

Third World countries to a situation of further decline and abandonment.

Just think of the events which have dramatically affected about 1 million Italian small investors; I am referring to Parmalat, Cirio, Giacomelli, and the events that involved Banca 121 and the holders of Argentine bonds. The fact that a sovereign state such as Argentina registered a situation of bankruptcy says a lot about what is happening. How many other countries run this risk? This is a question that should disquiet and worry us. We are not a happy but isolated island, and Europe and the West must remedy the policy of speculation and speculative bubbles that are continuously repeated, and that certainly end up damaging the real economy.

Therefore, a New Bretton Woods cannot but begin with an operational meeting of the governments of the most advanced nations, not only those of the G-8, but it would be appropriate to also open the discussion to others. To this aim, I would mention that important countries such as China and India have appeared on the international scene in a pressing manner, and they will have something to say on this subject, as well as on trade matters.

Although the problem is that of reviewing the rules of the global market, tariffs are certainly not necessary. On this subject, I find it absurd that a Minister of this government is proposing the imposition of tariffs: This means that he is certainly out of this world. In a globalized economy such as the one we have today, tariffs are not necessary, but rather we need clear rules which bind nations and economic participants.

So, a New Bretton Woods should act to reorganize the entire system based on bankruptcy reorganization rules, in order to favor productive activities over speculative ones. This should include the introduction of rules regarding financial movements and controls on trade flows (on this matter, as I already said, we don't need tariffs, but rather rules of behavior). It should also include taxation of income deriving from purely financial operations. On this point, I remind you that the Finance Commission is discussing a series of proposals that aim to introduce a sort of Tobin tax. Taxation on purely financial operations is therefore a path which must be taken in order to limit and regulate the phenomenon. Finally, the reorganization should include a series of tax incentives for investment in production and technology, especially for medium- and long-term investments. A new banking and financial system must be created so the system favors development, not speculation. To achieve the convocation of a conference at the level of heads of state and government, similar to the one held in 1944, the Italian government must also act.

Wage War on Poverty

Today, unfortunately, war is still present in some parts of the world, and this constitutes a serious situation that contrasts with what is sanctioned by the Italian Constitution, which establishes that Italy rejects war. I do not intend to polemicize

over the presence of our military in Iraq; this was already discussed a short time ago, and thus I will spare you my considerations of strong opposition on this issue. At the time of Bretton Woods we were emerging from a war; today we have the duty to carry out, with just as much determination, another war: a war on poverty and misery, present in so many parts of the world, especially on the African continent and in Asia, in order to achieve a better coexistence between the peoples of the world and guarantee the right to an acceptable quality of life for everyone.

This is the sense of our motion. There is a risk of a systemic global crash of the financial sector, which could have effects much worse than those which took place following the Depression of 1929-33. I believe that there is no time to be lost, and I hope that the motion under consideration, which has also been signed by colleagues belonging to political groups in the Parliamentary majority, does not find us divided—these are not ideological questions!—but rather united in committing the government to moving in the direction indicated, conscious that that is the right direction!

Paola Mariani

It's Time for a New Financial Structure

Deputy Mariani, of the Left Democrats, followed Lettieri, speaking in favor of the motion. Her speech is translated here from Italian.

Mr. President, the recent financial crashes (Parmalat, Finmatica, Enron, the Argentine bonds), the echoes of which are still reverberating today, are indicative of the fact that we are faced with a crisis of the international financial system, characterized by strongly speculative tendencies.

For this reason, it is necessary to institute, at the international level, a series of mechanisms capable of guaranteeing the correct functioning of the economic and financial system through greater controls and more guarantees, to protect the interests of all participants in the economy.

I am referring to the necessity of mechanisms of protection at the international level, considering the fact that, with



Paola Mariani

the internationalization of financial markets and economic globalization, which allow for the immediate movement of capital and information from one part of the world to another, it has become impossible for a single nation, and even for Europe as a whole, to guarantee adequate controls and supervise the application of the rules that must be the foundation of a free financial system.

