Organized Crime: Source of Italy's Economic Strength

Dom Serafini (August 20, 2008)

The publisher of an English-language Italian-American publication, for which I write a regular column, rejected the following article because it "doesn't promote a positive image of Italy." Because of past discrimination, American-born Italians have problems facing issues related to organized crime. To me it's similar to the Japanese refusing to face their war crimes –– the issue still lingers on. In my

view, our community is so strong and well respected as to be able to face the good and the bad with confidence.

It's hard to believe it, but there are enough clues to sense that behind Italy's current “crisis” of the judicial system, there is a clear plan to redefine what the Country stands for. This plan, for now, seems to focus on two sectors: the political and the social. There are no sufficient indications that the plan also includes the financial sector as yet.

Let's begin by listing just a few of the clues from the social sector:

o A judge takes eight years to write a sentence against a few Mafiosi who, therefore, according to the law, have to be freed.

o A judge releases a criminal from jail despite having been convicted of 15 murders. He is re-arrested after his 16th homicide.

o A judge sets free an illegal immigrant who broke a policeman's arm and injured another's knee, simply because the immigrant did not have a criminal record.

o In Padua, volunteer security guards have to patrol cemeteries to prevent vandalism and theft.

Events such as those listed above get plenty of coverage in the daily Italian press, but they stop there. The press also reports daily occurrences where law-abiding citizens get arrested because they tried to defend themselves against robbers. For Italians, trying to defend themselves against drunken illegal immigrants is also becoming problematic. In many cases these immigrants drive without licenses and are the causes of many fatal accidents. There is the case of the gypsies who the judicial system seems to want to keep outside the legal system: free to roam, to squat, to practice child labor and to steal with impunity.

Despite the criticism directed at the police forces, it should be noted that cops tend to do a good job of capturing or discouraging criminals. It is the judicial system that goes haywire when the criminals move from the police stations to the courthouses, as if they'd been entering a revolving door with the criminal being pushed back out.

The judicial structure, like all of Italy's management organizations, has no accountability: the whole apparatus is based on shared responsibility. In the specific case of the judicial system, this is also protected by a large number of laws -- numbering over 100,000 -- many in conflict with each other’s and which allow judges to apply whatever is convenient in a given sentence. Moving to the political aspect of Italy's judicial “crisis,” no politician seems to be spared at the local, regional and national levels. Today, the regions most affected by judicial investigations are Abruzzo, Calabria, Campania, Sicily and Lombardy. At the national level leaders under investigation span the political spectrum, including: Silvio Berlusconi (center-right), Massimo D'Alema (center-left) and Salvatore Cuffaro (center).

As aforementioned, focusing of the financial sector is not, for now, the judicial aim. Indeed, even financial scandals of the magnitude of Parmalat and Cirio -- the largest in Europe and on par with that of Enron in the U.S. -- move in the Italian courts at a snail's pace. Other financial cases mostly ignored by the judicial system are: tax evasion, money laundering by banks and the underground economy.

Technically speaking, Italy is virtually bankrupt. In fact, at the national level, the country has more debt ($2,399 billion) than the value of goods generated ($2,300 billion). State revenues ($1,129 billion) are not sufficient to cover its expenditures ($1,175 billion). These problems are practically without solution.

Nonetheless, the lifestyle in Italy is one of the best in the world. How can this be explained, when the official numbers point to the opposite?

The explanation is all in the financial factors outside the official numbers: the underground economy ($390 billion); the Sicilian Mafia turnout ($140 billion); the money generated by 'Ndrangheta, the criminal organization from Calabria ($69 billion); income from Camorra, the outlaws from Campania ($20 billion) and others add up to a total of more than $624 billion a year that, channeled into the Italian economy, make the country rich.

To make a comparison, imagine a company that has assets of $230,000 and debts of $240,000, with annual income of $112,000 and expenditures of $113,000. Where would such a company be heading if not towards foreclosure? Now picture the same company receiving an annual inheritance of $624,000, and you can see how, all of the sudden, this company becomes rich.

Under these conditions, the judicial design for Italy cannot, for now, include the financial aspect. It is possible that, tackling the Italian underground finances, the whole house of cards -- under which the country's economy is built -- would crumble, without having resolved anything.

Then, it is logical and more practical to first tackle the political system by also leveraging the social malaise mostly generated by the unsafe state in which Italians live. It is only once the institutions are strengthened that the underground finances can be effectively challenged. Today the judicial system has to limit its actions only to those criminal elements found “expendable,” meaning placed outside the underground core business.

This latest assumption could be proved by actions such as those by judge Corrado Carnevale who annulled hundreds of sentences inflicted by lower courts to underground criminals. For his actions Judge Carnevale was promoted and now presides over one of Italy's Supreme Court divisions.

Another indication could come from punitive actions against judges who act outside the “big picture,” as with the case of Judge Clementina Forleo, who was investigating illegal Italian bank takeovers and who was herself first indicted then suspended and, later, transferred from Milan to another city.

(This article does not necessarily reflect the views or opinions of i-Italy)

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