

Europe, underestimates the problems of the Arab world. It tends to misinterpret phenomena such as Islamic fundamentalism, and the Islamic religion itself, in a risky way for our continent and for the West. We need a profound revolution in the way we look at these phenomena, the ability to engage in dialogue, to open relations, to think in broad terms, of integration between Europe and the Arab world.

**EIR:** Very much linked to this is the issue of the U.N. Cairo conference. You are among the many signers of the Schiller Institute call to stop the Cairo conference. On this issue, there is a true war of information. The British malthusian Conor Cruise O'Brien accused the Vatican, for example, of creating an unholy alliance with Muslims to defeat the Cairo conference. On the other side, U.S. Vice President Al Gore (as have President Clinton and Secretary of State Warren Christopher) just gave assurances that the U.S. position will be to defend national sovereignty on the issue of family planning. What role will Italy play at the Cairo conference, with its delegation head, Family Minister Antonio Guidi, and how do you see the American position? Is there a rapprochement between the Vatican and Clinton?

**Formigoni:** Italy can play a very important role. I am speaking to you from the Rimini Meeting, where Family Minister Guidi came two days ago to outline the fundamental policy guidelines of the Italian position at the Cairo conference. It will be a position giving great attention to the issue of economic development and population, not in the sense of limiting freedom and imposing a ferocious birth control policy, but in the sense of helping the Third World to develop and support individual responsibility. I think this is the right position. I do not see anything wrong in a convergence between Christians and Muslims on these positions, which I believe are positions of freedom and responsibility.

The attitude held until now by the American delegation frankly surprised me, because it contradicts the most profound inspiration of the American people. I see it as a position strongly influenced by powerful economic lobbies and ideologies, but foreign to the true tradition of the American people. Maybe there are some openings in the statements of the last hours. If there are, I hope these openings will increase, otherwise it will be a clash, and it would not help anybody.

**EIR:** This year the Meeting in Rimini was entitled "God's People on Its Way." Is this an answer to the false alternative between globalism and nationalism (in a chauvinistic sense) which is being offered by the lay world?

**Formigoni:** Yes, but not that alone. The theme of the people is dear to us, dear to all cultures which have a religious inspiration and are particularly attentive to the theme of popular identity, national identity, religious identity, which does not exclude, on the contrary it founds, a perspective which is not abstractly globalistic, but comunitary of cooperation, solidarity. I think this is the right perspective.

## London plots for technocracy to take over Italy

by Claudio Celani

A powerful faction in the City of London is plotting to overthrow the current Italian government, to replace it with a technocratic cabinet able to push through the most severe budget cuts and tax increases in Italy's postwar history. The London faction includes the George Soros and Warburg interests, as well as other groups represented by the *Financial Times*. This is the faction which in mid-August provoked a financial crisis that precipitated a drop in the value of the Italian currency, the lira, to an historic low of 1,023 against the German mark, and which is planning to repeat that assault on a larger scale, with the goal of bringing the lira down to 1,200 to the deutschemark.

Such a scenario was outlined by David Roche in an interview with the Italian daily *Corriere della Sera*. Roche, a former employee of the Morgan Stanley investment bank, has now built his own corporation and is one of Britain's most influential financial analysts. He predicted that Italy, along with Sweden, will face a severe financial crisis in September and will be out of the European Union by December. As an attempt to avoid that, Roche suggests that both countries will take extremely unpopular measures to bring their state deficits under control.

The dimensions of such measures have been provided by Carlo De Benedetti, the Italian financier allied to Soros who, at the end of August in an interview with his newspaper *La Repubblica*, called for a combined package of budget cuts and tax increases of at least \$62 billion. Such an austerity program, more than double what the present Berlusconi government reluctantly is trying to implement, would be the most severe in the last 50 years.

It looks as though the City of London is trying to direct the first waves of the coming financial collapse onto the "weak flanks" of Italy and Sweden—Central Europe being their strategic target. As Lyndon LaRouche commented in an interview on Aug. 17, "George Soros has moved as the key player who brought about the destabilization of the Swedish krona and the Italian lira, who is making a major attack on the German mark. This is all run from London, and the purpose is to destabilize Clinton's working treaty partner, [Chancellor Helmut] Kohl of Germany."

