

<http://larouchepac.com/news/2008/09/25/italian-senators-introduce-motion-calling-larouches-new-bret.html>

September 24, 2008 (LPAC)--On Sept. 24, Sen. Oskar Peterlini officially presented to the Italian Senate a "*Motion for the Reorganization of the International Monetary System: the New Bretton Woods.*" The motion calls upon the Italian government to "act internationally to promote" a new system, "modeled on the New Bretton Woods as proposed by the American economist, Lyndon LaRouche." It specifies the major principles of LaRouche's approach, focusing on the concepts of bankruptcy reorganization, measures to stop speculation, the importance of a credit system, rather than a monetary system, and cooperation between the U.S., Russia, China and India as the basis for new agreements.

After only one day, 19 Senators had signed the motion, and negotiations are underway with Senators in both the majority and 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 LaRouche to Rome, in which he has 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 eventually passed by the Chamber in April 2005.

The new motion presented by Peterlini goes beyond the technical aspects of speculation and monetary instability, to identify the New Bretton Woods in terms of the concepts laid out by Lyndon LaRouche. It thus represents an important step forward in the debate already underway in recent months, due to the decision of Economics Minister Giulio Tremonti to promote the New Bretton Woods both in Italy and abroad, shortly after participating in a public conference with LaRouche in Rome last year.

The resolution reads:

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

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 can not be filled. Unfortunately, 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 the funds provided by the state to cover the losses provoked 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 subprime 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 provoke 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 local administrations 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 credits), 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 which 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 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 again 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.

Paid for by the Lyndon LaRouche Political Action Committee
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