

Motion for LaRouche's New Bretton Woods Is Introduced in Italian Senate

Senator Oskar Peterlini on Sept. 24 presented a "Motion for a reorganization of the international monetary and financial system: the New Bretton Woods" in the Italian Senate. The motion (see *Documentation*) spells out the major principles of Lyndon LaRouche's approach, focussing on the concepts of bankruptcy reorganization, measures to stop speculation, the importance of a credit system rather than a monetary system, and cooperation among the United States, Russia, China, and India as the basis for new agreements. After only one day, 19 Senators had signed the motion, and negotiations are under way with Senators in both the governing majority and the opposition to force a floor debate.

Italy has taken the lead in promoting the New Bretton Woods in recent years, as a result of a vigorous organizing campaign by the LaRouche movement there, including numerous visits by Lyndon and Helga LaRouche to Rome, in which they participated in public and private discussions with leading political figures. Starting in 2001, several motions calling for a new financial system were introduced in both the Senate and Chamber of Deputies, including one which was passed by the Chamber in April 2005. (See *Chronology*, below.)

The new motion presented by Peterlini goes beyond the technical aspects of speculation and monetary instability, to explicitly identify the New Bretton Woods in terms of the concepts laid out by LaRouche. It thus represents an important step forward in the debate which has already broken out in recent months as a result of Economics Minister Giulio Tremonti's promotion of the New Bretton Woods both in Italy and abroad, shortly after participating in a public conference with LaRouche in Rome last year. Italy will assume the presidency of the European Union in January, and Tremonti plans to raise the issue in that venue.

Documentation

Motion for the Reorganization of the International Monetary and Financial System: The New Bretton Woods

This motion was translated from Italian by EIR.

The Senate,

Whereas:

- The intensification of the international financial crisis seen in recent weeks with the failure of Fannie Mae, Freddie Mac, Lehman Bros., and AIG, among others, has forced the U.S. government and numerous central banks to make emergency interventions to avoid a chain reaction which would bring the global economy to its knees;

- The gravity of this crisis as a threat to the living conditions of peoples throughout the world, and as a source of strategic destabilization, was denounced by the Italian Parliament already in 2001 (the Lettieri Motion in the Chamber, the Peterlini Motion in the Senate, and others), in motions calling on the Italian government and the international community to act to create a new financial system in order to avoid future financial crises and promote the reconstruction of the real economy;

- Despite these calls, the political and monetary authorities of Europe and the United States continued to allow, and de facto, to promote an economy based on the growth of fictitious financial values, not linked to the productive economy. The latest instance is the subprime mortgage bubble and the speculation in raw materials, energy, and foodstuffs;

- The failure to take action to deal with this crisis has led to the dramatic events of recent days and months. Now, the authorities are rushing from one fire to the next, while it becomes increasingly clear that the hole created by financial speculation cannot be filled. Unfortunately,



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Sen. Oskar Peterlini's motion before the Italian Senate "for a reorganization of the international monetary and financial system: the New Bretton Woods" itemizes Lyndon LaRouche's program for global recovery.

rather than follow the example of post-war reconstruction in Europe, or the "New Deal" policies implemented by U.S. President Franklin Delano Roosevelt during the Great Depression, today the authorities are attempting to use funds provided by the state to cover the losses caused by mortgage-backed securities and derivatives, which have multiplied speculative values beyond belief. An example of this policy can be seen in the recent bailout of AIG and other institutions, whose stated purpose is to cover the derivatives linked to speculation based on sub-prime mortgages, rather than to protect ordinary economic activity. Such an attempt is not only useless, but guarantees a further worsening of the crisis it was supposed to solve, and will lead to hyperinflation. In fact, a recent investigation by the U.S. Congress showed that the new liquidity injected by the central banks to save the financial players, has been used for additional speculative operations that have caused the explosion of the prices of oil and food products in recent months,

Therefore,

the Italian Government shall act internationally to promote a reorganization of the international monetary and financial system, and to cooperate with the major

world powers to establish a new system, modeled on the New Bretton Woods as proposed by the American economist Lyndon LaRouche:

1. The reorganization of the system must follow the model of a Bankruptcy Reorganization, in which speculative debts—which represent the vast majority of the debts on the books of the leading commercial banks, investment banks, and also numerous other financial institutions, and even administrations located in Italy, are cancelled, while protecting, up to a certain limit, the savings of small investors in vehicles such as pension funds or other non-speculative financial instruments, and guaranteeing financing for essential activities in the real economy.

The General Welfare must take precedence over financial obligations created to feed the financial bubble.