To ensure the possibility of looting of Italy's resources, the City of London is planning to overthrow the present

government and replace it with a technocratic cabinet. In its weekly newsletter on Aug. 15, S.G. Warburg merchant bank predicted that in September, the government coalition will collapse because of internal conflicts and that either former IRI chairman Romano Prodi or current Banca d'Italia chief Antonio Fazio will lead a technocratic government able to push through De Benedetti's requested austerity.

Informed sources have told *EIR* that the trigger for the crisis will be an investigation warrant against Prime Minister Silvio Berlusconi, in the context of the Milan "anti-corruption" investigation, which will be used as a pretext to engineer the financial crisis due to "loss of confidence by the markets."

There are several reasons why London wants to overthrow the Italian government. The simplest and most overriding is that, in the context of the coming global financial collapse, no elected government can implement the kind of fascist austerity measures the City of London will require in order to attempt to save its assets. Gianfranco Miglio, author of a blueprint for the breakup of the Italian nation into three small states, explained to *Corriere della Sera* on Aug. 31: "I believe that we will have a serious economic crisis. Today the problem is the financial law [budget]. It is difficult for Italy to give the guarantees demanded by the markets." Then, describing the four government coalition partners, he said: "The whole MSI, the former DC, part of the [Northern] League, and part of Forza Italia are unable to agree on a rigorous policy against public debt and welfare."

Miglio is right. Berlusconi's party, Forza Italia ("Go, Italy"), Umberto Bossi's Northern League, and Gianfranco Fini's National Alliance (the former Italian Social Movement, which is trying to shake its Mussolinian image) all promised voters that they would not increase taxes. Thus, the present austerity plan, drafted not to balance but simply to reduce the ratio of state debt to yearly Gross National Product, now well over 100%, is composed exclusively of budget cuts. But when it came time to decide where to cut, a brawl broke out within the coalition, with half the government opposed to cuts in pensions. Finally, a compromise was reached, to the effect that pensions will not be reduced (except to adjust for inflation), and that most of the roughly \$11 billion in planned savings on pensions will come from extending the retirement age to 65 and reducing payments for new pensions, starting next year.

But the discussion on pensions showed that when it comes to real cuts, this coalition is unable to implement them. Exemplary is what Labor Minister Mastella, a former Christian Democrat, stated: "In Italy, we have 20 million pensioners. They can form a party from one day to the next."

The second reason why London is uncomfortable with the current Italian government is that, despite the presence of British agent Antonio Martino as foreign minister, Italy has failed to sabotage the Franco-German alliance on European policy, and it has instead favored both the Delors plan



*The government of Italian Prime Minister Silvio Berlusconi (left) is being targeted by London. Government coalition ally and Northern League leader Umberto Bossi is on right.*

for infrastructure development and President Clinton's new preferential relationship with Chancellor Kohl of Germany.

Third, on a key issue such as the U.N. International Conference on Population and Development, the Italian government has made a major concession to the Vatican by appointing a delegation which will support the Catholic Church's position.

The fourth reason, which involves a potentially most revolutionary issue, is the Italian government's move to restrict the power of the central bank.

The beginning of financial attacks which culminated in the mid-August collapse of the lira can be traced back to a campaign started by the *Financial Times* at the beginning of June, when the City of London mouthpiece ran banner headlines attacking the alleged Italian government move "against the independence" of the Banca d'Italia. The campaign, which has never stopped, is motivated by the government decision to "interfere" with the sovereignty of the Banca d'Italia by suggesting an outsider for the post of director general, which became vacant when Lamberto Dini left the post to enter the government as treasury minister. The move, aside from the real government motivation, would objectively weaken the freemasonic oligarchy which has ruled the bank since its founding, and which is currently led by former Gov. Carlo Azeglio Ciampi. This oligarchy is pushing the candidacy of Tommaso Padoa-Schioppa, a globalist and an architect of the "Europe '92" free-market scheme, who recently authored a Bank for International Settlements report on derivatives which recommended a plan of no action against speculation. The Ciampi group includes former Bud-

get Minister Silvio Spaventa who, according to City of London sources, is "giving the line" to the *Financial Times*, and technocrat Romano Prodi, a former collaborator of Soros who is being pushed by Warburg as the next prime minister.

Prodi, an expert in asset-stripping, was appointed head of IRI, the giant conglomerate that, along with ENI, constitutes Italy's state-controlled industry, under the Ciampi government, and has overseen major privatization operations, such as Banca Commerciale and Credito Italiano, two major banks, as well as SME, the food industry company which was sold to international cartel giants Nestlé and Unilever. Prodi has been recently retooled and presented as the candidate to lead the next government, in case the Northern League decides to leave the government coalition and join the opposition.

