

PUBLIC SELECTION BASED ON QUALIFICATIONS AND INTERVIEW FOR THE AWARDING OF NO. 1 GRANT LASTING 12 MONTHS FOR CONDUCTING RESEARCH IN ACCORDANCE WITH ART. 22 OF LAW OF 30.12.2010 NO. 240 AT THE DEPARTMENT OF MANAGEMENT, ECONOMICS AND QUANTITATIVE METHODS OF THE UNIVERSITY OF BERGAMO (ACADEMIC RECRUITMENT FIELD 13/A2 – ECONOMIC POLICY - AD – ACADEMIC DISCIPLINE SECS-P/02 – ECONOMIC POLICY).

announced with decree of the Rector Rep. no. 9/2018 of 11.01.2018 and posted on the official registry of the University on 11.01.2018

RESEARCH PROJECT

TITLE: *“The P2 Lodge in the Seventies and Early Eighties: Industrial Structure and a Potential Democratic Collapse”*

Recent years have witnessed the flourishing of a body of economic literature about the empirical evidence of statistically significant relations between political connections, economic rent and the economic performance of firms.

The present research project contributes to the strand of this literature that proposes a quantitative measurement of the value of the political connections of the firms.

The previous literature studied the reaction of the stock market to the seizure of power of specific political parties: for instance the National Socialist German Workers’ Party in Germany during the Thirties or the National Fascist Party in Italy during the Twenties.

We will not focus on the connections between firms and political parties. Our analysis will be devoted to a clandestine organization operating in contravention of Article 18 of the Italian Constitution that prohibits secret associations.

The activities of the P2 (the Italian secret Lodge headed by Licio Gelli) emerged during the investigations by public prosecutors on the banker Michele Sindona for the collapse of his bank.

In March 1981, the police found a list of alleged members in Gelli’s house: 962 names, among which were important state officials, politicians and military officers, including the heads of the three Italian secret services.

Prime Minister Arnaldo Forlani appointed a Parliamentary Commission of Inquiry, headed by the independent Christian Democrat Tina Anselmi.

In May 1981, Forlani was forced to resign due to the P2 scandal, causing the fall of the Italian government, but the Commission continued its works. In January 1982, the P2 lodge was definitely abolished by the Law 25 January 1982, no. 17.

Further details of this still mysterious story kept unfolding in the following years: In July 1982, new documents were found hidden in the false bottom of a suitcase belonging to Gelli’s daughter at Fiumicino airport in Rome. The documents, entitled Memorandum sulla situazione italiana (Memorandum on the Italian situation) and Piano di rinascita democratica (Plan of Democratic Rebirth), were recognized as the political programme of P2. They identified the main enemies of Italy with Italian Communist Party (PCI, the second biggest party in Italy and one of the largest in Europe), and the trade unions. In order to neutralize them, they laid out a plan for of extensive political corruption:

"political parties, newspapers and trade unions can be the objects of possible solicitations which could take the form of economic-financial manoeuvres. The availability of sums not exceeding 30 to 40 billion lire would seem sufficient to allow carefully chosen men, acting in good faith, to conquer key positions necessary for overall control."

Our main research goals are the following:

1. Estimate the nature of the P2 strategy. In particular, we need to identify the different industrial sectors and particularly the parts of the banking system in Italy.

This first issue requires performing an event analysis to observe firms’ stock prices in the proximity of some crucial events.

2. Estimate the P2 network and possibly opposing networks.

As stated in the Parliamentary Commission of Inquiry on the case of Michele Sindona and on his possible political responsibilities: “banks were the central engine of the activities of the group, moreover because they provided the resources either openly or covertly (fiduciary deposits). The concentration of the risks related to the credit transactions was always high [...] Banks also needed to realize the group stock market’s strategy, by supporting quotes, widening the circle of the investors and providing credit in the form of carry over”.

We expect to complete the research project within one year.

The activity will be divided in two steps:

- a) Perform the event analysis on Italian stock market data;
- b) Prepare a dataset starting with the 962 names in the P2 list and perform the network analysis of the members with the Italian industrial sectors and particularly with the banking system;
- c) Estimate the value of P2 affiliations and their integration within the industrial, financial and political powers. This requires a clear understanding of who did not belong to the P2 network.

We expect to produce some working papers to be presented at international conferences and to be submitted for peer-reviewed publication.