

Soros's last tango on the Titanic

by Claudio Celani

The ceremony in honor of George Soros, held in Bologna, Italy, Oct. 30, resembled the famous "Viva la libertà" scene in Mozart's *Don Giovanni*. A modern libertine of international finance, Soros was celebrated by his victims as a champion of freedom. The oldest university in Italy, and in the western world, probably plumbed the lowest point in its history by awarding Soros, the person who forced a 30% devaluation of the national currency in 1992, an honorary doctorate in economic science.

In reality, the honoring of Soros had been arranged by a tiny, albeit powerful clique. The dean of Bologna University, Fabio Roversi Monaco, who personally gave Soros the doctorate, has been exposed in past years as member of a secret masonic lodge, in the context of the famous "P-2" scandal. Another organizer of the event, Marchioness Bona Frescobaldi, is one of the richest Italian oligarchs, an intimate of the Windsor royal family. In 1988, Prince Charles and Princess Diana were her guests in Florence, while last summer she organized a fundraising dinner for Prince Philip, who presided in Rome over the congress of Italy's branch of the World Wide Fund for Nature (WWF). Such a public association with George Soros was meant to demonstrate the shoring up of ties between the Italian "comprador" oligarchy and the London-centered international financial circles which are trying to carve up entire national economies in order to save their bankrupt financial system.

Clearly Soros's masters had counted on the fact that, after three years of economic and institutional disintegration of Italy, such a large political vacuum has been created that nobody would have reacted. Except, the political vacuum was filled by the LaRouche movement, with a bold initiative

that gave it the leadership of a potentially decisive patriotic response.

On Oct. 27, Paolo Raimondi and Claudio Ciccanti, chairman and secretary general of the Solidarity Movement, the Italian branch of the LaRouche political movement, filed an *esposto* (legal brief) with the Milan State Attorney, asking for an investigation into Soros's possible violation of several articles of the Italian criminal law, due to his role in the September 1992 speculative crisis that destroyed the European Monetary System (EMS) and forced a 30% devaluation in the Italian lira. The text of the *esposto* documents the way Soros, with his Quantum Fund, leveraged the huge capital that defeated any attempts by Italian authorities to support the lira, and hints at the fact that some of that capital could have come from illicit activities on the part of Soros's partners, like Union Bancaire Privée's Edgar de Picciotto.

The *esposto* was immediately picked up by two National Alliance parliamentarians, former Deputy Premier Antonio Parlato and his colleague Maurizio Gasparri, who asked the government to conduct its own investigation. On Oct. 30, the day Soros was to be awarded his doctorate in Bologna, the national daily *Il Giornale* reported both the Solidarity Movement and the Parlato-Gasparri initiatives under a five-column headline: "Bologna: Award for Soros, the Speculator Against the Lira." The article reported that Parlato and Gasparri ask "whether it is appropriate to give a doctorate, with the collaboration of an academician such as Romano Prodi, who moreover is a candidate for the premiership, to a foreigner against whom a criminal investigation is pending." *Il Giornale* added: "In the last days, in fact, the leaders of the International Civil Rights Movement-Solidarity, Paolo

Raimondi and Claudio Ciccanti, have filed a legal brief with the State Attorney in Milan, asking to investigate Soros, to find out whether his speculation against the lira in September 1992 violated Article 501 of the penal code, which punishes 'the fraudulent increase and decrease of prices on the public market and boards of trade.' Penalty for such a crime is doubled if the effect is also to provoke 'a depreciation of the national currency or of State bonds.' "

Meanwhile in Bologna, at the event in honor of Soros, Solidarity Movement organizers distributed a leaflet entitled: "Soros Must Not Be Given a Doctorate, but a Prison Term." A cartoon on the leaflet depicted Soros and his friend Prodi running a primitive olive oil press, making fun of the name of Prodi's center-left coalition, The Olive Tree. While Soros was portrayed turning the press, Prodi poured in, instead of olives, loads of Italian banknotes worth 750 liras to 1 German mark, which came out reduced to coins, worth 1,500 liras to 1 mark—a 100% devaluation.

At that afternoon's press conference, *EIR* correspondent Andrew Spannaus raised the proverbial "emperor's new clothes" question: "Why do you, in Italy, reward a man who sank the Italian lira?" Romano Prodi, one of those to whom the question was directed, defended himself by saying, "We have rewarded Soros not for his economic, but for his philosophical achievements," forgetting that a few hours earlier Soros had received a doctorate in economics and not in philosophy.

