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Interview: Carlo De Benedetti

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## Olivetti chief says disaster is inevitable

*Carlo De Benedetti, managing director of Olivetti Corporation and a member of the international board of directors of Morgan Guaranty, was interviewed by Executive Intelligence Review correspondents David Goldman and Bonnie Mesaros after his speech "Toward a new model of world economic development" at Columbia University in New York City on March 22.*

**EIR:** In [the Italian daily] *La Repubblica* of Sept. 17, you said, "The ruling classes of the Western countries know that they cannot present the facts and figures of the crash. Ruling classes never relinquish their power of their own accord. This time, we will have the crash, and only after that will come the new management." Could you tell us more about the crash we have to have before all the nice things you are talking about happen?

**De Benedetti:** I want to take this opportunity to confirm substantively what I told *Repubblica*. Everybody sees that the LDC's can never repay their debts. Mexico has a debt service ratio of 160 percent, and that is with an oil price of \$32 per barrel; now it is much worse. It is clear that Mexico cannot pay. Neither can Brazil, Argentina, or Poland. And it is not just them; in Italy, 20 percent of our exports are dedicated to paying debt service; that is a every dangerous situation.

So what will happen? The banks don't want it, the governments don't want it, and the populations don't want it. That doesn't mean there won't be a crash. It could happen by accident, or by political action. Let us look at the case of Mexico: Mexico has to be saved by the United States, or the U. S. banks will go bankrupt. But there are big social and political problems in Mexico. So the danger can come from social and political events in Mexico, or other places. In any case, the system could fail to react fast enough to a financial problem, and there would be a crash.

The other alternative is to accept that they won't pay, and reschedule the debt, which is simply to accept that they won't pay. That is the homeopathic solution, and it is not clear that this will be accepted.

**EIR:** You have opposed bailouts of failing industrial companies; are you also against bailing out banks to avoid a crash?

**De Benedetti:** What does bailing out banks have to do with preventing a crash? This is an entirely different issue. Bailing

out banks doesn't avoid a crash. The internal debts of most countries are more serious than the external debts. I will not say anything about the United States, since I am an Italian citizen, but in Italy our debts are equal to 75 percent of Gross Domestic Product. Who will pay for this? The taxpayer will. I don't think nationalization of the banks will make it better. The governments are doing worse than the private sector anyway.

**EIR:** Mr. De Benedetti, what deal did you strike with [Italian Communist Party leader Enrico] Berlinguer? He can't open his mouth any more without talking about the proposal of your colleague at Olivetti, Sen. Bruno Visentini, for a government of technocrats, and he made a big point of it at the last party congress.

**De Benedetti:** I am not a spokesman for Mr. Visentini, but I support his plan, so I will talk about it. Of course, this is not a government of technocrats; that is just how the plan is sold by the politicians. The problem starts with parties in Italy. For the past 35 years of our first democracy, we have had not an administration but a regime. In a democratic society there is no alternative to what we have, because the only alternative is the Communists, and no one wants them; if it came down to a choice, they would have much less than 33 percent of the vote. . . .

So when you have the same regime, the parties defend themselves, they do not fear an alternative; they develop worse and worse habits, they become more corrupt. I don't blame them, no one wants to resign, but the Italian problem is the consequence of our own stability. I spoke with my friend Helmut Schmidt in New York this week and he said, "You know, Carlo, Italy is the most stable country in Europe; and that is because things cannot change!" I am not joking; it is tragic, it is a very negative thing.

The idea of Visentini is good theoretically, but its problem is that it is impractical; no class ever eliminated itself, they are only eliminated by war, revolutions, or crisis. It is a good idea, and I am totally in favor of it. We must have it on hand in case of a big crisis, such as a financial collapse of the internal debt, or social events out of the normal; this would make it possible to change the social class.

Now, as for Berlinguer; after my friend Mondadori, the publisher, asked me to have the television interview with Berlinguer, just because I was on television with Berlinguer, people think I am a Communist! I am not; I think our system is the least bad system, and I go to the East bloc all the time, and it cannot compete with ours. Berlinguer needs it for marketing. A politician is a salesman. Salesmen sell soap, they sell a product. Politicians also sell a product: they sell liberty, freedom, growth—I am not joking! The Communists are in big trouble to find a product to sell which is credible and which people want to hear. They can't sell the East bloc model anymore. Now they are trying to find a way to say they are "*reformisti*," not Communists. They've got 33 percent of the vote, so they have to do something with it.