

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 Delors 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 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.

Gianni: How To Go Beyond Capitalism

Alfonso Gianni, Italian Deputy Minister for Economic Development, gave this speech at the June 6 conference on “Market Radicalism or New Deal,” in Rome. It was translated from Italian by EIR, and subheads were added.

I’ll try to be brief, because I know that my influential colleague [Giulio] Tremonti has an appointment on television, and thus he has to leave us at eight o’clock. I agree on many things, but obviously not on everything that Lyndon LaRouche introduced into our discussion. In particular, I would like to briefly mention the historical-analytical framework. In my view, midway through the 1970s, there was indeed what I would call, borrowing an expression from Karl Polanyi, the second great transformation of the modern capitalist system; which in my view revolves around—and here I obviously differ a bit from LaRouche—three large, enormous phenomena which had an enormous influence in the course of the last quarter century and the beginning of the current century.

The first is undoubtedly the decision made on Aug. 15, if my memory doesn’t fail me, of 1971, to suspend the convertibility of the dollar into gold, by Richard Nixon, which disrupted the international financial arrangements that the world had established with Bretton Woods, and after World War II. From that point on, the push for the financial transformation of the economy, the volatility of capital and its detachment from material production was truly very, very strong. The international system became a system of debts and credits. There is a nice expression by a French scholar whom I am very fond of, Marc Bloch, who defines the capitalist system as a system in which debts are uncollectable, because it wouldn’t be in anybody’s interest to draw a line and request settlement, because certain systems would crash, and the global system would probably crash.

The second great event, which however I think LaRouche underestimates, is the so-called oil shock, which led to the emergence of a desire for a global role on the part of oil-producing countries, which is at the base of many current problems, but which also introduced in the West—and for me this is a positive, not negative, phenomenon—a concept of a limit to the possibility of purely quantitative development.

The third great event, which however, is the fundamental event for me, is the dominant and characteristic element of the current capitalist globalization—and I say the current one because we have had more than one type of globalization. Think of the globalization before World War I, and before the Soviet

revolution, which broke the uniformity of the global capitalist system; we can speak of the post-’75, and especially post-’89 globalization which is characterized by a deeper phenomenon, which in my view is the transformation of the paradigm of production. The globalization which those who study industrial enterprises call the passage from “Fordism,” that is, from mass production through the assembly line, to post-Fordism, which some identify with the Japanese experience of “Toyota-ism,” or anyway to just-in-time production, focused on the specific demands of the market, and—this is the essential point—division of production at the global level.

If I were to characterize the current globalization with respect to that analyzed by Lenin or Hilferding in the first 15 years of the 1900s, I would say that it is the division of production. That is, the large companies, starting with those which are technologically developed, have a thinking center, an organizational body, in a specific part of the world, which does not always coincide with the United States of America, although it predominantly does; and then they have a division of production facilities throughout the world, with the consequence of being able to apply different systems of wages, and different methods of extracting what we obstinate Marxists continue to call “surplus value.”

Three Characteristics of Globalization

These are the three dominant characteristics of worldwide globalization. Now, as paradoxical as it may seem, I am not suggesting we start changing the situation by intervening only on the methods of production, the means of production. I propose we intervene on all three fronts, at a global level. On the one hand, the democratization of the relations of production, possibly with the generalization of labor rights throughout the world. On the other hand—and this is the clear difference with LaRouche—placing value on the safeguarding of the environment as a motor of a new type of economic development, and not simply as a limit on economic development; and the third question, is a new international economic order. On this point, it seems we agree.

What do I think? I basically think this: The other day, the only newspaper which provides me with things that are new, *Il Sole 24 Ore*, not coincidentally that of the opposing camp—you have to read the other group’s newspapers, because your own are only consolatory—had a brilliant article by Platero on the contradictions of international economic institutions. For example, the article pointed out that last year, the International Monetary Fund had issued a sum of credits equal to \$15 billion. Seven years ago, the total amount was \$78 billion, compared to an endowment of \$100 billion. It should be remembered that the currency reserves of China are estimated to be about \$1.2 trillion. So China’s monetary reserves are obviously overwhelming compared to the assets of the International Monetary Fund. At the same time, the World Bank is suffering from competition from private banks regarding the financing of projects, for example, infrastructure, develop-



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Alfonso Gianni, Italian Deputy Minister for Economic Development, expressed agreement with LaRouche's view that a "new international economic order" is needed to restore the power of nation-states over globalized financial interests.

ment projects in emerging countries, the so-called developing countries, which are in any case, able to offer a favorable market. So despite their ambition, and at times the bullying, as [former World Bank chief economist Joseph] Stiglitz correctly taught us, of the International Monetary Fund and the World Bank, these bodies are undergoing a crisis, just as the current phase of globalization is in a crisis.

