



PRESS RELEASE

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Final discussion with Guido Anselmi, Francesco Gavazzi and Guido Rossi

WHEN DIALOGUE IS THE APPROACH FOR DEMOCRACY AND THE MARKET

President Dellai: “The theme for the 4th festival will be revealed at the beginning of July. Because this Festival is a home for knowledge, an antidote to fear”

It ended with a goodbye until the next festival, the fourth. “In the first few days of July” – the President of the Autonomous Province of Trento, Lorenzo Dellai said, from the stage of the Teatro Sociale – “we will reveal the theme for the fourth festival. The formula may be updated, but certainly not changed, because once again it has been a major success: in terms of quantity certainly, demonstrated by the statistics, but above all in terms of quality. This Festival offers a major opportunity for those wishing to construct an autonomous viewpoint. It will never be closed to discussion, it will always represent a place for the free exchange of ideas and for real democracy. Thanking all those who have contributed towards achieving this result, I like to think that thousands of people have looked for knowledge and understanding, civilly and through dialogue. Knowledge is the antidote to fear and fear leads to decline. Combating decline means encouraging knowledge. The Festival of Economics has done this and will continue to do so”.

So the third edition of the Festival of Economics drew to a close, with the organisers and sponsors on the stage, at the end of the last debate, the “dialogue” conducted by Giulio Anselmi, Editor of “La Stampa”, with Francesco Giavazzi and Guido Rossi. The umpteenth confirmation of a style – the “Festival of Economics style” – where there is discussion and not argument, where opinions take the route of even-tempered conversation and where raising one’s voice is practically unknown. This was emphasised by Guido Rossi: “Democracy is discussion and that is why the Trento Festival is so extraordinary, it is the best form of democracy. For me it has been an unexpected experience, with people stopping me at the bar looking for further explanation and clarification of what I said the previous evening during a debate”.

The former President of CONSOB and lecturer at the Bocconi University, also a renowned essayist and leader writer, had the task of drawing the conclusions at the end of this third

festival, during a discussion – with a wealth of ideas – on the market and democracy. With one surprise, perhaps: Giavazzi and Rossi found themselves in some agreement on the subject. To the extent that they even made a proposal – “let’s call it Giavazzi – Rossi”, they said – to ensure that banks are prevented from directly controlling funds managing savings. “A proposal for transparency”.

This was one of the many exchanges of ideas on the market and democracy, at a time, began Anselmi, “when both the market and democracy have a genuine need for rules, given that things are not going well for either. There is a democratic recession: 2007 was the worst year for freedom in the world since the era of the Cold War. Not to mention the economic crisis underlined here in Trento in the warnings of Guido Rossi”. Then Anselmi drew some possible conclusions from the intense debates of the last few days: “It is not necessarily true that democracy encourages growth, nor is it necessarily true that wellbeing brings democracy. Up to the 1970s, globalisation as an extension of the capitalist system throughout the world saw a certain balance between capitalism and democratic institutions, but today the capitalist drive has led to development which no longer encourages social fairness. To keep pace with the markets some countries must take steps backwards in the field of legislation and rights. There is a market threat, we no longer have certainties and clichés prevail. The facts show us that the New York stock exchange had 50 per cent of the world market and today it stands at 30, whereas China, which until a short time ago was at zero, already represents 15 per cent”.

In short, there were plenty of ideas for the dialogue between Rossi and Giavazzi. Indeed Guido Rossi. “I don’t wish to be a prophet of doom, I sometimes think we are victims of the magic of words. We use terms which no longer have the same meaning. Participation in voting does not always mean democracy. Democracy is discussion and it is true, philosophically speaking, that economics is our destiny. So it is hard to talk about democracy without talking about economics, but it is also true that one cannot talk about philosophy without talking about economics. So let me say that world of information should also review certain platitudes”.

Francesco Giavazzi. “They have called me a free marketeer and I have written a book in which I say that free enterprise – but I could have said the market – is left-wing. It’s true: because only a market that functions gives opportunities to young people, the weak and those with ideas. Certainly the high-risk mortgage crisis has hurt and will continue to do so. However, thanks to those mortgages the illegal Mexican immigrants who succeeded in making their way across the Rio Grande to enter the United States, after eight and a half years, on average, have been able to purchase a house. Can we say the same of Italy? Clearly there are speculative bubbles. Over the last century these have concerned the telegraph, the railways, the internet and mortgages. However, after each collapse the world gets better. We can’t be expected to give up the internet because of the internet speculative bubble. The market can help the weak. It helps new sectors to open up, so long as it works and does not offer room for insider trading. Regulating the market does not mean not wanting the market. It should not be thrown out, the lesson should be learnt and whatever functions should be retained. The problem of road safety should be faced with speed limits,

not by eliminating cars”.

Guido Rossi. “People ask me about a European agency to control finance. Fine, so long as it has real powers. Here we do not need self-regulation but rather those who enforce the laws. CONSOB? At times it is without power, at others at little distracted”.

Francesco Giavazzi. “Antitrust rules and regulators at European level are important. What is more: the controllers and those controlled must be well away from each other, in order to avoid mingling. The offices of the authorities must not be in Rome, but rather in Trento or Udine. People ask me about Alitalia. A company that in 12 years has only made a profit for one year and today is losing two million Euro a day should be closed, and that’s it. The sooner it goes bankrupt the better”.

Guido Rossi. “Alitalia? It should have gone under ages ago. The question of saving banks is slightly different, it should be weighed up using sensitive scales”.

Francesco Giavazzi. “Here in Trento in the last few days you have had as your guests some young economists who will be Nobel prize-winners in the next twenty years. Andrei Shleifer is one of these”.

To conclude: the conflict of interests. Anselmi summarised: “This is Italy’s biggest trouble”.