Indicating how serious the Prodi option is, his sponsors have taken precautions to eliminate connections to potential investigations against him. Two days after Prodi announced his candidacy, his closest friend and adviser Giuseppe Tramontana was found dead in a mysterious car accident near Brescia. Tramontana, a manager for the Agnelli group, had just been hit with an investigation warrant for bribery, and could have involved his friend Prodi, especially if the illegal details involved in the sale of car company Alfa Romeo to Fiat, engineered in the 1980s by the two friends, were to come out. Prodi, however, has "friends" internationally who are helping to create the crisis conditions which favor his power bid. Well-informed London sources report that the Wall Street financial holding Goldman Sachs, a former employer of Prodi, was among the main sellers on the Italian derivatives bond market during the mid-August lira crisis.

According to members of the Italian government, the influence of the Ciampi group inside the Banca d'Italia is so strong that it was this faction which forced Governor Fazio to announce a half-point rise in interest rates on Aug. 11 as a deliberate move against the government economic policy. A government policy, in terms of investment policy, is really nonexistent, but it is true that the interest rate increase sufficed to provoke, the next day, a collapse in the futures market and an increase in the interest rate of state bonds, which in the meantime has jumped 1%. This has had a destabilizing effect on the budget, as next years' state deficit, financed through issuance of state bonds, will increase by up to \$9.4 billion more, if present trends continue.

### **The 'Britannia boys'**

Whereas the international media present the conflict between the Banca d'Italia and the government as a pure power game, *EIR* is informed that at least part of the government is aware that the "Ciampi mafia" is working for foreign interests who are pushing for a destabilization of the country. Several members of the Italian government agree with *EIR's* 1992 document, "The Destabilization of a National Economy," which reported on the infamous meeting on privatizations

aboard Queen Elizabeth's yacht *Britannia*. Now the press, in reporting about the conflict between the government and the central bank, uses the term "Ciampi boys" as synonymous with "Britannia boys."

In 1993, current Deputy Budget Minister Antonio Parlato was the first and most outspoken member of Parliament to expose the "Britannia boys," and is now the most outspoken in the attack against the Ciampi mafia in the central bank. Parlato has presented a list of journalists who have been in the payroll of the Banca d'Italia during Ciampi's mandate, and is now waiting for an investigation to check on his allegations.

Another member of government, Transportation Minister Publio Fiori, has called for forcing the central bank to "collaborate" with government policy. Fiori, who is fighting to find financing for transportation infrastructure projects, including Italy's North-South high-speed rail line and the bridge between Italy and Sicily, is frustrated because his plans are being sabotaged by the "Ciampi boys," including their allies in the government. The latest sabotage involved the central bank decision to sell a bank owned by Italy's railway company, which is state controlled, to a private bank.

Unfortunately, the necessity of ending the "extraterritoriality" of the central bank and reforming it as an instrument of national policy, in the "Hamiltonian" or "LaRouchean" sense, is not raised by anybody except the LaRouche movement. In its newsletter, *Nuova Solidarietà*, the LaRouche movement in Italy calls for "constitutionalizing" the central bank in order to implement a development policy.

### **Alternative scenarios**

As we approach the Sept. 30 deadline for a new budget, all elements of the City of London scenario will tend to come into place. An alternate scenario to the fall of Berlusconi, is that the current government is kept alive if it promises not to challenge the power of the City of London and not to implement a national bank-type policy. In that case, London would allow even a takeover of the central bank, and the use of the printing presses to bail out the economy. There is one faction in London, represented by Barclays bank, which is presently supporting this scenario. Such a "hyperinflation" scenario is also contemplated in Miglio's book *1996: How the League Took Power*, which the author is still following "with some variations," as he said in the above-mentioned interview. The variation is that it would be the right wing, instead of the left wing, promoting inflation. The end result is the same: bankruptcy and the installation of a separatist regime in northern Italy, backed by international financial markets.

Of course, all scenarios do not take into account non-linear dynamics of the real economy, in this case the impact of the incoming global financial collapse. They also do not take into account the LaRouche factor, i.e., how people in times of crisis turn to workable solutions. This could be Italy's "October Surprise."