A \$400 Trillion Financial Bubble

The current system is a financial system directed towards pure speculation, such that the entire international financial bubble amounts to about \$400 trillion, compared to world GDP of little more than \$40 trillion. In order to have an open, free, and global financial system, it is urgent to establish, through the relevant international venues, a new financial architecture able to make up for the limits of the current system, based on the International Monetary Fund and the World Bank.

These institutions were fine when they were established, as the Honorable Lettieri reminded us a short time ago, in 1944 at Bretton Woods, in a postwar situation, where the priority was assistance for reconstruction of the countries devastated by the war, and monetary stability was based on a strong anchor of all currencies to the dollar. As the financial crises of recent years have demonstrated, today this system protects neither the industrialized countries nor the developing countries.

It must be said that the monetarist policies of the International Monetary Fund towards developing countries—such as Argentina—have in the past been directly responsible for the worsening of the financial situation of those countries, to the point of provoking bankruptcy, since the IMF imposed the payment of high levels of interest, along with cuts in both the budget and productive investment, which seriously damaged the real Domestic Product of those nations. In fact, the crash in Argentina can not simply be attributed to domestic corruption, but rather is mostly the result of the policies of the International Monetary Fund, that, instead of supporting true participation in the country's development, introduced monetarist mechanisms which favored various forms of corruption.

At this point, I would like to recall what has been said and written by Joseph Stiglitz, an American economist who was a White House advisor to Clinton, Vice President of the World Bank from 1997 to 2002, and won the Nobel Prize for economics in 2001; he wrote a book that caused a scandal: *Globalization and Its Discontents*. In the book, the author seems to take on the role of spokesman for the original intent of the World Bank, expressed clearly in the words that dominate the entrance to the Bank itself: "Our dream is a world free of poverty." This saying, though, contrasts with the motto of the International Monetary Fund: "What's good for Wall Street is good for the world," which updates Charles Wilson's famous saying about the interests of General Motors and those of the United States.

'Market Fundamentalism'

Stiglitz's book, in fact, is a denunciation of the collusion between the institutions of the Washington consensus and the financial community. His judgment regarding the institutions which arose from Bretton Woods, and in particular, the International Monetary Fund, is very clear: those institutions had the task of stabilizing the markets and correcting their failures, yet they then became, according to Stiglitz, examples of what he defines as market fundamentalism. All of the weakness of this economic system was revealed by the Enron case, which served as a wake-up call by demonstrating that the markets are not self-regulated, but need Governments; just as the deregulation the International Monetary Fund applies to the whole world can not work.

The event which unleashed his criticism of the International Monetary Fund's operations was surely the suspension of the Fund's assistance program for Ethiopia, a country whose economic parameters were in order, and which left no room for touches of doubt or uncertainties in judgment regarding the economic conduct to be followed. So it was considered seriously problematic that certain global organizations, in addition to making serious economic errors, such as the closure of banks in Southeast Asia, also have the problem of giving prevalence to the interests of creditors and the Western financial community.

This is, therefore, the first time that such in-depth criticism of the International Monetary Fund has come from a man inside the institutions, like Stiglitz. Although it may have gone beyond anyone's expectations, the criticism received vast support from both the World Bank and the academic community, and even from members of the financial community who were actually denounced in the book, because these people appreciated what was written there.

The wide consensus gained by many of the issues raised lets us hope that the current situation can change, but there is still a long way to go to achieve globalization with a human face; that is, a globalization of democracy, human rights, civil society, and knowledge, that represents a stimulus for cultural diversity, as has happened for the countries of East Asia, which are turning globalization to their advantage.

Only by overcoming the numerous errors committed by the International Monetary Fund, and also the World Trade Organization, will we be able to carry out collective action and achieve a basic democratic orientation at the international level, which are the necessary conditions for globalization, but are incompatible with current American unilateralism. Stiglitz's vision is, basically, optimistic; he has faith in the power of democracy, discussion, and transparency, and he believes that a solution can be found in as much as the International Monetary Fund and globalization are subjected to democratic verification, reflecting heightened public interest, greater protest, and pressure for change from a population that has opened its eyes towards what globalization really represents, and now intends to make its voice heard.