Therefore, we have to think of new solutions, and the time has come to do so. Essentially, even though it may seem very theoretical, I am thinking of returning to a Keynesian model, in its entirety. Both as regards the concept of public intervention in the economy, and as regards the defense of the development of the welfare state, which in Europe has historically been something different than simply the solution to the problems of survival and reproduction of the labor force, because it has been a specific mode of production which was different from both the specific mode intended as strictly capitalist production, and from the real socialist systems. It was a state mode of production. And in fact, throughout the world, this model is being subjected, by private finance, from hedge funds to pension funds, to attempts at demolition and appropriation, which is not a phenomenon of liberalization, as my friend Tremonti believes, and thus an improvement of competition and opportunities for citizens, but is chiefly finance overpowering the economic policy of states and the real economy, at least in general terms.

Keynes' 'Bancor'

Now, I think that this reflection on Keynes is also useful in monetary terms. If I recall correctly, even though I don't remember the exact title in English right now, it was in 1942 that John Maynard Keynes developed a theory which he called the "Bancor," concerning a universal currency. Until now, this has proven to be a utopia; the universal currency has never

existed. The four basic currencies, if I'm not mistaken, are the yen, dollar, pound sterling, and euro, in which international transactions take place. If we could concretely revive that idea of creating a large global fund, a reserve fund, in which various countries—not only the four cited by Lyndon LaRouche, because Europe would be left out, if the fate of the changes in the monetary system depended only on the United States of America, India, China, and Russia; I think that Europe must have an important role as a collective system, if it has the courage to change, from an entity relevant for matters of trade, which it has only been until now, to an entity which takes initiatives in the field of global economic policy. So, a reserve system, in which the countries can deposit funds, and then receive them in a universal currency, and reuse them during periods of crisis, in the periods of transformation, in order to provide a sort of buffer that can shelter the world from crashes and large financial tragedies.

It may seem strange that a person like me, one who considers himself part of the field of Marxist thinking, wants to avoid the fall of capitalism. But actually, seeing as how, in the 1900s, the Marxists often discussed the fall of capitalism, but it never happened—because there were various crises, very profound crises, such as that of '29, the crisis in '87, the crisis in '97 regarding the emerging capitalist countries in Southeast Asia—but then capitalism always succeeded in rebuilding itself and changing. I think we have to abandon this messianic expectation of the fall of capitalism and think, like old moles, of how to go beyond capitalism from the inside of the system itself, breaking the anti-democratic and uncontrollable logic which governs global finance, and dealing with the problem of a system of monetary and financial rules in which democracy and the importance of real countries once again become current.

There is a lot more to be said, but I will let Tremonti speak now, otherwise he'll get nervous because he has to go to *Otto e Mezzo* [a political talk show—ed.], and I'll simply say that we can talk about this the next time, if we want to go into the merits of a possible reform and of how to go beyond the International Monetary Fund and the World Bank, and even reforming the functioning of the United Nations, I am completely available. However, we have to think about the world not in terms of replacing one superpower with a larger number, which would still be limited to the major powers, but rather of how to give importance—and this is the creativity we have to use in thinking of a global democratic system—to all peoples, all governments, possibly creating a method for compensation and dialectical solutions to the conflicts which will inevitably arise, so that those conflicts do not turn into tragedies. And in a world dominated by military powers, avoiding tragedies is essential for people's lives and for the survival of the struggling classes themselves, as good old Marx said, way back in the *Communist Manifesto*; a sentence which has been very distorted by everyone, but the value of which is beginning to be understood today.

Tremonti: Revive Hamilton's Economics

Here is the speech of Hon. Giulio Tremonti, vice-chairman of the Italian Parliament and former Economics Minister, presented at the June 6 conference on "Market Radicalism or New Deal," in Rome. It was translated from Italian by EIR and subheads were added.

