late sowing, a fall in the area planted with wheat, a shortage of irrigation water, and rising fertilizer prices are reasons for the lower output. Naeem Butt pointed out that nearly 1 million tons of wheat finds its way to neighboring Afghanistan.

The latest report of the UN Food and Agriculture Organization (FAO) says that wheat stem rust has been found in Iran. It is one of the most devastating of plant diseases: During the 1950s, a different strain of the stem rust destroyed over 25% of the North American wheat crop, in one growing season.

Major wheat-producing nations to Iran's east, including Afghanistan, India, Pakistan, Turkmenistan, Uzbekistan, and Kazakhstan, should be on high alert, the FAO said.

## Inflation

### Chinese Officials Fear Crisis Will Get Worse

Inflation is seen as the most immediate threat to the stability of the Chinese economy. The Chinese press has repeatedly raised the question of just how effective the government's "tight monetary policy" is, given that there has been no resolution of the country's problems of excessive liquidity, trade surplus, and rising prices.

National Development and Reform Commission Minister Ma Kai said on March 6 that the measures taken in the wake of the 1998-99 Asian financial crisis prevented what could have been "unthinkable" consequences. China reversed its shrinking grain harvests, and produced "bumper" harvests in each of the past five years—"something rarely seen in Chinese history." Overheated and "haphazard" investment has been brought under control, and steps taken toward shifting the economy away from its export-dependence to developing its huge internal capacity. Had these control measures not been taken, "serious" inflation and "drastic fluctuations" would already be far worse than they are, Ma Kai said.