

Milton Friedman. Now this scheme is coming back to the U.S. **Galloni:** This model is the same as that recommended by the IMF and the World Bank, and it has also been suggested to Russia. It makes the differences in the labor market extreme. In a state-controlled social welfare and pension system, even if you have large differences between salary levels, the gap is reduced when you calculate the pensions. The difference remains, and it wouldn't be ethical to eliminate the difference completely, but it is reduced, because there is a minimal common component for everyone, which is the public component, while another component is left to the decisions and activities of the private individual.

The IMF and Chile models completely link pension levels to the amount of payments made during work. Even if we were able to eliminate the danger of the current speculative bubbles—which is actually impossible at this time—and thus create a situation where the Chilean system would function perfectly and guarantee pensions directly proportional to pay-

ments made, we would see growing tensions in the labor market. The poor people with low incomes would be thrown into poverty, with nothing to live on, and those with high incomes would enjoy high pensions.

We know that society cannot be governed in this way, where a rich minority receives all the privileges, and the rest, the poor, live miserably. If we study this type of society, we see that the majority of elderly people would become poor and not be able to survive, and this would imply that the society as a whole had become poorer and the new youth would not find any jobs, and thus not have any pensions later on. This system would go through a number of shocks, including a crisis in the real economy, in the financial markets, and also an explosive social crisis. The financial market can be kept alive only as long as there are new capital flows. When these are no longer available, then the crisis, caused also by problems such as the foreign debt, will also destroy the middle class.

**EIR:** In other words, it is an attempt to create a new financial bubble, after the New Economy, the real estate bubble, the derivatives bubble, etc., to prolong the agony of a bankrupt financial system. You were recently at the seminar with Lyndon LaRouche in Berlin, where these issues were debated intensely. . . .

**Galloni:** In Berlin, I mentioned the subjects we have addressed here, emphasizing in particular the necessity of promoting the development of the real economy and the necessity of not treating labor as just another category of “merchandise.” I said that if we develop new technologies, we can reduce the amount of energy needed to produce goods; that is a gain for the system. But if we reduce the amount of labor required to produce something, we only gain something if this increase in productivity is redistributed to the labor force in the form of higher incomes; otherwise we lose the driver effect of a more or less Keynesian type of economy.

I saw that the interventions of the American and Russian speakers emphasized the perverse role of speculative finance which is suffocating the real, physical economy and destroying the creation of the very resources which are also indispensable for the survival of finance itself, thus preparing its own crisis. The interventions of the Chinese and Indian participants paid particular attention to the initiatives required to balance the functions of international trade, both in relation to the growth of the world's real economy and the containment of the imperial attitude of the U.S., which hampers the true development of the planet.

I must conclude by saying that I agree with the analysis and proposals of Lyndon LaRouche for a dialogue between the U.S. and the countries of Eurasia over the use and development of raw materials and technologies, and on the necessity to convene a New Bretton Woods conference in order to deal with the crisis of the entire financial and economic system.

## Mexican Trade Unionists Support LaRouche Effort

*On the final stop of his three-city tour of Mexico, EIR's Will Wertz addressed a breakfast meeting in Queretaro, Feb. 2, organized by the LaRouche movement in Mexico, which included about 35 trade unionists and other state leaders. At the conclusion of the meeting, many of the trade unionists and others signed the following open letter, addressed to the LaRouche Political Action Committee:*

We, the undersigned, representatives of labor organizations and citizens of the state of Queretaro, Mexico, gathered at the conference “Fascism and the Privatization of Social Security, the Cases of the United States and Chile,” hereby make public our support for the fight and proposals of Lyndon LaRouche to avoid the privatization of Social Security, which they are trying to implement in the U.S., Mexico, and many other nations.

That privatization, as well as the so-called “structural reforms,” should be overwhelmingly rejected for being inspired by the economic policies of dictatorial and fascist regimes, such as that of Pinochet.

What we need today is to rescue the dignity of individuals and of the peoples of the world, which has been violated by criminal austerity policies, and instead, achieve the implementation of the policies of a New Bretton Woods, for the benefit of the nations of the world, as Mr. LaRouche has proposed.