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“CLEAN HANDS” FOREVER ?

The Italian experience in fighting corruption shows that when we deal with this issue we should be prepared to stand a chain of events, a set of actions and counteractions that can last for a very long time. Actually, we should abandon the idea of the fight against corruption as a once-and-for-all event: a corrupted country, firm, office, environment on one side. An effective anti-corruption strategy on the other, with a final “victory” measured in terms of improved transparency and efficiency of the former corrupted entity.

Things do not stand this way. The bitter lesson of the so-called “clean hands era” in Italy is that when pervasive corruption in the public administration and in the political process seems to be effectively countered, and you are induced to believe that you live in a more decent country, this is the moment in which somebody is ready to counterattack, thus getting quick results.

International discussions on anti-corruption strategies focus mainly on “good” ways to reduce graft and bribery in the early stage of the fight. Once you established a set of norms, institutions and behaviours (independent investigative and judicial bodies, free press, better internal regulations, codes of conducts, and so on) most of the job is done.

But what about the reactions of the crooks?

Are we sure that our moral superiority can translate into a long-term prevalence over the corrupted people? Are we sure we fully understand their logic and behaviour? Are we sure we are not overlooking their ability to react with better strategies for our actions against them? And are we sure we take into account the full process of corruption, its relationship with banking, politics and crime?

I say so because I am thinking about the experience of a developed country, i.e. Italy during the ‘90s and until today, and about my own experience in fighting money laundering and corruption since a long time.

Let's start with what happened to the “clean hands” movement. Three main counter-reactions to it should be considered.

The first is what I call the solution through **legalization**. It is always a radical solution - one of the most extreme, indeed - to eliminate a crime making it legal. Since one of the main sources of Italian corruption of the postwar period was the political parties' appetite for extra sources of financing, and most of the defendants in the clean hands cases said that they were stealing for the party, i.e. for a more noble cause than personal greed, the solution the Parliament found was to increase the money given by the public treasure to all political parties. Each Italian party receives a certain amount of money in proportion to the number of the votes it takes: one vote, one bill.

This funding increase was so big that the parties' lust for money was apparently satisfied. Since the end of the '90s we don't see anymore cases of politicians indicted for systemic corruption. Only individual cases are now at the forefront from time to time. Cases belonging to the “classic” corruption schemes: kickbacks given to public officials in exchange of favours for the distribution of collective resources.

The second reaction to the clean hands success was the triggering of a process of **roles-reversing**: investigators have been put under accusation - in the Parliament and in the press - for violation of the rights of the defendants. Italian private TV channels (as you know they belong to one person, the Prime Minister) and many newspapers started to campaign against the anti-graft Prosecutors saying they were communists. It didn't matter that communism was over, and that most investigators had nothing to do with politics. And it didn't matter that 92% of the clean hands cases ended up, after many consecutive appeal trials, with the tribunals confirming the accusations. The important thing was to frontally attack and de-legitimize the judiciary as such.

The third counter-strategy was to make corruption **less visible**, more sophisticated and more “global” in the sense of “foreign-oriented”. Illegal money disappeared more quickly from the Italian banks, and entered the offshore and the (more important) “inshore” financial system in larger amounts. The course of action was similar to what we can call the “Halliburton model”. A firm that belongs to an associate of the Prime Minister - for example his brother - enjoys the consequence of a law that regulate the cable TV. You don't have kickbacks in this case. You don't need that. The scheme is legal.

This third counter-strategy is the most dangerous because it is a clever response to the most effective attacks. It mirrors wider trends. According to the degree of the anti-corruption regime of a given country, you have a more or less visible corruption phenomenon. You have a kind of division between more “backward” situations, where illegality, graft, and violence linked to graft are blatant and widespread on one side, and more “advanced” contexts, where corruption doesn’t stink anymore, because it doesn’t look overwhelming and is less material and less observable.

At world scale, however, these two stages of graft are deeply complementary, as two sides of the same coin. On the dirty side you have the Russian Mafioso, on the “clean” one you have the Swiss, British or American banker. In Chile you have Mr Pinochet, in the USA you have the Riggs bank officials from Washington who invite Pinochet to open an account at their bank and help him to disguise millions of dollars that had been stolen from the Chilean people.

Unfortunately, this counter-strategy works. And it will continue to work until we will not be up to the challenge.