

By Leo Sisti

In her plush suite at the Rome Sheraton Hotel, private healthcare manager Anna Giuseppina Iannuzzi regularly received high-ranking politicians and councilmen charged with overseeing the Regional Health Service of Latium. Known as “Lady Health,” Iannuzzi sat at her desk in Room 6031 – decorated with the white and yellow flag of the Vatican — and handed out bribes. In return for the money, the local officials allowed her clinics to enter into contracts with the Latium Region.

The Italian national health system, whose budget is regulated and supervised by the regions, provides citizens with medical treatment in public hospitals and private clinics, ostensibly free-of-charge, through contracts with private companies that own clinics. In other words, through special deals, private clinics hospitalize patients with taxpayers’ money. In the case of unlawful contracts, companies can benefit from inflated revenues and profits that eliminate rivals.

“Lady Health” was an entrepreneur who boasted close connections to high-powered Vatican officials. She handed out millions of euros in bribes between 1997 and 2006 in her quest to gain lucrative contracts. Once arrested in February 2006, she collaborated with Rome prosecutors and revealed the names of the officials she bribed, who were later arrested or investigated. The officials allegedly include an undersecretary of the current government led by Prime Minister Romano Prodi. In March 2007, “Lady Health” was sentenced to eight years in prison. She appealed the sentence.

Kickbacks, such as those given by Iannuzzi, are one of the main reasons why the Latium Region faces a deficit of 10 billion euros (US\$14 billion) a year in its books. And that is only the tip of the iceberg. It is easy to find examples of how the state budget is looted by corrupt bureaucrats, politicians, and businessmen. It is hidden in the work of pharmaceutical representatives who urge family doctors to prescribe lots of drugs for their patients in exchange for “gifts” or through fully-paid trips to exotic places to attend “seminars” and other luxurious junkets.

Corruption is still “a widespread phenomenon,” said Claudio De Rose, chief prosecutor of the Supreme Audit Court (Corte dei Conti), which oversees the legality of government procurements and reviews public expenditures.

The president of the Supreme Audit Court, Fulvio Balsamo, agrees and adds an important point: “(The Government) indiscriminately cut down Justice spending... paradoxically facilitating corruption and crime.”

Piercamillo Davigo is an expert on corruption. As a magistrate, he was a member of a special team of Milan prosecutors dubbed the “anti-graft crusaders,” who from 1992 through the early 2000s fought corruption under the name of the “Clean Hands” investigation. “Clean Hands” unearthed a system of patronage and bribery involving politicians and businessmen, the most important official implicated being the former Socialist Prime Minister Bettino Craxi.

In 2006 Davigo became judge of the Court of Cassation (Corte di Cassazione), the highest tribunal, which decides on rulings issued by lower courts. According to Davigo, “Corruption is not only an Italian phenomenon, but in other countries the situation is not so rotten...car thefts are always reported, pick-pocketing often is not. Rarely is corruption reported. Witnesses do not exist. Furthermore, corrupt people and bribers are not interested in reporting a crime of corruption to the police because they can be punished”.

In 2007, Davigo and Grazia Mannozi, a professor of Criminal Law at the Como University, released a book detailing their investigation into two decades of criminal response to corruption cases from 1983 through 2002. The investigation used data from the Italian Criminal Records Office, as well as data from the National Statistics Institute (ISTAT-Istituto Nazionale di Statistica).

The results were startling. Davigo and Mannozi reported that the number of corruption-related convictions reached their peak between 1993 and 1994. After 1994, the number of reported bribery crimes slowly decreased, while in the year 2000 the numbers were back on the same level as 1991, a year before ‘Clean Hands,’ began. “Files show that the peak number of convictions was reached for corruption-related crimes committed between 1989 and 1993. From 1994 on, the number of bribery crimes was widely reduced,” they wrote.

Why? Davigo and Mannozi suggested two explanations. The first is that “Clean Hands” investigations sent an important signal of “law enforcement risk” and served as warning to potential criminals that they were more likely to get caught. However, Davigo and Mannozi disagreed with this explanation for two reasons. They noted a substantial gap between the number of convictions and the number of

crimes reported, leading them to believe, they wrote, that the phenomenon of corruption had not lessened, instead something had gone wrong in prosecuting it. They also noted that the level of perceived corruption in Italy is still high, according to Transparency International. The organization's polling data shows that public opinion, even after 1994, considers Italy to have more corruption than the rest of the West.

