

but this time he fully agrees with the critics of the IMF. “The government has the duty, when it is a matter of 1 million small investors being defrauded and robbed, to start a process such that, at the international level, we rewrite rules—you do not want to call them Bretton Woods? We’ll call them something else—because markets are not able to rule themselves and the last decade has openly demonstrated this.”

Next, Alfiero Grandi, a member of the Democratici di Sinistra (DS), the largest opposition party, spoke. He supported Gianni’s intervention and added ironically that “recent decisions on international employment positions,” referring to Wolfowitz’s nomination as head of the World Bank, do not “suggest optimism” for the possibility of the World Bank changing for the better. “We can discuss how important it is to bring back the Bretton Woods agreements which, in the interpretation I gave, by signing the Lettieri motion, have the meaning of bringing back the importance and the influence of that experience. What we face now, in fact, is not less challenging and important than what occurred more than fifty years ago. I believe, therefore, that we could have kept the reference to the Bretton Woods agreement, but I will not make an issue of it. The motion keeps its validity and we will vote for it.” The discussion does not end today, Grandi said. At the end of July, Parliamentary Committees will resume the discussion on how to intervene and govern international financial processes, Grandi said, and in which international fora the issue shall be discussed.

A critical moment came when Antonio Leone, the representative of Forza Italia, Prime Minister Berlusconi’s party, took the floor. Leone had earlier introduced another motion, which apparently was intended to be a distracting factor. Its text, in fact, did not at all address the need for a reform of the international monetary system, and instead encouraged the government to continue with the “good work” already accomplished in defending family savings. Leone announced that he invited his group, and the whole government coalition, to vote for his motion, and to abstain on the Lettieri motion (an abstention is almost a green light, as it technically allows the vote to be successful even if it does not reach the majority).

Rep. Gianni then intervened again, and asked the government representative, Ventucci, to definitively confirm that he had changed his mind. “Of course, that is completely different from what you had made us understand earlier,” Gianni said. The Chairman of the session, deputy chairman of the House Fabio Mussi, interjected: “There has been a correction during the session. The government has changed its mind.” “Then,” Gianni said, “since words have weight, if the words have changed, the substance has changed.” “Since the concept of similarity is different from the concept of identity, we do not make a principle issue on similarity. If the Undersecretary of State does not like the similarity with Bretton Woods, so be it! What is more important is that we have an international conference at the level of heads of state and government. If this is in the resolution, as I believe it is, I correct—not due to my fault—my vote in a favorable sense.”

Next, Rep. Gabriella Pistone, from the opposition party Comunisti Italiani (PdCI), motivated her support for the motion, stressing that “the discussion was useful because it convinced the government to change its mind.” Mrs. Pistone was followed by Luigi D’Agrò, a member of the government party Unione dei Democratici Cristiani (UDC). D’Agrò, who participated in a conference at the Vicenza Chamber of Commerce a few years ago, where LaRouche was the main speaker, is well acquainted with the new Bretton Woods issue. He was outspoken in calling for “not introducing any change” in the motion. He reminded people of the devastating effects that international speculator George Soros had caused against the Italian currency in 1992, and suggested the government get the European Union to support the initiative to convoke an international conference to reform the monetary and financial system.

The debate was then concluded by a short intervention by Rep. Marco Boato, from the Green Party, who simply announced a favorable vote by his faction. The motion was put to a vote, and it was approved with 187 in favor, 5 against, and 159 abstentions. Those figures show that many members of the government coalition voted with the opposition.

Documentation

The Parliamentary Debate

The following is an edited version of the discussion which occurred on Rep. Mario Lettieri’s motion for a New Bretton Woods (n-00320) and the government alternative (n-00431.

President: I invite the representative of the Government to express a position on the motions on the agenda.

Cosimo Ventucci, Undersecretary for Relations with the Parliament: Mr. President, the Government accepts the Antonio Leone n. 1-00431 motion and also the Lettieri and others n. 1-00320 motion (subsequent new formulation), on the condition that the following words are removed from the dispositions of the latter: “to reach, as soon as possible, together with other nations, the convocation of an international conference at the level of Heads of State and Government similar to that held in Bretton Woods in 1944”—a reference which seems too far off to me. . . .

Mario Lettieri: Mr. President, I immediately say that I accept the reformulation proposed by the Government. . . .

