

LaRouche Holds Dialogue With Italian Senators on New Monetary System

by Liliana Gorini and Andrew Spannaus

“I am convinced that LaRouche’s ideas must be spread. They may be the vision of a ‘madman,’ but usually, history also moves forward based on the visions of such madmen.” These words of former Italian Economics Minister Giulio Tremonti, presently vice-chairman of the Italian Parliament and of the Forza Italia party, pronounced during a conference organized by *EIR* in Rome on June 6, are indicative of what many politicians had to say about American statesman Lyndon LaRouche in the course of his three-day visit to Rome, June 4-6. “I have always appreciated the depth of the views in LaRouche’s magazine,” Tremonti said, and added that he shares the view that we are in a time which is not ordinary, in which we will see profound transformations.

Tremonti was speaking with LaRouche and Alfonso Gianni, Italian Undersecretary for Economic Development, at a June 6 roundtable discussion entitled, “The Future of the Economy: Market Radicalism or New Deal?” at the Hotel Nazionale in front of the Parliament in Rome; the forum was recorded by both the LaRouche Political Action Committee (LPAC) and Radio Radicale (see below for speeches by LaRouche, Tremonti, and Gianni).

Gianni also expressed his agreement with LaRouche’s view of a “new international economic order,” and the fact that the model of productive economy in which the state plays a key role is under attack from hedge funds and pension funds, the private financial interests which are “overpowering the economic policies of states and the real economy.” And although Gianni noted his disagreement on the questions of the environment, and on the role of the four major powers—the United States, Russian, China, and India—which LaRouche indicates as key to effecting a shift in world politics, what is fascinating, is that these words of appreciation for LaRouche’s proposals come from politicians and members of both the government and the opposition, from left to right, who normally quarrel about every issue; the situation was different with LaRouche. Italy is being torn apart by a deep economic crisis, by social conflicts which were clearly visible during LaRouche’s visit—there were trade union demonstrations all day in front of the Parliament; it is a country which is more accustomed to ungovernability than any other in Europe, as LaRouche has emphasized on a number of occasions, but in which leading politicians are searching for a vision, and finding it, in LaRouche’s proposals: his FDR-style policies not

only for the United States, but for the whole world, in a framework of a new global economic order represented today by such great projects as the Bering Strait rail-tunnel.

Official Testimony to Defense Committee

LaRouche’s visit to Rome had started a day earlier with official testimony in front of the Defense Committee of the Italian Senate, announced and reported in the official proceedings of the Senate as “an investigation of the present state and perspectives of the defense industry and cooperation on armaments: hearing of Prof. Lyndon LaRouche.” The hearing, which was attended by about ten members of the Senate, was opened by committee chairman Sen. Sergio De Gregorio who thanked LaRouche for being there. LaRouche’s introduction focussed on the “dual use of the economy” for defense and civilian purposes, which gave LaRouche the opportunity to present an historical “excursus” on the relationship between economy, science, and warfare, from the Council of Florence (1438-39) and the 15th-Century Italian Renaissance, up to the Abraham Lincoln and Franklin Roosevelt war mobilizations.

LaRouche also emphasized the difference between Roosevelt’s conception of a mobilization of the economy in order to win the war against Nazism, and today’s so-called “revolution in military affairs,” and privatization of the military promoted by Dick Cheney, which is destroying the U.S. armed forces. “Today there is an attempt to destroy this legacy,” he said, “with a revival of the ancient Peloponnesian Wars, a long war in Iraq, and a potential war in Iran.”

After the hour-long hearing, which was both videotaped and stenographed, members of the Senate, from both the left and the right, spoke up to thank LaRouche for his report, and to express their agreement with his view that such “revolutions in military affairs” are very risky for nation-states and their ability to defend themselves. Sen. Gianni Nieddu of the center-left government coalition, emphasized that, “not only should the United States not give up its sovereignty in military affairs, but no European country should either,” and he added that, in Europe as well, “there is an attempt to relinquish national defense, and entrust it to the European Union.” Sen. Silvana Pisa (see her interview with *EIR*, Feb. 23, 2007), who belongs to the same party as Italian Foreign Minister Massimo D’Alema, thanked LaRouche for his presentation, and asked about the BMD system and Russian President Vladimir



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(Left to right:) Lyndon LaRouche joined Italian political leaders Giulio Tremonti and Alfonso Gianni in Rome, June 6, for a roundtable discussion on “The Future of the Economy: Market Radicalism or New Deal.”