Spannaus asked Prodi's colleague Stefano Zamagni, a Bologna University teacher and professed exponent of Christian social doctrine, why he and his friends extended an invitation to the same George Soros who is pointed to in an economic report published in 1994 by the Catholic Church's "Justitia et Pax" Committee as being the clearest example of economic immorality? Probably fearing he would go on record, Zamagni, who was sitting on the podium with Prodi, Roversi Monaco, and Soros, answered: "I did not invite him." He also forgot that his signature was under the official invitation to the ceremony.

Soros answered *EIR*'s correspondent that he did make money through speculation, including on the Italian lira, but he "always played by the rule of law." Right. But he neglected to say that those who made the laws are the same people who gave him the money to speculate with.

The next day, several Italian dailies reported prominently Spannaus's challenge to Soros. The Turin daily *La Stampa* opened its report by quoting the *EIR* correspondent's question to Soros. *Il Giornale* ran a front-page editorial, in which author Antonio Socci, under the headline "Prodi, the Catholic, 'Beatifies' the Lira Killer," wrote: "As a perfect banana republic, today we venerate the speculator like a hero. The Italian media rushed to interview him, calling him a 'philanthropist' as if he were Mother Teresa of Calcutta. . . . In the general excitement in Bologna, only a shocked American journalist dared to raise a rational question: But why do you,

in Italy, award someone who makes millions by sinking your currency? Good question." Socci went on, echoing elements of Lyndon LaRouche's economic analysis: "De facto, the paper economy has taken over the real one. An immense sea of capital moves through the globe, overthrowing central banks and entire national economies, with extremely high costs, including human costs. Conditioning governments. And in no relationship with the real economy, production, trade, productivity, investments, labor. . . . Like an immense gambling scheme. It produces no wealth, it simply moves it. Sooner or later, according to many analysts, this illusory and monstrous financial edifice could collapse, provoking deadly effects on the world economy."

The financial daily *Italia Oggi*, titled its editorial, "Soros Does Not Deserve the Doctorate in Italy." Author Filippo Ponti wrote, "But not all my countrymen are affected by the Stockholm syndrome, and run to shake the fat hand of the speculator who helped throw them out of the EMS, after having robbed them. The Civil Rights Movement-Solidarity has just filed an *esposto* against that gentleman with the Chief Attorney in Milan. Nothing will come of it. But it is a sign of rejection of the trend."

Italy: transition to an 'Asiatic model'?

That "nothing will come of" the *esposto* is not true, although in the strict sense, the remark is correct. The Milan State Attorney is, in fact, the command center of the Italian "revolution" which, in the last three years, has synchronized the demolition of "corrupt" traditional parties (the "Clean Hands" campaign) with key phases of the ongoing takeover of the national economy by Soros's domestic and international friends. But Italian law obliges a prosecutor to open an investigation when there is a "*notitia criminis*." Moreover, the *esposto* will be presented in several other Italian cities, and it has already been sent to the State Attorney in Naples, who, according to informed sources, has started an investigation. If the Milan prosecutors do not pick up the content of the *esposto*, then they themselves can be probed.

Led by Chief Attorney Francesco Saverio Borrelli, a professed follower of the anti-Christian liberal philosopher Benedetto Croce, the "Clean Hands" prosecuting team has forced one Italian government after the other to dance to their music, threatening any politician who dares to challenge the deregulation of the national economy with judicial persecution, supported by "popular consensus."

The latest episode was the government crisis in mid-October, ended with the ousting of Justice Minister Filippo Mancuso, a former magistrate who had tried to reestablish a constitutional balance of power by submitting the Clean Hands pool to inspections. Mancuso's action was not a political interference in the sovereign body of the Judicial branch, as the ultimate authority was always supposed to be a court of law; nevertheless, the Milan pool demanded his head.

Decisive in the action to overthrow Mancuso was ex-

prosecutor Antonio Di Pietro, the “popular hero” of the Clean Hands operation, currently building his image as a political leader. One day after an article by Di Pietro was published in the daily *La Repubblica*, Mancuso’s head was demanded by the PDS and other parties forming the center-left ruling coalition. But since Mancuso refused to resign, and the coalition did not want to overthrow that same government which is carrying out the economic policy demanded by the international oligarchy, the President of the Republic “dismissed” the undesired minister—an action both anti-constitutional and unique in Italian postwar history. The opposition profited from the chaos by introducing a no-confidence vote, which was lost.

