

# Return to national banking, statecraft

by Publio Fiori

*This speech was delivered by Hon. Publio Fiori at the conference sponsored by EIR and the Italian Solidarity Movement, in Rome, on April 10. Mr. Fiori was transportation minister in the Berlusconi government and is currently national coordinator of Alleanza Nazionale (the National Alliance party). The speech has been translated from the Italian; subheads have been added.*

If I were to give a political definition of the interesting introduction by Mr. LaRouche, I would define it as “the sunset of politics.” Presently in Italy, and, I believe, in many other countries in the world, we are living through a phase in which politics, instead of guiding civil and social processes, is being guided.

I was impressed by a simple, banal episode. In one of the first cabinet meetings of the Berlusconi government, when I was the transportation minister, we were talking about economic problems, and when we decided to make a proposal, proposed government legislation which went in a certain direction, the treasury minister interrupted me and said, “But the markets would not agree.” This sentence blocked us, because the Italian government at that moment was scared of the response that the markets would have given to our courageous, necessary choice, which was coherent with our election campaign commitment.

This is the present situation in Italy. Politics no longer acts as a function of the interests, the problems, the needs of the people. When it takes a measure, it looks and listens directly to the London stock exchange, because it is the London stock exchange which de facto makes the life and death decisions. Therefore, if politics does not regain its historical role, we shall be without hope, since politics is the instrument of democratic legitimization through which the problems of the people have to be faced, precisely because it is from the people that politicians get their mandate.

There is a confrontation between the political power, represented by various democratic institutions, and the financial power, represented by various international groups which, with the system of derivatives described by Mr. LaRouche, have by now occupied the scenario of national and international economics.

## What is wealth?

As transportation minister, I learned that the wealth of a people is not determined by the quantity of precious currencies and gold which it possesses. The wealth of a nation today, is determined by the quantity and quality of the networks it is able to put together: communications networks, cultural networks, highway networks, railway networks, development routes. This is the patrimony of a modern nation.

Being aware of this, I asked myself what Italy's role should be, given its historical and geographic position. And I individuated that role as a passageway, a connection, in the center of the Mediterranean Sea, in the context of the great scenario created by the fall of the Berlin Wall, which meant that relations were no longer east-west, but north-south. Italy, in the center of the Mediterranean, is the connection between the great Western culture, the great Western market, with the developing countries in the Mediterranean and Africa, which are legitimately asking to participate in the great process of world development. A great humanist and historical tradition, a very important tradition of Catholic and Christian values, a meeting point between two very different and distant worlds, which is necessary if we do not want to go toward a clash with the other world, merely because they want to share a small part of the goods we consume. If we continue to pretend not to realize that 25% of the world population consumes 75% of the resources; if we do not realize this, we shall condemn ourselves to an epochal clash, compared to which the Second World War shall be nothing.

Peace and development: There is no peace without development, as there is no development without peace. This is the binomial in which we have to insert ourselves. We have to do this, however, giving power back to politics, because if the future of countries is to be determined by large financial groups, by the banking system, by financial speculation, by derivatives, by the speculative bubble, then there will be no hope.

## The state must create new clients

Therefore, we have to give some indications, we have to say what we want to do, and, as transportation minister, I asked myself this question. For example, I inverted the quantity of funds invested in new railways between northern to southern Italy. The markets demanded new high-speed railways in northern Italy, because that's where the markets are, where the clients are. But I decided to invest in southern Italy, because the state cannot only invest where the clients are clients, but it must build elsewhere, and create new clients.

I thus transferred a number of resources and investments from northern to southern Italy, to the regions of Calabria, Sicily, and Apulia. I proposed and succeeded in having the high-speed railway not stop in Battipaglia, but go further, because, from the economic standpoint of development, I thought it would be essential that those who wanted to reach



*"If we continue to accept the diktats of the large financial centers, we will lead our country to a split," warned Publio Fiori. "If we continue to fail to give politics the role of hope that it should have, we will be making a big mistake, that of allowing international speculative finance to decide the destiny of men. But, as long as a true statesman is still alive, I think we shall not allow this to happen."*

the markets of central Europe not have to take such a long route, passing through the Strait of Gibraltar up to the great harbors of northern Europe, with an expense for each ship of \$250,000. I thought that these ships should be able to dock at a big harbor in southern Italy, and then bring goods to the European market on a high-speed railway.

This also meant more investments, because for example, our alpine passes are not equipped to handle containers of new types. In addition, our rail lines are not developed enough for high-speed trains. So, we are rapidly moving, as I had foreseen, toward a situation in which we will not be able to communicate with other countries, because Austria and Switzerland are restricting our road traffic, and we do not have new rail lines which can bring passengers and goods to Europe. The new alpine passes to Germany, Austria, and Switzerland, the new alpine pass toward Lyons, in France, the Frejus Tunnel, and the development corridors toward the East, should be connected through the great Trieste-Venice harbor, which should become the reference point for all Eastern Mediterranean countries going toward the new Eastern markets.