Putin’s opposition to it.

Sen. Lidia Menapace, a member of the Defense Committee, and chairwoman of the Committee to Investigate the role of depleted uranium in a number of deaths of Italian soldiers in Kosovo, expressed appreciation for the historical depth of LaRouche’s presentation at the Senate. “I listened very carefully to what Mr. LaRouche had to say,” she said, “and I hope I am not being offensive if I say that one normally does not expect such cultural depth from an American politician, so I consider him a European.” Sen. Luigi Ramponi, a general, belonging to the opposite political coalition of that of Senator Menapace, also thanked LaRouche for his testimony at the Defense Committee, adding that he had been following *EIR* for a long time, and “what you said about the financial collapse has turned out to be prophetic. I am also fascinated by your programs for infrastructural development, including the Bering Strait project, which is the key to true peace” (see *EIR* March 18, 2005, for an interview with General Ramponi). At the end of the official testimony, the office of Senator Menapace issued a press release on it entitled, “The Other America,” which contrasted LaRouche’s report to the visit in Rome of President George Bush two days later.

The next morning, LaRouche and Senator Menapace held a joint press conference at the Senate, which turned into an two-way dialogue, since the press was too busy following the ongoing vote and possible government crisis at the Senate, to show up to hear what “such an important mind has to say,” as the Senator herself put it, in referring to LaRouche. Menapace started the dialogue by saying she was particularly impressed by the connections that LaRouche had made between infrastructural development and military technology, which “reverses the order of what is normally said.... I was also impressed by what Mr. LaRouche said about the peaceful use of

nuclear power,” the Senator added, “because I cannot accept the fact that the Italian Left rules out the use of nuclear energy, and I share LaRouche’s view that science and human creativity can solve all of our problems, and nuclear science can go beyond the use of nuclear weapons.” When LaRouche mentioned that it was unnecessary to drop the nuclear bombs on Hiroshima and Nagasaki, and that this was the conscious policy of Bertrand Russell to make sure that no war could ever be won if not with nuclear weapons, Menapace, who is 80 years old, and was an anti-Fascist partisan during the rule of Mussolini, responded by saying: “It is interesting that you say so, because when I was 21, I wrote one of my first articles attacking the bombing of Hiroshima and Nagasaki as useless and unnecessary, as you said. It turns out that we were already in agreement then.”

LaRouche recalled for the Senator his friendship with Max Corvo, then head of the OSS in Italy, who was personally involved in the negotiations with the Emperor of Japan to convince him to surrender to the Allies. The dialogue concluded with a report about the LaRouche Youth Movement and how it has demonstrated that the lack of scientific education today can be overcome if youth between 18 and 35 years of age relive original discoveries directly, without relying on university education.

FDR Policies Gain Notable Support

The event at the Hotel Nazionale was a major step forward in breaking open the debate over the economic measures necessary to deal with the ongoing global crisis. LaRouche’s proposal for a New Bretton Woods reorganization of the international monetary and financial system has been the subject of numerous political initiatives in Italy in recent years, which, in April of 2005, resulted in the passage of a motion in the

Chamber of Deputies calling on the Italian government to work to bring about an international conference for the reorganization of the global financial system.

In February of 2007, LaRouche was invited to speak at the prestigious Sala del Cenacolo inside the Chamber of Deputies, by Hon. Andrea Ricci, an economist who has written a book about Bretton Woods, in which he cited LaRouche's proposals. That conference was sponsored by *EIR* and the *Rifondazione Comunista* political party, a leftist party whose younger generation is eager to demonstrate that it is not anti-American, but rather against the policies of the current U.S. Administration.