President: Hon. Lettieri, to be completely clear, I would specify that the Government has proposed a reformulation that calls for the cancellation not of two lines, but of five lines of the dispositions of your motion; to be exact, from the words “to reach, as soon as possible” to the words “Bretton Woods in 1944.”



Rep. Mario Lettieri introduced in Parliament the motion for “an international conference at the level of Heads of State and Government, to globally define a new and more just monetary and financial system.”

Lettieri: That’s fine.

President: Hon. Alfonso Gianni has asked to speak to state his voting position. He may do so.

Alfonso Gianni: Frankly, I am surprised, for three reasons: first, because we come to the discussion of a motion that aims to “create a new and more just global monetary and financial system” (quite a vast program, one would say) at the *limine mortis* of the session; secondly, I am surprised by the fact that the Government’s position on this motion is expressed by the very authoritative member of the Parliament who is present, who however, holds the role of Undersecretary for Relations with the Parliament. This is a question of the highest importance, that should involve an Economics Minister or an expert in international economic relations. Finally, addressing myself to my friend and colleague Mario Lettieri, if he is listening: Frankly, I do not understand how you can find the motion to be identical after the corrections made by the Government. The text of the motion changes completely, because the relevant aspect of the motion is clearly in the dispositions, as is the case with all Parliamentary motions.

The disposition of this motion is located in the fact that it is necessary to “re-do Bretton Woods,” that is, to have another international conference, at the level of Heads of State and Government, to reach an agreement on the monetary and financial system. This is the “heart” of this motion; if we take this part out, as the Government shrewdly does, nothing remains at all!

Maybe I can appeal to the President [of the Parliament—ed.] in this sort of situation: we can not, in fact, discuss something which is actually nothing, because to say “to act in the relevant international venues to create a new and more just monetary and financial system,” as the motion would read after the Government’s changes, would now mean acting in the venues of the World Bank, the International Monetary Fund and the World Trade Organization; it means negating the comments Lettieri made about Keynes and Stiglitz. Ex-

cuse me, but history has demonstrated that no just tools for the governance of globalization can be obtained through either the International Monetary Fund or the World Bank. It’s as if we were to say to the Government: Good job, continue doing a good job, and you’ll always do a good job; nothing else, if we remove this reference!

I would like to remind Hon. Lettieri and my other colleagues from the center-left, that the date which all the historians of global economics and world financial history indicate as the beginning of modern globalization, the age in which we live, is exactly the date which indicates the end of the Bretton Woods agreements and the end of the convertibility of the dollar into gold. That is the moment when the logic of “unbridled” globalization began, which Stiglitz describes very well, since he was a director of the World Bank and the International Monetary Fund. That is when the absolute financial supremacy of the United States of America began. It began, Honorable colleagues—regarding the previous discussion, which I would prefer to forget—before the fall of the Berlin wall. The current capitalist globalization began earlier, driven by fundamental economic motives, as always.

Now, this is exactly the “heart” of the motion, which I know well—and I also know the source from which it comes: left democratic circles in America. Either we create an international conference that reproduces rules, the rules wanted by Keynes and the great jurists who founded the UNO after the League of Nations, and thus reform international law and make the two march together, or we will have done nothing! And therefore we won’t create any real democratic governance to the process of globalization: We will continue with bodies that only pursue the interests of large financial capital which, by definition, is ruthless and borderless. . . .

I wanted to tell my friend Lettieri and all of the authoritative authors of this motion that I was about to vote in favor of it, but at this point, without those five lines, it now becomes simply pure water—I don’t want to stop the *embrasse nous* between the Undersecretary and certain colleagues—so frankly, I plan to abstain, because the motion is now perfectly useless.

Ventucci, Undersecretary for Relations with the Parliament: Mr. President, I am here as a substitute for my colleague from the Economics Ministry, but obviously we have all the tools necessary to deal with the text and analyze the commitments requested in the motions. For some time now, the Government has been active in all the appropriate multilateral international venues in the attempt to strengthen the international financial architecture, in order to avoid, as much as possible, the bankruptcy of States and private companies that finance themselves by emitting bonds on the international markets, and to manage potential defaults by defending—as much as possible—the interests of Italian investors. However, the progress made to this point is not sufficient to lead us to believe that the conditions are ripe for the organization of an *ad hoc* international conference of the type proposed by those who have presented the motion; the Government, however,



Rep. Alfonso Gianni's forceful intervention during the debate on the resolution aborted the government's efforts to undermine it.

has no objections to the actions aimed at carrying out the necessary initiatives to convoke, along with other nations, an international conference at the level of Heads of State and Government. I would ask Hon. Lettieri, while also considering the arguments made by Hon. Gianni, to remove the words “similar to the one held in Bretton Woods in 1944,” because it would be appropriate to analyze the consequences of Bretton Woods.