Stiglitz's reflections can make us open our eyes about what is being valued in the world.

Supporting the Real Economy

Coming back to the motion presented by the Honorable Lettieri, we can say that the time has therefore come to create a new financial structure, at the international level, which can avoid future financial crashes and the repetition of speculative bubbles, and is capable of supporting the real economy with adequate guarantees and controls.

Therefore, a new international conference should be convoked, as the motion says, similar to the one held in 1944 at Bretton Woods, for the establishment of a new international monetary system that is more fair and just, and includes all economies, including the weakest ones.

For this reason, we ask the Government to commit itself to acting with this goal in the relevant international venues.

Sandro Delmastro della Vedove

Now Let Us Create A More Just Economy

Deputy Delmastro della Vedove, from the government party Alleanza Nazionale, spoke in favor of the motion at the end of the first debate session. His speech has been translated from Italian.

Mr. President, Honorable colleagues: It is my view that the issue we are discussing today—in a discouraging climate of disinterest—is the single most important issue that has been discussed in the Chamber of Deputies since the beginning of the 14th Legislature.

The task is to attempt, together, to construct—or reconstruct, considering that someone succeeded in this effort in 1944—a new financial, economic, and monetary structure that can protect our planet, which has suddenly become too small not to suffer the repercussions of a global economy whose parts are completely interdependent, from massive and uncontrollable disasters. As the paradigmatic case of the Argentina crisis demonstrates, the default of any Nation now violently affects many other Nations, causing disasters, misery, and



Sandro Delmastro della Vedove

poverty, which are now partially controllable, but certainly impossible to deal with in the near future, in terms of their dimensions and intensity, if someone and something does not intervene to change the current model of development.

The question, therefore, is so radical that it forces me to intervene in a personal capacity, without involving my party, Alleanza Nazionale, which may have legitimately different ideas and opinions on these delicate and difficult questions.

We need to recognize, without appealing to now old and obsolete ideological patterns, that the myth according to which the free market has developed and carried out self-regulation, able to create a fair and caring system, and also provide just profits for capital which is circulated and invested, has miserably failed, especially in the past decade. We have seen the true face of uncontrolled speculation and the financialization of the economy created for the immense wealth of the few, and the shocking poverty of many. We have allowed a few hundred people to govern the world's economic and financial processes, supposing that they would create a trustworthy system.

After having recognized that these few hundred people were not elected by anybody, and thus are not part of any democratic process, and consequently, cannot be controlled, we realized that these people have actually turned speculation into a system, creating enormous virtual wealth that is actually nonexistent. Wealth destined to become real only for the small number of participants in the “good salons” of the International Monetary Fund and Central Banks, and destined, on the other hand, to lead to poverty for millions of companies, investors, and workers.

The events surrounding the Argentine Tango Bonds are the mathematical and emblematic proof of this situation; therefore, an absolutely unavoidable necessity exists to create a new world financial and monetary order, or with the evocative words that are increasingly used now, a New Bretton Woods, which reminds us of an agreement which, in the post-war period, represented a balanced system characterized by specific and responsible rules.

In the Grip of Financial Collapse

Today the global economic and financial situation is about to collapse, and unlike what people generally believe, the United States of America is in the grip of a very serious and worrying situation, which goes beyond the Presidential rhetoric, be it expressed by a Democratic or a Republican President. The truth, in fact, is that the United States of America has to deal with a trade deficit and budget deficit which are literally frightening, and as a consequence, the United States no longer has the power which the world thinks it wields through the monetary and financial system.

Given the lack of rules, the lack of an orderly system, the lack of a far-ranging perspective linked to programs for the real—not virtual—economy, it was inevitable that the system would end up in the less than caring hands of speculation;