
Sandro Delmastro della Vedove

Now Let Us Create A More Just Economy

Deputy Delmastro della Vedove, from the government party Alleanza Nazionale, spoke in favor of the motion at the end of the first debate session. His speech has been translated from Italian.

Mr. President, Honorable colleagues: It is my view that the issue we are discussing today—in a discouraging climate of disinterest—is the single most important issue that has been discussed in the Chamber of Deputies since the beginning of the 14th Legislature.

The task is to attempt, together, to construct—or reconstruct, considering that someone succeeded in this effort in 1944—a new financial, economic, and monetary structure that can protect our planet, which has suddenly become too small not to suffer the repercussions of a global economy whose parts are completely interdependent, from massive and uncontrollable disasters. As the paradigmatic case of the Argentina crisis demonstrates, the default of any Nation now violently affects many other Nations, causing disasters, misery, and



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poverty, which are now partially controllable, but certainly impossible to deal with in the near future, in terms of their dimensions and intensity, if someone and something does not intervene to change the current model of development.

The question, therefore, is so radical that it forces me to intervene in a personal capacity, without involving my party, Alleanza Nazionale, which may have legitimately different ideas and opinions on these delicate and difficult questions.

We need to recognize, without appealing to now old and obsolete ideological patterns, that the myth according to which the free market has developed and carried out self-regulation, able to create a fair and caring system, and also provide just profits for capital which is circulated and invested, has miserably failed, especially in the past decade. We have seen the true face of uncontrolled speculation and the financialization of the economy created for the immense wealth of the few, and the shocking poverty of many. We have allowed a few hundred people to govern the world's economic and financial processes, supposing that they would create a trustworthy system.

After having recognized that these few hundred people were not elected by anybody, and thus are not part of any democratic process, and consequently, cannot be controlled, we realized that these people have actually turned speculation into a system, creating enormous virtual wealth that is actually nonexistent. Wealth destined to become real only for the small number of participants in the “good salons” of the International Monetary Fund and Central Banks, and destined, on the other hand, to lead to poverty for millions of companies, investors, and workers.

The events surrounding the Argentine Tango Bonds are the mathematical and emblematic proof of this situation; therefore, an absolutely unavoidable necessity exists to create a new world financial and monetary order, or with the evocative words that are increasingly used now, a New Bretton Woods, which reminds us of an agreement which, in the post-war period, represented a balanced system characterized by specific and responsible rules.

In the Grip of Financial Collapse

Today the global economic and financial situation is about to collapse, and unlike what people generally believe, the United States of America is in the grip of a very serious and worrying situation, which goes beyond the Presidential rhetoric, be it expressed by a Democratic or a Republican President. The truth, in fact, is that the United States of America has to deal with a trade deficit and budget deficit which are literally frightening, and as a consequence, the United States no longer has the power which the world thinks it wields through the monetary and financial system.

Given the lack of rules, the lack of an orderly system, the lack of a far-ranging perspective linked to programs for the real—not virtual—economy, it was inevitable that the system would end up in the less than caring hands of speculation;

speculation which invents wealth from nothing, and produces wealth that continues to be nothing, except for the select few, all of whom belong to the global Satanic sect constituted by the obscene agreements between the banking system, the International Monetary Fund, and the Central Banks. In short, these are the forces that the great poet of the Cantos, Ezra Pound, characterized as the “global usurocracy” decades ago. So, we see that when there is a lack of real economy, inevitably we end up with the fraudulent and criminal economy of financial products.

Under the pressure of interest rates reduced to minimum levels, banking assets have recently shown an increase in appetite for risk, which has produced a senseless and harmful rush towards financial leverage, both in terms of loans and the utilization of new financial instruments.

The sad story of the LTCM fund in 1998, which included the presence—although minor—of an Italian financier coddled at the highest level of politics, does not seem to have taught us anything; not even that the international banking system can be threatened by the recklessness of a single hedge fund, the new structure that, according to the Feb. 16, 2005 issue of the very authoritative *Financial Times*, constitutes “. . . the crack cocaine of the global financial system . . .” and that, together with financial derivatives (\$84 trillion just in the banks of the United States, according to the latest estimates of the U.S. Office of the Comptroller of the Currency), risks provoking a lethal short-circuit in the global economy.

