

Italy pulls plug on the corporate connection: Patricia Clough in Rome on arrests that expose state industry as a political tool

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THE fire-breathing, six-legged Agip dog has been dragged from his pedestal as the juggernaut of the Italian corruption investigations crashes through the country's prestigious state-owned industries.

The dog is the symbol of ENI, the petrochemicals, gas, engineering and pipeline colossus, the third biggest industrial conglomerate in Italy and one highly respected abroad. Its president, Gabriele Cagliari, and the chiefs of its four main subsidiaries landed in Milan's San Vittore jail last week, accused of passing huge sums of money to the politicians. Among them they controlled a turnover of about pounds 20bn and 73,960 employees worldwide.

The effective decapitation of a group providing nearly half the country's energy needs came in a week when the scandal over the illegal financing of the political parties had shaken the government. Scuffles had broken out in parliament, and the Prime Minister, Giuliano Amato, due in London today, survived a confidence vote on Wednesday.

In little over a month, Italians will be voting in a referendum which, though posing minor changes to the electoral system, will really be a plebiscite on the political system.

With the ENI arrests, the Milan magistrates conducting the investigations believe they have struck at the web of unhealthy ties that had grown up between political parties and the top echelons of the state-owned industries. ENI's founder, the brilliant and unorthodox Enrico Mattei, used to say he used the political parties 'like I use taxis'. He created and financed a faction within the Christian Democrats, and used his influence and money to get the decisions he wanted.

But after Mattei's mysterious death (perhaps murder), when his plane crashed in 1962, the relationship was reversed: the parties used ENI for their own ends. At first it was the fief of the Christian Democrat party. Then in 1979 the Christian Democrats passed it to the Socialists in return for political support.

But the same year the first scandal broke: the Socialist-backed president of ENI turned out to be a member of the P2 Masonic plot, a huge kickback was uncovered - not by magistrates but by a Socialist leader who feared it would go to another and make him more powerful - and the president had to go.

Not long afterwards, Socialist link-men are believed to have induced ENI to lend 150bn lire (pounds 68m) to the crooked banker Roberto Calvi, to try to salvage his Banco Ambrosiano. In exchange, it is alleged, Calvi, later found hanged in London, had dollars 7m or more paid into a secret, numbered Swiss bank account. This account is figuring large in charges against Bettino Craxi, the Socialist former prime minister.

After a succession of three presidents, all effectively sacked by the party, two commissars and further murky affairs, a respected university professor was enlisted in 1983 to put the organisation, by then in a bad state, back on its feet. Then in 1989, Mr Cagliari became president. What happened after that, the magistrates are now in the process of finding out.

An important role appears to have been played by a Tuscan financier, Pier Francesco Pacini Battaglia, nicknamed Chicchi, who was arrested, interrogated for 14 hours, then released last week. Since 1987 he has headed a private bank in Geneva called the Karfinco, which is closely linked with ENI.

Karfinco was allegedly the means through which foreign- based ENI slush funds were paid into the Swiss bank accounts of political parties, not only, it is believed, those of the Socialists.

Karfinco's activities, according to Giuseppe Turani, La Repubblica's star economic writer, are liable to make ENI's previous secret doings look like youthful errors. 'Inside Karfinco and its relations with ENI is enough to bring down half of parliament.'

At present ENI is in the hands of its managing director, Franco Bernabe, who has called a shareholders' meeting for 31 March to nominate a new president and new boards of directors for the subsidiary companies, thus replacing those put there by the political parties. He is insisting that ENI will get over this difficult phase. 'We are a great company with a firm position on an international level and with a strategic role in our country,' he wrote to employees. His task, he said later, was to 'bring out the great human and industrial strengths, and show that the old, compromised spirit has gone.'