After Mancuso resigned, the “prosecutors’ party” triumphed, and politically motivated legal prosecutions ran completely amok. For example, former Premier Giulio Andreotti, already in the middle of a grotesque trial in Palermo (he is accused of being the political protector of the Sicilian Mafia), was indicted in Perugia for the 1982 murder of journalist Mino Pecorelli, allegedly commissioned by the Mafia. All allegations against Andreotti are derived from statements of *pentiti*, Mafia members turned State’s evidence. Also, on Nov. 3, one *pentito* accused the current chairman of the Parliament Judiciary Committee, Tiziana Maiolo, of having made a deal with Calabrian organized crime, the ‘Ndrangheta, in order to be elected to Parliament. Mrs. Maiolo was elected with a direct mandate in a northern Italian region, Liguria, but prosecutors in Catanzaro (Calabria) issued an investigative warrant, a circumstance which has forced countless politicians to resign in recent years. Mrs. Maiolo visited the U.S. Congress last summer, together with two other members of the Judiciary Committee, to investigate possible human right violations in the case of Lyndon LaRouche.

A former member of the board of IRI, Italy’s giant state-owned conglomerate, told *EIR*, “Italy is moving toward a sort of Asiatic model, a capitalism without democracy.” He may be wrong: Italy is moving toward a model without democracy—and without capitalism.

Who is Di Pietro?

Antonio Di Pietro, whose words were enough to oust a government minister, is being promoted by the international oligarchy to become the figurehead of a new formation to usher in the next phase of the transition to the “Asiatic model,” i.e., the formal dissolution of parliamentary democracy.

In a situation in which private financing of political parties has basically ceased because of the “Clean Hands” investigation, it was announced Nov. 6 from the City of London that a starting capital of 7 billion liras (about \$5 million) was donated to both Antonio Di Pietro and Romano Prodi to finance their political activities by heiress Maria Virginia Borletti, whose family fortune is tied into the British aristoc-

racy and the FIAT-Agnelli interests. Maria Virginia’s grandfather was made a count by Mussolini. In the 1980s the Borlettis were involved in Oliver North’s Iran-Contra deals, through their company Valsella Meccanotecnica, which supplied mines to the Iran government. (Iran paid its bills with drugs.) Ferdinando Borletti, Maria Virginia’s father, was arrested in September 1987, when Italian prosecutors discovered the deals after the seizure of a Lebanese vessel, the *Al Boustany*. Eventually, Borletti and his son were released after the powerful machine of the Agnelli group, and possibly the George Bush machine, intervened through the U.S. government itself.

The irony is that Di Pietro, although he already met with Prodi, has not yet announced that he will form a party together with him, although he has let the press build up a campaign to that effect. Since Di Pietro is still scoring overwhelming support in opinion polls, every existing political party is trying to get him on their ticket. Recently, it has been rumored that Di Pietro would form a party together with Irene Pivetti, chairman of the House of Deputies (a Northern League member close to the French aristocrat Philippe de Villiers); Carlo Scognamiglio (chairman of the Senate and the author of the first-ever published report on privatizations), and Carlo Ripa di Meana, leader of the Green Party (and protector of international drug smuggler Albert Shammah, as well as husband of Marina Ripa di Meana, neé Lante della Rovere, who has written a book bragging about how she has used sex to get power). Di Pietro has denied that he will form a party, but his friends indicate that it is a formal distinction. Di Pietro, they say, will form a “movement,” which can bring together people of different “opinions” and “ideologies,” converging on the necessity of “reforms.”

All this is probably part of a media strategy decided in a meeting in Davos, Switzerland, on Jan. 29, 1994. Sitting at a dinner table were Antonio Di Pietro, George Soros, *Washington Post* owner Katharine Graham and Italian financier Carlo De Benedetti, a partner of Soros and owner of the newspaper *La Repubblica*. Di Pietro also met in Davos his good friend Julius Kroll, from the Wall Street investigative firm Kroll Associates, during the yearly World Economic Forum, where the world financial elite gathers. So far, Di Pietro has not rejected the money offer by Mrs. Borletti. His friend Prodi has accepted.

Di Pietro’s economic program

The Italian economy is now in a state of war between competing oligarchical gangs, fighting to get their hands on the relics of the national economy, both the State and private sector. Starting in 1992, after a secretive meeting on board Queen Elizabeth’s yacht *Britannia*, a process of privatization of the Italian economy has been put into motion, which has already wrought irreversible damages to the national economy.