While the February event was supported and attended by members of numerous political parties, the June 6 event took the discussion to a higher level, due in particular, to the participation of Tremonti, a leading figure in the center-right coalition, who has occupied high-level positions such as "Superminister" of Economics and Vice-Prime Minister in the governments of former Prime Minister Silvio Berlusconi. Tremonti is somewhat of an anomaly, as much—but not all—of his own party and coalition present themselves as economic liberals. And while Tremonti does publicly campaign for tax cuts, and boasts of expanding private pensions, he is widely recognized as a champion of infrastructure projects, and small and medium-sized enterprises, the backbone of Northern and Central Italy's productive wealth.

Tremonti has also been at the center of some of the most interesting political fights in Europe in recent years. In 2003, when Italy held the rotating presidency of the European Union, he proposed an expanded version of the original Dolors Plan for European-wide infrastructure projects, to be financed with bonds issued by the EU. Despite ostensibly having the support of two of the largest EU countries, France and Germany, the plan was shot down quickly, as it threatened to break the monetarist stranglehold the financial and banking oligarchy holds over economic policy.

Tremonti presented a somewhat similar plan for infrastructure projects in Italy, called *Infrastrutture Spa*, a state-sponsored, but privately owned financing agency, which was an attempt at getting around the budget restrictions imposed by Maastricht. He also launched a frontal attack on the Bank of Italy—and implicitly on the European Central Banking system itself—for its failure to curb the type of speculative practices which have led to financial disasters, such as the bankruptcy of the Parmalat Group at the end of 2003. For daring to take on this sacred cow, he lost his job as Economics Minister.

One year later, however, he was back in the government, and had even been promoted, assuming the post of Vice Prime Minister. And although he is now in the opposition, he is active in various associations and institutes which play a leading role in making policy. The fact that he has decided to openly associate with LaRouche, is one indicator of the potential for a sea-change in Italian, and international economic policy.

LaRouche in Rome: Free Market or New Deal?

Here are Lyndon LaRouche's remarks to the Rome forum on June 6, organized by EIR, on "The Future of the Economy: Market Radicalism or New Deal?" He was joined at the roundtable, by Italy's Deputy Finance Minister Alfonso Gianni, and Giulio Tremonti, former Finance Minister and currently vice chairman of the Italian Chamber of Deputies. The hour-long audio of the three speeches, without the open discussion, can be downloaded from [Radio Radicale.it](http://download-2.radioradicale.it/cache/MP443717.mp3) at <http://download-2.radioradicale.it/cache/MP443717.mp3>.

Since we have a crowded agenda, I shall limit myself to three essential points, and some comment on that, to conclude the statement of the points.

First of all, the world system, in its present form, is hopelessly bankrupt. There will never be a recovery of the present world, international monetary-financial system: It will never occur. Only a new system could survive. And only *with* a new system, could Europe or the United States, or the world as a whole, survive.

It's never possible to give a precise mathematical projection of the date of an inevitable financial collapse, because there are various acts of free will which can change the course of history, to make a bad situation worse, as a way of preventing a collapse. That is, if you want to stop a collapse which is intrinsically inevitable, the best way to do it, is to do something that makes the system worse, as has been done since 1987, when we had, in effect, a 1929 collapse.

For example, the United States is internally ungovernable at the present time. By the same standard, every government in Western and Central Europe is also ungovernable at this time. They're ungovernable, because the dominant force in the world today is typified by hedge funds. As long as you allow the hedge fund operation, which is largely a British operation, run through places like the Cayman Islands, you can not actually determine the destiny of any nation, in terms of this collapse.

You have a situation comparable to that of Europe in the middle of the 14th Century, when the House of Bardi collapsed in a hopeless bankruptcy. The only solution is to establish a new monetary system.

