

Battling Corruption and its Costs

Judith Harris (February 27, 2015)



Forty-one years ago Indro Montanelli, that late lamented grand guru of Italian journalism, opined sardonically that what Italy needed was a “Ministry of Scandals” to regulate the “atavistic” Italian sin of corruption. With the past six years of a severely weakened economy, corruption has grown, but also brought the problem into the open as rarely before.

ROME - Forty-one years ago Indro Montanelli, that late lamented grand guru of Italian journalism, opined sardonically that what Italy needed was a “Ministry of Scandals” to regulate the “atavistic” Italian sin of corruption. Atavistic or otherwise, the situation has been addressed seriously in the past by the judges of “Operation Clean Hands.”

But during the past six years of a severely weakened economy, corruption has risen its ugly head



once more, while also bringing the problem into the open as rarely before. As of year end Italy was ranked 69th down on the list compiled by Transparency International, at the same level as Romania, Bulgaria and Greece. On a scale of 100 points Italy reached only 43, below South Africa, Kuwait and Montenegro while Germany was given 12th place, and the U.S., 17th.

Italians are the first to cry “shame.” Speaking at the inauguration of the 2015 judicial year on Feb. 10, Raffaele Squitieri, president of the Court of Auditors (Corte dei Conti), said that the prolonged period of economic stagnation has paved the way for bad management and corruption, “in a vicious circle, whereby one is the cause of the other.” Only a few days before this the governor of the Bank of Italy, Ignazio Visco, called the level of corruption in Italy today “intolerable.” And in his inaugural speech as president of Italy, Sergio Mattarella agreed, saying that the level of corruption in the country is “inacceptable -- it devours resources that should be destined to its citizens, it stops the market from functioning correctly, and it favors crime bands while penalizing the honest and capable.”

Although critics like the daily *Il Fatto Quotidiano* say that improvements are unlikely, during the past two years three gigantic corruption scandals have been amply reported, but also dealt with in ongoing investigations that have already sent scores into prison. The three major scandals are kickbacks on construction of the Mose water barrier in Venice; kickbacks on work on the forthcoming Milan Expo; and the admixture of organized crime and corrupt politicians which has brought shame upon the City of Rome. All three have brought cases before the courts and literally scores of arrests already.

The coalition government headed by Matteo Renzi does not seem to be ignoring the problem. Indeed, agreement may finally be in sight for passage of a desperately needed anti-corruption bill which has been pending for the past two years. In a promising step forward, on Feb. 25 the Justice Commission of the Senate approved an amendment that upped the prison terms for public officials convicted of corruption from 4 to 8 years in prison to 6 to 10 years. The Commission also agreed that the falsification of financial reports is a criminal offense, thus reducing the hotly disputed list of non-punishable offenses that would let business leaders slip off the hook.

Still on the agenda is extension of the statute of limitations on corruption offenses – that is, the time period before a crime is considered null and void before the law. At present corruption charges automatically lapse between four and 10 years, depending upon the offense. The government’s new plan would up that period from a minimum of six to a maximum of 12 and, in some cases, 20 years. Plea bargaining would depend upon a plaintiff’s admission of guilt, total restitution of the money, and seizure of any and all his property shown to be of illicit origin.

The pending reform bill has been fought against by Forza Italia since the breach between its leader, former Premier Silvio Berlusconi, and Renzi with the collapse of the Nazareno Pact, which promised cooperation on reforms. The agreement fell apart over Renzi’s PD support for the election of President Mattarella, in defiance of Berlusconi’s choice of Giuliano Amato. Speaking for Forza Italia, Renato Brunetta, head of the parliamentary FI group, warned that, “We will do everything to slow down the reforms.” Beppe Grillo, in turn speaking for the Movimento Cinque Stelle, scoffed at Renzi that, “The government is too weak to make any reform.”

Still, there is movement. This week Rossella Orlandi, who heads the state tax collecting agency, Agenzia delle Entrate, offered absolute anonymity to whistle blowers. Tax offices are vulnerable to illegal deals made between tax payer and collector so, in a circular Feb. 27, Orlandi wrote that, “We must, all together, take responsibility for denouncing not only crimes, but also illicit behavior and any of those actions that do not reflect our common goal of a healthy administration of correct behavior and transparency.” Public employees fearful of retaliation for denouncing colleagues or their own bosses will have complete anonymity, Orlandi promises, and cannot be discriminated against or dismissed from their jobs for having spoken up.



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