

More held as MPs frustrate Amato

From PATRICIA CLOUGH in Rome

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PLANS by Giuliano Amato's government to restart public works projects frozen by the current wave of corruption scandals were blocked in the Italian parliament yesterday while fears grew that the crisis would compound the country's economic woes.

Italy's industrial world was rocked yet again as the presidents of three prestigious firms in the state-owned ENI group were taken off to join other VIPs in the political and business world in Milan's San Vittore prison.

They were Gianni Dell'Orto, president of Saipem, which specialises in engineering and oil exploration equipment, Pio Pigorini, of Snam, the gas and pipeline firm, and Rafaele Santoro of Agip, the oil company with the logo of the six-legged, fire-breathing dog. Altogether five members of ENI's senior management have been arrested this week.

The Treasury police raided the headquarters of the three firms at San Donato Milanese at the dead of night and searched and sealed them. The employees were sent home again when they turned up for work in the morning. The three men have been charged with violation of the law on party financing and with producing false accounts.

Their arrests were reportedly linked with the arrest and interrogation on Wednesday of the Italian financier Pier Francesco Pacini Battaglia, president of the Karfinco, a private bank in Geneva which has close links with the ENI group. He was released again yesterday.

All this has had a destabilising effect in the currency markets. The Italian lira, which had begun yo-yoing wildly again as the government's fate hung in the balance earlier in the week - to the extent that the Bank of Italy had to intervene - remained weak but relatively stable yesterday as things calmed down.

After the stormy protests against the Prime Minister in the Senate on Wednesday, the spotlight turned to the Chamber of Deputies, where a debate opened on the 'moral question' posed by the revelations of mass political corruption. But, apart from the odd cries of 'resign, resign', the atmosphere was calm and the majority of deputies did not even bother to turn up.

In the Senate, however, a government decree to rescue the construction industry, partly paralysed by the scandals, was stopped by the Constitutional Affairs Committee. The committee objected to its form as a decree, which has to be accepted in its entirety or rejected within six weeks. The alternative is the normally very slow progress through parliament - which is why governments frequently resort to decrees.

Many public construction projects are frozen because the contracts and the companies and politicians involved are under investigation for corrupt dealings, or because people are now terrified

of signing anything that might get them into trouble. It is estimated that between 100,000 and 200,000 jobs are currently at stake.

The Public Works Minister, Francesco Merloni, said that the government did not want innocent workers to have to pay for the misdeeds of their companies' owners, and promised a transformation of the laws on the awarding of contracts.

But opponents argued that this was yet another move to 'wipe the slate clean', along the lines of the government's disastrous attempt to keep politicians out of jail last week, and that contracts which had been awarded unfairly should not be allowed to continue.

The government's fiasco may, however, seriously damage its capacity to cope with Italy's economic crisis, and this was Mr Amato's main priority when he took office eight months ago.

Some observers fear that the government now lacks the authority to make further budget cuts or take the measures needed to deal once again with its overshooting state deficit.

Yesterday police arrested the head of Italy's export credit guarantee body on corruption charges, court sources said.

The Italian national news agency said Roberto Ruberti, director-general of the body which guarantees credit lines for Italian exporters, was accused of 'aggravated corruption'.