A key power of the Italian State, to collect and redistribute part of national savings through State-owned banks, has been eliminated by the sale of Credito Italiano and Banca Commerciale. The steel sector, owned by the state conglomerate IRI, has been sold. The food company SME has also been first stripped and then sold. Next on the chopping block is the national oil company ENI, 20% of which is scheduled to be sold Nov. 21. After ENI, it will be the turn of ENEL, the electric company, and of STET, the telecommunications company. Each one of these is worth more than \$20 billion.

The Soros-Prodi (and Di Pietro?) group is competing with the Agnelli-Cuccia group, which they call the "oligarchical families," to sink their teeth into ENI, ENEL, and STET. The first privatization match was won by the Cuccia-Agnelli group, which bought both Banca Commerciale and Credito Italiano thanks to a peculiar arrangement, dating from 1945, by which 90-year-old Enrico Cuccia, founder and chairman of Mediobanca, has held a de facto monopoly as the only merchant banker in Italy. When it was clear that, contrary to Churchill's wishes, Italian postwar politics was to be dominated by the Christian Democratic Party (supported by the Vatican and the U.S. government), the international financial oligarchy led by Lazard Frères' André Meyer (Katharine Graham's father) imposed the creation of a "watchdog" institution to protect their interests, represented by the family funds of the "comprador" aristocracy (Agnelli, Pirelli, Orlando, Pesenti etc.), from the rising dirigistic power of the State.

Cuccia operated through a sort of "gentlemen's agreement" with the Catholic-dominated political power. Once that deal was broken, as a result of the London-directed 1993 "revolution," Cuccia could easily take over the privatization process, as the Italian stock market is small and dominated by large companies such as FIAT, Assicurazioni Generali, Montedison, Olivetti, and Pirelli—Cuccia's allies.

The competing gang—Soros, Prodi, and company—claims that the stock market should be "enlarged" through measures that allow (or force?) small and medium-sized companies to enter the stock exchange, in order to be looted. They also want family savings, currently massively invested in Treasury Bonds (Italy has one of the highest saving rates in the world), thus financing the public debt, to be diverted into their nicely "enlarged" stock market.

All this is merely intended to try to stop the *Titanic* from sinking, that is, to provide an income flow to be leveraged through derivative operations.

Cuccia's gang of "families" wants also to save the *Titanic*, but to leave Prodi and friends off the ship. Typical of their strategy is the spectacular way Cuccia managed to take over the former Ferruzzi agro-industrial company, which went bankrupt in 1993 because of derivative losses.

On Sept. 1, it was announced that a merger would take place, between Ferfin (Ferruzzi holding) and Gemina, a partnership holding called the "front parlor" of Italian finance,

collecting all of Cuccia's stooges and controlled by Cuccia's Mediobanca. The new Supergemina would become, under Giampiero Pesenti, Italy's second largest private industrial group, with a turnover of about \$30 billion. Since Ferruzzi stocks would be converted in Gemina stocks, small shareholders feared that they would lose from the operation, and activated the Consob, the Italian equivalent of the American Securities and Exchange Commission. A look into Gemina's books revealed that Gemina had concealed huge losses from shadowy operations, including derivatives speculation. A Gemina-controlled fund, Gemina Capital Market, had lost in 1994 about \$160 million on derivatives contracts for \$1.3 million. Investigators suspect that real losses are much larger, especially because Gemina holding reported in 1994 derivatives contracts of \$8 billion.

After the scandal broke out, the Supergemina merger was suspended, and Cuccia was even forced to change Gemina's managers in order to avoid bankruptcy proceedings. So he asked his international friends for help to buy Ferruzzi stock on the market. In a matter of days, he bought so many shares that it is now rumored that Mediobanca and allies have more than 51% of Ferruzzi stock.

Cuccia's main helper, according to reports in the Italian press, is Henry Kravis, the man who made the largest leveraged buy-out in history, with RJR/Nabisco. Did he do it out of pure friendship? Of course not. Kravis is interested in one key company owned by Ferruzzi: Eridania Beghin Say, which is number one on the European sugar market and number one on the world olive oil market. In other words, as *EIR* has been reporting for months, people like Kravis, the "smart money" guys, have abandoned financial speculation as such and have moved to hoarding: gold, raw materials, strategic minerals—and food.

The rats are leaving the sinking ship and they do not even inform their pals, who are squabbling over who gets a front-row spot in the *Titanic* ballroom.