Thank you. The manner in which politics is organized and discussed offers us many opportunities for disputes, and not many opportunities for finding points of contact. Thank you for this opportunity; it is always important to listen to other people's ideas. It's interesting to hear [Lyndon] LaRouche's ideas; and it's interesting to hear [Deputy Minister for Economic Development Alfonso] Gianni's ideas, especially when he expresses his own ideas, and not mine.

What can I say in only a few minutes? First of all, I have always appreciated the depth of the views in LaRouche's magazine [*EIR*], the fascinating nature of the analysis, and also the historical character. It's not often that we read documents which outline far-reaching scenarios, on a large scale, of which we just heard an example. It's not often that we read documents in which we find important quotes from history—history which is essentially European, because until a few centuries ago, history was European, and not American. LaRouche began by citing the great crisis of a few centuries ago in Europe, and he deduced certain similarities and prospects. Then I listened to Gianni as well.

This is how I see it: First of all, we definitely live in a time which is not ordinary. We live in a time in which, under the appearance of the continuum of normality, in reality we see signs of rifts, of potential crises, of dramatic transformations. I don't agree—but I think this is fairly marginal—I don't agree on the historical reconstruction. I have expressed a view which is a bit different in my writings, in my books. I believe that the transformations which have taken place in the world regard the '70s less, and regard the end of the '80s more: the fall of the political system which was blocking the world; the advent of the computer; the transformations which consequently took place in the structure and distribution of wealth.

I remember, of all the things I have written, what is most dear to me is an article, an editorial for *Corriere della Sera* in July of 1989. It was the Bicentennial of the French Revolution, and my article went more or less like this: Just as 1789 was the year of the advent of the construction of the political machine of the nation-state, so this year will be the beginning, the symbolic beginning (keep in mind that July comes before November, and thus we are still before the fall of the Berlin



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Giulio Tremonti, vice-chairman of the Italian Parliament and former Economics Minister.

Wall); it will be the year of the beginning of extra-parliamentary revolutions, caused by a cascade of phenomena linked to the structure of wealth, the crisis of the nation-state which loses the monopoly over wealth.

At one time, the nation-state controlled wealth by controlling territory; by controlling wealth, it exercised political force, it had a monopoly on law, taxation, and justice. When wealth, which was detached from physical production, turned into only financial wealth—I remember that the image was that the ancient and basic chain of politics: state-territory-wealth, was broken.

The state remains and controls the territory, but it doesn't control wealth, and loses power. This process in continental Europe was accelerated by the construction of Europe [the European Union—ed.]. So I consider '94 as a more significant date, when the WTO [World Trade Organization] was created; it's no coincidence that the WTO comes out around '89.

There Is Room for Optimism

I wrote a book in which I classified events in five-year periods: five years from '89 to '94; five years from '94 to '99/2000; and the various mechanisms of reaction and development. In short, we certainly live in a period, if I can use an image: It's as if the old European order is breaking apart with the advent of Atlantic areas, and the Baroque Age is called *mundis furiosis*. So we live in a period in which the old order, which is in some sense broken by structures and events which surpass it, and the vision, the management, of that which comes to us and which we see, is objectively fairly problematic.

I don't agree. I think—how should I say it? I think that there is room for less catastrophic views, views which are more optimistic, and that the tools that can be brought to bear may also be different than those which have been proposed, but we are united by the idea that we live—I repeat—in a world which is not normal, not ordinary, with changes underway and effects which we will see.

How can I end? By looking for elements of, not identity, but of a potentially common vision. I have always thought that the formula "market if possible, government if necessary," is correct. This excludes the dogmatic qualification which Gianni just attributed to me, of the type, "you believe in..." I believe that empirically it is possible [speaking to Gianni—ed.], actually, I thank you, because you gave me the

opportunity—I believe that there are combinations which are possible outside of the schemes and combinations, outside of the currently-dominant culture, which I allowed myself to call “marketist,” meaning marketism as the synthesis of the worst aspects of liberalism and Communism.

