



## PRESS RELEASE

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The forum with Collini, Gallino, Ghidini, Grande Stevens and Tabacci

### DEMOCRACY AND BUSINESSES IN SEARCH OF CONSISTENT RULES

**All too often economics anticipates the law and rather than “company balance sheets” we need “truthful balance sheets”**

The forum ended with Paolo Collini, Head of Trento Faculty of Economics, saying: “In order to ensure that the relationship between democracy and business has a sense, the rules must be clear. In short: everyone must play their part. The roles must be clear. The state should not take the role of entrepreneur nor should the company intervene in the sphere of the state”. There are signs of a typically Italian anomaly in the conclusions of the long (two hours) and complex forum in the Depero room. “Democracy and business” was the title. The coordinator was Marco Panara, a journalist with the “Repubblica”. Alongside Collini – whose role was in theory to “introduce”, but who actually contributed stimulating comments on every aspect of the debate – there were important names, well-known authorities in their field.

The participants were Luciano Gallino, sociologist and author of “Il lavoro non è una merce”; Gustavo Ghidini, Lecturer in Industrial Law, who has written important papers on consumer rights; Franzo Grande Stevens, lawyer and President of the San Paolo foundation; Bruno Tabacci, a Member of Parliament for the Rosa Bianca party, who has dedicated considerable attention to liberalisation and to consumers.

The debate was intense, often see-sawing between the observation – somewhat bleak – of how difficult it is in Italy to establish a culture bringing together democracy and business and the equally necessary observation that the mechanisms of globalisation (which Grande Stevens preferred to call “economics on a world scale, because if there were truly globalisation there would be a need for global rules and sanctions for everyone, whereas the truth is that there is conflict between states and groups of states, and thus we cannot talk about market and democracy only with reference to Italy, but must instead link up to a global storm which comes from outside”) oblige us to widen our horizons.

Paolo Collini presented a series of “provocations”. The need for companies to ensure transparency, information and correctness in communicating their results: a fundamental

step in combating the lack of clarity which often dominates the economic scene. Followed by operational rules: “there is much worry about the time limits for the election of politicians. Couldn’t there be limits for company managers? Especially if they are providing disappointing results”. Continuing: those taking risks in a company merit more participation and this could also involve workers, also with forms of participation in profits. Furthermore: beware of cosmetic privatisation with a public system which is still powerful, given that in many contexts the main companies are precisely public services, from health to transport. Is this right? Finally: consumers ask for correctness and transparency. Are the increasing number of class actions enough to make this role become a little less marginal and humiliating?

These were the cards put on the table by the Chairman. The speakers had the task of taking, considering, evaluating, interpreting, leaving and discarding them, if necessary raising the stakes or showing new ones.

Bruno Tabacci. “In Italy I see a distance between the rules established and how they are applied. There is an approximate approach to legality. We are more used to cunning than to responsibility. A deafening silence has fallen around the Alitalia affair: the shares rise 250 per cent in a week thanks to rumours carefully circulated and nobody has anything to say about it? There is no lack of rules, there is little desire to apply them. Rather than a company balance-sheet we need to have a truthful balance-sheet. To say nothing of banks: I see bankers convicted in the first instance who not only stay in their jobs but have a successful career. I should add that the role of democracy is also put on the line in the link between newspapers and economic power. We know how the television system works in Italy, but there is also silence from the wider press on certain economic issues. Everyone plays their part. There is detachment in terms of rights and duties. If duties do not come into play, rights are ephemeral”.

Gustavo Ghidini. “Ambiguity reigns supreme in Italia. The participation of small shareholders through funds is a typical example. They indeed become representatives of interest in the short-term maximisation of profit, which not by chance pays benefits in terms of the stock options of managers. Voracious appetites, locusts as they call them in Germany. Enemies of business development based on research and development. If I try to recall those who have pursued research and development in the economic history of Italy, Olivetti is the only and by now distant positive example I can recall. However, there is another ambiguity. There is much talk of the social responsibility of businesses. But today businesses put their trust in a rapid cosmetic image. They use media policy with contempt for consumers and small shareholders. Let businesses do their business and leave charity, restoration and good works to the foundations: that is what they are there for. Have we forgotten that in order to implement the European concept of misleading advertising we had to wait eight years? Giy: the laws arrive from the EU, here we do not legislate on anything, whereas what we need are rules without frills, distractions, smoke and alibis”.

Luciano Gallino. “How many financial disasters there have been from 2000 until now. Have we forgotten that Enron, the seventh largest group in the world, disappeared in just a few weeks? As for Italy, it has the world record: have we forgotten the Parmalat affair? Now we

are in the midst of the easy mortgage affair, especially in the USA. Note that thousands of millions of dollars have disappeared. The origin of all this is the irresponsible behaviour of managers or whole companies. There are those – Bush for example – who talk about bad apples. But it is a term which distracts from analysis of the structural causes of scandals. The fact is that today firms and companies, in the era of uncontrolled finance, demand that every investment yield 15 or 20 per cent in the short term. It doesn't matter how, where and at what price. Conditions for workers, respect for the environment: none of this matters. The fact is that for many managers it is difficult to pursue the social responsibility of businesses. The ethical codes make one smile. Abroad there is a major effort underway to rewrite the rules for companies. There are many innovations and a commitment to ensuring that democracy and businesses can coincide. In Italy, to date, nothing".

Franzo Grande Stevens. "I wish to emphasize that we live in a general scenario because we are not isolated. It is instead true that our constitution gave us the initial reason for a free and democratic market. In this sense the constitution was far-sighted. However, the economy anticipates the law. There are the shadows of a diseased finance that speculates on credit and shares, in order to suck up as much income and dividends as possible. There is an urgent need to establish fixed rules to prevent certain uninhibited behaviour".