

ANNEX 1: CASE STUDY – ITALY

1. Synopsis

Corruption and organised crime in Italy are closely intertwined. When investigations into corrupt activities are launched, the involvement of some criminal organisation is usually discovered. By the same token, when organised crime is investigated, the involvement of some corrupt politician or entrepreneur often comes to light. The relationship between corruption and organised crime in the country, however, does not lend itself to conventional analyses imputing to the latter the main responsibility for the spreading of the former. In fact in Italy widespread corruption within the social, economic and political spheres attracts organised criminal groups, encouraging them to participate in corrupt exchange and indirectly boosting their other various illicit activities.

2. Introduction

The information collected in this case study is based on:

- judicial documents, namely documents produced by courts in relation to proven cases leading to convictions and consequent penal sentences;
- journalists' sources discussing proven cases or ongoing investigations and trials;
- academic work discussing the above or analysing general issues around the causes and persistence of both corruption and organised crime;
- interviews with nine key informants.

Interviews were conducted with three judges, respectively an investigative judge working in Palermo (**J1**), an investigative judge working in Florence (**J2**) and a judge sitting on the National Council of Magistrates (Consiglio Superiore della Magistratura) (**J3**). The other two key informants were senior academics based at the University of Palermo and the University of Turin respectively (**A1**, **A2**). All five informants are also prominent authors, as they have produced a variety of publications in

Name	Position	Institution
J1	Investigative judge	Florence court
J2	Investigative judge	Palermo court
J3	Judge	Council of Magistrates
A1	Academic	University of Palermo
A2	Academic	University of Turin
G1	Ex-Officer	Guardia di Finanza
G2	Lieutenant Colonel	Guardia di Finanza
C1	Internal auditor	Italian Customs Agency
I1	Independent researcher	Transcrime

3. Background: organised crime in Italy

OC as a Social Organisation

*In order to identify the different interpretations of organised crime, it is useful to refer to the concept of social organisation. This concept relates to the variety of social relations which give rise to two types of networks. First, social organisation can be viewed as an association, a **network of individuals** who form some sort of culturally homogenous group. Second, social organisation can be seen as a **series of transactions**, a network of individuals involved in a common activity, without necessarily belonging to the same association, or without necessarily being socially and culturally homogenous. Transactions range from brief encounters to elaborate, rigid, and highly coordinated undertakings.*

Some scholars, but also investigators, have chosen the first route, thus describing the criminal groups as separate entities constituted by cohesive enclaves and characterised by specific cultural codes. Others have opted for the second route, therefore focusing on the links the criminal group establishes with external, mainly official actors with whom joint activities are carried out (for this approach, among many others, see Arlacchi 1983; Ruggiero 1996; Armao 2000; Dino 2008; Lodato and Scarpinato 2008).

Those who have chosen the second route may highlight the capacity of organised crime to polarise markets through the use of violence, thus implying that the 'military' aspects of this type of crime are still very important. Others look specifically at the alliances and partnerships between organised crime, the official economy and the political world, and therefore suggest that organised crime combines forms of conventional criminality with a variety of white collar offences. This happens, in particular, when proceeds from illicit activities are invested in the official economy, where members of criminal groups are said to 'learn' the techniques and the rationalisations of their white collar counterparts. In this way, one could say, these groups do not corrupt markets, but they »

the form of books and articles on the subject matter. In addition, four face-to-face or telephone interviews were conducted: with one former and one present officer at Guardia di Finanza (**G1**, **G2**), with a Customs representative (**C1**), and with an independent policy researcher (**I1**). The interviewees were willing to participate in the project on condition of anonymity.

3.1 Indigenous criminal organisations

To gain an understanding of organised crime in Italy, it may be useful to provide a preliminary distinction of the different types of organisations:

- There are organisations mainly engaged in conventional illicit business, such as prostitution, gambling, smuggling, the supply of drugs, and so on. These organisations are criminal enterprises or syndicates operating in illegal markets, in the so-called underworld, where they promote, or respond to, demand for prohibited goods. In addition to some local criminal enterprises, a number of foreign-based ones (e.g. Albanian, Romanian, Bulgarian) form part of this type.
- On the other hand, there are organisations which do not limit their operations to the realm of illicit markets but also gain access to the official economic and political spheres. Such organisations, through their simultaneous presence in legitimate and illegitimate domains, exert territorial control and constitute 'power systems' which transcend conventional criminality. The very phrase organised crime, in Italy, mainly refers to this particular type, exemplified by organisations such as the Sicilian Mafia, the Camorra in the Campania region and the 'Ndrangheta in the Calabria region.
- The relatively recent development of another organisation operating in the Puglia region, the Sacra Corona Unita, is said to be the outcome of the influence of the Camorra in the region, where local groups claimed and slowly achieved independence from the Neapolitan organisation.⁷⁶ It is hard to establish the degree to which this group operating is capable of forming partnerships with official economic and political actors in Puglia. The groups that are certainly unable to do so are formed by non-indigenous (migrant) members or networks, to which we shall return shortly.

The awareness of the establishment of major Italian organisations as parallel 'power systems' dates back to the nineteenth century. For example, in 1876, Leopoldo Franchetti, a Member of Parliament, described mafia activity as a form of political crime promoted by sectors of the ruling class – namely the political actors and businessmen. Elite groups were said to employ members of the 'military mafia' and to use them as an illegal resource in their economic or political activities. Violence was used for the discouragement of economic competitors and the intimidation of political opponents (Scarpinato 2004). The groups lending their strong arm to official actors, in exchange, were granted relative freedom to operate in other illegal activities (mainly protection racket and contra-

⁷⁶ There is a controversy as to whether the Sacra Corona Unita has adopted the typical rituals characterising the 'secret brotherhoods' from Sicily and Campania as the result of sheer mimicking, or whether such rituals belonged to a pre-existent underworld subculture in the region (Massari 1998).

» are corrupted by them. In this perspective, it is more appropriate to talk about a number of exchanges, and a mutual entrepreneurial promotion in which the different actors engage. In this sense, the suggestion can be made that we are now faced with criminal networks, rather than organised crime, which involve a number of actors from the legitimate as well as the illegitimate world. These networks take advantage of the fact that in some sectors of the official economy unorthodox practices and illegal behaviour are widespread. Criminal networks imply the existence of interdependent units linked by a wide-ranging variety of ties, including kinship, ethnicity, cultural homogeneity, social proximity, or simply business partnership.

band). Similarly, the Camorra, at the time of the unification of the Italian peninsula (1860-61), was entrusted with the task of maintaining public order, as the regular police had been sent to back up Garibaldi's army. The authority of the *camorristi*, in fact, became accepted by many as the only power likely to guarantee order in a situation of war, when internal conflict breaching every rule could easily take place. The Camorra was playing the role of broker, acting as a mediator between a turbulent society and the official authorities: a role destined to evolve significantly in the years to come (Ruggiero 1993; Behan 1996; Barbagallo 1999).

As alluded to earlier, the establishment of organised crime in Italy is not a recent development; it dates back to the nineteenth century. Later, when sub-cultural theorists analysed organised crime, they too suggested that the most successful criminal groups were those that managed to establish some form of common interest with official actors (they meant the police, particularly). Only those who did so could, in their view, really develop the scope and profits of their criminal activity. The ability to operate in both the licit and the illicit arena allowed criminal groups to develop those multiple affiliations which could ensure success in both. As Cloward and Ohlin (1960) put it: apprentice criminals pass from one status to another in the illegitimate opportunity system, and as they do so, they develop a set of relationships with members of the legitimate world. Unless they can form these relationships, the possibility of a stable, protected criminal lifestyle is effectively precluded.

3.2 Non-indigenous criminal organisations

Some observations must be made about indigenous and non-indigenous criminal organisations. In the literature on organised crime dealing with migrants, images and judgements recur which are often based on opinions, hypotheses and moral panics. Some studies set off with the premise, reiterated and transmitted without corroboration from one commentator to the next, that organised crime formed by foreigners 'is characterised by particular forms of aggression and violence and the fast growth of their capacity to operate in different criminal areas' (Di Nicola 2008, p.193). It is very hard to establish of what this 'particularity' exactly consists, especially in Italy where the violence and expansive force of indigenous organised crime is a well-known fact. A more useful strategy, perhaps, consists of focusing on some specific types of criminal activity, or on some specific geographical area, and observing the interactions that organised criminal groups formed by migrants establish with the new or traditional Italian organised groups.