2. New rules are necessary to guarantee the stability necessary for production and international trade:

a. exchange rates decided through treaties among nations ("fixed exchange rates"), thus avoiding speculative market fluctuations;

b. controls on the transfer of capital for speculative purposes ("capital controls"), favoring long-term investments in the productive economy;

c. a credit system which guarantees low-interest, long-term investments in infrastructure, industry, and high technology ("productive credit") to break with the orientation in recent decades which has encouraged the pursuit of quick profits while penalizing productive activity.

3. A credit system rather than a purely monetary system. Considering the fact that central banks arbitrarily issue money for the purpose of monetary adjustment, it is necessary to create a system that provides credit with the aim of promoting economic development. The origin of this model is found in the United States Constitution, and was applied by Treasury Secretary Alexander Hamilton, and then resumed by Abraham Lincoln and the great Franklin Roosevelt during the 1929 Crash and Depression in the 1930s. A credit system was the idea that inspired the original Bretton Woods system, which worked successfully until it was abandoned in 1971, and which has now been proposed anew by the authoritative economist Lyndon LaRouche.

4. Given the tragic history of wars which have broken

out coinciding with economic crises in the past, the Senate also binds the Government to act to ensure that European countries work together with the major world powers, and in particular, the United States, Russia, China, and India, to lay the basis for international cooperation able to achieve the objectives set forth above, overcoming the opposition from those who wish to defend their power by promoting conflict and divisions which obstruct the progress of the world as a whole.

Chronology

LaRouche's Fight for A New Bretton Woods

The Italian Parliament's current discussion of the need for a New Bretton Woods is the fruit of nearly 12 years of organizing—in Italy, and internationally—by the LaRouche movement.

The fight began on Jan. 4, 1997, with the first public announcement of Lyndon H. LaRouche Jr.'s New Bretton Woods policy. LaRouche addressed a forum of the FDR-PAC in Washington, D.C. laying out a policy orientation for the second Clinton Administration, centering around two proposals: that the U.S. President convene an international conference to establish a “new Bretton Woods system,” to put the world economy through bankruptcy proceedings and to reorganize it for productive development; and that the United States join in global projects of benefit to all mankind, with a special focus on the Eurasian Land-Bridge program.

The challenge was immediately taken up in Italy, where Sen. Publio Fiori, leader of the opposition party National Alliance (Alleanza Nazionale, AN) and former Transport Minister, on Feb. 13, 1997, introduced a parliamentary question to the government, asking whether, in view of the ongoing disintegration of the international monetary and financial system, Italy should undertake emergency measures, such as a New Bretton Woods conference and a tax on derivatives speculation.

The following chronology traces some of the LaRouche movement's interventions, and steps taken by elected representatives in Italy.

Feb. 15, 1997: LaRouche delivers an address to a conference of the Schiller Institute and International Caucus of Labor Committees in Reston, Virginia, titled “Toward a New Bretton Woods Conference.”

Feb. 15-17, 1997: An “Urgent Appeal to President Clinton To Convoke a New Bretton Woods Conference” is initiated by the founder of the Schiller Institute, Helga Zepp-LaRouche, and Ukrainian economist Natalia Vitrenko, member of the Supreme Rada (Parliament) of Ukraine.

April 10, 1997: Lyndon and Helga LaRouche are the keynote speakers at a conference organized in Rome by *EIR* and LaRouche's Italian co-thinkers, the Civil Rights Solidarity Movement. LaRouche's proposal for a New Bretton Woods is supported by Senator Fiori, as well as by representatives of Italy's state-sector industries.

April 2, 1998: Lyndon and Helga LaRouche address a meeting in Rome on the New Bretton Woods, which is attended by Members of Parliament, economists, journalists, and diplomats.

Feb. 16, 2000: Italian Sen. Riccardo Pedrizzi, president of the Senate Finance Committee and member of the government coalition party AN, and 22 other Senators introduce a first motion to the Senate, calling for a New Bretton Woods.

Feb. 16, 2000: Italian Member of the European Parliament Cristiana Muscardini (AN) presents a parliamentary inquiry on the New Bretton Woods, from the European Parliament to the European Commission.

March 7, 2000: Four Italian Members of the European Parliament introduce a resolution calling for a New Bretton Woods conference, “with the purpose of creating a new international monetary system, capable of gradually eliminating the mechanisms which led to the ‘speculative bubble.’”

April 7, 2000: A call for an Ad Hoc Committee for a New Bretton Woods is issued by Helga Zepp-LaRouche and others, and circulated worldwide for endorsement. Over the coming year, the statement is signed by former President José López Portillo of Mexico, former President João Baptista Figueiredo of Brazil, more than 500 parliamentarians from over 40 countries, and several hundred civil rights leaders, trade unionists, industrialists, and representatives of social organizations.

Oct. 12, 2000: LaRouche addresses an informal hearing of the Foreign Affairs Committee of the Italian