Davigo's and Mannozi's book also mapped Italian corruption using data from the Appellate Courts. Their findings were astonishing: "According to the number of convictions gathered as final judgments, entire geographical areas of Italy are seemingly untouched by 'Bribesville,'" they wrote.

Milan, where "Clean Hands" broke in 1992, had the highest number of convictions (882), followed by Turin (568 cases) and Naples (538 cases), while Genoa was less affected by "Clean Hands" with 137 cases. It is surprising, the authors wrote, that "Florence was barely touched by the 'Clean Hands' phenomenon." As for southern Italy, in Lecce, located in Apulia, there were many successful prosecutions. In Reggio Calabria, however, only two convictions were reported in 20 years.

The data from Reggio Calabria is unbelievable, considering the following statement from one of the area's former mayors, Agatino Licandro, a confessed corrupt politician: "180,000 inhabitants live in Reggio Calabria. We live in a system that, without bribes in the right moments and in the right places, would be paralyzed."

It is difficult to believe that Reggio Calabria is free of corruption, especially because of the connection between corruption and organized crime. This connection is supported by data collected by Davigo and Mannozi from the Appellate Courts of Southern Italy. "Corruption is often less detected by authorities when it is 'handled' by organized crime through methods of intimidation and when it takes place within the so-called culture of the 'code of silence.'"

The "marriage" between organized crime and corruption is evidenced through the connection of the Sicilian mafia and its offshoots (Ndrangheta in Calabria, Sacred United Crown in Apulia and Camorra in Campania) to the building firms that are awarded contracts for public works. Needless to say, politicians often preside over contracts.

Another important aspect of the Davigo-Mannozi research compared corruption convictions between Italy

and Finland. According to a 2006 survey by Transparency International, which measures people's perception of corruption, Finland was ranked as Europe's least corrupt country with a Corruption Perception Index (CPI) of 9.6 out of a perfect 10. Italy, however, was ranked near the bottom, with a CPI of 4.9, followed only by Greece. As a result, the number of corruption convictions in Italy should be much higher than those of Finland. In reality, however, the rate of convictions in Italy is only slightly higher than in Finland.

"There's no proportion in terms of CPI," Davigo and Mannozi wrote. The difference between corruption, as it is "perceived" and corruption, as it is quantified through judicial convictions, is accounted for by the "dark number", the bulk of crimes that could be punished, but are never reported.

Another aspect of Italian-style corruption is that it is serial – once a person is bribed, they will usually always accept kickbacks. This conclusion for Davigo was discouraging. "Corruption is increasing," he said. "We captured the slowest zebras, but the fastest zebras are still on the run."

In 2006, the Italian Tax Police (Guardia di Finanza) seized 150 million euros (US\$211 million) in kickbacks and investigated more than 1,000 people. General Giuseppe Vicanolo of the Italian Tax Police said that 50 percent of corruption cases involve the civil service or the national government, the remaining 50 percent involve local authorities.

"It's worse than in 1992," Vicanolo said. "Corruption is growing in geometric progressions." Political parties are on the dock. Bruno Ferrante, former high commissioner in charge of the fight against corruption, is clear: "When costs of politics are so high, I'm afraid of expecting a lot of bribes".

Is there a chance to improve the situation? Little has been done in the past to ensure government accountability. From 2001 through April 2006, former Prime Minister Silvio Berlusconi ran a center-right coalition at the helm of his Forza Italia party. Several times during his administration, Berlusconi changed laws to allow for his own acquittal from indictments. For example, the crime of false accounting, once a very serious crime, was substantially decriminalized to a sort of misdemeanor.

In 2006, the new government, a center-left coalition run by Romano Prodi, granted a pardon for people convicted of corruption. Looking into the ranks of the Parliament, it is

easy to understand why the government is so afraid of prosecuting corruption. Six members of Parliament have been convicted for corruption, without mentioning other members convicted for illegal financing political parties, as well as for other crimes. In 2006, 82 out of 930 members of Parliament, deputies and senators had been convicted of or investigated for crimes.

In their book Davigo and Mannozi suggested a solution that aims at shedding light on the famous “dark number.” It is a simple measure that would be inserted in the new Criminal Code and be prepared by a special commission. It is intended to boost the collaboration of victims of bribery, who would be encouraged to denounce episodes of corruption without running the risk of being sanctioned. It remains to be seen, though, whether this suggestion will be accepted.

Reporting in this notebook is based in part upon Piercamillo Davigo and Grazia Mannozi's work, “La corruzione in Italia-Percezione sociale e controllo penale” (“Corruption in Italy-Social Perception and Criminal Control”), published by Laterza, Rome-Bari, 2007.