Documentation

Excerpts from legal brief against George Soros

From the text of the Petition to the Italian State Attorney in Milan, filed on Oct. 27 by Paolo Raimondi, president of the "International Civil Rights Movement-Solidarity" and Claudio Ciccanti, secretary general of the same:

. . . We request the opening of a judicial proceeding against Mr. George Soros, and to support that request we declare the following facts:

Mr. George Soros, by his own admission in many press and television interviews, was one of the principal promoters, organizers and beneficiaries of the massive speculative attack against the lira, the British pound, the French franc and other European currencies in September of 1992, that forced these currencies into free fluctuation outside of the European Monetary System (EMS), calling into question the future of the EMS itself.

According to reports in the economic press, in just a few days George Soros earned at least 400 billion liras (\$280 million) in speculation against the lira, and 1,200 billion liras (\$840 million) in operations against the pound. Soros and his investment fund "Quantum Fund" are among the most able operators on the speculative markets in derivatives, financial instruments which, globally, are contracted for an average of \$1 billion a day. The technique used by the speculators in derivatives permits them to operate with enormous sums while in reality only possessing a small amount of the nominal value of the contracts. . . .

The Bundesbank, the German central bank, uselessly spent 60 billion deutschmarks to defend the French franc, the lira and other currencies of the EMS. The Bank of Italy used, between June and September of 1992, \$48 billion in reserves to defend, unsuccessfully, the value of the lira. . . .

Based on the facts presented herein, we ask for the opening of a judicial proceeding against Mr. George Soros, to verify if his admitted speculative activity was carried out in violation of Article 501 ("Fraudulent Raising or Lowering of Prices on the Public or Commercial Markets") of the penal code. We note that Article 501 specifically provides for a doubling of the penalties "if the action results in a depreciation of the national currency or state bonds." (Article 7 of the penal code provides for penalties according to Italian law of an Italian citizen or foreigner even if he commits the aforementioned crime in a foreign territory.)

In violation of Article 2628 ("Fraudulent Manipulating of Corporate Stock") of the civil code.

In violation of article 2595 of the civil code ("Legal Limits of Competition") that states: "Competition must take place in such a manner that it does not damage the interests of the national economy. . . ."

In violation of article 2598, paragraph 3 (Acts of Unfair Competition") of the civil code.

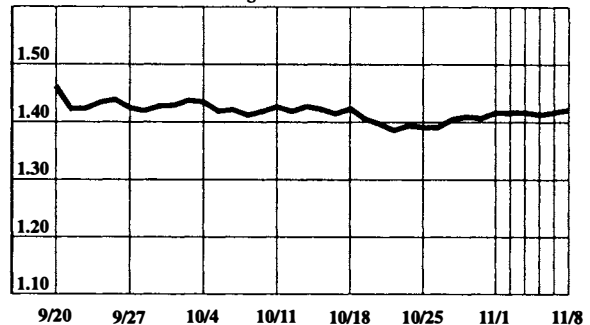
In violation of article 2041 ("On Enrichment without Cause") of the civil code.

It would also be opportune to verify if such speculative activity be in violation of Article 41 of the Constitution of the Italian Republic, according to which, "economic activity cannot take place in opposition to social utility or such that it causes damage to security, liberty and human dignity."

Currency Rates

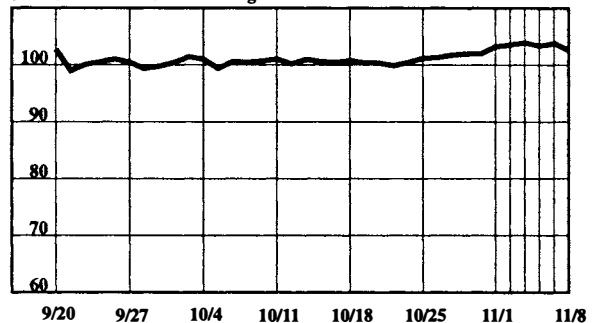
The dollar in deutschmarks

New York late afternoon fixing



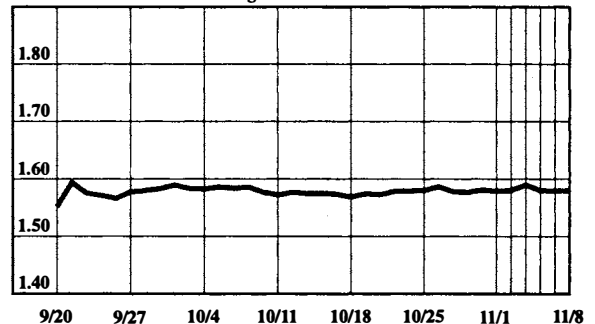
The dollar in yen

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing

