ITALY:
resilient and vulnerable

vol. 2:
politics and society

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At the end of the 1980s, the political alliance that had served as a framework for Italian politics for almost thirty years reached an apparently irreversible condition of deadlock.

The Democrazia Cristiana (DC) and the Partito Socialista Italiano (PSI) had started to cooperate between the end of the 1950s and the beginning of the 1960s. In December of 1963 this coalition (the “Center-Left”) proposed itself as an “organic” alliance and as a government with a reformist tendency, suitable for a country that was emerging from the “economic miracle” of growth and prosperity in the late 1950s.\textsuperscript{1} The Center-Left was animated by two Catholic political figures, Aldo Moro and Amintore Fanfani, and by one Socialist, Pietro Nenni. The alliance had gone through almost ten years of preparation and a long period of informal cooperation; it had overcome the Vatican’s reluctance; it had received the sanction of the Kennedy administration; and it had gained the support of the president of Fiat, Vittorio Valletta, on behalf of the industrial elite of Italian capitalism.

The fact that a party of Marxist origin was entering the government and the prospect that the working class would be integrated into the Italian democratic structure, taken together, were widely perceived during those first years as a new opportunity for the modernization of the country. The alliance was meant to create a confluence between the innovations of the...

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\textsuperscript{1}
bourgeoisie and the productivity of Italy’s workers, thus weakening the opposition of the Partito Comunista (PCI) and accelerating Italy’s industrial transformation (which was marked with social and territorial imbalances).

A quarter of a century later, the situation looked quite different. The expectations of reform raised by the Center-Left had soon been disappointed, partly because of the prudence and resistance that appeared in the most conservative sectors of the DC, partly because of the abstractness of the Socialists’ proposed programs for regulating the free market. Moreover, the presence of the Socialists in the government did not diminish the power of the Communists. The PCI continued to flourish in the great factories, in the trade unions, and in the working class at large: despite the existence of an extensive public sector and a vast state economy, the PCI still exercised an essential political influence over Italy’s working class.

Nobody, however, would have predicted that the relationship between the DC and the PSI would eventually collapse and lead to a crisis in Italian politics. On the contrary, at the end of the 1970s—the decade in which the PCI achieved its greatest electoral success, while the Socialists were squeezed between the Communists’ strength and the Christian Democrats’ endurance—it was possible, perhaps, to identify a path for rescuing the Italian political system, by loosening the grip of an “imperfect two-party system” characterized by stagnant coalitions and the lack of alternation in the government.

Throughout the 1980s, pundits and politicians debated ending the alliance between the Christian Democrats and the Socialists and creating instead an alliance between the PSI and the PCI. But a gritty new PSI leader, Bettino Craxi, first elected in 1976, had helped his party play a central role in the political system. By shrewdly exploiting the PSI’s “rivalry-partnership” with the DC, Craxi succeeded in acquiring an important share of power for the Socialists in the world of banking, in the public sector, and in the media. Under Craxi, the PSI functioned, in effect, as an opposition party within the Christian Democratic power system. While continuing to carry on an extremely heated “anti-Communist” debate with the PCI, the PSI tended to present
itself as the only party able to lead an alliance that would be truly independent of the DC. Casting himself as an Italian Mitterrand, Craxi in these years dared the PCI to purge itself of its doctrinaire Marxism and assume a subordinate position in a new Socialist alliance led by Craxi and his party.

For a few years, this strategy seemed to work. Between 1984 and 1985, Craxi delivered strong blows to both the PCI and its trade union, first by issuing a package of counter-inflationary measures that was sharply disputed by the Communists and by the Communist sector of the CGIL, then, the following year, by easily winning a referendum on those measures that had been demanded by the PCI. As head of government, between 1983 and 1987, Craxi benefited from a period of economic prosperity; he had broad support from members of the Italian elite who approved of his policies, and also of his independent-minded toughness in competing with both his political partners, the DC, and his opponents in the PCI.

Craxi understood that the deadlock in the Italian political system could not be overcome only through the political initiative of the parties or through a consensus among voters. For all its success in the 1980s, the PSI remained small—at its peak, it commanded only 15 percent of the electorate. Despite the support it enjoyed among the emerging social classes, the PSI also attracted widespread hostility because of the hasty and careless way it implemented many of its policies, and also because of its cozy connection to the economic establishment.

In search of some key for releasing the political system from its deadlock, the PSI turned to a reorganization of the political and institutional system. A project for the reconstruction of the constitutional structure was shaped by prominent Socialist jurists and intellectuals such as Giuliano Amato and Gino Giugni. Building on Craxi’s personal charisma, they sought to enhance the prestige of the president as a leader and his reputation as a decision-maker.

It is not easy to determine why the Socialists’ momentum faltered. The unrelenting opposition of the Communists certainly did not help; the PCI strenuously opposed the Socialists’ “genetic mutation,” rejected the requested ideological revi-
sions, and reaffirmed the purity of their political convictions, claiming them as an essential ethical value, in contrast to the expedient behavior adopted by the Socialists. Another factor that undoubtedly complicated the PSI’s strategy was the DC’s refusal to accept any proposals for institutional reform with an explicitly plebiscitarian flavor.

The PSI in the meantime had to cope with its ongoing lack of electoral success. Once its efforts to shatter the PCI proved futile, the Socialist Party entered into a tight alliance with the moderate wing of the Catholic party, led by Giulio Andreotti and Arnaldo Forlani. This seemed to bear out the conclusions expressed in the late 1970s by the Italian writer Giuseppe Di Palma, who argued that Italian parties have an irresistible tendency to “survive without ruling.”

The strategy of a left-wing alliance was put off indefinitely, on the eve of one of the most dramatic geopolitical disruptions of the twentieth century—the collapse of the Soviet Union. But in Italy, politics turned in on itself, trying to react to new problems with traditional tactics and solidarity between the traditional ruling parties. An unbalanced national budget, insufficient modernization, an aging institutional establishment, an increasingly wasteful welfare structure—all these crisis-making elements were papered over by the defensive policies of the ruling parties.

Considering the impotence of the Parliament and the inability of the parties to embark on a reasonable process of reform, several observers began to wonder what, if anything, might provoke a creative resolution of Italy’s problems. Some asserted that the system needed to suffer an external shock, such as the crisis in Algeria that forced France to make the transition from the Fourth to the Fifth Republic. Some observers also feared that the system might need an endogenous shock, such as an economic breakdown due to the collapse of public finance.

A few things seemed obvious to all analysts: the paralysis of the government was intolerable; the drift away from European political standards seemed uncontrollable; and the political irresponsibility of the government parties was delegitimizing not only the ruling parties but the political system as a whole.
The Crisis Begins

When the Berlin Wall fell in 1989, it did not occur to many Italians that the end of a bipolar world would have a significant impact on their political system.

It did not occur to the leaders of the DC, who by then took their mandate to rule largely for granted. Yet ever since the dramatic elections of 1948—an epochal struggle for the soul of Italy between the DC and its allies on one side, and the Communists and theirs on the other—the Christian Democrats had always presented themselves as the only bulwark against the PC, the first line of “defense” against the enemies of liberalism and capitalism. Despite the long, slow democratization process undergone by the PCI, and notwithstanding the experience of “national solidarity” (i.e., the government’s cooperation with the PCI between 1976 and 1979 during the bitterest years of terrorist attacks), the DC had never lost a mandate to rule that was expressed in explicitly anti-Communist terms.

Of course, the DC was not simply a defense against communism. As a political force, it was indissolubly bound to the fortunes of postwar industrialization. As one of its founders, Alcide De Gasperi, put it, the DC was “a center party whose gaze is turned leftwards.” In the immediate postwar period, it had carried out an essential role in the democratization of the Italian middle class after two decades of Fascist rule. Moreover, the DC had always pursued a basically pro-labor policy.

Precisely because the DC contained contradictory elements, it was for many decades able to fulfill an essential historical function by mirroring the complexity of Italy. The DC was a state-party, a system-party, a society-party. It was an aggregation that included liberal Catholics such as Ezio Vanoni; non-conformist public entrepreneurs such as Enrico Mattei; advocates of a mixed economy such as Amintore Fanfani and Giuseppe Dossetti; cautious reformers such as Aldo Moro; shrewd planners such as Giulio Andreotti; and countless local and national leaders who were chiefly oriented to the daily administration of power and had no distinctive cultural or ideological traits.

After 1989, the DC could certainly still claim to mirror the complexity of Italy. But it should also have dreaded the disap-
pearance of its historical opponent, since anti-communism was a key basis of its otherwise tenuous cohesion. Similarly, the PSI, which was a left-wing party “compelled to rule” by the unacceptability of the PCI as a government party, should have perceived the fragility of its new political position. After all, the end of Soviet communism was bound to lead to a programmatic redefinition of the PCI. The Socialists, too, should have reconsidered their own role on the political scene.

Nothing happened. On the contrary, under the delusion that they were controlling the changes heralded by the extraordinary events in Europe, the Christian Democrats and the Socialists decided to tighten their alliance. Focused narrowly on protecting their own power, they tried to ignore the first omens of radical change, which were beginning to appear like comets in the sky of Italian politics. 8

The first destabilizing political phenomenon was the appearance of a new political movement, the Lega Nord, centered in the northern regions of the country. This league united several regional political parties, including the Lega Lombarda, established by Umberto Bossi, a self-made politician who quickly became attuned to public opinion in the North. The Lega Nord proposed a federalism that verged on secession, expounded anti-welfare attitudes that did not completely hide a genuine anti-southern propensity, and issued strident demands to crack down on immigration, all in the context of a folksy regional style couched in animosity toward the central state and “thieving Rome.” 9

Once established as a serious political force, the Lega Nord was able to capitalize on the crisis of the evident weakness of the DC. As the Lega Nord grew, and the DC proved unable to rally its supporters, the old party patronage networks began to fall apart. They had ensured financial flows and investments, and had managed power by securing the consensus of the Catholic Church, the entrepreneurial organizations, and the economic associations. Now the Lega Nord was spreading out in all directions, occupying the space that the DC was leaving vacant with increasing speed. 10

As the DC began to disintegrate, and Craxi’s PSI floundered, the PCI was working out its own internal transformation—a
strenuous process, particularly from a political and cultural point of view—that led to its reincarnation as the “Partito Democratico della Sinistra” (PDS). By now, a growing number of Italians were looking for some lever to free the country from its political paralysis. The lever the reformers reached for this time was electoral: Mario Segni, a liberal Catholic and minor politician in the DC, embarked on a campaign to transform, through a referendum, Italy’s electoral law, replacing a system of proportional representation with one based on a plurality of votes, like that of the United States. The referendum movement quickly won popular support. Public opinion came to share the hope that a new electoral formula could restore rationality to Italian politics.

The first episode of Segni’s campaign took place in 1991, when the electorate was asked to vote on a minor aspect of the electoral law. While the referendum was largely ignored by the ruling parties, citizens regarded it as an unhoped-for opportunity to express their rejection of the status quo. Italians voted overwhelmingly to repeal the current electoral rules. It was a very explicit signal—a popular demand for trenchant reforms and transparent behavior.

THE DISCLOSURE OF THE GREAT CORRUPTION

To sum up, by 1991, the following factors had come into play: Soviet communism had collapsed; the Lega Nord had created a new secessionist and populist political force; and a referendum aimed at transforming Italian politics had won broad popular support. It was reasonable to suppose that the objective conditions now existed to make a clean sweep of Italian politics.

What was missing, however, was the emotional factor—some element that might unleash popular passions. This missing factor finally appeared in February of 1992. That month, a Socialist official from Milan, the manager of a retirement home, was arrested after having been caught receiving a bribe. At first, this looked like one of innumerable such episodes of corruption uncovered by the magistracy in previous years. Usually, nothing much happened. Accordingly, the first reaction of the political elite was blasé. Craxi chalked it up to individual
dishonesty, implying that the case was an isolated one that should not reflect on his party.

Within a few months, however, the attitude of the elite had changed. The investigation of the prosecutor’s office in Milan, now nicknamed “Mani Pulite” (“Clean Hands”), had begun to document a strikingly vast network of systemic corruption, linking the worlds of politics and business. A new word was coined: “Tangentopoli,” or “Bribesville.” What aroused the indignation of citizens was the sheer reach and depth of corruption, and the discovery that the upper echelons of Italian society had created a real “system” of illegal action. The investigating magistrates of Milan (Francesco Saverio Borrelli, Gherardo Colombo, Gerardo D’Ambrosio, and, above all, the popular public prosecutor Antonio Di Pietro) became national heroes. The favor shown by public opinion toward the prosecutors was combined with resentment at the ruling parties and the political class: paradoxically, after decades of policies based on patronage, consensus had been turned into shared rancor.

It is not easy, years later, to evaluate the actual effects of the magistrates’ action. In any case, it is likely that the implications of this action were promoted above all by the weakness of the political elites. The procession of disgraced political leaders at the trial for the Enimont affair, the most important of the corruption trials, showed all of Italy the fragility of a political class that seemed incapable of justifying itself.13 It exposed the failure of a political system and the personal bewilderment of its main characters.

In the spring of 1992, the political class made a last, sudden move when Parliament was summoned to elect a successor for Francesco Cossiga as president of the Republic. It was a dramatic moment. Cossiga’s final months as president had provoked endless debate. He had understood the need for reforming the political and institutional system, but instead of prudently guiding the transformation, he had issued a series of extremely violent speeches, attacking an institutional structure that in his view deserved to be demolished. As a result, Cossiga had further discredited an already delegitimized political system.

The Italian Parliament attempted to save face by endeavoring to elect a man belonging to the old order. First a Christian
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Democrat, Arnaldo Forlani, and then a Socialist, Giuliano Vassalli, missed election for the office of president of the Republic by a few votes. At that moment it was clear that a last attempt had been made and had failed. Arnaldo Forlani, who had always been pro-Socialist, might have preserved the alliance between the DC and the PSI. The jurist Giuliano Vassalli might have shielded Craxi from judicial inquiries. Neither could win election—a fact that revealed, with extraordinary clarity, the defeat of the old political order.

THE METAMORPHOSIS OF THE
CHRISTIAN DEMOCRATS AND COMMUNISTS

The two major Italian parties, the Democrazia Cristiana and the Partito Comunista, were plunged into a crisis. To understand the gravity of their situation, a more comprehensive summary of their historical role in the Italian experience is needed.

The DC’s task seemed theoretically simpler: it had to dismantle its patronage systems, renew its leadership, and recover its cultural heritage and historical relationship with the electorate. From an ideological point of view, the DC had not failed: it was a party committed to the European community and to a “social market economy,” not so different from many Christian Democratic parties in Europe.

But the DC demonstrated an extraordinary incapacity to react: it seemed to have lost the ability to renew itself. Though in 1992 the party still could count on receiving 30 percent of the votes, it was unable to cope with political change. It strenuously resisted any change in the electoral and institutional rules, despite popular support for such change. When the rules did change, it was taken by surprise. No longer the key party in a democracy based on consensus and bargaining, it ceased to function as the pivot of Italian politics.

The PCI, despite its Marxist origin, proved more adaptable. Like the DC, it had become firmly established in postwar Italy, demonstrating its loyalty to republican institutions and the democratic order. Although the party had supported the Soviet invasion of Hungary in 1956, it did not support the Soviet
invasion of Prague in 1968. By the beginning of the 1980s, under the leadership of Enrico Berlinguer, the party had declared that the “driving force” of the October Revolution of 1917 was exhausted. The PCI had even declared its support for the Atlantic Alliance.

Still, the PCI could not help but be shaken by the collapse of Soviet communism. From the last months of 1989 on, under the leadership of Achille Occhetto, the party began a laborious process of revising, again, its ideology and organizational structure, trying to stake out a position halfway between the Social Democratic tradition and a nonideological left-wing outlook, one that was sympathetic to environmental concerns and committed to a strong concept of social solidarity.

This process was traumatic in its pace and effects. Some members rejected any transformation of the party. At the Congress of Rimini of 1991, these Communists split from the party and created a new group, Rifondazione Comunista, which deliberately referred to a Communist “re-foundation.” However, the most critical aspect of the reformation of the PCI was, above all, its slow and grudging progress. In brief, the PCI changed when it had to, but the objective of this change was far from clear.

After the party had adopted the acronym PDS (Partito Democratico della Sinistra), it faced a dilemma: how to strike a balance between tradition and innovation. It had to preserve its relationship with the trade unions, it had to acquire a trustworthy Social Democratic appearance, and at the same time it had to present itself as a modern party, able to meet the challenges of the post-Yalta world. But the most subtly difficult task was that of preserving its function in Italian society. Years of battling for social justice and supporting intellectual engagement had given the PCI a prominent role in the public sphere. The progressive ideas supported by the PCI had left their mark on Italian culture. In the main newspapers and publishing houses, in schools and universities, the prevailing drift had always been one of sympathy with the Communists.

But this cultural supremacy had never become a social supremacy and had never been put to the test of governing. So at
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the moment of its transformation, the PDS was faced with a daunting task: to convert its cultural capital into some real political power. The PCI had occupied the comfortable opposition niche afforded by the proportional system. But after the plurality system was introduced, the new PDS could no longer afford to be a minority party, even if it was a substantial one that was culturally qualified and characterized by public and private behavior that was generally less corrupt than that of its political competitors. It had to aim at winning a plurality of votes in each election in order to rule on the basis of a political platform of broad appeal.

From this standpoint, many of its old political habits seemed hopelessly out of date. And the difficulty was heightened by the fact that the PDS, now that it was rid of the burden of Communist tradition, no longer had a clear cultural identity. During the previous period, the unanimous support given by its members to the party line had muted internal differences, just as the fact that the party was in permanent opposition had simplified its political options.

Within the new party, on the contrary, disagreement was unavoidable. Different cultures were in conflict. To begin with, there was the classically Social Democratic culture that was tied to trade unions and the world of labor, and to the idea of a process of gradual reforms firmly anchored to a concept of social progress. There was also a culture that was particularly sensitive to issues of civil rights, the women’s movement, “gender” issues, and the demands of minorities. Moreover, the party included as well smaller subcultures committed to combating global environmental problems, exploitation in the Third World, and the dilemmas of poverty, intolerance, and oppression.

In short, the postwar party that had been most active in claiming a specific cultural significance was entering the new phase without a clear political identity. The neoliberalist challenge—together with changes in the social composition of the country, the organization of production systems, and the labor market—had complicated the prospects for a Social Democratic reincarnation of the party. The pursuit of a liberalism sensitive to social justice was too vague to serve as a political
program, and neither an interest in the environment nor a concern for civil rights could repair or replace the party’s old identity.

There did remain a sense of belonging. But underlying it was a vacuum. This eventually led the PDS to concentrate its efforts on tactics rather than strategy, on the pursuit of alliances rather than a cogent formulation of its own program. The conclusion was inescapable: the PDS lacked the necessary intellectual energy and confidence to meet the new challenges facing Italy. The party seemed drained.

THE PLURALITY SYSTEM AND THE BEGINNING OF TWO ALTERNATIVE ALLIANCES

While the parties were struggling to transform themselves and the prosecutors were closing in on a number of top-level politicians, a second, decisive change took place. In 1993, a new referendum was called. The result was a plebiscite for the introduction of a plurality rule.

The political scene was in a state of turmoil. After Christian Democrat Oscar Luigi Scalfaro had been voted in as president of the Republic, the mandate to form the government had been entrusted to Socialist Giuliano Amato, Craxi’s right-hand man. Amato coped well with the financial crisis of September of 1992 (which led to a dramatic currency depreciation) by launching financial measures totaling more than 90 trillion lire, an amount unprecedented in the history of the country. His successor as head of government, Carlo Azeglio Ciampi, a former governor of the Banca d’Italia, staked everything on a neo-corporatist strategy that allowed him to control wages in order to prevent depreciation from resulting in an unendurable growth of inflation.

In these months, what was oddly absent from the national scene was politics. Both the Amato and the Ciampi governments were characterized not by any distinctive political features but by their technical content; on the whole, they avoided controversy during a period in which the parties, taken by surprise by the corruption trials, did not seem to be able to issue any program, proposal, or counterattack.
Convicted of criminal behavior, the Socialist leader Craxi escaped to Hammamet, in Tunisia, while his party fell apart. The most important living Christian Democratic leader, Giulio Andreotti, faced two trials, one in Perugia, where he was accused of arranging the murder of a journalist, and the other in Palermo, where he was charged with conspiring with the mafia.

Italy’s suspension of politics as usual could not go on forever. It was necessary to restore a free competition among rival political coalitions as soon as possible. Moreover, as a consequence of the electoral referendum of 1993, a law predominantly based on the plurality rule had been approved (the new law decreed that 75 percent of the seats in Parliament would be assigned with the first-past-the-post system, while for the remaining 25 percent the election with the proportional method would be preserved).

Under the stimulus of events, and facing the prospect of the establishment of a bipolar system clearly dividing the political parties into those on the Right and those on the Left, the DC had completed its own transformation at the beginning of 1994, under the leadership of Mino Martinazzoli, a member from Lombardy belonging to the left wing of the party. The party resurrected its old name, Partito Popolare, to indicate a return to its pre-Fascist roots. At the same time, a right-leaning splinter group, the Centro Cristiano-Democratico, broke off, and Mario Segni, the man responsible for the referendum campaign, left to assume leadership of a new political group.

The introduction of a competitive democracy produced many illusions. The public began to feel, with a certain naive optimism, that Italy’s politics would be purified and rendered transparent. These utopian hopes were quickly dashed. But the new plurality system did produce many real changes. In preparation for elections in the spring of 1994, the Left organized itself into a constellation of eight parties (ranging from the PDS to the environmentalists to the diehards of Rifondazione Comunista, and including a few minor groups). With a decision that perhaps was inevitable, but also politically unfortunate, the “Center”—that is, the Partito Popolare and the followers of Mario Segni—refused the bipolar outlook and united in an alliance called Patto per l’Italia.
The great novelty of these elections was the invention of Forza Italia, the movement-party set up by the entrepreneur and television tycoon Silvio Berlusconi. In a very short time, taking advantage of his ready access to the mass media, Berlusconi managed to create a party that presented itself as a refuge for all the orphans of the DC and PSI. Sooner than his rivals, Berlusconi grasped the implications of the plurality system. He formed two different coalitions: one, called Polo per le Libertà, in the northern regions of Italy, allied Forza Italia with the Lega Nord; the other, called Polo del Buongoverno, in the South, allied Berlusconi’s party with Alleanza Nazionale (AN), the heir of a neo-Fascist party, the Movimento Sociale Italiano, which had undergone a speedy political and ideological reformation.16

The outcome of the election of March 27, 1994, was shocking. Berlusconi won an unexpected victory. His party, created from scratch, obtained 21 percent of the votes, while his coalition got more than 42 percent—a decisive plurality. In fact, Berlusconi’s mandate was precarious, because the Center-Right, while winning a majority in Italy’s lower Chamber, did not carry the Senate. In any case, Berlusconi had routed the Left and completed vanquished the centrist alliance. Despite the uncertainty of the mandate, and the ambiguous character of the winning coalition, there was a general feeling—confirmed also in a great number of local elections—that Italian politics was becoming polarized.17

On the Right stood a collection of groups that included the Liberal Catholics (heirs of the previous centrist power system), the Lega Nord, and the post-Fascists of Alleanza Nazionale. It was a very complex coalition. Keeping the nationalists of the AN and the secessionists of the Lega Nord together was politically arduous. And Silvio Berlusconi had introduced into the political world such a far-ranging conflict between the public interest and his private interests as to condition deeply all subsequent political experience.

But there were deep contradictions on the Left as well. And so, for a while, it was possible to dismiss that tenuousness of the new alliances as a temporary expedient, a transient result of a “work in progress.”
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THE UNFINISHED BIPOLAR SYSTEM

As many had predicted, the Center-Right coalition collapsed at the end of 1994, when the Lega Nord abandoned the alliance after a bitter dispute over reform of the welfare system. On this occasion, the importance of the role of the president of the Republic became clear for the first time. The collapse of Berlusconi’s government was a crucial moment. It might have been possible to reinforce the bipolar model by dissolving Parliament and calling for new elections. But President Scalfaro at this moment did no such thing, deciding instead to respect the dictates of formal law. Under his leadership and at his suggestion, the Center-Right agreed to suggest a new prime minister, technocrat Lamberto Dini, the minister of the Treasury under Berlusconi’s government. Once it was clear that a majority in Parliament was prepared to support a Dini government, there was no reason to dissolve Parliament and hold new elections, though shortly afterwards the sign of its majority was radically inverted by a phenomenon that was picturesquely called “ribaltone” (“somersault”): the Dini government was supported by the Center-Left forces and by the Lega Nord, and strongly opposed, as long as it lasted, by the Center-Right.

Meanwhile, a new Center-Left alliance was being established. It was called L’Ulivo and led by a Catholic economist, Romano Prodi. In an election held on April 21, 1996, this alliance conquered the majority of seats in Parliament. This victory was a result, in part, of continuing disagreements between Forza Italia and the Lega Nord. It also depended on a kind of electoral truce with Rifondazione Comunista (conceding to this party the allocation of seats in constituencies regarded as safe). Despite the fragility of this compromise—the neo-Communists never accepted a formal commitment to the majority—L’Ulivo managed to fulfill the main part of its program, securing Italy’s participation in the European single currency.

This financial turnaround, coupled with a considerable privatization program and a substantial commitment to liberalizing Italy’s economy, came at a price: Prodi’s government agreed not to undertake institutional reforms and left the task
of constitutional modernization to Parliament. The instrument to be used for this purpose was a new bicameral commission, created by a constitutional law at the beginning of 1997.

To lend the bicameral commission the greatest possible authoritativeness, Massimo D’Alema, the leader of the DS (a further evolution of the formerly Communist PDS), was chosen as its chairman. D’Alema tried to establish a bipartisan relationship with Berlusconi’s Center-Right, but his efforts were to no avail. The deliberations of the commission were cumbersome, and the results often mediocre and improvised. In June of 1998, after some deep disagreements, particularly about the role of the head of state and the reorganization of the judiciary, a final rift took place between the political parties active in the commission. Several observers felt that the failure of the bicameral commission signaled the end of the reform process. An opportunity had been missed.

By then, the success of Prodi’s government had seemed to reduce the need for a constitutional reform. In June of 1998, after the admission to the European single currency, hardly anybody expected that the Center-Left government could collapse. But in the autumn of 1997 there had nearly been a cabinet crisis, because of the defection of the external partner of the Center-Left, Rifondazione Comunista. In October of 1998, again as a result of an attack of Rifondazione Comunista, Prodi’s government fell.

Once again, the president faced a choice that was, in a way, decisive, and that summarized all the problems and contradictions of an unfinished transition. As at the end of 1994, President Scalfaro was faced with the need to decide whether to call for new elections or to play the game of trying to organize a new parliamentary alliance (thus giving rise to a new government, supported by a new parliamentary majority).

The president again chose continuity. The leader of the DS, Massimo D’Alema, became the head of an executive that was supported by the parties forming L’Ulivo, and also supported by several members of Parliament from the Center-Right. The executive included some ministers from the parliamentary alliance of the Polo per le Libertà.
The Crisis and Transformation of Italian Politics

Perhaps the choices made by the president of the Republic in 1998 and in 1994 were inescapable. They were certainly faultless from a formal point of view. What has been subject to prolonged debate, however, is the allegation that the president used underhand scheming to give back to Parliament something that had been taken away by the decision of the people’s vote. In 1998, for the second time in less than five years, the Italian political system seemed to avoid the chance to continue to reform and modernize itself.

Once again, the change of government had been brought about by the parliamentary system of shifting alliances. The new government had not been confirmed by a round of elections. D’Alema, the first post-Communist to reach the top of the executive, had achieved this result without a popular mandate. During the subsequent months his government was subject to several strains. The first crisis, which came at the end of 1999, exposed all the fragility of his coalition. In the spring of 2000, the outcome of regional elections, in which Berlusconi won a majority in most cases, led D’Alema to resign.

The End of the Reforming Cycle

Bettino Craxi died at Hammamet, in Tunisia, without ever returning to Italy. Giulio Andreotti came through the trials of Perugia and Palermo unscathed, but by then his power had faded. The main exponents of the “Republic of the parties” have disappeared or have ended up at the margins of political life. During the last ten years Italy’s political system has undergone an extremely far-reaching change. And while this system is still trying to find an equilibrium and structure, concentration on rules seems to have caused politicians to lose sight of the actual political problems. Between 1989 and 1994, as a matter of fact, all Italian parties were hit by a storm that destroyed them or deeply changed their substance. Furthermore, the entry of a protagonist like Silvio Berlusconi into the political arena introduced new lines of division among the voters that did not coincide with the previous “imperfect two-party system” based on the confrontation between the DC, together with its allies, and the PCI.
Berlusconi, in fact, liberated the voices of ex-Fascists, putting an end to one of the most binding political conventions of the previous era and giving his own coalition the typical features of a right-wing alliance. Unlike the DC, which had a considerable left-wing component, Forza Italia presented itself from the start as a neo-conservative movement, constantly referring to Ronald Reagan and Margaret Thatcher. This connotation, together with the flagrant conflict of interests that Berlusconi introduced into politics, led some of the centrist parties to move to the Left.

For this reason, several observers have asserted that the alliances established since 1994 have been “artificial.” It is certainly true that the disappearance or reformation of the old parties has meant the disappearance of a set of habits, attitudes, and conventions. No matter how weak the parties’ political inspiration was before the great crisis, there at least had existed a cultural heritage, and therefore a range of political identities with which the electors could identify themselves. Now, on the contrary, the citizens are faced with two great electoral cartels, whose mutual hostility is strong but whose cultural origins have faded and are no longer recognizable. Secularization has affected not only people’s relationship with religion (this phenomenon has deeply changed society in Italy); there has also been a radical political secularization, which has impaired citizens’ trust in parties’ activities just when such trust was more essential than ever.

At the same time, the reformation of the electoral system has not produced the expected results. The public must contend with a political mechanism that, in spite of the plurality system, has produced about forty parliamentary groups after the elections in 1996. This was the outcome of a contradictory system, in the opinion of observers who regret all the opportunities that have been missed for the construction of a truly modern plurality system. Other observers, on the contrary, assert that the majority system is not suited to the variety and complexity of Italy’s political culture: it is a panacea that has failed.

Now it is certainly true that in the Italian Parliament we can see the operation of a “partitocracy without parties,” where small parliamentary groups can constantly use blackmail. But it is also true that the Italian system has been a victim of
indecision. The president’s institutional decisions in 1994 and 1998, though formally irreproachable, put the operation of Parliament before the expression of the people’s will.

Since then, efforts at electoral reform have steadily lost popular support. In the spring of 1999, a referendum that asked for the abolition of the proportional quota in the electoral law failed to receive the necessary quorum of votes (50 percent of those entitled to vote plus one). When a referendum on the same matter was held the following year, the turnout was even lower. On this occasion a substantial part of the political class—including Silvio Berlusconi, the neo-communists, and several centrist groups—advocated abstention from voting in order to invalidate the referendum.

The failure of the referendum in 2000 seemed definitely to signal the end of an era. The cycle that began in the early 1990s with the attempt to respond to Italy’s crisis of corruption with institutional reforms is now over.

There still remains open the path of politics, with its conflicts and mediations. Despite all the acrobatics of Parliament and the changes of sides and inverting of alliances we have described, Italy’s division into two sectors—Center-Right and Center-Left—seems by now well rooted in society. The two alliances may appear to be unsatisfactory in many ways: Berlusconi’s coalition because of the contradictions between the parties it includes, and the Center-Left because of the absence of a consistent inspiration or vision. To this we should add that a considerable part of the electorate tends to avoid political involvement because it cannot identify with either of the existing alliances.

But in any case, in the election of 2001 the contest has been based on an explicit line of division. On one side there was Silvio Berlusconi, who had managed to reestablish his alliance with Umberto Bossi’s Lega Nord; on the other side there was the Center-Left, which had come together again, choosing as its leader Francesco Rutelli, former mayor of Rome. It was these two politicians’ responsibility to guide the electoral campaign, but also eventually to carry out a much more difficult task involving the entire system. Their actions will have to hold their supporting coalitions together after the voters’ response, though
there are no electoral rules devised for this purpose, in order to ensure that the only political rationalization achieved empirically up to now—the creation of the Center-Right and Center-Left coalitions—will hold out in Parliament after the elections.

The election revealed the substantial success of the Center-Right led by Berlusconi, which obtained an ample majority in the two houses of Parliament. Many minor parties were swept away, and for the first time the election outcome gave rise to a political situation that is clear-cut and probably also immune to the temptation of shifting alliances.

The deep disappointment of the Center-Left, after five years of government and positive results, particularly as regards Europe, was mitigated by the fact that this coalition was defeated but not destroyed, and obtained an electoral result (in terms of number of votes) similar to that of 1996. In essence, the goal of a bipolar democracy has been attained, thanks to an improved capability of producing political aggregations by taking full advantage of the logic of the majority system.

It is worth mentioning that shortly before the elections there was an intense campaign in the international press, led by *The Economist* and *Le Monde*, which bitterly criticized Berlusconi for some legal matters in which he was involved and for the conflict of his economic interests. Italian public opinion has shown that the majority of Italians are not concerned with these aspects. After the polling, several political exponents said that this was “the end of the transition.” Though it is advisable to maintain a prudent attitude, it does appear that political action has succeeded where institutional reforms had failed. Through a political confrontation, a potentially stable government has been achieved.

Forgotten are the years of endemic corruption, of waste due to the patron-and-client system, and of changes of government accomplished by shifting majorities in Parliament rather than by popular election. Undoubtedly the great reform of the institutions has not been completed. But in the next few years we will have the opportunity to watch a government at work, evaluating it on the basis of the application of its program. And the Center-Left opposition will have the opportunity to exert its
control, and to get ready to compete politically after having reformulated its alliance and revived its political scheme.

There still remain a number of abnormal aspects—to begin with, the matter of Berlusconi’s property and command of the media. But they appear to be mitigated by the operation of the political system. Perhaps it is possible, for the first time, to assert that present-day Italy, having emerged from the storm of the early 1990s, is on its way to becoming something that, politically speaking, resembles a normal democracy.

ENDNOTES


2The formula “imperfect two-party system” was coined by the political scientist Giorgio Galli. Under this title, midway through the 1960s, he published an essay that for a long time was a landmark in the analysis of the Italian political structure. See Galli, *Il bipartitismo imperfetto* (Bologna: Il Mulino, 1966). This was an abridged version of a broader collective work coordinated by Galli, *Il comportamento elettorale in Italia 1946–1963* (Bologna: Il Mulino, 1968).


The jurist Gustavo Zagrebelsky formulated the “reform paradox”: “The Italian political system works badly because it is not able to make decisions; the Great Reform is a Great Decision; so the Italian political system will never be able to make such a Great Decision as the Great Reform.” Quoted in Gianfranco Pasquino, *La Repubblica dei cittadini ombra* (Milan: Garzanti, 1991), 32–33.

The latter was beginning to be defined with an increasingly widespread, derogatory name that had been used up to then almost exclusively by the right wing: that of “partitocracy.”

A lively portrait of the DC, as a party where many political currents are united and a mirror of the variety of the Italian social scene, can be found in Marco Follini, *La DC* (Bologna: Il Mulino, 2000). For a more analytic approach, see Agostino Giovagnoli, *Il partito italiano: La Democrazia cristiana dal 1942 al 1994* (Rome-Bari: Laterza, 1996).


This is Diamanti’s analysis in *Il male del Nord*, quoted above.

To understand the trouble the Communist leaders had in accepting the ideological and programmatic revision of their party, see Piero Ignazi, *Dal PCI al PDS* (Bologna: Il Mulino, 1992): the majority of the delegates at the extraordinary meeting of 1990, called in order to debate the proposal of the party leader Achille Occhetto to “create a new political party,” felt that Italian society was “unfair” (54.5 percent), that Gramsci was “very topical” (89.9 percent), that “Gorbachev’s policy demonstrated the great self-reforming capability of the Communist system” (53.4 percent), and that “the United States was an imperialistic power” (92.9 percent).

Some hypothetical projects for an institutional reform had already appeared in the 1960s, but they attracted attention mainly at the end of the 1970s, when it seemed necessary to rationalize the Constitution in order to ensure the efficiency and stability of the governments. The most ambitious attempt to amend some parts of the Constitution was perhaps that of the Commissione Bozzi (chaired by the Liberal member of Parliament Aldo Bozzi, and active from November of 1983 to January of 1985). This commission’s project was of a parliamentary type, but it was never debated in Parliament. In 1992, another commission was established. It was chaired by Ciriacio De Mita, whose mandate expired in 1994 as a result of the dissolution of Parliament. For an overall investigation, see Enzo Cheli, *La riforma mancata: Tradizione e innovazione nella Costituzione italiana* (Bologna: Il Mulino, 2000).
One of the first attempts to interpret the collapse of Italian politics was carried out by Luciano Cafagna, *La grande slavina: L’Italia verso la crisi della democrazia* (Venezia: Marsilio, 1993), where he described the decline of the parties, due to the weight of a welfare system based on patronage, against the background of the fiscal crisis of the state.

The presence of an “antagonistic” left wing that was not bound by any organic alliance turned out later to be severely detrimental to the stability of the Center-Left alliance. For a description of the irreparableness of the split between the Social Democratic forces and the extremist components, see Marco Revelli, *Le due destre* (Turin: Bollati Boringhieri, 1996).

Among the very few voices dissenting on the campaign for the referendum and the adoption of the plurality system, a work that deserves mention is Mauro Calise, *Dopo la partitocrazia: L’Italia tra modelli e realtà* (Turin: Einaudi, 1994). It criticizes the optimistic simplifications on which the consensus for the uninominal system was based.

An early balance of the transition from the Movimento Sociale to Alleanza Nazionale was drawn by Piero Ignazi, *Postfascisti?* (Bologna: Il Mulino, 1994); an overall examination of the anti-Fascist issue can be found in Gian Enrico Rusconi, *Resistenza e postfascismo* (Bologna: Il Mulino, 1995).


The experience of the Berlusconi government was troubled from the beginning because of Berlusconi’s position as television entrepreneur and owner of three national networks. For this reason he was at the center of a very objectionable overlap between information and politics that led the president of the Republic, Oscar Luigi Scalfaro, to offer to act as “guarantor” of the political correctness of the new executive. The most dramatic moments of the Center-Right followed the issue of a decree on preventive detention that gave rise to an extremely sharp public reaction of the magistrates of the “Mani Pulite” investigation in Milan, and to a judicial initiative launched by these magistrates against Berlusconi: a notice of preliminary investigation was delivered to the head of government during an international meeting in Naples.

For a reconstruction of the turnaround of national accounts in order to ensure admission to the European monetary system, see Luigi Spaventa and Vincenzo Chiorazzo, *Astuzia o virtù? Come accadde che l’Italia fu ammessa all’Unione monetaria* (Rome: Donzelli, 2000). An excellent outline of Italian economic policy can be found in Michele Salvati, “Dal miracolo economico alla moneta unica europea,” in Sabbatucci and Vidotto, eds., *Storia d’Italia*, vol. 6.
24  **Edmondo Berselli**

20 For instance, once an irruption of the members of Parliament of the Lega Nord caused an agreement that had already been made (on a form of premiership) to be shifted in the direction of a presidentialist model: this gave observers the impression that any accident might change the commission’s decisions, and that which model was chosen had practically no significance.

21 The crisis was solved by walking on a tightrope: the compromise with Rifondazione Comunista was recovered by adding to the government program a law for the reduction of the working week to thirty-five hours.

22 This definition is in Mauro Calise, *Il partito personale* (Rome-Bari: Laterza, 2000), a very polemical essay on the outcome of the plurality system.

23 An efficient dictionary of Italian politics during the last decade is Gianfranco Pasquino, *La transizione a parole* (Bologna: Il Mulino, 2000).
INTRODUCTION

I can sum up much of what has been said by Italy’s formerly Communist Left in the post-Communist era as follows: “It is true, we were wrong, but we were right to be wrong: the other left was right, but it was wrong to be right.” It has never been easy to explain Italian political events to foreign observers. The main reason is the lack of an internationally recognized framework of concepts and agreed-upon definitions of terms such as “Right,” “Left,” “conservative,” “progressive,” etc. Still, the stability of Italy’s ruling class has always reassured onlookers. Indeed, from the end of World War II until the early 1990s, although governments changed, the same men remained in power and were always members of the same ruling party: the Christian Democrats. The Communists (PCI) were in opposition, as were the post-Fascists. Allied with the Christian Democrats, the Socialists (from the 1960s onwards), the Social Democrats, the Republicans, and the Liberals formed the relative majority that governed Italy. Owing to its composition, this bloc became known as the Center-Left, in contrast to the centrist bloc that ruled in Italy in the 1950s. Throughout the postwar era, the centrist parties predominated, making up 40–50 percent of the ruling bloc, compared with the 15–20 percent accounted for by the parties of the Left (Socialists, Social Democrats, and Republicans).
A similar balance of power existed within Italy’s trade unions. Depending on the precise historical period studied, the three major unions—CGIL, CISL, and UIL—allied themselves to a greater or lesser degree with the various parties of the ruling bloc. CGIL allied itself to the Communist Party and the Socialist Party, CISL to the Christian Democrats, and UIL to the Social Democratic Party, the Socialist Party, and the Republican Party. Supporters of the post-Fascist Social Movement had their own union, CISNAL, which remained on the margins of the trade-union scene.

In the dialectic of industrial relations, CISL and UIL were traditionally pro-government. CGIL, on the other hand, strongly opposed government policies, notwithstanding the socialist reform movement that existed within the union. The system of proportional representation, used in all Italian elections, both national and local, reinforced this distribution of power.

Italy’s centrist system functioned until the beginning of the 1990s, when a judicial storm swept the country, dealing a serious blow to all the parties of the ruling majority, especially the Christian Democrats and the Socialists. The only parties to emerge virtually unscathed from the “Tangentopoli” (Bribesville) scandal were the Refounded Communists and the post-Fascists. In 1993, a law was passed that modified Italy’s electoral system. This replaced the system of pure proportional representation with a spurious first-past-the-post-majoritarian system for 75 percent of seats in the Italian Parliament. According to the law, the remaining 25 percent of seats were to be redistributed by proportional representation.

Bribesville and the changes to the electoral law sent shock waves across Italy’s entire political scene. Parties changed their names and organization, coalitions shifted, new leaders emerged, and a new ruling class took shape. The exceptions were the Communist Party (PCI/PDS/DS) and the post-Fascist Social Movement, which renamed itself the National Alliance.

The new electoral system obliged parties to group themselves into two political poles: the Left and the Right. Most citizens hoped that this would simplify the political landscape, but this did not occur. After suffering defeat at the polls in 1994, the
Italy’s Other Left

Left surprisingly chose to define itself as the Center-Left. The former Italian Communist Party (which become the Democratic Party of the Left and, subsequently, the Left Democrats Party) dominated this new bloc. The Left hoped to use this coalition to “ghettoize” its political opponents on the Right. In name and in the collective imagination, the new Center-Left would monopolize the entire political, cultural, and social realm, leaving to its adversaries the historically infertile terrain of the constituencies of the Right.

Some 30–35 percent of the part of the political territory claimed as the Center-Left in 1995 was made up of political forces derived, either directly or indirectly, from the former Communist Party (Democratic Party of the Left, Refounded Communists, and Greens). A further 10–13 percent was derived almost entirely from post-Christian Democrat political forces, notably the Italian Popular Party (PPI). On the Right, Forza Italia (Let’s Go Italy), the new party founded by the entrepreneur Silvio Berlusconi, garnered a considerable number of votes from former supporters of the Christian Democrats, Socialists, Social Democrats, and Liberals. The National Alliance, on the other hand, picked up the vote of previous supporters of the post-Fascist Italian Social Movement, as well as the former Christian Democrat voters of the Christian Democrat Center Party (CCD). The federalist Northern League also formed part of the forces of the Right that triumphed in the general elections of 1994, although its electoral appeal was limited geographically to the North.

As a result of these maneuvers, Italy’s political landscape is more complicated and confusing than ever. Today’s Center-Left is not the heir of the Center-Left that governed Italy for three decades from 1960 until 1993. Similarly, the Center-Right of today bears no resemblance to the postwar Right. The conclusion to be drawn is that “Right” and “Left” no longer mean much in Italy. To understand the current political situation, one needs to understand the perplexing and paradoxical history of Italy’s “two Lefts,” one formerly linked with the Christian Democrats, the other formerly Communist.
THE TWO LEFTS

From the October Revolution until the collapse of the Soviet empire, the international workers’ movement, especially in Europe, was convulsed by an intractable conflict between reformers and revolutionaries (or “Maximalists”). With few exceptions, the Maximalist tendencies prevailed within the Italian Left. In 1921, a split within the Italian Socialist Party gave rise to the Italian Communist Party. This divided the Socialist workers’ movement at the very moment when fascism was beginning its violent march toward power.

The schism was the result of ideological folly (“Let’s do what they did in Russia”), and also a misreading of the situation in Europe. The Communists believed that the revolutionary wave was still cresting, when in fact a reactionary period had already begun. So it was that the advances made in the sphere of politics, trade unionism, culture, and society through decades of patient work were wiped out in the few months that culminated in Benito Mussolini’s fascist coup d’état on October 28, 1922.

The servility of Italy’s Maximalist Left toward the Soviet Union and the formation of a “professional” revolutionaries’ party that was loyal to the Soviets further divided a workers’ movement that had already been defeated by fascism. Throughout the two decades between the wars, Maximalism on the left in the form of Communist bureaucracy, policing, and repression led to the defeat of democracy in much of Europe.

During the Resistance and after World War II, the Communist Party and a new breakaway wing of the Socialist Party, the Socialist Party of Proletarian Unity (PSIUP), declared a united Popular Front. A new trade union, the CGIL, was formed, placing a powerful “unitary” instrument in the hands of the Communists. But the power of the Italian Communists waned after the onset of the Cold War. In the first national elections, held on June 2, 1946, the Socialists polled the second largest share of the vote after the Christian Democrat Party, coming ahead of the Communists. Despite this showing, the majority of the Socialist Party chose to ally itself with Palmiro Togliatti’s Communist Party.
Meanwhile, in January of 1946, a social-democratic element within the Socialist Party, led by Giuseppe Saragat, decided to create a new independent party of the Democratic Left. Forced to choose between a Stalinist “Left” and liberal democracy, Saragat chose democracy. The Communists treated Saragat and his allies as “socialist traitors” and accused them of exhuming the corpse of Social Fascism. But the slurs were in vain. In the general elections held on April 18, 1948, Saragat triumphed over the Popular Front.

THE OTHER LEFT

The other Left—the liberal and reformist Socialist Party led by Saragat—helped save Italy. By participating in the centrist governments of De Gasperi, Saragat salvaged the prospects for democracy within the governing coalition. The reformist Left forestalled the rise of a Communist dictatorship and at the same time prevented a right-wing reaction. By refusing to enter into an alliance that was dominated by the Italian Communist Party, it left itself free to battle for a humane vision of socialism and democracy.

In the early 1960s, socialist leader Pietro Nenni decided to dissolve the alliance between Socialists and Communists. In an epochal shift toward the center, Nenni helped found the great reformist alliance with the Christian Democrats that spawned Italy’s first Center-Left bloc. Togliatti’s Communist Left fiercely opposed this government. It was the Center-Left that presided over Italy’s economic boom of the 1960s. The coalition also carried out major reforms of the school system, the national health system, and the pension system.

The governments of the Center-Left bloc increased public spending on social security and engineered Italy’s one true nationalization—of the electrical energy industry. When the Italian Communist Party, led by Enrico Berlinguer, reached the height of its postwar popularity with the electorate (it took 34.4 percent of the vote in the general elections held on June 20, 1976), it was effectively beaten back by the Socialist Party, led by Bettino Craxi. Staunchly defending the value of liberal de-
mocracy, Craxi opposed the “historic compromise” between the Communists and the Christian Democrats sought by Berlinguer. It was the Socialist Party of Craxi that reconstructed the “other Left,” which refused to accept the hegemony of the two main parties. In the end, Berlinguer’s strategy was confounded and the Christian-Democrat-Socialist alliance returned to power. In 1983, the Communist Party tried to prevent Craxi from forming a government, but failed to do so.

FROM CRAXI TO AMATO: 1983–1993

In the early 1980s, Italy suffered a series of crises. There was an economic crisis with double-digit inflation and zero-growth. There was a political crisis for the Center-Left: twice the Christian Democrats lost control of the government (first to Republican Giovanni Spadolini, and subsequently to Socialist Bettino Craxi). There was also a social and moral crisis provoked by the terrorism of the far-left Red Brigades. In these tense times, reformist Italian socialism won two historic victories. On the economic front, they helped break the wage-price spiral. In the geopolitical sphere, they won popular support in the face of violent opposition from the Italian Communist Party for the installation of Pershing and Cruise missile defense systems to combat the threat posed by the Soviets’ SS20s.

In these years, the Communist Party plunged into a political void that was only filled by Berlinguer and his successors with the expedient of the so-called moral question. With this slogan, the Communists intended to raise doubts about the moral integrity of the parties of the governing coalition. They were accused of theft and corruption by the Communists, who claimed to be “different” from all the other politicians: in other words, to be honest and competent.

Berlinguer’s slogan was only a moralistic intuition. But it mapped out a strategy that was used by his successors, until the Berlin Wall came down in 1989, the Soviet Union fell apart in 1990, and Italy’s Communist Left witnessed the collapse of its historical hopes. The events of 1992–1993 (the “Clean Hands” judicial probes) confirmed the impossibility of any coexistence of the “two Lefts.” Defeated by history, the Communist Left
used and profited from the instrument of judicial repression to challenge the democratic, liberal Left. But this attempt did not succeed, because the democratic Left has survived.

But let us look more closely at the events of 1992. The government of Giuliano Amato was the last Center-Left government in the traditional sense of the term. The Democratic Party of the Left (PDS), heir of the Communist Party (PCI), was in opposition. The Amato government had to tackle three major emergencies. The first was the state of industrial relations after the end of wage indexation. The second was the search for a viable convergence of the Italian economic system with the Maastricht parameters set for European monetary union (EMU). The third emergency concerned the cruelest phase of the Bribesville scandal, a repressive judicial clampdown on illegal funding of political parties.3

It was against the law for political parties to receive money from industry. Despite this law, all the major political parties have received such money, and continue to do so. These include the Christian Democrats, the Socialist Party, the Communist Party, and other smaller parties. The magistracy hardly ever enforced the law—and the Italian Parliament approved several amnesties for those who had broken the law, the last one being in 1989. Despite this, during the first few months of 1992, the magistrates chose to intervene, interrogating half of Parliament and forcing ministers and party leaders to resign, particularly in the ruling majority.

The Democratic Party of the Left (PDS), whose crimes in connection with illegal party financing from the Soviet Union had luckily been annulled by the amnesty of 1989, was almost untouched by the “Clean Hands” judicial probes. The reason was that on the occasions that they were cross-examined, the PDS’s leaders did not reveal where the illegal funds came from, or who received them. In fact, the funds were managed in an extremely hierarchical way by the party’s central apparatus and were passed on via the “red cooperatives” (the cooperatives run by the PCI/PDS). The “red cooperatives” were and still are a truly entrepreneurial system run in tandem with the party. Also crucial was a certain “benevolence” toward the parties in opposition on the part of the magistrates who so
frequently reacted with the greatest zeal to the “news of crimes committed” by the parties of the governing coalition. The magistrates evidently considered them less “dangerous.”

This notwithstanding, senior officials of the Center-Left parties were in fact removed, and the formerly governing parties bore the brunt of judicial vengeance. The magistrates’ inquiries, opportunely splashed all over the newspapers, convulsed the whole of Italian politics. And it was in this climate that Giuliano Amato’s last Center-Left coalition had to govern the country. It managed to do so by bringing trade unions and employers to the negotiating table and getting them to sign an agreement that eliminated wage indexation from industrial relations. This brought Italy in line with the rest of Europe. Also in the autumn of 1992, when the lira was at the full height of its currency crisis, the Amato government launched a budget containing cuts of more than 90 trillion lire (5 percent of GDP). This budget was accompanied by four great structural reforms: in local government financing, in the pension system, in the health service, and in the civil service.

The Left’s opposition to the Amato government’s budget, both in Parliament and in the trade unions, was ferocious to the point of obstructionism. But it was thanks to this budget, the structural reforms, and the tripartite negotiations that ended wage indexation that the Italian economy managed to contain its inflation figures when the government had to devalue the lira by up to 30 percent in 1992–1993. The devaluation was necessary because Italy was unable to maintain parity with the other European currencies in the Exchange Rate Mechanism. The Maastricht Treaty had been signed by the Italian government only a few months earlier (in February of 1992); signing the treaty obliged Italy to meet rigorous convergence criteria for inflation, national debt, the public deficit, and interest rates. At the time, Italy’s inflation rate, interest rates, national debt, and public deficit were much higher than those of other European countries; its infrastructure was inadequate and its competitiveness was weak.

It should therefore come as no surprise that the monetary crisis during the autumn of 1992 resulted in an exchange rate that financial markets considered too high for Italy to be able
to meet the Maastricht convergence criteria as the government had pledged. Amato’s 1992 premiership and his ruling coalition of “investigated” politicians therefore deserve a round of applause. But what can be said of the PCI/PDS and CGIL, of the post-Communists who not only understood nothing of those difficult and tragic years, but played at judicial massacres? Amato was soon to be sacrificed by the post-Communists, because he was too much of a reformist. This was almost an affront to the last leader of a Center-Left whose lifeblood was being sucked away by a political and social Left that was not based on any democratic consensus, that was condemned by history, but that was saved by the magistrates.

THE METAMORPHOSES

After the end of the last historic Center-Left period of governance, two so-called technocratic governments followed. The first was headed by Carlo Azeglio Ciampi, who had been governor of the Bank of Italy. This government contained several ministers who had been nominated by the PCI/PDS. After a vote by the Italian Parliament that prevented the magistrates from proceeding against Craxi, these ministers resigned in protest. They were replaced by various technical experts. The second technocratic government was the controversial one led by Lamberto Dini. It was during the Ciampi government that a new balance of power emerged, sometimes inaccurately dubbed the “Second Republic.”

Under the Ciampi government, the PCI/PDS entered into a government of national unity together with the parties of the old Center-Left, who were by now fighting for their lives. But this was not enough, as, after its change of name, the PDS began to step entirely into the by-now-moribund Socialist Party’s (PSI) shoes. In 1992–1993, the PDS joined the Socialist International. The industrial relations pact signed under Ciampi on July 23, 1993, was the first fruit of this steady replacement of the PSI by the PDS. It fine-tuned the agreement reached a year earlier on July 31, 1992, by the Amato government. Conditions were more favorable for the Ciampi government than they had been for Amato’s, and the “Ciampi Pact” negotiated with unions
and industry laid down the rules for a new wage bargaining system.

As well as the consent of unions and industry, the Ciampi pact gained the assent of the PDS, who—better late than never—had come to understand the advantages of cooperation and an income policy. The post-Communists’ strategy was a farsighted one, precisely because wage bargaining and the special access this gave to the tripartite union confederacy (CGIL, CISL, and UIL) was a way to get into power, tying the trade unions to the governing coalition.

The Bribesville scandal convulsed the parties of the ruling majority, but saved the post-Communist opposition and left the trade unions miraculously unscathed. (It was almost as if, at some point in the history of Bribesville, someone wanted to keep the three main trade unions out of trouble, to allow them then to become one of the props of the Second Republic.) It was in this new landscape that the PDS discovered cooperation and began to “associate” the CGIL, CISL, and UIL with the governing coalition.

The Ciampi government was not characterized by either financial rigor or reformist impulses. In 1993–1994, owing to heavy taxation, government revenues made the biggest contribution to the economic turnaround (as had happened under the Amato government’s budget the previous year).

Once a new electoral law was approved, a new configuration of parties vied for power. On the Left stood the PCI/PDS of Achille Occhetto and his allies (Greens, Refounded Communists, and a few other minor parties), while on the Right there was Silvio Berlusconi’s Forza Italia (Let’s Go Italy) party, the Northern League, and the National Alliance (in central and southern regions). In the center stood the Italian Popular Party (PPI), formed in the winter of 1993 and containing what was left of the disbanded Christian Democrats.

Unexpectedly, Berlusconi won. But his majority was a fragile one: although his government had a clear majority in the Chamber of Deputies, it consisted of only one or two seats in the Senate. And many key figures were against him, from the president of the Republic, the die-hard Christian Democrat Oscar Luigi Scalfaro, to the trade unions and the private employers’ asso-
Italy’s Other Left

The media was also anti-Berlusconi. From the Berlusconi government onwards, the political Left, led by the PCI/PDS (soon to be joined by a part of the PPI), formed a united opposition in cooperation with the “social Left” made up of the CGIL, CISL, and UIL.

Having won the general elections, Let’s Go Italy achieved an even more clear-cut victory in the subsequent elections to the European Parliament in 1994. In a climate of economic recovery, the Berlusconi government initiated certain reforms. The “Tremonti Law,” eliminating taxes on reinvested profits, as well as “a budget without any new taxes,” was approved. But the government encountered a great deal of hostility, within Italy and abroad. It was caught between a president of the Republic who exercised his powers to their constitutional limit and an excessively mistrustful ally in the Northern League’s leader, Umberto Bossi. Bossi may have had advance information on the bogus legal charges that were about to be unleashed on Berlusconi. In December of 1994, these led to a collapse in support for the government and triggered a political crisis.

These were the circumstances of the birth of the Dini government, which was appointed in the winter of 1995. This was a completely different majority from that which had emerged in the polls only a few months earlier. It was made up of the post-Communist Left, together with the PPI and Bossi’s Northern League. This majority allowed the birth of a second technocratic government, that of Dini, Berlusconi’s former treasury minister. Let’s Go Italy and the National Alliance, as well as a part of post-Christian Democracy (the Christian Democrat Center Party, CCD), were relegated to the opposition. And all this was due to a formalistic interpretation of the Constitution that scorned the new majoritarian electoral law.

Prime Minister Dini, a former civil servant, saddled with a meddlesome left-wing political and trade-union majority, could only buy time for the inevitable electoral test. From the point of view of economic policy, Dini’s eighteen-month-long government was nondescript, characterized by a useless reform of the pension system that was almost dictated word-for-word by the trade unions. Fortunately, during that period (1994–1996), there was strong economic growth and containment of current ex-
penditure, the first results of the Amato government’s reforms. These made a positive contribution to Italy’s public accounts, as required by the Maastricht convergence criteria.

During the Dini government, the trade unions acquired an increasing power to influence national political life. And the “para-institutional” instrument they used was precisely that of cooperation. Instead of being an “exceptional” consensual practice used to resolve such serious problems as inflation or competitiveness (as it was used by the Center-Left), cooperation became a negotiating tool between government and unions (the model employed by the fake Center-Left) that marginalized the role of entrepreneurs.

The object of negotiation was nothing but certain low-profile “reforms” of a conservative nature. These included the pension reform undertaken by the Dini government in 1995, which did not tackle the imbalances of the Italian social security system in any way. Other measures included populist reforms of the school and higher education systems, as well as confusing and contradictory new legislation concerning the labor market and strikes in essential public services. The growing power of the unions in this context was paradoxical. Trade-union membership had dropped at the start of the 1990s. Most members were pensioners who not only did not understand the changes wrought to the workplace by the new technologies and by globalization, but also opposed these changes with all the means at their disposal. The unions took on new life by transforming themselves into well-organized and well-financed props for the wretched system of governing left-wing parties. After the alliance of the Democratic Party of the Left (PDS)-Left Democrats (DS) with the Italian Popular Party (PPI), this ruling bloc shamelessly began to call itself the Center-Left. It did so without any real commitment to liberal principles and democratic reform.

THE NEW CENTER-LEFT ALLIANCE: THE OLIVE TREE COALITION

Before elections in the spring of 1996, the “neutral” Dini (with assistance from the Left Democrats) set up a truly centrist party, Italian Renewal. The PPI allied itself definitively with the Left, as did the Republican Party and certain post-socialist
Italy’s Other Left

parties. With the support of these three historic Center-Left brand names (all together they received about 13 percent of the electoral vote), the PCI/PDS, now renamed the Left Democrats (DS), began to constitute a big political bloc that defined itself as the Center-Left and was given the nickname “The Olive Tree Coalition.”

This coalition was led by Romano Prodi, a Catholic, former Christian Democrat minister, economics professor, and manager of one of the state holding corporations. Prodi’s government combined great political sophistication with great cynicism. Its objective was to defeat Berlusconi’s Center-Left-Right with a Center-Left alliance dominated by the post-Communists and supported by the trade-union confederacy. The cynicism lay in passing off what was really a Left-Center alliance as a social-democratic progressive one and accusing the “Freedom Alliance” (which linked Let’s Go Italy, the National Alliance, and the Christian Democrat Center Party) of ruthless laissez-faire, Thatcherism, and so forth.

Romano Prodi’s reassuring image was useful for this purpose, and the alliance won in the 1996 elections. The Olive Tree Coalition was a heterogeneous alliance that stretched from the centrist supporters of Lamberto Dini to the Refounded Communists. There were twelve parties in this coalition. Despite possessing a large majority in the Chamber of Deputies and a sufficient one in the Senate, it proved to be totally incapable of carrying out clear and coherent reformist “Center-Left” policies. The Olive Tree had the votes to govern, but it lacked a soul.

The only thing that Prodi could do, after initial misgivings, was to throw himself fully behind the decision made in 1992 to meet the Maastricht convergence criteria and take Italy into the single European currency in the first wave of monetary union. But to achieve this within the predetermined time frame, the Prodi government did not undertake sound economic reforms, as the Amato government had tried to do in 1992. Instead, it simply increased taxation and reduced expenditure on debt servicing.

Italy’s fragile financial recovery was based on increased fiscal pressure (in 1993 and from 1996–1999); a freeze on
public spending from 1994–1996; and a big reduction in interest payments on the national debt between 1995 and 1999. Italy entered the first wave of the euro in 1998. But the first two results were exclusively the product of the real “Center-Left” of Amato’s 1992 government and its budget and reforms. The reduced expenditure on debt servicing was helped by the international fall in interest rates.

Romano Prodi’s “Left-Center” government was followed by one formed by the Left Democrat leader Massimo D’Alema. This government was marked by conservatism, uncertainty, and an endemic inability to carry out real reforms. Romano Prodi personally appointed Massimo D’Alema to take over for him when he stepped down as prime minister in 1998. But D’Alema had no more success than Prodi as a reformer. Every time he made a serious attempt to reform the pension system, let alone the labor market, the CGIL leader Sergio Cofferati stopped him. Prevented by the unions from cutting current federal expenditures, the D’Alema government’s only “merit” was to increase taxation in order to keep Italy within the Stability Pact once the euro was born.

A ruling majority that was deeply divided, in partnership with a trade-union confederacy that was only capable of defending the rights and privileges of its membership, took Italy into the single European currency at a price. There was record unemployment: more than 12 percent of the workforce. Average growth from 1996–2000 was at its lowest level since World War II: 1.1–1.5 percent. And after the devaluation of the lira in 1992–1993, competitiveness plummeted. No real structural reform was achieved, the country’s infrastructure continued to deteriorate, and the North-South divide had never been sharper. More than 6 million Italian citizens were living in poverty.

SOMETIMES THEY COME BACK: THE POST–OLIVE TREE COALITION OF GIULIANO AMATO

After the Left-Center coalition lost in the European elections of 1999 and in the regional elections of 2000, Massimo D’Alema resigned. Although a ruined man, D’Alema tried a last desperate gambit: to hand over the premiership once again to Giuliano
Amato—the same man who had been forced to resign in 1993 because he was not sufficiently supportive of the investigating magistrates. D’Alema had already discreetly brought Amato back in as institutional reforms minister and subsequently as treasury minister. But although the orchestra has a new conductor, the musical score is the same one. No real reforms have been enacted by this Amato government, only proclamations that the economic recovery that had finally taken place in Europe would sweep Italy as well.

The second Amato government is the antithesis of the first one. Its pre-election budget showered the electorate with tax cuts funded from a nonexistent government “surplus” accrued from persistent fiscal pressure and an increased economic growth rate. The executive’s entire attention has been taken up with keeping everybody happy and giving as many handouts as possible to its friends and friends of its friends.

CONCLUSIONS

It has not been an easy task to trace the history of Italy’s two Lefts in order to reinterpret the confusing events of the 1990s. In Italy, even today, perceptions of how “left” someone is are based on how close they are to the former Communist Party. Whoever reaches the critical threshold of anticommunism automatically becomes “right-wing” or worse. To sum up then, in Italy, there have always been two Lefts: a reformist one that backs liberal parliamentarianism, and an uncompromising “Maximalist” one.

In 1994, when Berlusconi and his “Center-Left-Right” coalition won the general elections, they were treated as vulgar and untrustworthy upstarts. In reality, in the tradition of the old Center-Left, Berlusconi’s government represented a novel right-wing alliance that was the inevitable consequence of the new majoritarian electoral law (introduced in 1994, as described above).

In 1996, the media and Italy’s power-brokers were taken in by the Olive Tree Coalition’s cynical bluff. The Olive Tree was the self-styled heir of a way of governing that the Communist and post-Communist Left had always vehemently opposed.
Renato Brunetta

And thanks to their hoax, the Olive Tree Coalition won, albeit by a narrow majority. As a result, many Left Christian Democrats returned to power. For the first time, the government was also joined by a large number of post-Communists with a more “human” face.

As we have seen, however, the bluff did not last long. The Center-Left of the Olive Tree Coalition is purely nominal (this is still true today): the post-Communist Left allied to the CGIL increasingly calls the shots. Prodi, in order not to be totally dependent on the post-Communist Left, attempted the most unlikely political convergence, notably with the far-left Refounded Communists. This pointless attempt achieved precious little. Inevitably, the ruling majority’s centrist forces were soon relegated to their true, marginal role in the alliance and lost popular support. The Refounded Communists withdrew from the governing coalition and Prodi was forced to resign. After Prodi resigned, D’Alema formed a new government, replacing the Refounded Communist deputies with a not inconsiderable number of Center-Right MPs. He was helped in this by strong international pressure (war in Kosovo was imminent). The Center-Right parliamentarians in the D’Alema government (who had crossed over to the opposing side) were led by Christian Democrat Francesco Cossiga (former president of the Republic) and Clemente Mastella.

Since then, the government’s leadership and the composition of the ruling majority have changed, but government policy has remained the same. It caters, as usual, to a post-Communist Left bereft of values or vision but hungry for power. Wearing a mask of moderation, the post-Communists defend the Center-Left, talk of reformism, and hark back to the social-democratic traditions of Northern Europe. In reality, theirs is nothing other than a scientific and “totalizing” seizure of power, in the bureaucracy, in the local government, and in state-run industry. Much of the latter has been privatized, but the chosen buyers are businessmen that are close to the Left.

In the meantime, the reforms that the country needs are not being undertaken, and worse still, either unnecessary or unsound reforms are being carried out. It would hardly be surpris-
ing if a coalition such as this, spawned by hypocrisy and hungry for old scores to settle, soon entered into crisis.

On the other side of the political divide, Let’s Go Italy is gaining increasing currency as the political movement that, in terms of its programs and support among the electorate, is actually the one that is most successfully recreating the reformist spirit of the historic Center-Left.

The “House of Liberty” (the name the Freedom Alliance, the Northern League, and the other parties and movements that are recreating the old Center-Left have given themselves) is putting itself forward to govern Italy on the basis of a program that draws on the best traditions of the Center-Left and reviews and corrects its shortcomings.

It is not surprising that the economic and social policies of Let’s Go Italy and the Freedom Alliance are inspired by a “social market economy”—namely, the convergence between a liberal view of the market and economic efficiency and the Christian vision of the value of every single person.

“Social market economy,” it should be remembered, has formed the backbone of the Federal Republic of Germany ever since the years following the end of World War II. It inspired the economic policies of statesmen such as Konrad Adenauer and Ludwig Erhard. Application of the principles of a social market economy also made the rebirth of Italy possible in the postwar period, thanks to the teachings and the actions of men such as Luigi Einaudi and Alcide De Gasperi.

On the basis of these ideas, the “other Left,” led by Let’s Go Italy and the Freedom Alliance, is putting itself forward to govern the country again, together with the Catholic, liberal, and reformist center, and the democratic Right. Its platform is a sign of the real cultural and political continuity of what for thirty years was Italy’s dominant reformist political coalition: the Center-Left.

ENDNOTES

1See the glossary on page 42.

2The Italian electoral system is a spurious first-past-the-post majoritarian system because 25 percent of seats are attributed by proportional representation.
This means that political parties have to form coalitions in order to compete successfully for the majoritarian seats, while at the same time they have to compete with their allies to acquire seats attributed by proportional representation.

The clampdown was repressive because in past decades the judicial authorities tolerated the parties’ illegal founding, and, moreover, the Parliament traditionally provided a general amnesty for such kinds of crimes. The last one was in October of 1999.

The senior officials were obliged to resign before any judgment by a court was pronounced. Almost all of them were subsequently cleared by the courts.

The charges were of having bribed officers of the tax office. Mr. Berlusconi was subsequently cleared by the court of these charges.

President Scalfaro’s interpretation of the Italian Constitution was based on the fact that the Parliament should not be dissolved as long as there was a viable majority. This interpretation was correct within a system of proportional representation. But when the electoral system became largely majoritarian, it led to a complete perversion of the actual will of the electorate. Votes cast for Center-Right candidates turned out to be used to support a left-wing government.

GLOSSARY

Alleanza Nazionale (AN): the National Alliance, a political movement founded by Gianfranco Fini in 1994. The Fiuggi conference, held on January 24, 1995, merged the AN with the Italian Social Movement (MSI).

Centro Cristiano Democratico (CCD): the Christian Democrat Center Party, a political formation created in 1994 that is made up of former Christian Democrats who did not join the Italian Popular Party (PPI) and who were allied with Forza Italia (Let’s Go Italy); its secretary is Ferdinando Casini.

Confederazione Generale Italiana del Lavoro (CGIL): the General Italian Confederation of Labor. Formed in 1906, it was disbanded in 1927 and then reformed in 1944. It is the largest Italian trade union.

Confederazione Italiana Sindacati Lavoratori (CISL): the Italian Confederation of Workers’ Unions. Formed in 1950 by Christian Democrat unionists, it is the second largest Italian trade union.

Confederazione Italiana Sindacati Nazionali Lavoratori (CISNAL): the Italian Confederation of National Workers’ Unions. It was founded in 1950 with the support of the Italian Social Movement.

Confederazione Italiana Sindacati Nazionali Lavoratori (CLN): Committees of National Liberation, the political leadership of the resistance movement.

Compromesso Storico: a political strategy worked out in 1973 by Enrico Berlinguer and based on collaboration between Communists, Catholics, and Socialists.

Democratici di Sinistra (DS): the Left Democrats, a party created in 1998 from the transformation of the Democratic Party of the Left (PDS).

Federazione dei Verdi: the Greens, an environmentally inspired political formation created in 1986.

Frønte Populare: the Popular Front, an electoral alliance between the Italian Communists and Socialists that was formed in 1948.

Lega Nord: the Northern League, a federalist political movement created in 1991 to coordinate several northern separatist movements, including the Lombard League, the Venetian League, and others. Its secretary is Umberto Bossi.

Movimento Sociale Italiano (MSI): the Italian Social Movement, a party founded by Giorgio Almirante.

Partito Comunista Italiano (PCI): the Italian Communist Party, a political party founded in Livorno on January 21, 1921.


Prodotto Interno Lordo (PIL): the Gross Domestic Product (GDP), the market value of all final goods and services produced within a country in one year (or during a given period of time).


Partito Popolare Italiano (PPI): the Italian Popular Party. Founded in 1994, it merged with the largest part of the former Christian Democrat Party.


Partito Repubblicano Italiano (PRI): the Italian Republican Party, formed in Milan in 1895.

Partito Socialista Democratico Italiano (PSDI): the Italian Social Democrat Party, formed in 1952.


Unione Italiana del Lavoro (UIL): Union of Italian Labor. Formed in May of 1949, it is the third largest Italian trade union.

**THE CAST**

Konrad Adenauer (b. 1876; d. 1967): one of the founders of Germany’s Christian Democratic Union party (CDU); he was chancellor of the Federal Republic of Germany from 1949–1963.

Michail Aleksandrovic Bakunin (b. 1814; d. 1876): founded the Social Democratic Alliance in 1868, which in 1969 adhered to the First International.

Franco Bassanini (b. Milan, 1940): Italy’s public and regional affairs minister.

Enrico Berlinguer (b. Sassari, 1922; d. Padua, 1984): MP from 1968 onward; he was secretary general of the Italian Communist Party (PCI).

Silvio Berlusconi (b. Milan, 1936): businessman who founded the political party Forza Italia (Let’s Go Italy) in 1994; Italy’s current prime minister; he previously served in this role from June to December of 1994.


Carlo Azeglio Ciampi (b. Livorno, 1920): current president of the Italian Republic. He was governor of the Bank of Italy from 1979–1993 and served as treasury and budget minister and as Italy’s prime minister from 1993–1994.


Massimo D’Alema (b. Rome, 1949): MP since 1987; national secretary of the Democratic Party of the Left from 1994; he has also served as Italy’s prime minister.

Alcide De Gasperi (b. Pieve Tesino, 1881; d. Sella di Valsugana, Trent, 1954): elected MP for the Popular Catholic Union of Trent Party in 1911. He was also MP for the Italian Popular Party (PPI), of which he was secretary from 1923–1925. Clandestine organizer of Christian Democracy and secretary to the party from 1944–1946, he was Italy’s prime minister from 1945–1953.

Lamberto Dini (b. Florence, 1931): Italy’s current foreign minister; he was director general of the Bank of Italy from 1979–1994, treasury minister under the Berlusconi government, and Italian prime minister in 1995. Since 1996, he has led the centrist Italian renewal movement (Rinnovamento Italiano).

Luigi Einaudi (b. Carrù, 1874; d. Rome, 1961): university professor of finance, he was governor of the Bank of Italy in 1945. He also served as deputy prime minister and treasury minister. President of the Italian Republic from 1948–1955.

Ludwig Erhard (b. 1897; d. 1977): Federal Republic of Germany’s treasury minister from 1949–1963 and Konrad Adenauer’s vice chancellor from 1957–

Mario Clemente Mastella (b. Ceppaloni, Benevento, 1947): MP for the Democratic Union for Europe party (UDEUR). He was minister of labor under the Berlusconi government.

Benito Mussolini (b. Predappio, 1883; d. Giulino di Mezzegra, 1945): He began his political activity in 1900 in the Socialist Party and was expelled for his interventionist views during World War I. In 1921, he founded the Italian Fascist Party, which in 1939 allied itself with Nazi Germany and on May 10, 1940, declared war against the Allies. On July 24–25, 1943, he was removed from power and arrested by the King following a vote by the Fascist Grand Council. Liberated by the Germans on September 12, 1943, he formed the Salo Republic on September 17, 1943. He was arrested and executed by the partisans on April 28, 1945.


Palmiro Togliatti (b. Genova, 1893; d. Yalta, 1964): one of the founders of the “New Order,” and secretary of the Italian Communist Party (PCI) from 1927–1964. He was a minister more than once, and after the elections of 1948 found himself leading the Left opposition. He determined the PCI’s autonomy with regard to the Soviet Union and its commitment to democratic procedures.

The original aim of the welfare state was to bring equality and justice to the market, to provide special protection to the unemployed. The idea was that removing certain of the pains of life’s uncertainty would help people cope with the terrors of unemployment. It is no secret that the welfare state has not achieved its original goals. Indeed, as the welfare state has developed, the original aims have been lost, some would say that it has in fact contributed to new inequality, unfairness, and most seriously to greater uncertainty. If uncertainty and unpredictability in providing efficient goods and services are increasingly complained of, this is not to say that there are not many good hospitals and doctors providing excellent health care, or teachers providing superior instruction, but one has to be lucky enough to happen across them. To encounter the efficient rather than the inefficient is increasingly a matter of chance.

Luigi Campiglio

From “Europe on the Mark: Ready to Go?”
_Dædalus_ 123 (2) (Spring 1994)
Luciano Violante

Italian Parliamentary Institutions: An Evolutionary Overview

TO THE CASUAL OBSERVER, Italy may seem to be a country paradoxically independent of politics. Parties come and go, regimes rise and fall—yet Italy slowly but surely reforms its laws and solves its pressing economic challenges. Despite the extraordinary instability of its governments, it has managed to get the better of terrorism, convict mafia murderers, bring the public deficit under control, join the European Monetary Union, and become one of the world’s leading economic powers. Between 1948 and 1973, Italy had twenty-six governments, yet during the same period the annual per capita domestic product rose by over 5 percent.

The issue of Le Figaro of September 9, 2000, contained a series of articles heaping praise on Italy. The introductory piece begins: “The leading Italian speciality is not pizza or pasta, but miracles. . . . Against all odds, Italy rapidly lowered its budget deficit to 3 percent, pushed inflation below 2 percent and filled the coffers of the Treasury with a Europe tax without sparking a revolt.”

When doubts were expressed about whether Italy would meet the criteria to enter the European Monetary Union, I brought up the issue, with some concern, in a friendly talk I had with the then president of the European Parliament. He reassured me: “Don’t worry. Italy always gets through in the end. Perhaps only at the last minute, but she always makes it.”

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A couple of years later, at an international colloquium in Paris, a number of speakers were asked to say how the euro would be accepted in each country. When my turn came, I said that the Italian government had actually succeeded in levying a tax, and—what was more important—that Italians were actually paying the tax without complaint. My audience murmured in disbelief. But then, another speaker, an outstanding French politician, said, “The fact is that you have a great Parliament.”

Yet the Italian situation is more complex than these anecdotes suggest. It is true that Italy manages to achieve what she sets out to do, even though this is usually done just before the final whistle blows. And it is also true that the Italian Parliament, in terms of its prerogatives, resources, powers, and role, is one of the most powerful parliaments in the world. But it is equally true that Italy seems to be perpetually swinging between development and disaster. This paradox is the result of the national system of government as it has evolved during the political life of the Republic. The real importance of Parliament—whether it is “great” or not—is hard to evaluate without a clear understanding of the broader system of government.

THE PRINCIPLE OF OFFSETTING POWERS

Like all other modern democracies, Italy adheres to the principle of a separation of powers. But instead of drawing a sharp distinction between three different branches of government, Italy has developed a system of checks and balances that is based on offsetting powers.

During the fifty years since the Republic was established, five branches of government have run the country: the political parties, the executive, Parliament, the president of the Republic, and the judiciary. Some of these branches have been politically accountable; others—such as the president of the Republic and the judiciary—have not.

In addition to these five formal branches of government, there is a sixth, more informal branch: the people themselves. In some periods, when the political system seemed unable to produce a decision, the matter has been resolved by recourse to
Italian citizens directly, through a referendum. Thus, in a referendum following the Liberation in 1946, the people voted to create a Republic. In 1974, it was once again the general public that resolved the divorce issue, voting to legalize divorce. This was an issue that had implications in terms of religious harmony and was considered to be so serious and politically insoluble that all of the political parties agreed first to enact a law regulating referenda, and then introduce the law legalizing divorce, precisely to make it possible for a referendum on divorce to be held. The electoral system was changed, in 1991 and in 1993, again by referendum, from a pure proportional system to a first-past-the-post system, after the government majorities of the time had prevented any kind of electoral reform from taking place.

There is, however, a fundamental difference between the first two referenda and the latter two. In the first case, it was the parliamentary majority that decided that the general public had to be consulted. For the latter two, the referendum was a weapon that had been primed by political and intellectual minorities against the political majorities that were boycotting electoral reform.

The primacy of political governance has traditionally been vested in the political parties and in the executive. But when these have proven incapable of governing, other powers have come into play. Ironically, it is precisely this capacity of the system to restore a balance that, by putting the country’s mind at rest, has thus far stymied reforms that might prevent problems from arising in the first place. The system’s virtues, in effect, have enabled its vices to survive.

Italian political life is characterized not so much by instability as by a *horror vacui* and—at the same time—a *horror pleni*: that is to say, a tendency to prevent a crisis of one of the powers from creating a national crisis, and at the same time a tendency to avoid giving excessive authority to any one of the branches of government at the expense of the others.

Those occupying the political center stage have shaped the features of Italy’s democracy at any particular time. To simplify for the sake of clarity, we might say that Italy has been variously a “party-based democracy,” a “presidential democ-
racy,” an “oligarchic democracy,” a “judicial democracy,” a “parliamentary democracy,” or a “plebiscite democracy,” depending upon the particular branch commanding the political stage.

It would be difficult to give specific dates on which Italy moved from one to another of these phases, because they were not formally staked out and can therefore only be reconstructed with hindsight. Sometimes the transition from one phase to another was not marked by any visible transfer of power; sometimes, several branches of government have commanded the political stage simultaneously. In the first half of the 1990s, for example, both the judiciary and the president of the Republic played decisive roles.

Despite caveats, a few general remarks may be helpful. In the immediate aftermath of the liberation from Nazi fascism, Italy was a “party-based democracy.” The leading parties were credible because they had freed the country from the fascist dictatorship, established the Republic, and adopted the new Constitution. All of the parties, whether pro-American or pro-Soviet, drew their legitimacy directly from one of the two superpowers that were dividing the world into spheres of influence.

By 1989, when the Soviet Union collapsed, Italy had become an “oligarchic democracy.” Journalists in those years invented the acronym CAF, for Craxi, Andreotti, and Forlani—a shorthand for the three key power brokers. In reaction, there appeared a type of “judicial democracy” in the early 1990s. In these years, after the main mafia attacks against the judiciary had taken place, judicial investigators uncovered collusion between the mafia and corrupt political officials. The resulting “Clean Hands” trials called into question sizeable portions of the political system itself.

In the second half of 1992, Italy had become a “presidential democracy” when the crisis afflicting the political parties as a result of the “Clean Hands” trials gave a decisive role to the president of the Republic, Scalfaro. But presidential powers proved ephemeral; by the second half of the 1990s, Italy had become a “parliamentary democracy,” in which Parliament made and unmade governments.
THE HISTORICAL ROOTS OF THE POLITICAL CULTURE
OF BALANCING FORCES

It is difficult to say how and when Italy’s political culture based on the principle of offsetting powers and broad equivalence between the rivaling forces came into being. Perhaps it emerged in late fifteenth-century Italy, a country divided into small independent local entities and characterized by rival city-states primarily concerned with preventing any one city from establishing dominance over the others. Setting aside any discussion of the complex fabric of events and alliances of the time, the great powers of the era, represented by the families that dominated the political and economic life of the cities, were only satisfied when power was not tilted in favor of their rivals. This attitude prompted them to work more to harm others than to pursue their own happiness. Perhaps it is this feature that underlies Italy’s multiplication of interests, divisions, and conflicting parties. The search for the historical roots of the political culture of offsetting powers may be of great interest, but since the author is a jurist and not a historian, a more extensive exploration of this theme is perhaps best left to those with the appropriate cultural tools.

WARINESS WITHOUT RESPECT

The system of offsetting powers as it functions in Italy today is the result of two factors: a mutual mistrust between opposing political forces, and a profound inexperience with the transfer of power from one ruling group to another. When the opposing political parties distrust each other, and when there is no tradition of rotation between the various parties in power, the system keeps building mechanisms to check and balance the powers, which, on the one hand, prevents the winners from wielding full influence, and, on the other, prevents any turnover following a government crisis. That is what has happened, and is still happening, in Italy.

In the Cold War years, the two major parties, the Christian Democrats and the Italian Communist Party, while agreeing on
the basic features of the Italian political system, regarded one another warily as proponents of a rival culture, a rival international regime, and a contradictory system of values. The experience of the governments of national unity (1977–1979) was too short and too tormented to be able to effect any real change.

This wariness remains today, and, what is more, it is often compounded by a lack of respect. The Center-Right coalition is accused by its adversaries of turning back the clock by dusting off the language and issues of the Cold War. The Center-Left coalition points to the scandals surrounding Silvio Berlusconi and some of his parliamentary friends, and also to his vast economic power, which, according to his accusers, if he were to return to government would create huge conflicts of interest.

However, the current situation differs significantly from the past. The Christian Democrats and the Communist Party, although rivals, had both participated in the events that produced Italy’s democratic political system: the fight to free the country from the yoke of fascism, the approval of the Constitution, the launch of republican institutions following the referendum that ended the monarchy in 1946. Today, by contrast, the Center-Left and the Center-Right do not share any such common experience. This lack of commonality has given rise to an unfettered bellicosity that makes Parliament’s work much more difficult. There are two principal ways out of this unsatisfactory situation: joint participation in a process of constitutional reform based primarily on the introduction of federalism and strengthening the government in Parliament; and a strengthened expectation that different coalitions will alternate in power. Taken together, these changes might make it possible to construct a shared political culture that is more respectful of Parliament’s function.

THE EXPECTATION OF ALTERNATION IS STILL FRAGILE

Between 1948 and 1992 one party, the Christian Democrats, governed Italy continuously, albeit with different programs, with different degrees of strength, and with different political allies.
In 1994, the Center-Right party led by Silvio Berlusconi obtained a government majority. His coalition, which lasted only seven months, included the National Alliance, an extreme right-wing party that had emerged from the former MSI, or Italian Social Movement—which was in turn the heir to the Fascist Party—and had no prior experience of government.

In 1996, a Center-Left majority won the parliamentary elections. Since then, there has been a succession of Center-Left governments dominated by the Democratic Left, the largest party. The successor to the Italian Communist Party, the Democratic Left, like the National Alliance on the Right, had no prior experience of government.

From now on, alternation between governing coalitions of the Left and Right is likely to be the rule in Italy. But a culture of political civility—combined with an expectation of peaceful change—is also required. Without these ingredients, it will prove difficult to combine regular alternation with political stability.

THE STRENGTH OF PARLIAMENT

The strength of Parliament within Italy today stems first and foremost from its structure and its resources. It comprises two chambers, each with identical powers. This is another example of the principle of offsetting powers. Those who are defeated in one House can seek “revenge” in the other. The Chamber of Deputies has 630 deputies, a budget of 1,202 billion lire, and 1,817 employees. The Senate, with a budget of 577 billion lire and 844 employees, has 315 elected senators, plus 5 appointed by the president of the Republic, as well as the former presidents of the Republic, who are made life senators. Parliament has been more stable than the government: between 1948 and 2000 there have been 13 parliaments but 53 governments.

Under the Constitution, Italy is a parliamentary Republic. The second part of the Constitution, dealing with the structure of the Republic, specifically begins with provisions relating to Parliament, almost as a means of formally establishing the priority of Parliament over the other institutions of the state. The highest position within the state is that of the president of
the Republic, followed by the Speakers of the Houses, while the prime minister is only in fourth place. All laws must be enacted by both Houses of Parliament, which must adopt the same text. The members of the executive government are required, on request, to attend parliamentary sessions. Each House may set up committees of inquiry, for which the government is often “in the dock.” These committees have the same powers and act under the same constraints as the judicial authorities.

All these powers, resources, and functions have been and continue to be exercised fully. Sometimes the Houses of Parliament have in fact exercised excessive authority in relation to their accountability, but Italy has always been able to rely on Parliament to settle most controversial issues and to offer decisive leadership at difficult times. Despite the claims of critics, the Houses of Parliament, thanks to their composition and powers, have often played a central role in Italian political life, compensating for the fragility of governments, mediating social conflicts, and functioning as a major communications artery between civil society and political institutions. Parliament’s greatest merit, as we will see below, has been its contribution to building national unity.  

THE ROLE OF THE CITIES

For many centuries, the history of Italy was a history of towns and cities, and not the history of a unitary state. This is the main difference between Italy and all of Europe’s other advanced countries. Indeed, according to Jacques Le Goff, political unity in Italy was delayed precisely because of the power of the cities, which made difficult the establishment of state power. Its cities remain a significant source of Italy’s strength, and also of weakness.

The wealth of art in its cities has turned Italy into one of the greatest, if not the greatest, repositories of art in the world. There is no Italian town or city, small, very small, or large, that at one moment or another in the course of its history has not had a prince, a municipality, or a wealthy family that has created or commissioned a work of art. The absence for so many centuries of a central state has meant that every town
and city invested in itself. Each town and city in Italy was, for many centuries, a capital in its own right.

Living in a city that was also a state developed a creative spirit, a constructive individualism, a mentality of doing things and getting them done alone. It nurtured a spirit of commercial enterprise, producing a plethora of small businesses. It is no surprise that attachment to one’s own birthplace is perhaps stronger in Italy than anywhere else.

Thousands of Italian towns and cities, large and small, have been places of political autonomy, education in civic and civil values, and administrative self-government throughout the centuries. As Frederic Lane explains, “From the twelfth to the sixteenth century the feature which most distinguished Italian society from that in other regions in Europe was the extent to which men were able to take part in determining, largely by persuasion, the laws and decisions governing their lives.”

This explains why Italy is so highly politicized. It is not the fruit of some kind of Mediterranean quarrelsome nature, but the outcome of a very long tradition of self-administration, of choosing one’s own rulers, of debating government action and policies, and of changing them, by insurrection if necessary.

For many centuries, municipal republicanism marked the Italian civic tradition, and even when it disappeared it left a deep imprint on the administrative habits and political culture of all the cities that had shared this experience. It used to be said in Italy that “small is beautiful,” underscoring the advantages of the small firm, of the family, of the city or town. The other side of the coin, however, is the country’s limited international competitiveness in the most innovative sectors, the narrowness of its market and stock exchange, and the weakness of the national spirit.

The very special role of the city is above all due to the fact that the main Italian cities have at least a thousand years of history behind them, while the unitary Italian state is only about 140 years old. During the past thousand years, Italy’s citizens have developed an intimate relationship with their towns, a relationship that they have not yet had time to establish with the nation-state. When comparing Italy with France, Spain, or England, people forget that these countries have had
modern territorial states since the middle of the fifteenth century, four centuries before Italy. People also tend to forget the great history of Italian towns and cities in comparison with the history of Europe’s cities.

The lack of a long unitary tradition has not therefore left the Italians without an identity. For centuries, most have identified themselves as belonging, above all, to a town or city. Still, the continuing vitality of Italy’s towns and cities has not been able to produce a vibrant sense of national belonging, without which a country loses half its strength.

THE UNIFICATION OF THE COUNTRY IN PARLIAMENT

In this situation, Parliament has been the one institution in which all Italians have been represented.

Italy’s proportional electoral system, despite its defects, had the great merit of bringing into Parliament citizens from every part of Italy, from every class of society, and from every occupation and profession. Rich and poor, industrialists and peasants have come into Parliament from the deep South, from the valleys of the northern Alps, from the towns and the countryside. In Parliament, through dialogue and through confrontation, very different types of Italians have become familiar with one another, noting the virtues and shortcomings of themselves and each other. Parliament has been a melting pot. Day after day, the members of Italy’s Parliament have moved forward in the difficult process of building national unity.

In 1994, the introduction of a first-past-the-post system significantly reduced the diversity of the Italian Parliament. There are no more industrial workers or peasants sitting in Parliament today. They have been replaced by owners of industrial or agricultural businesses, generally small or very small. And there are still too few women in Parliament. Women make up 50 percent of Italian society, but in Parliament, they number just over 10 percent.

The first-past-the-post system has not impaired the ability of Parliament to tackle the problems of Italian society, however. Each Senator represents roughly two hundred thousand inhabitants, while each member of the Chamber of Deputies
represents half that number of residents. In such small constituencies, the member of Parliament has every opportunity to keep in touch with the problems, aspirations, and needs of the people and to bring them to Parliament through the various instruments at his or her disposal: parliamentary questions, interpellations, motions, resolutions, and private members’ bills. In more serious cases, representatives can ask the government to come before Parliament to report *ad horas* on specific issues as a matter of urgency.

The parliamentary representation of popular interests has played a leading role in creating national unity since every event, large or small, eventually finds its way into Parliament through the introduction of questions and interpellations. There is no government decision, major or minor, with nationwide or local effects, that does not pass through Parliament before being implemented. Parliament has acted variously as a filter, a blender, a battlefield, and a place of reconciliation. Very often a standoff in Parliament has prevented a standoff in the country. It is precisely this parliamentary function that ensures that there has never, or virtually never, been a direct standoff between civil society and the government in Italy. What became known as the “Europe tax” was made possible precisely because it was first discussed, adjusted, and modified through parliamentary debate. That decision would have had quite another fate if it had been imposed directly by the prime minister’s office.

It was to these features of the Italian Parliament that my French interlocutor was alluding when he said that Italy has “a great Parliament.” In reality, Parliament has not always been great. But it has certainly functioned as a safety net, keeping a country that generally abhors uniformity from flying apart by following centrifugal forces.

**PERENNIAL MINISTERS IN SHORT-LIVED GOVERNMENTS**

The transience of Italian governments has also been offset by an internal mechanism that we might call “perennial ministers in short-lived governments.”
The average life of each government has been about one year. Each minister has held office, on average, for three years and eight months. But of 233 ministers and prime ministers, only 63 have held a ministerial position only once. Conversely, 152 men—there are no women in this group—held 1,331 ministerial or junior ministerial posts. In effect, the government has revolved around a stable core of officials.

However, looking at names of those holding ministerial posts, one can see that rarely has a minister retained the same post after a reshuffle. The stability in personnel has therefore not meant continuity at the head of the same ministry. This has benefited individuals and the groups behind those individuals, but it has not benefited the government or the country. Most of the crises in Italy’s postwar government have been caused not by the fact that a coalition has fallen, but by the need to reallocate portions of power within the coalition itself, or within the government parties. However, the frequency of the changeovers in these circumstances has not only met the internal needs of the majority party; it has also prevented a handful of individuals from exercising unchecked power. One might say—and this is another Italian paradox—that the transience of governments, damaging in itself, has been a kind of antidote to the establishment of an oligarchy.

THE STABILITY OF PARLIAMENT

A short time ago, Prime Minister D’Alema, accompanying NATO’s Secretary General Javier Solana on a visit to the Chamber of Deputies, emphasized the magnificence of the building, a sixteenth-century palace designed by Bernini, adorned with beautiful works of art: “From here you can see that power in Italy is in the hands of Parliament and not the government!” The prime minister was only half-joking, since Parliament does in fact exercise a powerful influence on the political life of Italy. It has certainly been the country’s most important source of political stability.

Deputies and the Speakers of the Chamber and the Senate serve in their parliamentary offices for the duration of that Parliament. The chairpersons of the parliamentary committees
are elected every two years, but very rarely in the history of the Republican parliaments has a chairperson not been reconfirmed by the majority of his or her committee. The chairpersons of the parliamentary groups are equally stable. This means that those who lead the two Chambers are the same throughout the whole Parliament, even when the governments change. Their work is also continuous. Both the Chamber and the Senate sit four or five days a week, except for the six-week summer vacation and the two-week New Year vacation.

In Italy, the parliamentary agenda is determined by the Speaker, who selects among proposals of the government, the majority, and the opposition. When a government falls, this has no necessary effect in itself on the agenda of the Houses. They can continue working on a variety of issues. In any case, as already noted, only rarely does a change of government produce radical changes in the majority coalition or its policies.

GOVERNMENT MAJORITY AND LEGISLATIVE MAJORITY

In exercising the law-making powers that are its traditional function, Parliament has passed through various phases. In the first twenty years after the Republican Constitution was drafted, the government and the parties in the government were the “masters of the laws,” while parliamentary power was decisive only in the case of minor legislation (so-called leggine). The prevalence of these minor acts, which were approved unanimously by the parliamentary committees, was a secondary phenomenon in this period. It was irrelevant as far as the thrust of government action was concerned.

The Center-Left crisis that occurred toward the end of the 1960s marked a turning point. At that time, the majority lost its legislative self-sufficiency. In order to remain in power, it had to seek the support of the Italian Communist Party, not only on minor acts of Parliament but also on major institutional and social issues. Because the Italian Communist Party had made implementation of the Constitution a prime objective, this crisis was accompanied by a demand to implement parts of the Constitution that had always remained a dead letter.
The result was a kind of “dual majority”: the majority in government and the working majority in Parliament, which included the Italian Communist Party in addition to the government parties. This parliamentary majority now began to take the initiative in making law. It implemented the regional system, approved the Charter of Workers’ Rights, and shaped the new pension and public-health systems.

The parliamentary majority was one way of overcoming the impasse in the government majority, but it was never declared or formally recognized. The new stress on legislation nevertheless considerably strengthened the role of both Houses of Parliament, so much so that in the 1970s people began to talk about the “centrality of Parliament” in the Italian political system.

This tendency in no way meant that there was a climate of general agreement. On the contrary, some of the most serious clashes in the postwar period were taking place at the same time. It was an era of trade-union unrest, multiple murders, and acts of terrorism. But none of these had any effect on the law-making process in Parliament, which continued to move forward following unwritten rules. The main such rule required that the Communist Party would not organize public dissent. This was the basis for what became known as “consociativismo” (underhand consensus government).

This phenomenon had its roots in specific political circumstances. Within the government majorities there were not only four or five political parties but also a number of factions within the two largest parties, namely, the Christian Democrats and the Italian Socialist Party. This meant that the governing parties were not always able to act in Parliament as a coherent bloc. From time to time, it was only by virtue of the additional votes of the Communist Party MPs that it was possible to offset the effects of dissenting components within the majority coalition. Under these circumstances, the Italian Communist Party played its own autonomous strategic role. It either supported or denied support for individual proposals, according to its own general political objectives. In many cases, this meant that the Communist Party held the balance of power in legislation.
Vote-mixing was made easier by the fact that the secret ballot was used for nearly all votes on the Floor of the House. This allowed members of the opposition to support the government majority without having to take any clear responsibility for such support.

The weakness of the policies pursued by the government majority (leaving aside foreign policy) and the cavalier use of secret voting by all the political parties in Parliament explain why the shaping of the main laws shifted to Parliament in the 1970s. Government bills throughout this period were mere starting points to trigger parliamentary debate. New legislative texts were drawn up as a result of combining several different bills. These consolidated bills were completely rewritten by the rapporteur, often within a subcommittee, without any form of publicity, but with the participation of both the government majority and the parliamentary opposition.

During the same period, converging theories were being developed by the secretaries of the Christian Democrat and the Communist Parties, Aldo Moro and Enrico Berlinguer, which led to the experiment of the “historic compromise.” This political development, which characterized the end of the 1970s, superficially transposed to the government level the strong “legislative majority” existing in Parliament. Through agreements in Parliament, major reform legislation was prepared and adopted by committees and also via the ordinary legislative proceedings. In the final vote on draft legislation, the fact that the Italian Communist Party opposed the draft was not always a sign of total rejection. The Communist Party determined the degree of its opposition according to the particular bill: when it registered strong opposition, it was very difficult for draft legislation to reach the Floor of the House at all.

Without consensus on the general thrust of legislative policy, laws were drawn up on the basis of regional or partial agreements. These depended on the ability of the parliamentary committees to reach a compromise with a broad majority. No such compromise proved possible in many areas of general and interregional policy, including a policy to control the public deficit. Indeed, in this period, public spending was an essential
ingredient of those regional policies that were actually implemented.

In fact, setting priorities and choosing between competing regional interests requires steady leadership. In those years the government lacked the necessary strength and Parliament the necessary will to exert such leadership.

A STRONGER GOVERNMENT IN PARLIAMENT

In the 1980s, the attempt to modernize politics pursued by the secretary of the Socialist Party, Bettino Craxi, brought about a partial reaction to this state of affairs. This resulted, in 1988, in a drastic reduction in the use of the secret ballot in Parliament. Government-initiated legislation gradually became more widespread, not because there was a compact majority coalition in Parliament, but rather because the government exploited special instruments: primarily financial and budget bills, and also government bills to confirm decree laws.\textsuperscript{10}

But in practice, government-initiated bills and laws became gradually “parliamentarized.” The few decrees that directly reflected government policy were generally confirmed rapidly, with few amendments. All others were scrutinized in committees and on the Floor of the House, and hence subjected to the “legislative majority,” which was open to the influence of the Communist parliamentary groups.

At the end of the 1980s a number of reforms were introduced in the law-making process and in the parliamentary rules of procedure. The goal was to make parliamentary proceedings more efficient and accountable. The abolition of the secret ballot rule both in the Chamber and in the Senate in 1988 was a fundamental step.

Other important reforms in this period included the rationalization of the budgetary process, a restructuring of the office of prime minister, an improved organization of government and its regulatory activities, and the creation of an annual “Community” bill in order to incorporate European Community directives into Italian law in an orderly manner. The origin of these reforms lay in the constraints of the European Community, which required Italy’s political system to be radically modernized.
Then came the fall of the Berlin Wall in 1989. The collapse of the Soviet Union abruptly transformed the structure of Italy’s party system—and the function of Parliament.

THE ROLLER-COASTER OF ITALY’S LIFE

The 1990s saw a rapid succession of tragedies and victories: it was a roller-coaster period in the nation’s life.

Between 1992 and 1996, Parliament and the governments were hemmed in by external constraints. Four governments and two parliaments came and went. In two massacres, judges Giovanni Falcone and Paolo Borsellino lost their lives in Palermo. The traditional parties fell into crisis. After the fall of the Berlin Wall, the Communist Party changed its form, fundamental principles, and name. The Christian Democrat Party lost its old rationale as a bulwark against communism. The unearthing of widespread political corruption and the trials on mafia links with local and national politicians affected all the parties that had traditionally been in government.

This was accompanied by a serious financial and monetary crisis that became a full-blown emergency in 1992. The whole power system based on political amalgamation and leadership by the large mass parties seemed to have been shaken to its foundations. A transition phase began, with uncertain implications.

Italy managed to sail through this crisis without ever giving way to authoritarianism thanks to a number of different factors:

• “Neutral” constitutional powers emerged after having been kept in the background previously by the dominance of political parties. The president of the Republic and the Speakers of both Houses of Parliament assumed new prominence. Even though these senior representatives of the institutions had no direct political accountability, they played a fundamental role in ensuring that institutions like Parliament continued to function, despite the political turbulence. At the most sensitive moments, the president of the Republic invited the Speakers of the two Houses to work in close and continuous contact with him.
Great importance was given to the contribution of the government’s social partners. In this phase a new period of “social coordination” began. As a result, it was possible to contain inflation through an income policy under the agreements made in September of 1992 and July of 1993 (with the Amato and Ciampi governments, respectively). In this process, the social partners acquired a decidedly greater weight in economic policy decisions.

A final and fundamental benchmark in managing the transition was Italy’s membership in the European Union. The demands imposed by participation in the EU were a powerful factor in shifting the locus of effective decision-making away from Parliament, in Italy as elsewhere. The main effect of EU membership has been the introduction of a series of specific constraints on legislative decisions, necessitating fiscal responsibility and compliance with EU criteria and general rules. Under this pressure, as we shall see more clearly shortly, a number of major reforms were put in place regarding parliamentary rules of procedure and ordinary acts of Parliament.

It is therefore no surprise that during the eleventh Parliament (1992–1994), the work of Parliament was dominated by external constraints. Many of its actions might be regarded as legally or politically “mandatory.”

By far the most common form of enacting ordinary legislation in these years involved resubmitting decree laws before Parliament. There was also a great deal of “organized legislation”: in particular, the Budget Act, the Finance Act, and the Community Act. This resulted in a further strengthening of the government’s legislative initiative and the role of government in Parliament.

THE REFORMS OF THE THIRTEENTH PARLIAMENT

In 1993, the new electoral system based mainly on the first-past-the-post principle was introduced. Under this system, both the government and the parliamentary majority felt more strongly legitimized by popular support to implement the program for which they had sought public endorsement. At the start of the
thirteenth Parliament, the Prodi government systematically used delegated legislation as a tool for planning coordinated reforms in conjunction with Parliament. It was no coincidence that the Prodi government resorted with considerable frequency to the use of the question of confidence to ensure that Parliament promptly approved the proposed reforms without overturning their main thrust.

With the consent of the Center-Right opposition, two major constitutional reforms were enacted: Constitutional Law No. 1 of 1999, which introduced the direct election of the presidents of the fifteen Italian regions with an “ordinary statute,” while at the same time extending their constitutional autonomy, revising both the substance of the statutes and the way in which they are formed; and Constitutional Law No. 2 of 1999, which revised article 111 of the Constitution, incorporating the principles of “due process” into the Constitution.

During the thirteenth Parliament, a number of other important reforms were introduced. New tasks and functions were vested in the regions, provinces, and municipalities. Central and local administration was reformed, and essential rules of administrative activity and relations between government and the public were rewritten. A comprehensive reform of the taxation system was begun. Personal data were given statutory protection. The structure of the central government budget was reformed, and the ministers of the treasury and the budget were amalgamated into one. The judicial offices were reorganized, with a single Judge of First Instance. Tax federalism was introduced. And school curricula, universities, and the healthcare sectors were all radically reformed.

At the same time, the Constitutional Court prohibited the re-submission of decree-laws. This in effect has made it possible for the current Parliament to become more effective at democratic decision-making. People now talk of a “ruling democracy.”

The Chamber of Deputies meanwhile carried out the most wide-ranging reform of its rules of procedures since they were completely rewritten in 1971. Specific time limits were set for debate on almost all bills. A stricter system has been introduced for accepting amendments, with greater possibilities to simplify
the voting on them, even on the Floor of the House. The principle that all amendments submitted must be put to a vote has been removed. This has made it possible to cut in half the average time taken to consider draft legislation, and also to cut in half the number of amendments voted on. The greater efficiency of the Chamber of Deputies, coupled with the instability of the government majority, has drastically reduced the number of votes of confidence (10 in 1997, 1 in 1999).

There is now emerging a specific “legal status” for the opposition as such. Urgent interpellations have now been introduced, as has Prime Minister’s Question Time, when the prime minister or his deputy must answer questions on the Floor of the House. The function of minority rapporteurs on bills has been enhanced, authorizing the presentation of alternative texts that can be discussed before any amendment is put to the vote. One-fifth of the agenda items are set aside for proposals from the opposition groups when the order of business is set by the Speaker.

However, any real guaranteed power for the government to lead the work of Parliament is still missing. The obstacle to this is the way in which Parliament jealously defends itself as an institution.

MACRO-TRENDS FOR A NEW EQUILIBRIUM

The experience of the thirteenth Parliament shows that Parliament is the focus of Italy’s political future. It is where the problems of the political system are most apparent, and where the short-term and long-term responses to them will be forged. At the start of a new decade, there are a number of “macro-trends” that seem to indicate the fundamental features of a new equilibrium that is emerging. In this new situation, parliamentary institutions will continue to play a fundamental role in directing and balancing the system.

To sum up, we might specify the main trends in the following terms:

The Strengthening of Government Regulatory Powers

Even though the government does not have formally guaranteed powers in the law-making process, it has become the
driving force behind legislation, implementing its policies by the widespread use of delegated legislation and deregulation, despite the fact that this is strongly challenged by the opposition. Through delegated or enabling legislation, Parliament lays down the general principles for action and sets the time limits for implementation, while the government is empowered to issue specific provisions through statutory instruments having the force of law. Under this system, the government lays before Parliament the statutory instruments drawn up under the enabling legislation (Delegated Decrees), and awaits parliamentary opinion before finally issuing the instruments. Even though the parliamentary opinion is not binding, it is effective in correcting or orienting the decisions made by the executive.

Much legislation now takes the form of this kind of statutory instrument: in 1999, the number of delegated decrees exceeded the number of ordinary laws enacted by both Houses.\(^{15}\) Delegated legislation is now the main instrument used in the “Italian way” to rationalize the law-making process: Parliament and government together lay down the principles for reform in legislation enacted by both Houses, setting the deadlines for implementation and at the same time establishing parliamentary control over government action.

In order to complete this system, further measures will probably be needed to give greater weight to parliamentary opinion on the instruments drafted by the government.

The Strengthening of the Executive and the New Form of Political Conflict in Parliament

The government has been able to play its leading role in the law-making process partly thanks to the new system for electing deputies and senators that was introduced in 1993. Before these reforms were introduced, Italy was, with Israel, the only Western democracy in which the parties determined the government after the election. Today, the gap between Italy and the rest of the Western world has virtually disappeared. Coalitions contend for power by indicating in advance who will be the leader of the government if they win. This new development gives the government unquestionable democratic legitimacy and strengthens its ability to implement its policies.
The presence of an executive that is supported by a clear electoral majority makes the parliamentary interplay much more transparent. But the new system is not yet entirely functional. The first measures must stabilize the governments put in power by the popular vote. Experience under the first two “first-past-the-post system” Parliaments has shown that under the present rules the coalitions that have won the general election have failed to retain their cohesion to the end of the Parliament. This results in changes in the leadership of the government and even in the forces composing the parliamentary coalitions that support the government. The incentives to stability introduced by the new parliamentary rules have evidently not been sufficient. What is needed now is constitutional innovations that will consolidate the progress made so far. For example, provision should be made, as in the German system, for a vote of no confidence that obliges the government within a year after being installed to ask the president of the Republic to dissolve Parliament.

Creating a Parliament More Open to External Negotiating Processes

Far-reaching changes are obviously taking place in the role of Parliament. It has lost its monopoly over law-making and has lost its role as the main regulator of social interests. More and more areas of regulatory power have been transferred, either through spontaneous processes or at the initiative of Parliament itself, to the government or to other institutional players, such as local governments, regional governments, independent authorities, EU institutions, and various social partners.

The new Parliament is increasingly less involved in governing. The Houses of Parliament are, however, becoming more crucial, both in making decisions about the allocation of powers and in controlling and monitoring the results achieved by reform measures. In order to meet these objectives more efficiently, the instruments used by Parliament are being radically changed. Parliamentary legislation of greater political importance is mainly designed to shape complex decision-making procedures involving a variety of external actors. Parliament
is learning to interact in an increasingly sophisticated manner with a large new group of institutional actors. This is why the parliamentary procedures that link the Houses with the outside world have increasingly come to the fore, with the primary purpose of producing legislation that is informed by expert knowledge.¹⁷

THE VALUES OF A NEW PARLIAMENTARY ORDER

The old parliamentary order was characterized by underhand consensus, a lack of accountability, and a free hand with public finances. A new parliamentary order is now in the process of being created, shaped by new principles of democratic decision-making, accountability, and financial rigor. These are the first steps toward a “ruling democracy,” a political system whose democratic essence allows it to make authoritative and accountable decisions.

A considerable amount of progress has already been made in this direction, although it has not always been consistent or continuous. To complete the process it must be borne in mind that any constitutional order is based on values. These values must be shared by all the political parties, so that reforms are seen as a benefit to the entire country. The values that are capable of meeting this need do not concern relations between political parties, but relations between the political system and society itself. In my view, it is a question of the competitiveness of the whole country, of striking the right balance between economic growth and social justice, and the relationship of mutual trust between the public and its political leaders.

We cannot wait for all these values to become unanimous. But this is the spirit in which reform has to be carried through—so that this same spirit may pervade the very roots of Italian society.

ENDNOTES

¹The referendum was held in May of 1974, and about 60 percent of the people voted in favor of divorce.
I owe this insight to an exchange of views with my friend Professor Valter Barberis, to whom I give my thanks, hoping that I have rendered his thought accurately.

See the section below on “The Unification of the Country in Parliament.”


According to Prime Minister Romano Prodi in his address to both Houses of Parliament on the occasion of the vote of confidence, Senate Verbatim Parliamentary Report, 17 July 1998.


In the thirteenth Parliament, 30,209 parliamentary questions and 8,264 interpellations were tabled in the Chamber of Deputies, and 23,351 questions and 1,101 interpellations in the Senate, between May of 1996 and May of 2000. Questions and interpellations are put by individual members to ministers and to the prime minister on specific issues, normally regarding their own electoral district (questions) or more general matters (interpellations).


Article 77 of the Constitution establishes that “in extraordinary cases of necessity and urgency” the government may adopt provisional measures having the force of law, but that they must be confirmed within sixty days or they shall be considered invalid from the moment they originally came into effect. Owing to the difficulty of confirming the many decrees produced, governments began to resubmit them before the sixty-day deadline. This practice was banned by the Constitutional Court in decision no. 360 of 17 October 1996.

See ibid.

Under Article 76 of the Constitution, the Houses of Parliament may empower the government to issue legislative decrees, which have the force of law, specifying the guiding principles and criteria to be followed in drafting the decrees. The delegation of powers shall be “for a limited time and for specified purposes.”

By raising a question of confidence, the government requests the House to enact a bill as it stands, without corrections or amendments. If the bill is rejected, the government is forced to resign. In the experience of the Italian Republic, in these cases Parliament has always voted in favor of the government.

Italy’s judicial system has three levels of jurisdiction: the Court of First Instance, the Court of Second Instance, and the Supreme Court (Court of Cassation). The Court of First Instance used to consist of three judges; with the reform of 1997 it became a single-judge court.
In 1999 the government issued 94 legislative decrees, while Parliament enacted 72 laws.

See endnote 17.

In June of 1999 the first Interinstitutional Conference on Legislation was held. The conference was attended by senior representatives of the various institutions that are involved in different ways in legislative processes: the Senate of the Republic, the Chamber of Deputies, the Council of Ministers, the Constitutional Court, the Regional Councils, the autonomous provinces, the Supreme Court of Cassation, the National Council for Economy and Employment, the Committee on Legislation of the Chamber of Deputies, the Committee on the Rules of Procedure of the Senate, the Council of State, the Court of Auditors, the Fair Competition Authority, and the Authority for the Protection of Personal Data.
There are at least three subjects (and probably a dozen more) on which no wise man should ever attempt to write: love, genius, and leadership. Of the three, the last is the most mysterious and the most unpredictably and capriciously feminine. No amount of training, no sedulous nurturing by the family or the social group, no long line of ancestry piously dedicated to the eventual flowering of a leader, not even the stern flexing of intellectual muscles or the cultivation of character through cricket, baseball, warfare, or flogging has ever proved a sure means of developing leaders. Few teachers have with any degree of certainty been able to predict which of their pupils would some day march ahead of the common herd and mold events. Fewer still among the school or college friends of future leaders have perceived, or acknowledged, the germs of that indefinable quality in them. Many who graduated very young and were laden with the richest promises from Harvard, Oxford or the Ecole Polytechnique have turned out at forty-five to have left their future behind them. Others, like Winston Churchill’s successor at the head of the Conservative party, happened not to be served by their health or by circumstances and missed an opportunity which seemed to be theirs for the asking.

Henri Peyre

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Costanzo Ranci

Democracy at Work: Social Participation and the “Third Sector” in Italy

INTRODUCTION

If a contemporary Tocqueville had visited Italy at the end of the 1970s and looked for independent civic associations to describe in a book about “Democracy in Italy,” he would have produced a very thin volume.¹ Our imaginary visitor would have found a society in which the Catholic Church, on the one hand, and political parties and labor unions, on the other, almost completely occupied the space of public action that in other Western democracies is shared by local administrations and voluntary associations. He would have found no groups of citizens freely associated to protect their neighborhoods, no grassroots organizations devoted to improving the living conditions of the disadvantaged, no consumer associations spontaneously mobilized against big corporations, no environmental groups rallying to monitor pollution. Italy had the semblance of a democratic civil society and a democracy of sorts, but one that was utterly dependent on the Church, political parties, and trade unions.

Today, by contrast, a contemporary Tocqueville visiting Italy would confront a very different situation. Political parties are in deep crisis. Labor unions have been weakened as a result of the process of de-industrialization. And the old hierarchy of the Catholic Church has lost much of its influence and power.

Instead of the well-ordered civil society that characterized Italy for at least thirty years after World War II, a contemporary Tocqueville would find a vibrant, much more chaotic

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welter of local groups and voluntary associations, most of them independent and truly democratic.

Our visitor might well be surprised—and certainly perplexed. How was an essentially lifeless and hierarchical civil society so transformed in the span of a generation? And what should we expect from these new organizations that are relatively free from the influence of Church, party, and union—yet still often dependent on the support of the state?

In order to illuminate this ambiguous situation, it is useful to look, more narrowly, at what has happened to the so-called third sector in Italy—that is, the sector of society comprised of voluntary associations and nonprofit organizations that aim to provide services in the public interest. An important indicator of a truly democratic civil society is the growth and consolidation of this “third sector.”

In Italy today, the third sector resembles an archipelago of independent institutions, which include a number of different types of institutions: universities and big hospitals managed by private foundations; nursing homes run by religious orders; new environmental groups; community associations providing personal services; clubs organizing cultural tours; networks of volunteers assisting patients in public hospitals; and so on.

All these institutions have two things in common that at a first glance may seem trivial: every one of them is organized not for profit; and each aims to serve the public interest.

The emergence of an independent nonprofit sector in Italy has coincided with a dramatic change in the institutions governing participation in society and politics. Political parties and labor unions have steadily lost members and broader cultural influence. There is no longer a recognized political voice for most of the collective interests of the society. Now the “art of associating” and giving voice to one’s own interests is much more crucial in Italy for many people to obtain benefits and favorable public decisions. But while the access to decision-making is easier and more direct than in the past, the interests of poor Italians, traditionally represented by the Church on the one hand and by the parties and unions of the Left on the other, have been pushed aside.
Is there more or less democracy in Italy today than there was in the 1970s? By looking more closely at the evolution of the third sector, we may hope to answer that question.

ITALY’S “THIRD SECTOR”: HOW IMPORTANT IS IT?

Looking only at statistical measures, one might conclude that Italy’s third sector is, even today, relatively small. According to one recent survey, only 12 percent of Italians between the ages of eighteen and seventy-four do volunteer work.² By comparison, more than 20 percent of Americans are active volunteers. The same survey also found that only two-thirds of Italian volunteers worked within an organization. The remaining third volunteered by themselves or collaborated with informal groups of volunteers.

Italians also have a comparatively low rate of financial donation. An average of 46 percent of Italians donate money in any given year, compared to 65 percent of the British and 55 percent of Americans. The average amount given was also on average lower in Italy.

An important international research study reached similar conclusions by comparing the nonprofit sector in different countries.³ The study found that this sector was much smaller in Italy than in other Western European countries. For example, the nonprofit sector in Italy accounted for only 1.8 percent of total employment, compared with 4.2 percent in France, 4.0 percent in Great Britain, and 3.7 percent in Germany.

Still, it is misleading to look only at such data. The size of the Italian third sector has perhaps been underestimated because of the unofficial character of much of the participation in associations and efforts to better society, and it is hard to measure accurately levels of informal participation. In many respects, the third sector in Italy is demonstrably more significant than the figures suggest. Given the large role still played by Church-related nonprofit organizations, the political and cultural importance of the sector is far from negligible.

For example, consider the role of volunteering in Italy. No other country in Europe relies so extensively on volunteer la-
According to the most recent estimates, approximately fifteen thousand organizations, almost one-quarter of all nonprofit organizations in the country, rely exclusively on volunteers. These volunteers constitute a remarkable “social army” that barely appears in the statistics cited above. It is estimated that there are almost two million people in Italy today who do voluntary work for nonprofit organizations. If these volunteers are added to the number of paid employees working for nonprofit organizations, then the overall size of the sector increases to approximately 3 percent of the GNP. In addition, one must recall that Italy is the only country in Europe that grants voluntary associations a special juridical status, offering tax relief and subsidies difficult to obtain for nonprofit organizations that employ paid workers. From this point of view, what makes the third sector in Italy unique is not its small size, but rather its low level of professionalization. As a result, countless Italian citizens today volunteer their time to nonprofit organizations that are dynamic, innovative, and flexible in meeting emerging social needs.

How did a country historically characterized by a strong “associative deficit” change so radically? What driving forces have caused the tremendous growth of popular participation in voluntary and nonprofit organizations? In order to answer these questions, we must first look at the historical context.