President: Hon. Zacchera has asked to speak to state his voting position. He may do so.

Marco Zacchera: Mr. President, I will be brief, considering the time and the scarce attention here in the Hall. I think the fact the Government has expressed a favorable position is positive, because this is an important problem. I realize this may sound like a mere repetition of certain general principles, but the Parliament can not remain indifferent to these problems. I am happy to see that both coalitions—or at least most of their parts—have presented motions like these, because this is a very real problem, a problem which the population feels, a problem for hundreds of thousands of small investors and also businesses. In his motion, Hon. Lettieri correctly emphasizes, for example, the abnormal speculative bubble of financial derivatives, but maybe we don't realize just how indebted businesses are due to this problem. Therefore, it is necessary to establish some form of control and protection. It is indispensable, otherwise we really could have catastrophic consequences, in a world which has passed, in one hundred years, from a situation in which the average incomes were in a ratio of 1 to 6 (at the beginning of the 1900s the poorest country had an average of one-sixth of the income of the richest country) to a ratio of 1 to 250. If we don't succeed in also controlling the financial and monetary instruments, we will not make it out of this situation.

This question really has to be dealt with at the global level. It's a priority that is too often ignored, and not considered, but it is truly an indispensable issue due to its human and

social consequences. Today, we remembered the Pope; how many times has the Pope said that the world's leaders must come together to discuss these problems! Therefore, none of us wants to fall into demagoguery, and I certainly don't want to, but it would be very positive if the Parliament discussed these issues more often, and in a more in-depth manner, not only in the relevant Commissions. This is true, because Italy, if she really wants to be an important country, if she really wants to follow not a dream, but the reality of an at least semi-permanent seat on the United Nations Security Council, must intervene on these issues, and make choices. . . .

President: Hon. Delmastro Delle Vedove has asked to speak, to state his voting position. He may do so.

Sandro Delmastro Delle Vedove: Mr. President, I already had the opportunity to express my personal opinion, during the general discussion. I think I agree—and this doesn't usually happen—with the position of Hon. Alfonso Gianni, when he says, and even reproaches, Hon. Lettieri for having a certain reluctance to deal with issues that need to be solved rather urgently. I don't think the Government is correct in believing that these issues can be dealt with in calm and untroubled conditions

. . . I agree with Hon. Alfonso Gianni, when he says that referring to the International Monetary Fund, the institution that represents, in my humble opinion, the most effective tool of the “global usurocracy,” would be a waste of time. I would also remind you of the question of the Argentine bonds, as I think it is very important; we have to be very determined in setting out rules to avoid provoking a war between the poor, that is, between the Italian small investors and the Argentine people; I don't see why—and here, Hon. Alfonso Gianni, you are right—Italian investors should accept 20 or 25%, to be paid in 25-30 years, when the International Monetary Fund, still today, continues to make the country pay interest on the capital. So, to use a legal term inherent in the notion of *par condicio creditorum*, it's not clear why our Government doesn't insist that the International Monetary Fund also become an *unsecured creditor* and get in line along with all of the Italian small investors, and thus avoid the true shame of a war between the poor. . . .

So let's stop going after targets that, in a war between the poor, are even poorer, such as the Argentine Government or people. Let's identify the banks, and—especially—the reasons which led to the pursuit of such an undoubtedly deplorable goal: the complete lack of rules, due to the conviction—that the facts have shown to be completely wrong—that the market would be able to regulate itself. I'm certainly not a dirigist, or a leftist, a socialist—or even less—a communist; but there is still not an agreement on the necessity for the market to have simple rules for behavior, to avoid the repetition of all that has happened in the past years. The situation is crying out for vengeance, because the pockets of the poor, the small investors, and the workers have been plundered! Therefore, when we're dealing with a million small investors who have been swindled and robbed, I think the Government

The Resolution for A New Bretton Woods

This is the original motion submitted by Hon. Mario Lettieri in 2004, which was approved, with minor changes, on April 6, 2005.

The Chamber of Deputies,

Whereas: the recent crash of the Parmalat company, with a hole of 14.3 billion euros that must still be accounted for, certainly reveals a lack of effective tools and controls regarding financial operations and the behavior of certain participants in economic activity, such as auditing companies, ratings agencies, advisors, companies that float stocks and bonds, etc.; after the crash of the LTCM fund, Enron, and then the Argentine bonds, as well as Cirio, Parmalat, and Finmatica, to mention only the most sensational cases, it should be clear to everyone that we are faced with a truly systemic crisis;

The Investigative Survey Commission on the Parmalat case will undoubtedly produce many important results and ideas in order to prepare a set of interventions aimed at improving the functioning of economic mechanisms, with greater controls and more guarantees of propriety, and defending the interests of all those people who participate in economic processes in a productive and honest manner, and at the same time giving them responsibility;

Given the internationalization of financial markets, one nation by itself, or even Europe alone, is not able to guarantee control and application of stronger rules in a decisive manner;

The financial and banking crises raise widespread worries not only among small investors and serious companies, but also among the governing classes of the various countries involved. There is a crisis of the entire financial system, a system which is more and more oriented towards

pure speculation. In fact, it is estimated that the entire financial bubble, counting all financial derivatives and all other forms of existing debt, is equal to about \$400 trillion, compared to a worldwide GDP of slightly more than \$40 trillion;

In the meantime, the most recent data officially reported by the Bank for International Settlements in Basel, not only indicate a widening of the gap between the real economy and the purely financial economy, but also reveal a true explosion of the financial derivatives bubble. The BIS report “OTC (Over the Counter) Derivatives Market Activity in the First Half of 2003,” published on Nov. 12, 2003, admits the following notional values of OTC derivatives, in billions of dollars: June 2002: \$127,500; December 2002: \$141,700; June 2003: \$169,700; that is, an increase of \$42 trillion in 12 months!;

Besides the main Italian banks involved in the Cirio and Parmalat cases, the three American banks involved in the Parmalat matter—JP Morgan Chase, Bank of America, and Citigroup—are themselves most responsible for this dizzying growth, as can be seen from the reports of the American government institution known as the Comptroller of the Currency; in June 2003, JP Morgan reached the level of \$33,300 billion in derivatives, with an increase of \$4,500 billion in only 6 months; Bank of America reached \$14,300 billion, and Citigroup \$13,000 billion. This is quite a distortion, if we consider that U.S. GDP is about \$11,000 billion:

Commits the Government

To act in the relevant international venues in order to create a new financial architecture, aimed at avoiding future financial crashes and the repetition of speculative bubbles, and thus dedicated to the main objective of supporting the real economy; and to take all necessary initiatives to reach, as soon as possible, together with other nations, the convocation of an international conference at the level of Heads of State and Government similar to that held in Bretton Woods in 1944, to create a new and more just global monetary and financial system.

has the duty to launch a process that leads to a re-writing of the rules at the international level.

If we don't want to call it Bretton Woods, then let's call it something else—because the markets are not able to regulate themselves, as the last decade has clearly and evidently proven. So I believe we need to prepare a text that doesn't merely represent a “pure water” solution or a declaration of intent; but rather one that is able to be effective internationally, to let the “usurocrats” and the speculators know that investments and savings can be defended when there are Governments that know how and want to defend them.

Alfiero Grandi: To say that globalization exists and that

markets must be open, does not mean we don't need rules and mechanisms to govern these processes. In this sense, our colleague Alfonso Gianni is right when he reminds us that some of the current international venues have proven to be completely inadequate in governing these processes. Some of the recent decisions, for example regarding international nominations, do not make us optimistic. Some people have proposed—and they have done it in important international settings—a true “UN for the economy;” naturally, like all formulas, this doesn't quite do justice to the complexity of the problem that we have to deal with.

