

Debt Relief and New Bretton Woods: Italy's Leadership Discussed in Milan

by Liliana Gorini

On Jan. 15 in Milan, the Italian Solidarity Movement's conference on "Debt Forgiveness and the New Bretton Woods" heard presentations by Lyndon LaRouche, Italian government Minister Patrizia Toia, and Rep. Giovanni Bianchi. Attended by over 100 students, industrialists, press representatives, and political activists at Milan's Catholic University, the conference also heard contributions by two professors resident there. The meeting represented an important step in the effort to use Italy's moral leadership on the question of Third World debt, to raise the pressure for the New Bretton Woods conference that LaRouche calls for.

The roundtable was co-sponsored by the Institute of Economics Studies of that University and by the Association of Banking and Stock Exchange Studies. LaRouche's brief intervention (see below), read by Liliana Gorini, was complemented by the full presentation of Paolo Raimondi, president of the Italian Solidarity Movement, who spoke on the New Bretton Woods as the only alternative to the present financial

disintegration. Representative Bianchi had the Italian Parliament approve unanimously a legislation for debt relief for the poor countries last July. Mrs. Toia, federal Minister for Relations with the Parliament, emphasized the key role played by Italy last year to solicit a debate on reforming the world financial and economic system.

Other speakers at the roundtable were Prof. Francesco Casetti, vice-dean of the Catholic University; Prof. Luigi Campiglio, professor of economics; and Prof. Riccardo Moro, who coordinated the efforts of the Italian Bishops Conference to cancel the Italian debt toward the two African countries of Zambia and Guinea—transforming it into new investments for urgent development projects—efforts undertaken in the context of the Pope's call for debt relief for poor countries in the 2000 Jubilee year.

In her speech, Minister Toia refers to the discussions Mr. LaRouche had with her in Rome last July. LaRouche was in Rome again in October, 2000, when he was invited by Hon. Giovanni Bianchi for an informal hearing at the Foreign Committee of the Italian Parliament on the world financial and oil crisis. At that time, he talked to members of Parliament involved not only in the legislative proposal for debt relief to the poor countries, but also in a number of motions for a New Bretton Woods which were introduced at the Italian Chamber of Deputies and the Italian Senate (see *EIR*, Oct. 27, 2000).

This confirms the particular role taken by Italy, in the Jubilee year, as the "conscience of Europe," as LaRouche himself put it when addressing the Foreign Committee at the Italian Parliament in Rome. In his speech to the Milan conference, Hon. Giovanni Bianchi, who could not attend personally because he was in Libya with a delegation of the Foreign Committee, empha-



Participants at the conference at Catholic University in Milan on Jan. 15: Lorenzo Gaiana (reading a statement by the Hon. Giovanni Bianchi), Italian Government Minister Patrizia Toia, Liliana Gorini and Paolo Raimondi of the Italian Solidarity Movement, and Prof. Riccardo Moro.

sized the fact that in the fight against the effects of globalization, and for a just world economic order, “the name of Lyndon LaRouche has become a household world in Italy.”

One of the important aspects of the legislation on debt relief approved by the Italian Parliament last July, and put into effect by the Italian government only two days before the Milan conference, is that it asserts a certain independence of decision of Italy, as a sovereign country, in respect to supranational institutions such as the Group of Eight, Club of Paris, the International Monetary Fund, and the World Bank.

LaRouche on Urgent Debt Reorganization

Lyndon H. LaRouche, Jr.’s memo to the Milan Conference on “Debt Forgiveness and the New Bretton Woods,” was written on Jan. 9, 2001, and read to the conference on Jan. 14.

I greet the conference, on the subject of Debt Relief and the New Bretton Woods” being convened at Milan’s Catholic University on Jan. 14, 2000.

I think it important, for this occasion, that I emphasize that the present world financial and monetary system is now already hopelessly bankrupt in its present form. Only by putting that system, and most among its associated central banking systems into bankruptcy reorganization, could a viable form of monetary order continue to exist on this planet.

This means that the following measures must be included as an absolute precondition for the existence of viable world monetary and financial order.

1. The cancellation of claims to the most disreputable categories of nominal debt, such as financial derivatives and junk bonds, which are to be adjudged morally as claims of the same nature as gambling debts.

2. The freezing of principal and accruals of interest on much of the world’s total debt, and forgiveness of large portions of such debt, as practical and moral considerations dictate.

3. The reorganization of the world’s monetary and financial structures in a manner consistent with the lessons of the immediate post-war decades: a new monetary system whose design is pivoted upon a system of long-term credit and trade agreements in the range of twenty to twenty-five years, at prime interest costs not in excess of between 1% and 2% simple interest per annum in agreements between sovereign national states.

4. A matching array of fixed exchange-rate parities among currencies, buttressed by capital controls, exchange controls,

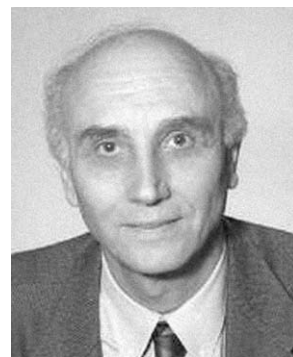
and financial regulation, consistent with the experience of the original Bretton Woods system’s initial two decades of operation.

5. The creation of large volumes of credit by sovereign nation-states, for the purpose of promoting those investments both essential forms of public infrastructure and related hard-commodity private investments needed to bring levels of employment and output up to levels of sustainable long-term physical-economic growth.

The great danger today, is presented by the hysterical demand, especially from implicitly self-ruined financier interests, that their financial claims be honored promptly and in full, with disregard for the effects of such demands upon the victims of such usurious policies. If such demands are not resisted by aid of the kinds of reforms I have indicated, this planet will be plunged into a protracted new dark age for humanity as a whole. By submitting to hysterical demands of such as those self-ruined financier interests, great empires of the past have been left, shattered, in the sands of the desert their empires have become. In such matters, it is the common good which must prevail.

Rep. Bianchi: ‘There Is No Time To Lose’

Hon. Giovanni Bianchi’s presentation to the Milan Conference, “Debt Forgiveness and the New Bretton Woods,” was read on Jan. 14. He is a member of the Foreign Affairs Commission of the Italian Parliament. Here are excerpts.



Globalization is above all the land of promises, and in particular, the promise of greater prosperity for all countries on Earth: a promise which seems just as mythical as that of the socialist paradises promised by Soviet propaganda in its glorious times, something which will certainly happen at an undetermined, future point. In the meantime . . . , well, in the meantime four-fifths of the world’s population live below the poverty level, some of them drastically below it, and there is an entire continent, Africa, which is perennially on the verge of seeing its population eliminated entirely by its numerous endemic demons, which have names such as AIDS, hunger, wars, famine. . . .

The G-8, in its annual meeting at Okinawa, found nothing