Now, it happens that all European systems are monetary systems, and they really don't function in a case like this. The attempt to establish any form of economy based on a money system, where money is independent of government, is impossible. Since 1971-72, the world has been run by money, not the world of money by governments. In the case of the



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In his speech to the forum in Rome, LaRouche (center) declared that, "only with a new system, could Europe or the United States, or the world as a whole, survive." With LaRouche, are members of the Movimento Solidarietà, (left) Andrew Spannaus and (right) Claudio Celani.

United States, we have a solution for this in our history: The United States does not constitutionally have a monetary system, not in the sense of European monetary systems. The United States system is a credit system, not a monetary system. The lawful constitutional utterance of money in the United States, is by an Act of Congress. Then, this issue of money is used as a form of credit, which can then be used to support a banking system. This was essentially the approach that Franklin Roosevelt took in March of 1933, when he came into office, after the U.S. economy had collapsed by one-third as a result of the Hoover Depression, which had actually been the result of the entire policy of the 1920s.

Government Credit To Promote Development

Under Roosevelt, as earlier under similar Presidents who had operated in this way, the chief function of government credit, that is, in the form of government debt used as credit, had been to promote both large-scale investment in long-term infrastructure development, and certain categories of investment in the private sector. The other essential part about the U.S. economy, to make it work and make money work, is to have a regulated economy. You do not allow the floating of money in free circulation to determine value. You use various forms of regulation, including customs systems and so forth, to keep the currency within a rational values relationship in the economy as a whole.

One of the things that's obvious, is, you can not run a national economy if the prime rate of lending by governments or other institutions, runs up over 1.5 to 2%. Otherwise you will

tend to get long-term, secular inflation. And when you have inflation, the value of money and everything else goes to Hell. Because, when you loan money, if you loan it at a fixed rate that people can afford to pay, or that's profitable to the economy, you've got to prevent inflation from raising the cost of the debt; otherwise, you are putting a constriction on the growth of the economy. In the case of the United States, particularly, we found out that you have to have a fixed-exchange-rate monetary system; otherwise, you can not avoid the bad effects of fluctuations in international trade.

There were many errors made after the death of Roosevelt, in the way the monetary system of the U.S. was run. Briefly, the purpose of Roosevelt had been to take what the United States had developed, as the world's greatest monetary system and greatest economic system the world had ever known; but during wartime conditions, this system was used to build a war machine which was necessary to defeat Hitler. But a war economy is not a good economy; it does not produce net value in terms of what you spend for. But what we

did in the United States, as part of everything Roosevelt did up through the end of the war, was to build the greatest productive machine the world had ever seen. What Roosevelt had intended, was to use the war machine, its productivity, to convert it to international as well as national uses, to rebuild a shattered world.

When Roosevelt died, Truman, who was a stooge for the British, started a conflict with the Soviet Union. This resulted in a war-economy situation again, which taxed the world, and created many other problems. At the same time, out of London, we developed an actual fascist movement inside the United States, which Eisenhower called the "military-industrial complex." Despite these problems, and the errors that caused them, up until the assassination of Kennedy, over the entire period from the end of the war until Kennedy's death, the U.S. economy and the U.S. system worked. Since the death of Kennedy, with the beginning of the long Indo-China War, which ruined us, the United States and the world system began to decay, under the related impact of the war and the rise of the "68ers." And with the decision of Nixon, and more specifically, George Shultz, in 1971-72, in creating the floating-exchange-rate system, the world economy as a whole has gone to Hell.

In October 1987, we went through the equivalent of a 1929 Crash in the stock markets. The decision was made, in which Greenspan was typical, to go to a wildly speculative monetary system, which has ruined the world economy, and has brought us from a depression situation which existed in '87, into a breakdown crisis of the entire world system, which is the state of affairs right now. Over the entire period, taking into account the effect of the Vietnam War spending, over the

entire period from 1971-72, under the floating-exchange-rate monetary system, we've had also a political process identified with the 68er phenomenon, which is actually the shift from a productive economy, to a purely speculative economy. The productive powers of labor, physically, per capita and per square kilometer, have been crashing, and the infrastructure has been crashing around much of the world.

Despite what has happened in China and what has happened to some degree in India, India and China are actually long-term failures. These are Asian-model societies, in which the lower 80% of the population is treated almost as animals. In both cases, you have an increase within the upper 20% of family-income brackets, and including a super-rich stratum within that, but the lower 80% has been falling in value, even relative to the so-called improvements and advantages of these economies on the international market.

There Is a Way Out

So, there are two things now, which I point now, as solutions or partial solutions for the present state of affairs: First of all, I have proposed that the United States government, Russia, China, and India, form an initiating bloc to agree to establish a new, international monetary system. And I recommend this, because these three partners—I listed Russia, China, and India—are the only three nations which are powerful enough in terms of their independence, which were likely to actually support such an initiative. No government of Western and Central Europe would even consider supporting such a measure. However, if these four powers agree to initiate such a proposal, it will work. And that proposal, I've made clear both to people in the United States, and to the relevant other three governments.

Now, we made a second step, which was part of my recent trip to Moscow. Some years ago, my wife, Helga, in expanding the definition of the Eurasian Land-Bridge development, as a system of transport and development tracks, had a discussion with a friend in Japan with the Mitsubishi operation; we looked at their specifications on the Eurasian Land-Bridge, the tunnel-bridge system from Siberia to Alaska, which would become the basis for a worldwide transit system, which I would aim at essentially getting to a magnetic levitation system, rather than a friction-rail system, in some short order.

Now this is necessary, when you think of the condition of the populations of China, India, and other Asian countries. These countries are now inherently unstable, despite the surface appearance of success. The mass of poor in these countries is a political-economic time-bomb. Without some large-scale development programs, you can't do much for them. We have, in the northern part of Asia, vast resources underneath the soil: Under a high-technology environment, which requires a transportation system, you can, with technologies we know and skills we have now, we can develop these areas into sources of raw materials which will address this problem.

Helga and I have, over a period of years, made several approaches to Russia, on supporting such a policy—that is, the

Siberian development policy. There was recently a conference in Russia, which I addressed by message, which adopted this policy, with very specific predicates. The intention is, to establish a rail-type connection, which runs from Eurasia, into the Americas, down through the Americas, and of course would run on a different track into Africa, to create a world system of transportation which is a transportation net for world development. The government of President Vladimir Putin has recently indicated its support for this proposal, and is making approaches to the United States on this issue. It is reported to me, though I've not yet confirmed it otherwise, that Putin will be making this point, or this representation, at the G8 conference now going on.

This is the kind of world we live in. We can put the world monetary-financial system under reorganization, provided we have specific motivating proposals which will make it work. Otherwise, the prospect for the planet, without such proposals, would be a very early arrival of a dark age.

LaRouche's Ties to Italy Are Longstanding

Lyndon LaRouche has been invited to Italy many times over the past decades, visiting Rome, Florence, Milan, Vicenza, Ascoli-Piceno, and other cities, where he has addressed meetings and conferences, large and small, with political, business, and media figures. Among the highlights from the past ten years:

April 1997: In Rome, LaRouche calls for a New Bretton Woods Conference.

April 1998: Again in Rome, LaRouche addresses members of Parliament on the New Bretton Woods, and meets with "cold fusion" scientists.

October 2000: On a visit to Ascoli-Piceno, LaRouche offers an alternative to globalization.

June 2002: LaRouche speaks on the New Bretton Woods at the Cenacolo Hall of the Chamber of Deputies.

July 2001: LaRouche tours Milan and Vicenza in Italy's northern industrial region.

March 2002: LaRouche is back in Milan, where he meets with entrepreneurs and legislators.

April 2003: In Rome, LaRouche outlines an exit strategy from war.

May 2003: On a tour of Vicenza and Milan, LaRouche launches a Youth Movement in Italy.

October 2003: LaRouche advises Vicenza businessmen, "Start by ignoring money."

February 2007: Back in Rome, LaRouche briefs members of Parliament on the new U.S. Congress.