In any case, I think it is important that this problem has

been brought up in the Italian Parliament. We can debate how appropriate the reference to the Bretton Woods accords is, which—in the interpretation I have given, in signing the Lettieri and others n. 1-00320 motion—is intended to recall what took place with Bretton Woods. In fact, what we are facing today is no less challenging or important than what took place more than 50 years ago. Therefore, I think that the reference to Bretton Woods could have been kept, but I won't make an issue of it. The motion remains valid, and we will vote in favor of it even without this reference. . . . I think this motion must be seen as the necessary and indispensable reopening of a problem; as the beginning, not the end of the discussion. We will have the chance to reconcile the different positions and interventions on the question, and there will also be an important discussion in the Parliament in the coming months. This is why I confirm that I will vote in favor of the Lettieri motion, and abstain on the Antonio Leone motion, but I also want to state and confirm the commitment to taking the subject up again with greater depth than we have been able to do in today's session.

President: Hon. Antonio Leone has asked to speak to state his voting position. He may do so.

Antonio Leone: Our motion arises from the cases of Cirio, Parmalat, and the Argentine bonds, that have produced evident negative effects on the performance of the national economy. To deal with this situation, the Government has proposed, and the Chamber of Deputies has approved, an extensive bill on protecting savings. In the motion, we recognize that there has also been a recognition of the problem at the international level, beginning in the United States, and also by the main international monetary and credit institutions, regarding what has happened and what should not happen again. . . . We hope for the approval of our motion, and announce that our group—and I think the entire House of Liberties coalition—will abstain on the Lettieri motion.

Alfonso Gianni: I would like to speak.

President: You may do so.

Alfonso Gianni: If I understand correctly, Undersecretary Ventucci, the Government intends to cancel only the words “similar to the one held in Bretton Woods in 1944”. . . Please confirm that . . .!

Ventucci: Yes, exactly.

Gianni: Naturally, this is completely different than what you explained earlier.

President: There was a change during the deliberations. The Government has changed its opinion.

Gianni: Well, since words are significant (*nomina substantia rerum sunt*), if the words change, the substance also changes. Since the question of similarity is not the same as identity, we won't raise questions of principle regarding similarity. So, if the Undersecretary doesn't like the similarity with Bretton Woods, Oh, well! What's important is that the international conference at the level of Heads of State and Government is there. If this part stays in, as I understand now,

then I will correct my vote—due to a mistake made not by me, but by someone else—and vote in favor. Since I have the floor, I will take the opportunity to tell Hon. Antonio Leone that I can not vote in favor of his motion, because the motion, in its grounds, speaks of the Government's law regarding the protection of savings, against which we have already spoken, for reasons which are well-known. Therefore, I will vote against the Antonio Leone n. 1-00431 motion and in favor of the Lettieri and others n. 1-00320 motion.

President: Hon. Pistone has asked to speak to state her voting position. She may do so.

Gabriella Pistone: Mr. President, I speak to state my vote in favor of the Lettieri motion, which I have signed. Apparently, the discussion has made the Government take a few steps backwards regarding the calling of an international conference at the level of Heads of State and Government. So, we must create a new and more just global monetary and financial system. This is the meaning which, together with the other signers, we intended to give to our motion, which we think is particularly important. . . .

President: Hon. Luigi D'Agro' has asked to speak to state his voting position. He may do so.

Luigi d'Agro': President, I would like to remind this Assembly that this problem was already dealt with at the beginning of this Parliamentary term. However, this did not stop the financial problems which took place in the Italian system. The Government has expressed its position in favor of both of the motions, which I, however, see as different: the Antonio Leone n. 1-00431 motion is more internal, and the Lettieri and others 1-00320 motion is more international. I want to make just one consideration: I remember when Soros, with certain heavy-handed actions, created problems for the economies of entire nations, within a single day. We know exactly what this means, just as we know exactly what it means to cover the losses of the banks that emit bonds that are sometimes false, for heavily indebted companies, as the Italian banking system unfortunately did. We recently approved a law intended to defend savings and investment.

However, I think there is a strong need to ensure that the pressure from the Italian Government for international changes passes through Europe. In this manner, the comparison between different monetary areas becomes easier, and there may be possibilities for repercussions at the international level coming from the entire Euro zone. Thus, although I am not proposing any changes to the dispositions of the two motions, I would invite the Government to ensure that the efforts are carried out at the European level, in order to involve the relevant international bodies in making sure that events such as those that saw Soros at their center, are not repeated; along with other situations, such as what happened in our country in 1992, when the strong pressure brought to bear against the lira led to it being devalued by 20%.

After one more intervention, the vote followed, which passed both motions.