Peace, easy taxes and the tolerable administration of justice [1]

Written by Tim Worstall [2] | Friday 6 April 2012

Is, as we know, all that is required to lift a nation from the lowest barbarism to, well, to riches untold by earlier standards in fact. However, once we've got rich we can't just sit back and assume that we'll continue to do so as Italy shows us. Contrary to many reports on the economics of the place it's not actually grossly overindebted. Most of the public debt is owed to Italian households for example, something that is always much easier to deal with than those pesky foreigners. However, what the place really doesn't have in any noticeable form is economic growth. That's what's making the debt to GDP ratio look problematic and we might be able to find a good reason for that too [3]:

The U.S. Supreme Court reviews around 100 appeals per year. The number for Italy's top appeal court, serving a population a fifth the size? More than 80,000.

Italy has 40,000 lawyers specializing in supreme court cases. According to Valerio Spigarelli, head of Italy's top criminal lawyers body, the number in neighboring <u>France</u> [4], with a similar population, is 25. They are among 240,000 lawyers in Italy, compared to 54,000 in the country next door.

Statistics like this give a glimpse into a chaotic, byzantine legal system which not only reduces citizens to despair and has senior judges tearing out their hair, but acts as a serious disincentive to foreign companies planning to invest and a powerful brake on the euro zone's third economy.

Everything from a simple dispute among tenants of an apartment block to attempts by Prime Minister Mario Monti to revive Italy's stagnant economy are at the mercy of a system that can delay final judgment for many years.

Note that for reasons economic we do not need a perfect administration of justice. Only a tolerable one, one that produces roughly fair outcomes in roughly reasonable amounts of time. That being what Italy seems not to have of course.

I put this here not to make fun of Italy or their legal system. Rather as a warning to those who would mess with our own. Yes, there are undoubtedly things that we could do to make the legal system more finely grained, make it mill and grind smaller: but we need to understand that we also need those wheels to grind quickly if we are to have that tolerable, rather than perfect, administration of justice. That thing without which our children will not be richer than we are.

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