Virtual Economy Out of Control

There is a virtual economy which is out of control, and which, having been developed based on fraud and thin air, can not stop, but must necessarily support itself by producing virtual wealth, in a perverse cycle that exists precisely because of the lack of clear regulations, to the point that the famous child in the fable says, with childlike sincerity, that “the emperor has no clothes,” thus provoking a disaster compared to which the memory of 1929 may even be considered laughable.

This is the source of the necessity and urgency for a new global order, which will preserve freedom of enterprise and economic freedom, but guarantee iron-clad rules to prevent speculation, the illegitimate and “bastard” child of the financialization of the economy, and return to the promotion of the real and productive economy. I am referring to the economy which produces real, solid wealth, and creates jobs. This is why our considerations today deserve the highest level of publicity in the media. In fact, even those who address these issues, as we do today, have the unpleasant sensation of being on the deck of the Titanic, with the unpleasant sensation—unlike the irresponsible and boisterous bliss of those who dance to the music of the band—of being conscious of the iceberg that is so terribly close, if the ship does not decidedly change course.

It is necessary, Mr. President and Honorable colleagues,

that the institutions and mass media participate in informing public opinion with a spirit of truth; on this point, however, there is a deafening and cowardly silence, as we saw with the question of the Argentine default. We are eyewitnesses, in fact, to the complacent silence of the press and political authorities regarding the true responsibility for the South American disaster, which can be exclusively attributed to the concurrent actions of the International Monetary Fund and the international and national banking systems. Employing a useful diversion, the media and Governments swallowed the simplistic theory that is intended to unleash a terrible and senseless war among the poor: small investors on the one side, and the Argentine Government on the other. This is a false problem, which hides the real responsibility for the situation.

How can we ignore the responsibility of the International Monetary Fund, the literally usurious creditor that, unlike the 450,000 Italian small investors, continues to demand capital and interest from Argentina, in defiance of the principle—to use a term from the bankruptcy section of our legal system—of *par condicio creditorum*? When all signs clearly indicated that the South American country could not pay, the International Monetary Fund, as the President of Argentina, Nestor Kirchner, has said repeatedly, offered loans that only exacerbated the problem of indebtedness, without avoiding the implosion which then took place. This is the classic behavior found in every criminal investigation relative to usury, that the needy debtor suffers at the hands of the unscrupulous person who has consciously decided to wring all of the resources out of the debtor, and abandon him to his sad fate.

It is no surprise that Nestor Kirchner, on Feb. 27, 2004, met with the President of Brazil, Lula Da Silva, to attempt to forge a united position on the South American continent, in order to effectively defend against the demands of the International Monetary Fund. Nevertheless, there is also a deafening and scandalous silence regarding the national and international banking systems. Until recently, the Italian small investor (not the professional investor) did not even know what bonds were. The banks, all of a sudden, gave these people precious advice as to why they shouldn't miss the opportunity of shifting their investments towards Argentine bonds. The yields were high, and—the bank representatives said—there was no risk to speak of, because the bonds were like our BOT [Italian Treasury bonds]: In order for there to be a problem, Argentina would have to go into bankruptcy, a simply absurd hypothesis.

Well, the hypothesis became reality. Yes, despite that glaring negligence, no one tells the small investors what has to be done. Many Italian courts have already ordered the banks to reimburse the small investors because they negligently violated the duties of disclosure that financial promoters have to follow. Yet, a few days ago, the Italian Ministry of Economics and Finance, on request of the Consob [an agency similar to the U.S. Securities and Exchange Commission] imposed sanctions on ten Italian banks, precisely for the shameful

methods with which they sold Argentine and other types of bonds.

At the Limit of a Moral Collapse

Useless! The decision was made that whenever possible, the role of the “bad guy” must be assigned exclusively to the Government of Argentina, that has to decide whether to increase the percentage of the refund offered to investors, and thus starve more than half its citizens, or accept that hateful role assigned to it, and thus continue to pay capital and interest to the usurer.

This, my colleagues, is what it means to tolerate a world in which financial, monetary, and thus economic processes are developed without rules! This, Honorable colleagues, is the position of a Representative of the Center-Right coalition who firmly believes in freedom of enterprise and the market, and who, nevertheless, does not intend to ignore the necessity for new rules and regulations. Let the speculators be satisfied; they have already “filled up,” stealing from the pockets of small investors and workers. They are already fortunate, because our society, at the limit of a moral collapse, does not throw them into prison.

Now, let’s discuss this together: it’s time to create an economy which is more just, solid, fair and caring. Let’s make this effort. It’s worth it, for us and for our children.