I’ll give you an example, actually, two examples, of policies which could be included in this logic. The real difficulty is cultural; that is, you have to break down obstacles which are not physical or economic, they are mental. The real obstacles which you find in asserting ideas which are relatively new are not physical obstacles, they are ideological obstacles. The dominant mental mechanism, the dominant culture—I’ll give you two examples. In 2003, during the semester in which Italy held the rotating presidency of Europe, I made a proposal for a new edition of the old Delors Plan. The Delors Plan called for the issuance of European debt to finance European infrastructure. In the middle of the ’90s, when the idea was first presented, it ran up against cultural limits and obstacles. When I presented it again in 2003, the obstacles were different in content, but similar in terms of the cultural trend. I remember that the most intelligent objection came from Gordon Brown, who said—he was the British Chancellor of the Exchequer—he said “nice,” interesting, but issuing Eurobonds means having a Euro-budget; a Euro-budget means a Euro superstate. No, thank you. So, this was a political refusal. His country had a different position regarding a European political construction.

The Hamiltonian Solution

The other reaction was that—and I have to say that it was less commendable, and harder to share—that raised by other large countries in continental Europe, which was essentially a monetary, banking objection, basically saying that we don’t want public debt, be it European or national; in any case, no more public debt. My response was, the United States of America began its political journey with public debt: Hamilton. Hamilton presented the American public debt as the basis for constructing a political union. So I tried to say that I wasn’t proposing a financial operation, I was proposing a political operation. The issue of Eurobonds could finance European plans which would produce not so much financial leverage, but rather a political identity for Europe.

The response was typical of a central banker, or of economic figures: absolute opposition. Regardless of the quantity, if you notice, considering the tremendous monetary strength of the euro, with the credibility and weight which the European Monetary System has, the issuance of 50 billion euros, what would be needed to finance the Lisbon agenda, for example, would really be marginal, and not even significant in economic terms. I tried to say that the time had come to collect the Maastricht dividend. The reaction was absolutely negative; that is, the refusal to enter into a cultural scheme which was, what can we call it? Keynesian? Delors identifies himself with a Keynesian political philosophy. I absolutely continue to identify my-

self with it. The alternative wasn’t a “second best” alternative. Maybe it was second, but it wasn’t best. It was a plan, the Action Plan for Growth, which was in a certain sense partially guaranteed by states, arranged by the European Investment Bank, but essentially lacking a protective spirit. Incidentally, I don’t even know if the Action Plan has gone forward, if it has financed any large infrastructure projects.

Importing Poverty

The second point: I am convinced of the fact that—I don’t know if this corresponds to the dominant view in Italy—but in ’95, the year after the WTO was founded, I wrote a book entitled *The Ghost of Poverty*. Capital leaves the West, goes to Asia in search of cheap labor, and Europe imports poverty. It imports poverty because our old worker aristocracies, our wage-earners, will have salaries and wages at the levels of the East, but the cost of living will remain that of the West. And my idea was large investments in human capital: the so-called three “I”s [English (Inglese), IT, Enterprise (Impresa)—ed.], and the use, for example, of the RAI [Italy’s state television network—ed.] for job training. You can’t compete with China in terms of arm strength; you have to compete using other investments, public investments. So the political, public use of the RAI, which is an essential tool, for training.

Another thing which I later attempted to present was, after seeing what was happening in our country after 2001, the idea of introducing, while respecting the WTO, and observing European rules, tariffs, and quotas. Not to stop the world, not to get away from the world, but to earn a little bit of time to re-convert. I remember, and I have to say, that the idea of tariffs and quotas was completely shot down by the entire Italian ruling class and political class. Frankly, I did not expect any solidarity from the left, but I also did not expect that degree of hostility regarding an idea, which to me, seemed somewhat reasonable. I now see that in the cultural system, in the cultural circles of the American Democratic Party, there is discussion of tariffs and quotas. The idea may be right or wrong, but you can’t just demonize it *a priori* for whatever reason.

So, how can I end? I remember that the first thing from LaRouche which struck me was a document which spoke of the large Eurasian infrastructure projects, and I said, maybe it’s impossible to do this, but certainly—maybe it’s the vision of a “madman,” but usually, history also moves forward based on the visions of such madmen. And I have to say that, in fact, in an age when the role of governments is greatly limited, more so than necessary, and in which there is an excess of symbolic adoration for intangible financial and immaterial wealth, and limited consideration for elements which however, are essential, such as material infrastructure, I am convinced that this type of ideas, your ideas, must be spread. The fact that we are speaking of this from different political sides, and that we are speaking of it in a logic which is not negative *a priori*, and not fanatical, is certainly very positive.

Thank you.