At the same time, we invested in Gioia Tauro. Gioia Tauro was the invention of a great entrepreneur, a brilliant entrepreneur, who is dead now, and about whom nobody speaks any more: the engineer Rivano. He understood that initially, the Gioia Tauro project was an economic mistake on the part of the government, because it only wanted to build a steel plant. He insisted that the harbor at Gioia Tauro had to be structured

in the way that the Japanese wanted; like the big ports for 500,000-ton ships, the so-called around-the-world ships, which come through the Suez Canal after sailing from Singapore and Hongkong.

We immediately accepted a convention with the private companies which managed the harbor, which should have become, and is becoming, a competitor of Malta. (By the way, Malta is presently building, with our money—50 billion liras [about \$325 million] in cooperation funds—a large harbor which will compete with our own.) Initially we planned a railway route which was to transport containers from Gioia Tauro all the way to Frankfurt. I do not know where that ended up.

At the same time, we started to study how to more effectively use the two big highways which we have, the one on the Adriatic Sea and the one on the Tyrrhenian Sea. We wanted to use these for coastal trade, so that from Gioia Tauro, one could reach the harbors in Genoa, Trieste, and Venice by sea, and then go further toward the markets in central, western, and eastern Europe. As you know, this type of transport allows much lower costs.

### **A different economic policy is needed**

We attempted, and are attempting, to carry forward an economic policy. What is our polemic with this government and this [parliamentary] majority? That this majority has accepted, in a subordinate manner, the Maastricht criteria. We do not enter into a discussion on these criteria as a reference

point, but in order to reach them, a different policy is required. We think that this policy of deflation, stagnation, and underdevelopment may bring us to Maastricht, but certainly in desperate conditions.

People speak of Italian inflation as low, but it is like the fever of a sick person, which falls suddenly because the sick person just died. Rather, a victory over inflation is the one recently observed in the United States, where next to a low rate of inflation, there is a high rate of employment and development. If we kill the economy, there's no doubt that we will see a reduction in prices, but it will not be a reduction based on the lowering of costs of production, but on other factors which have nothing to do with development and economic growth.

What proposals should be made, then? We are proceeding very quickly, in many cases, with privatizations. When one speaks of privatizations, there is immediately a polemic: "You're against the privatizations, therefore you're a 'statist,'" it's said, just because we have complained that a number of privatizations, such as that of the Banca Commerciale or Credito Italiano, were done in order to make some people's friends rich.

We are worried that other privatizations are going in the same direction. We can talk about San Paolo, for example, the largest Italian bank, which is being privatized according

to a mechanism in which the portion remaining public (with the public agency, that is), is 20%. However, by a unilateral decision taken by the agency, the voting power that goes with this portion is actually only 5%. This is a kind of inverted "golden share." Is this the road of the privatizations? Or, shouldn't we rather proceed with privatizations, not with the aim of making friends rich, but of opening up the state sector, the which sector I support though, because it led 50 years of economic development in Italy. Today, this sector may be superseded, but it is a system which played a fundamental role in Italy for development and social justice, which I support.

Today we want to change this system, because it is not sufficient for our new needs, but this does not mean that we should sell out cheaply, and unjustly enrich certain financial interests. Rather, we should raise public funds which should be used to finance development.

### End the diktat of the financial centers

The proposal we make is this: Let's establish a rule, a guarantee, that there will be no gifts to anybody, and that the funds raised through the privatizations will not be used to fill the holes of the public debt, or to cover current expenditures, but rather, to constitute the start-up fund for a National Bank for Development. That is, a national bank aimed at realizing large infrastructure projects, which are the indispensable precondition for development.

A final remark: When I was transportation minister, I was ridiculed because I had enthusiastically endorsed the idea of the bridge over the Strait of Messina. Everybody told me this was the wrong attitude, that I was just trying to create a fuss, that I was only doing this to promote my image. I believe, though, that the Strait of Messina project, which could, and can, be realized through a system of "project financing," which means without any expense for the state, would have constituted, and would constitute, an absolute and very important innovation. Not only because it would unify two cities which are divided only by the Strait, Reggio Calabria and Messina, thus making a single city out of them, and not only would we free Sicily of its historical isolation, which is one of the causes of the many problems in that region, but we would create a development driver which would create a large push for the development of all of southern Italy.

The day before yesterday, the Bank of Italy issued some significant figures: The income of a family in southern Italy is half that of a family in northern Italy. State investments made in southern Italy are inferior to state investments made in northern Italy. If we follow this path, the north-south division of Italy will be inevitable. If we continue to accept the diktats of the large financial centers, we will lead our country to a split. If we continue not to give politics the role of hope that it should have, we will be making a big mistake, that of allowing international speculative finance to decide the destiny of men. But, as long as a true statesman is still alive, I think we shall not allow this to happen.

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