In some Italian regions foreign organised crime is independent from Italian criminal groups, because the latter are by now engaged in productive, entrepreneurial and financial activities. Other specific criminal sectors may have undergone a process of 'succession', whereby foreign groups occupy the space left by Italian groups who have moved on to operate elsewhere. In some cases, however, the succession is accompanied by the request by Italian groups of a percentage on the profits made by the new comers (Becucci and Massari 2001; Becucci 2006).

In other areas, partnerships can be formed between Italian and non-Italian groups, with a division of labour based on the respective power and on the capacity of the latter to access the sources of illicit goods and substances. In yet other areas, non-Italian groups are subordinate to Italian ones, particularly in contexts in which the demand for illicit goods and services is traditionally high.

What remains evident is that non-indigenous organised crime is confined to conventional criminal activities, including theft, robbery, prostitution rackets, human trafficking, drug distribution, and all other ancillary activities related to the above. Organised crime involving migrants, in brief, remains a form of *pariah* organised crime. The indigenous groups, instead, are in a position to control the major operations of conventional criminality (mainly protection rackets and large drug operations) while participating in the official economic and political worlds. Episodes of corruption occur in this context, prompting the question: to what extent does organised crime impact on the spreading of corrupt practices in the country?

4. Background: corruption in Italy

Nineteenth-century Italian criminologists were fully aware of the inclination of powerful political groups in the country to violate the law (Ruggiero 2006). Left-leaning criminologists warned that 'the bourgeois tyranny' would soon deny human and civil rights to citizens (Pietro El-lero); that the elite was giving shape to 'new' forms of criminality, more devastating than the old ones (Cesare Lombroso); and that the ruling classes, with their contempt for legality, would dictate the moral (or immoral) tone of the entire country (Enrico Ferri).

Over a century later, in the 2008 annual report produced by the State Audit Board (the *Corte dei Conti* composed by judges who advise the Treasury), there was no sign that corruption, through payments given to politicians by entrepreneurs in exchange for public contracts, was subsiding (Il Sole 24 Ore, 4 February 2008). The most worrying aspect underlined by the Board, however, was the common practice of granting amnesties to those charged with corrupt behaviour. The amnesties prevented those charged with corruption from obtaining a criminal sentence. Similar concerns were expressed by the Anti-Corruption High Commissioner, who stressed that statistics indicating a decline in the reported cases were not a signal of the decline of the phenomenon, but rather of the growing tolerance towards it. Incidentally, the recent programme aimed at simplifying and shrinking the national bureaucratic apparatus included, among other measures, the suppression of the figure of High Commissioner (Unimondo.org, 2008).

Transparency International observed in March 2009 that in Italy corruption is the only industry that does not experience a crisis. In the year 2002, the country was listed at the 31st place in the table drawn through the 'perceived corruption index', while in 2008 it was placed at the 55th place. With regard to the 'bribe payers index',⁷⁷ Italy also

⁷⁷ This index measures the propensity of companies from the top industrialised countries to use corrupt methods when operating abroad.

occupied a low position: 17th out of 22 countries. The argument was also made that, given the current economic crisis, and given the state's intention to inject money into a variety of public works which may encourage productive recovery, corruption may increase as a consequence. Enterprises and political representatives were said to be poised to take advantage of such imminent opportunities. The new Bill discussed in Parliament about banning the use of telephone tapping for investigations concerning corruption was also seen as a new incentive for perpetrators. Finally, a strong antidote to corruption was identified, as usual, in market competition.

It is indeed around the variable 'competition' that many episodes of corrupt exchange can be grouped. An example is offered by the recent scandal involving the Bank of Italy. The type of illegal conduct adopted by the Bank shows how well connected powerful groups can influence high-level public officials and in actuality disregard the officially adhered to principles of liberal economic competition. In this case, the General Director Antonio Fazio accepted the bid made by the banker Gianpiero Fiorani, despite the fact that a non-Italian competitor had made a more advantageous offer to buy the Antonveneta Bank. Behind the national sentiment mobilised by Fazio in explaining his choice, there emerged a long-term partnership between him and Fiorani in numerous mutually-enhancing financial operations (Statera 2005).

During the early 1990s numerous similar cases came to light in the course of the anti-corruption judicial initiative known in Italy as 'clean hands' (Caferra 1992; Paci 1992; Pizzorno 1992; Della Porta 1992). Informant **J3** recalled those years in the following terms:

'In the administrative and political sector corruption is systemic. We have seen numerous examples since the 1970s. What became a paradigmatic case revolved around the interests of the oil producing companies in Italy. These companies devised a well organised system of corruption aimed at representatives of all political parties. They managed, in this way, to involve part of the parliament in passing a law which was blatantly favourable to them in financial terms. Investigations of the 'clean hands' operations revealed that the money destined by the construction entrepreneurs for the corruption of national and local politicians was part of their budget, it was an item in their accounts, although this did not appear in the official balance sheets of the companies' (J3).

The 'clean hands' phase ended in the 1990s with yet another sensational case. Lawyer David Mills was accused of receiving some 500,000 Euros from Silvio Berlusconi in return for giving false evidence in two corruption trials involving the Italian prime minister. Only in February 2009 was Mills found guilty and given a four and a half year sentence, though he remains free pending appeal. The court's motivation of the sentence states:

'the direct involvement of Berlusconi in the creation of 64 offshore companies through which various illicit funds were channelled, in-

cluding the 12 million dollar pay-off that the Socialist leader Bettino Craxi received for approving the legislation that allowed Berlusconi to take more or less untrammelled control of the Italian airwaves' (Jones, 2009, p.23).

An additional comment by informant **A1 reveals**: *'The current prime minister has managed to escape the trial because he passed a law giving the country's four highest office-holders immunity from prosecution, without which he would now be heading for a prison cell alongside Mills' (A1).*

With the new millennium, while lesser attention is devoted by academics to corrupt exchanges, judicial and journalistic sources indicate an exacerbation rather than an attenuation of the phenomenon. At the same time the dynamics and format of corrupt transactions appear to become increasingly diversified. The following is a limited sample of cases reported by the media over the last year:

- A lawyer operating in Milan, former member of the board of directors of Parmalat and La Scala Theatre, is arrested for acting as a straw man for a criminal organisation: he accepted to appear as the owner of properties and financial assets actually belonging to that organisation.
- A case coming to light in Florence indicates that municipal areas destined for public use are instead sold to urban developers in exchange for bribes.
- In Turin, a number of pharmaceutical companies are accused of bribing politicians in order to obtain licences for the sale of useless medicines and to outflank laboratory control about their hazardous nature.
- The governor of the Abruzzo region is arrested for requiring payments from entrepreneurs delivering services to the local health system.
- In Naples, a businessman is arrested for virtually monopolising contracts in several public sectors thanks to his connections with local politicians.
- In Turin, an investigative judge devises a network of fake consultancy companies run by friends or accomplices, claiming the expenses (from the state) for consultancy work that in fact is never carried out. A paradoxical aspect of this case is that this judge had previously conducted investigations on episodes of corruption occurring in the world of football, and it is reasonable to assume that, while unveiling the corruption of others, he was practising his own.
- A case that gained international resonance occurred in Naples in 2008. The companies contracted with the building of a waste disposal facility were unable to complete the work by the agreed deadline. The contract had been won through unorthodox practices and with a totally unrealistic bid, offering the required service for extremely low, therefore dubious, prices. The ineptitude of the company contracted led to the infamous 'waste emergency'.

4.1 Corruption in relation to organised crime

The cases listed above cover a number of areas that criminologists would describe as *grey areas* in which politics, business and crime interact in various fashions. According to informant **A1**:

'Corruption in Italy does not reveal the direct participation of organised crime such as, for example, the mafia. Rather, it shows the spreading of a "mafia method" in conducting business and doing politics. [...] Public representatives assimilate elements of the mafia culture [...] The "mafia method" is becoming the prevailing method inspiring the crimes of the powerful and [...] it affects market freedom and the democratic system as a whole' (A1).

Similar description was given by informant J1, who noted that environments saturated by corrupt exchange offer everybody a chance to 'have a go'. In his view, corruption in Italy is characterised by a multiplying effect which is felt in all positions of the social hierarchy: *'corrupt exchange involving the elite and those involving ordinary citizens feed upon each other'*. As corruption spreads from the elite downwards to other social groups, impunity seems to increase its multiplying effect. This process causes increasing familiarisation and tolerance with unorthodox practices, even among those who benefit very little from their own corrupt practices.

'The opportunities granted to ordinary citizens to benefit from minor episodes of corruption led to the partial condoning of large-scale corruption. The tolerance of petty immorality on the part of the elite paved the way for the acceptance of their own higher immorality by the non-elite. The moral tone of the country, however, was imposed by the ruling class, who by relentlessly displaying their own corruption made everyone indifferent to official rules and cynical towards the public welfare' (J1).

The stages of this process were addressed by informant A1, who noted that during the 1970s corruption seemed to be confined to the margins of civil society, namely within a sub-system which had few occasions to interact with society as a whole. News about a state functionary being corrupt would cause a scandal, while corruption of entrepreneurs or politicians was not even contemplated as a possibility, because it was not brought to the limelight: therefore it did not exist. Since the early 1970s, when the first journalistic and judicial investigations drew some light on the corrupt mixture of professionals, politicians, businessmen and organised crime things have changed. At that time there was not a big distance between those who corrupt, those who are corrupted, and civil society. No professional sector was immune to corrupt practices (A1).

The consumer rights organisation 'Help Consumatori' (2007) informed in 2006, the loss of the Italian state for corrupt practices was 70 billion Euro, warning that all social sectors were getting accustomed to a 'culture of corruption' and that indignation over the pervasiveness of this culture was slowly fading. In this report, no specific responsibility for corruption was apportioned to organised crime, as the regions in which the growth of the phenomenon was observed were not those in which organised crime traditionally operated.

According to J2, criminal organisations such as the mafia are the most visible in terms of exercising power. Members of the mafia *'are used by*

the state, they are protected, and then, when they are no longer needed, they are dumped'. In this perspective, 'if we want to understand the relationship between corruption and organised crime we have to rid ourselves of all the stereotypes and prejudices, and look at these phenomena against the background of the power elite' (J2). Political activity has by now become a straightforward form of business, in which individuals and groups are connected in a pyramidal configuration. These connections are national, and often, international expressions of power, global systems based on the control by the few upon the many.

'This is organised abuse of power, which causes injustice and social suffering. This pyramidal configuration offers some space to organised crime. [...] Organised crime uses corruption because everyone else does. [...] A ruling class that degrades the people is in turn degraded by it in a vicious circle [...] Organised crime just follows the general climate determined by the ruling class' (J2).

In the view of J3, the institutional actors who are more vulnerable to corruption by organised crime are local politicians and administrators. These actors handle public resources, they are geographically close to organised criminal groups they operate in the same social environment and therefore they are subject to the pressure that such groups exert. At the local level, however, corrupt exchange 'proposed' by organised crime to politicians is accompanied by an implicit degree of intimidation which determines the outcome of the proposal made. Informant A1, in this respect, talked about the well known 'offers that cannot be refused'.

'In other words, it is possible that a corrupt offer is rejected, but then intimidation follows against the person who does not want to be corrupted. The outcome will be the same, namely the illegal result that was initially pursued. In such cases, before even attempting to corrupt, organised crime aims to intimidate. At times, acceptance of a corrupt proposal may turn into quasi-affiliation with the organised group' (A1).

Informants also stressed that when organised crime manages to corrupt any actor, this is due to the low professional ethics of those who make themselves available to corruption.

'There is little sense of responsibility for the role one occupies, be it public or private. This may be difficult to evaluate in empirical terms, but the deficit of political and civic culture in a country exposes citizens to systemic corruption by organised crime, but also by other individuals and groups. In such contexts, even emulation – the desire to access prestigious positions and gain more financial resources than one holds – may become a significant variable' (A2).

Emulation also plays a role in tax evasion, whereby small earners feel legitimised to escape their dues to the state when witnessing the spectacle of massive illegality by the elite. Tax evasion in Italy reaches such level that the state regularly proposes 'social pacts' or amnesties

requiring the payment of at least a portion of the unpaid sums. In the most recent such amnesty in October 2009, the excepted funds to be amnestied were 100 billion Euro or the estimated 300 billion held abroad (Momigliano 2009). Vulnerability to corruption, ultimately, may also be exacerbated by impunity, namely the certainty that there will be no prosecution. Except during the ‘clean hands’ period, corruptors and those they have corrupted have rarely been punished, judicially or morally (Della Porta and Vannucci 2007).

5. Targeted institutions and sectors

5.1 Corrupt sectors

Among corrupt practices, fraud against the state shows the most remarkable expansion. Fraud includes a range of false claims for financial entitlements and special state support, or consists of payment requests for fictitious work performed or incomplete services delivered (Davigo and Mannozi, 2008). These practices have gone up during the two years past by 40% and 200% respectively (Alto Commissario Anticorruzione 2007). The increase is not solely due to the growing interest of organised crime in state funds, but also to the spreading of fraudulent practices among professionals, administrators and private firms (see the list of recent cases provided above).

Fraud against the European Union constitutes an important variety of fraud against the state. In 2008, out of 10,495 public funding fraud cases in the EU, 1,323 were in Italy, of which 802 were EU structural funds related frauds, more than in any other Member State (EC, SEC (2009) 1003 final, p.152). The European budget attracts professionals, criminal groups and opportunistic entrepreneurs who may resort to fraud as a means of rescuing a failing company or expanding its business.

Returning to the national level, the construction sector is particularly exposed to corruption. The involvement of organised crime in construction may cover a plurality of industrial segments, ranging from the production of cement to the building and refinement of the facilities commissioned. Licit entrepreneurs are also involved, particularly in areas where environmental planning is vague, control regulations are weak, and administrators are willing to help developers by claiming that the areas sold are destined for private dwellings.

In the public works sector the formation of cartels is frequent. Auctions and tenders relating to such works are manipulated, and when organised crime is involved, the employment of ‘clean’ business partners and professionals becomes necessary.

According to informant **J1**, white collar and organised criminals in this sector operate jointly. They may even identify which service has to be put out to tender and what type of goods have to be delivered. The contract gained does not serve a specific need of the community, but only the financial interests of those contracted. When planning what type of service has to be contracted, the role of politicians is crucial. Subsequently, corruption may occur when the criteria for the granting

of the contract have to be established. Those manipulating the tendering process make sure that their competitors do not meet the criteria. When the bid is presented, the situation may arise where there is only one company left in the contest, while the winner often makes a series of bids through other companies (J1).

Finally, at the execution phase, the winner may sub-contract parts of the works to a friendly firm (which may in no way be connected to organised crime, but simply use organised-crime related firm as an intermediary to win the bid). If the bid made is low and unrealistic, the winning company may even plan not to complete the works for lack of sufficient funds, or due to the existence of corrupt supervisory bodies. The 'waste emergency' is one such case, where the failure of the legitimate entrepreneurs to honour a contract gave the opportunity for organised crime to offer its own, alternative disposal services. Similarly, companies failing to perform the tasks for which they have been paid may resort to sub-contracts with firms controlled by organised crime.

The public contracts sector constitutes an extremely important area for the economy of the country. 'Through public contracts, the state guarantees the realisation of infrastructure projects and the delivery of services to citizens. This is an essential function to encourage development and remove the economic and social obstacles limiting the freedom and equality of citizens' (Caneppele, 2009, p.7). The allocation of public contracts, however, needs impartial, efficient, and morally reliable administrators, who hand over public resources to those who are actually able to deliver at the appropriate standard and, simultaneously, at minimum cost to society. Where such administrators are wanting, opportunities are offered to shady entrepreneurs and organised criminals.

Public contracts are attractive for a number of reasons. First, they represent an important part of the resources available in specific contexts, particularly in regions where private entrepreneurship is insufficiently developed (Commissione Parlamentare Antimafia 2008). In Calabria, for instance, public finances constitute 80% of the financial assets available in the region. Second, fraudulent conduct in the arena of public contracts is met with particular leniency by institutional agencies, and when organised crime is involved, investigations require complex tools and skills. Organised criminals-turned-businessmen, therefore, may opt for this area of investment for the excellent prospects it offers in terms of revenues and for the negligible risk of apprehension. Third, public contracts are managed by vulnerable and inefficient public administrators, and have long been characterised by unorthodox behaviour and corrupt exchange between private entrepreneurs, political representatives and public administrators. Thus, as Calderoni and Caneppele explain, 'the infiltration of mafia organisations is therefore favoured by the spreading of illicit conduct and corruption within the public administration itself. Such an environment is more permeable to the presence of actors who are associated with criminal organisations due to the low level of legality that characterises them' (2009, p.8).

Finally, criminal organisations may benefit from public contracts in terms of prestige and power in the territories they control. For example, they may realistically play the role of employers, whether for their affiliates or for members of the general population. They may gain access to the business world, encountering peers and colleagues who may be helpful in future enterprises. In brief, they may progress in their careers by combining involvement in licit as well as illicit markets. Even when organised criminal groups do not succeed in gaining contracts, they act as mediators for other companies, activating their political relationships or their ‘means of persuasion’. In some cases, it is the winning company which will contact criminal organisations, ‘in order to agree in advance on the protection money due, thus avoiding future problems when works are in progress’ (ibid, p.8).

‘The phenomenon of criminal infiltration is distributed equally across the regions of the South of Italy. It is, however, mainly concentrated in Calabria and Sicily, and in some provinces of Campania, such as Caserta and Naples. The situation is critical in Calabria, where the ‘Ndrangheta has enjoyed until very recently little attention by public opinion and institutions. This has allowed it to expand beyond the Calabrese territory. Today the situation has changed and, as happened in Sicily after the massacre of judges and in Campania with the camorra wars, the Calabrese organisation too is at the centre of numerous investigations’ (ibid, p.127).

5.2 Police⁷⁸ and the judicial corruption

Corruption of the justice system, including its administrative staff, publicly appointed officials and judges, increased between 2005 and 2007 (Help Consumatori 2007). The increase, however, may not be statistically significant, as the cases of corruption were 8 in 2005 and 10 in 2007. What may be of interest is in which regions such cases occurred: Emilia Romagna, Lazio and Lombardy: namely, regions in which organised crime activity is not as prevalent as elsewhere. Judiciary corruption, therefore, can be mainly imputed to white collar offenders, either in the political or in the economic sphere. Some commentators, however, suggest that the increase signals both the ‘migration’ of organised crime to other regions and the spreading of the ‘mafia method’ throughout the country.

‘The police and the judiciary seem less permeable to corruption, also because they can rely on a higher degree of internal cohesion and have a distinctive esprit de corps. Unlike for politicians and administrators, the career of police officers and judges can hardly be influenced by organised crime, whose power to corrupt, after all, consists in large measure of paying money. Finally, they are less vulnerable to intimidation, because they feel protected by their peers, they are more homogenous and less competitive with one another’ (A2).

⁷⁸ A special section on police corruption in Italy is devoted inside the main body of the report, in the section on Police corruption, and these observations are not discussed here.

The corruption of the judiciary, according to J1, is associated with the inefficient and particularly lengthy investigation processes. Judges are given a precise deadline by which investigation has to be completed so that prosecution may commence. Failure to meet the deadline results in the offence being cancelled. Corrupt judges may prolong the investigation period on purpose, thus favouring the release of defendants.

A well known case in Italy involving judge Carnevale, resulted in the Court of Cassation invalidating all the previous trials in which mafia members had been found guilty. The invalidation was motivated with some procedural irregularities. The judge, eventually, was prosecuted and expelled from the judiciary.

Informant **J1** mentioned cases in which police officers were in good working relationships with people evading justice, or with people who were in the process of being arrested or investigated. *'These officers, therefore, informed members of the criminal world that something was going to happen to them, giving them time to hide, destroy documents or find an alibi'*. In such cases, **J1** added, sub-cultural factors play an important role, as *'the police officers may share a background of bullying, violence and criminality with the ones they are supposed to police'*.

5.3 Political corruption

Informant **J2** argued that all forms of allocating resources, be they private or public, imply a certain degree of corruption. The political world is central in this respect. The fact is, he said, that *'In politics, many people find a solution to their economic problems, and they try to occupy all the possible places where resources are distributed. Around elected politicians there are then cohorts of allies who participate in political activity and share some of the wealth. Finally, at the bottom, there are the masses, the subjects who sustain the whole system on their shoulders'* (**J2**).

This informant was reluctant to assert that the political system is corrupted by organised crime. He would rather claim that organised crime took advantage of a corrupt and inefficient system.

'Take the example of the public financing of political parties. This was introduced after the scandals proved that businessmen (oil producers, developers, the pharmaceutical industry, and many more) were receiving favours from politicians in exchange for money. These favours consisted in promoting legislation that brought enormous amounts of money to entrepreneurs. The new law on the public funding of political parties was supposed to make the costs of political activity more transparent. But this was a big lie: politicians and economic actors continued financing one another in a covert manner. The result now is that, while this covert financing continues, we have the most expensive political system in Europe, with even small parties (who do not have a significant number of representatives) receiving exorbitant amounts of money. Organised

crime, in all this, is just one of the many actors involved; they appropriate resources like everybody else' (J2).

Other interviewees, though, considered the political sphere the most vulnerable to corruption by organised crime (A2). This is because power groups tend to come together irrespective of the nature of the power they exercise. Politicians collude with organised crime as criminal networks guarantee the votes needed for parties to stay in power, particularly at the local level. For organised crime syndicates, corruption is a gateway to winning public contracts and resources and to expanding their influence and power.

5.4 Administrative corruption

The sections above have described the roles played by politicians and administrators in the arena of public contracts. A brief addition to the information already presented, originates from informant **A2**, who argued that administrators are accustomed to exchanging favours for illegal income, due to the general climate in which they operate. Some of them become public administrators on the basis of nepotism or as a result of some corrupt exchange. Public administration positions may be distributed by influential figures, with the participation of political parties claiming their own share of jobs for their faithful members. Once employed, administrators are surrounded by 'clients' of a varied nature, friends and relatives, colleagues and acquaintances, who formulate incessant requests and propose creative bargains. *'Organised crime swims at ease in such corrupt waters. And administrators will be unable or unwilling to determine whether the companies they entrust with a public work is owned by a clean entrepreneur, a criminal one, or a partnership between the two' (A2).*

Informants concurred that in the south of the country administrative corruption is more visible. In the southern regions, investigations focusing on organised crime lead to the discovery that often local administrators or politicians are connected to local businessmen: the labyrinth of power and business emerges very clearly. However, *'in the north of the country power is just as corrupt, with a relatively lower presence of organised crime. The problem is that it is no longer possible to distinguish between organised crime and white collar crime' (J2).*

6. Private sector corruption

According to A2 the private sector occupies third position in the corruption echelon. Entrepreneurs are deemed lacking market ethics and are prone to grasp at any possibility of operating under monopoly conditions. *'Escaping competition has become acceptable, and for some, in a sense, even legal'.* Elaborating further, informant **A2** explains:

'In some contexts a criminal can turn into a private entrepreneur. He would conduct a series of legitimate activities with the illicit money accumulated. Also, the criminal may have to employ those affiliated with his organisation, and therefore give salaries in licit occupations. The mafia is an employer, let us not forget. Moreover,

organised crime is a money lending organisation, and at times, when its debtors become insolvent, their business is appropriated by the lending organisation. This is one of the other ways in which organised crime gains access to the official economy' (A2).

While informant **J1** felt that organised crime, turned into business with the support of politicians, could renounce intimidation, **J2** dwelt again on the general economic practices prevailing in the country. In his view all economic sectors are corrupt at all levels of their respective hierarchy. The reason for this generalised diffusion of corrupt exchange is that:

'We now have a criminal system that works by inertia: it has its own inherent motion. We have a system which is integrated, composed of different characters and entities, not all of which have criminal professionalism. We have the politician, the high public manager, the entrepreneur, the financier, the mediator, the representative of the institutions, and at times a representative of the mafia. The system is modular, in the sense that, depending on the circumstances, it includes new actors and excludes others' (J2).

It is extremely difficult to find a remedy for this situation. Even whistleblowers in the private sector, do not serve as examples to others. They are often ostracised while the corrupt are still seen in the most glamorous public events and on TV. This is the result of the organic partnerships between business, politicians and organised crime. We are faced with post-mafia organisations, in the sense that in the past we could identify some figures of the official world who were 'external' allies of the mafia; now it is the mafia which is external to the illicit business of the ruling elite.

7. Conclusion

Corruption and organised crime in Italy are connected in a variety of ways. With the political, administrative and private sectors particularly prone to engage in corrupt transactions, illicit conduct tends to spread to many other groups and actors. Upturning a liberal metaphor, one could say that the elite has promoted a 'trickling down' process of illegality. Organised crime is a participant in this illegality, at times aided by intimidation and at times sustained by the interests of legitimate actors who play a *de facto* role of partners. In such a situation resources are not used to satisfy the needs of communities, but are appropriated through personal initiative, individual risk, power, and the ability to achieve impunity by outflanking rules. Corrupt behaviour in Italy has slowly become acceptable at the social level and has gained legitimacy at the political, and finally at the legislative level. Corruption has played the function of foundational conduct, one that lends itself to be imitated. It has altered the perception of what citizens should expect, what they should pursue, and how. It has taken on a 'founding force', namely the capacity to impose lifestyles, to transform previous jurisprudence, to establish new laws and new types of legitimacy. Corruption and organised crime, in sum, are intertwined in a 'criminal system' that reproduces power, be it illicit or otherwise.