THE HISTORICAL HERITAGE

The foundations of Italy’s modern civil society were laid in the nineteenth century by Church-related charitable institutions and by a variety of workers’ and farmers’ mutual aid societies. In 1890, a census counted as many as twenty-seven thousand such religious institutions in Italy. In some important fields—welfare and education, for example—these voluntary associations offered more services than the state.

Still today, the nonprofit sector is dominated by Church-based organizations: Catholic groups operate 70 percent of Italy’s nursing homes, 50 percent of its private hospitals, 60 percent of its vocational training centers, 75 percent of its private elementary schools, and 48 percent of its private high
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schools. In fact, religious institutions are the only nonprofit organizations managing hospitals and schools. As a result, Italy’s third sector is today overwhelmingly a “religious sector.”

From the start, Italy’s voluntary associations were instruments of religious and political conviction—not ends in themselves. The country’s nascent civil society was marked by bitter conflicts between two rival subcultures, one Catholic, the other Socialist (and later Communist). For many years, the Church charities and workers’ mutual aid societies presented themselves as an alternative to state intervention. Depending on whether they were affiliated with the Church or a socialist party, Italy’s nonprofit organizations disagreed among themselves about how to achieve the common good. This disagreement produced an ideologically divided third sector.

In the decades after Italy emerged as a united nation-state in 1861, its leaders struggled to bring the activity and the huge wealth of Catholic charities under state control, against the strenuous resistance of the Catholic Church. Eventually, in 1890 the Legislature obliged all charities to assume the legal status of public bodies. The state’s centralizing tendency was the result of a legal tradition that was founded on the notion of a close correlation between public interest and state responsibility, leading to the development of a regime of authorizations and controls by the state on any private activity that might have been considered as being in the public interest.

This tendency was greatly hindered, however, by the poor leadership of the new Italian political elites. The marked cultural dualism in civil society and the dominance of that society by two forces—the Catholic and the workers’ movements—that both set themselves up as “anti-system” constituents long prevented the national ruling class from gaining sufficient consensus to strengthen the authority of the state so that it could effectively pursue the public interest. What appeared in its place was a tendency to seek compromises and exposure to political patronage as well as an inclination to attract the political influence of vested interests.

As a result, an ambiguous relationship between the third sector and the state developed in Italy. On the one hand, the state offered generous financial support to Italy’s nonprofit
organizations; on the other hand, there was no corresponding strong state regulation, if exception is made for the numerous and at times paralyzing requirements of bureaucracy. Although generous, this financial support was not followed up by any real capacity of government to enforce observance of general principles that would have obliged nonprofit organizations to act efficiently and effectively in the public interest. On the contrary, most nonprofit organizations that received public funding basically operated autonomously, with so much freedom to define their aims and methods that they had full discretion over the use of government funds.

This situation generated an intermediate sector, neither wholly public nor wholly private. Most nonprofit organizations received public funds, yet were left free to pursue independently defined goals. At the same time, many of these organizations became centers of power for the Church and the socialist (and communist) parties. The activities of such organizations have long been means to political and religious recruitment and influence on society, more than ends in themselves.

As a result, Italy’s voluntary associations presented a paradox: supported by the state, their goals were often set by the Church or some political party. This “colonization of civil society,” as Graziano describes it, made it all but impossible for Italy’s voluntary associations to play an independent political role. They have long constituted the instruments through which the major social and political forces in Italy have acted on and controlled civil society.

Investigations into corruption in the 1990s revealed the control exercised by political parties over these organizations. Political patronage involved discretionary granting of favors and funding to these “mixed” organizations in exchange for political favors. Services and benefits depended on demonstrations of political loyalty. The collection of bribes was made easier by the absence of state oversight. For many of these mixed-status institutions, acquiescence to political control was seen as the price to be paid for access to resources essential to their survival. Although many parliamentary investigations have highlighted the distorted use of these institutions for “political-
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client” use, the strong protection that the practice enjoyed has never allowed for stricter regulation.

A LOWER-CLASS-ORIENTED SECTOR

A distinguishing feature of the Italian third sector is that it contains large numbers of welfare organizations that provide services for the most disadvantaged groups in society. According to the findings of international studies, the only other Western country with this characteristic is France. In other countries, nonprofit organizations tend to be concentrated in the health field (as in the United States and Germany) or in education (as in Great Britain).

In Italy, by contrast, a nonprofit organization is more likely to provide services for the homeless or the disabled than to promote a cultural or recreational activity aimed to benefit people belonging to the middle class. This is no accident. The Italian welfare system has always sharply distinguished between the regular workers, those who are guaranteed welfare rights, and those doing undeclared work, poor families, single mothers, those who have no rights, being virtually excluded from welfare programs. In this situation, many of Italy’s voluntary organizations have dedicated themselves to providing social services. In recent years third-sector organizations have mobilized to combat drug addiction and almost all main social crises (recently including clandestine immigration from North Africa and Eastern European countries) well before the state intervened. Recognizing the leading role played by these organizations, Italy uses 82 percent of its national social services budget to fund nonprofit organizations.

Unfortunately, a deep-seated paternalism has often inspired these organizations. Giving help has been considered a form of patronage—not a response to a right. Beneficiaries of the services provided by nonprofit organizations have been often treated less as citizens than as children in need of help. One example of such paternalism is the associations of so-called patronati (literally, patronages). These were and still are satellite organizations of trade unions, therefore requiring labor union member-
ship for access. From the 1930s onwards, many of these associations obtained the legal status of “public bodies.” As a result, they monopolized advocacy for and delivery of services to disabled victims of war; to disabled civilians; to the blind and deaf. For a long time their public status made membership practically compulsory for anyone who wished to obtain any state benefits.

The role played by patronati in the development of the welfare system is important. Their presence favored the development of welfare programs based on the recognition of particularistic interests and needs. Their power for many years delayed the creation of a social welfare system based on citizens’ rights.

NEW TRENDS IN ITALIAN CIVIL SOCIETY

Italy’s civil society first began to change in the 1970s. As the state began to introduce more universal welfare policies, the sectarian philosophies of many charitable institutions became ever more problematic. The waste and inefficiency of state support for them also became evident. On the other hand, new state funds became available for the development of new non-profit organizations operating in new fields. Criticism of the old-fashioned approach of the traditional third sector contributed greatly to the transformation of civil society that began in the second half of the 1970s.

The Boom of Volunteering

The more general process of modernization that ran through Italy in this period did much to erode mutual accommodation between the state and the traditional institutions of civil society; it prepared the ground for more incisive change.

For the first time in the 1970s, a number of new voluntary organizations rejected control by Church or party hierarchies. These new voluntary organizations appeared just as the protest movements of the 1960s and 1970s began to run out of steam. The new groups were no longer dominated by rigid ideologies. Instead, they responded to demands for broader and more established citizenship rights.
The cultural atmosphere in which these new forms of voluntary action grew was very distant from that of traditional philanthropy. The traditional approach typical of charitable institutions was criticized and abandoned in favor of a philosophy of “fighting marginalization,” which identified volunteering as a new way to help people previously excluded from welfare benefits. Many of these church-based organizations placed great importance on their informal style and were based almost exclusively on voluntary work. There was an increase in the participation of nonbelievers, a diversification in terms of their age and social composition, and a weakening of ties with Church authorities.

**Specialization**

During the 1980s, another change took place, caused by the need to put a brake on the growth of state spending. Since it was impossible to increase the state’s direct intervention any more, local authorities who were responsible for providing the population with basic social and health services turned to voluntary organizations for help. In this context, it was clearer than ever before that the state, while providing some funding, was leaving the provision of actual services to the nonprofit sector.

It was in this period that voluntary organizations became progressively more specialized. In Italy, the process was relatively rapid, especially when one recalls the amateur and informal character of most of its nonprofit organizations. For many volunteer groups, meeting ever more pressing welfare needs required transforming themselves into totally professional bodies. Struggling to reconcile the need for rational management and skilled labor with the need for flexibility and public participation, the old amateur groups turned into specialized cooperatives providing social services. The specialization was the outcome of a selective process that allowed the survival of only those organizations with the most resources and the greatest willingness to modify their initial spontaneous nature; the others were destined to be marginalized or to disappear. In the view of many observers, the emergence of these new and decid-
edly professional nonprofit organizations constitutes the basis for developing a modern third sector that is efficient and effective.

INVENTING THE THIRD SECTOR

The growing professionalization of a large part of Italian civil society coincided with a growing delegation of welfare services to the private sector. Vigorous state support for new nonprofit organizations has gone hand-in-hand with these trends. At the same time, many of the older and more traditional nonprofit institutions have begun to invest in new services in order to meet clients’ needs more efficiently. Voluntary organizations and social service cooperatives have been granted a new legal status that allows them to contract with the state and to enjoy some tax exemptions. Other nonprofit organizations operating in specific fields have been granted special concessions. In 1990, Italy’s Cassa di Risparmio (savings banks) were given incentives to separate their own banking activity from that of the charitable foundations that are their majority shareholders; according to the new law, the dividends paid by the banks to the foundations must be exclusively designated to the pursuit of philanthropic goals. According to Paolo Barbetta, “there is in fact a possibility of creating a block of big private foundations with considerable assets serving the public.” Finally, in 1998 a new tax law extended new tax benefits to all of Italy’s nonprofit organizations.

With these new sources of funding and tax relief have come new responsibilities. For example, some of the new nonprofit organizations have been required to participate actively in proceedings against young criminals by collecting information and proposing rehabilitative treatment. Nonprofit therapeutic agencies have been obliged to provide convicted drug addicts with therapy as an alternative to jail. In recent years, third-sector organizations have undertaken more responsibilities than ever before. While some of the groups have taken over welfare services, others have become a resource for the court system. Some voluntary organizations now plan new welfare programs, while others help the state control deviant groups.
On the other hand, heavy use of third-sector growth has been made to support privatization policies of the welfare system. Too often, the third sector has been treated as a magical solution to intractable financial and bureaucratic problems. Yet the capacity of many organizations to influence policy seems limited. Often these groups hardly seem to recognize the political convenience of uniting in defense of their common interests; their strategy still consists of seeking intermediation offered by political and administrative sponsors. At the same time, their autonomy is limited by their continued dependence on the financial support of the political elites.

CONCLUSION

By any measure, Italy’s third sector has played a key role in recent Italian developments. Four hundred thousand people now work in the third sector, and nonprofit organizations play a crucial role in various welfare fields. Without the third sector’s resources, Italy would be less able to meet its welfare needs. And, moreover, the prospects of maintaining current service levels depend to a large extent on the further growth of a “social economy” that is capable of combining quality and efficiency better than the state and the market are able to. The segmented nature of Italian civil society has nevertheless lessened considerably in recent decades as society has become more secular and associations have generally freed themselves from traditional forms of political support and representation.

In order to continue to meet the country’s needs, the third sector is going to have to become more independent of the state. A progressive reduction in public subsidies means a growth in competitive bidding on contracts for the delivery of public services. The new competitive environment will inevitably condition the operations of organizations, putting pressure on them to cut costs. The “nonprofit discovery” thus implies a paradox: on the one hand, voluntary associations in Italy are more important, and increasingly independent. On the other hand, competitive pressure is likely to benefit more professional organizations and leave weakened those organizations based largely on volunteers.
The trend toward more professionalism is in many ways welcome. However, the third sector runs a risk of becoming too professional. An efficient bureaucracy cannot facilitate the participation of citizens in social life—the democratic heart of the free associations Tocqueville prized in nineteenth-century America. This, then, is the challenge facing Italy’s nonprofit organizations today: to provide social services efficiently while preserving the participatory spirit that make voluntary associations a continuing resource for “Democracy in Italy.”

ACKNOWLEDGMENTS

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ENDNOTES


3The most significant results of such research are found in Lester Salamon and Helmut Anheier, The Emerging Nonprofit Sector: An Overview (Manchester, U.K.: Manchester University Press, 1996).


INTRODUCTION

Twenty-seven years ago, under the generous and energetic tutelage of Fabio Luca Cavazza, a group of foreign scholars came to Italy as first-time students of the “Italian case.” We shared our puzzlement over this complex country with a group of more seasoned and distinguished Italians. In the essays we wrote together for the 1974 *Il Caso Italiano*, we tried to analyze a society in which economic dynamism coexisted with stalemated and polarized politics. Here was a country with a rate of economic growth second to none in Europe throughout the postwar years. But at the same time there was a political system heavy with bureaucracy, tangled in clientalism, and, despite rising radicalism and protest, apparently unable to reform itself.

These politics entailed, as Cavazza put it—more bitterly than an outsider might have dared—“an inexhaustible appropriation of ever larger shares of the country’s production.” At the level of central government, we found stagnation and the exploitation of public office and public space for partisan ends. At the local and regional levels, we saw a society riven by the dense and mutually exclusive subcultures of the Catholic Church and the Communist Party. The political stability of the country seemed to depend on preserving social and economic traditionalism: on a reservoir of electors that the backward South provided for the parties of government, and on the survival of a...
large number of small and medium-sized enterprises that buffered the shocks of rapid growth by absorbing workers who could not otherwise have found regular employment. From the perspective of the mid-1970s, the economic success of Italy seemed to show that politics was irrelevant.

In Il Caso Italiano, the authors projected the divide between economic dynamism and political traditionalism into an indefinite future. What we failed to see in 1974 was a deep transformation then taking place in Italy’s politics, economy, and society. At the national level, partisan exploitation of the public sector, rising social conflict, and extremist terrorism combined to produce political immobility. But at the local level, new “industrial districts” were using local political institutions to stabilize and sustain new forms of coordination and cooperation in small- and medium-scale industry. National politics did play some role in these changes: for example, labor legislation in the 1970s strengthened the hand of unions by allowing them to organize workers in smaller firms. This accelerated a shift away from the postwar economic regime in which large firms transferred work to small- and medium-scale enterprises as a way of reducing wages, social charges, and taxes.

Still, the lion’s share of the political initiatives came at the local level. There, parties, the Catholic Church and its collateral organizations, governments, unions, and trade associations entered into new forms of negotiation, bargaining over the creation of collective goods that enabled small and medium-sized specialized manufacturers to raise productivity and quality through cooperation. Ironically, this political transformation took place in Catholic and Communist strongholds—indeed, in the same regions where large firms had exploited smaller-scale enterprises as highly dependent suppliers and where employees in smaller firms had provided a more flexible, cheaper, and more docile workforce. The new industrial districts of the Third Italy (Emilia-Romagna, Veneto, Tuscany, Umbria, and the Marche) grew on terrain that had been devastated in past political struggles between fascism and anti-fascism, clericalism and anti-clericalism, communism and anti-communism. Far from building on an ancient heritage of political trust and cooperation, as Robert Putnam suggested in an influential analy-
sis, the new localism of the 1970s succeeded by overcoming a recent past of violent social conflict and strife.\textsuperscript{8}

ITALY’S INDUSTRIAL DISTRICTS

Industrial districts are geographically defined production systems characterized by a large number of small and medium-sized firms that are involved in various stages of the production process in a particular industry. Building on the work of Fabio Sforzi, Sebastiano Brusco and Sergio Paba have compared both the numbers and the location patterns of the districts in Italy between 1951 and 1991.\textsuperscript{9} Brusco and Papa define districts as “local labor markets” (in which people live within commuting distance of their workplaces) that meet four criteria: 1) manufacturing employment is higher than the national average; 2) the share of industrial workers in firms with fewer than 250 employees is higher than average; 3) the share of the workforce in at least one sector of industrial specialization is higher than the national average; and 4) in that sector (or sectors), the number of workers employed in firms with fewer than 250 employees is higher than average.\textsuperscript{10} Using this definition to analyze census data, they found a great increase in the number of districts and the number of workers employed in them. In 1951, there were 149 districts employing about 360,000 people. By 1991, the number of districts had increased to 238 and the number of employees to 1.7 million. Equally important, Brusco and Paba found that in 1951, proto-industrial districts were distributed more or less evenly across the Italian peninsula (including the Mezzogiorno)—but by 1971, the map was completely different. All the districts were located in the center and northeast regions of the country. In fact, illustrating a process of “territorial contagion,” those new districts that were established between 1971 and 1991 were often located next to existing districts. At the same time, there were substantial changes in their sectoral specialization and economic fortunes. Between 1951 and 1991, new districts were founded and old ones disappeared. Districts changed specializations, as in the case of Carpi, which in its early years concentrated in woodworking and furniture, turning later to knitwear and apparel.\textsuperscript{11}
Because of the economic dynamism these districts have displayed, they have been analyzed and celebrated in a wide-ranging literature that portrays them as prototypes of “the new competition,” exemplars of “best practice” in today’s post-Fordist world of segmented demand. According to this literature, the industrial districts build on fragments of an older order of small, independent, family-owned enterprises, on legacies of artisanal skill, self-discipline, and professional pride. Whatever their historical origins—and there is a major debate over this—the districts as they had come to function by the end of the 1980s were in fact new social constructions.

The distinctive elements in the configuration of the industrial districts are quite different from the socioeconomic relationships between the old small-scale firms and their workers and the large firms whose dependent subcontractors they had been. Often the distinctive district configuration appeared in the wake of the breakup of a large firm or firms in the region. Yet despite differences, all districts display similarities along three dimensions. First, within the districts there is a division of labor among firms, which promotes high levels of flexibility and productivity. Because firms within the districts often specialize in one phase of the production process and through their subcontracting networks aggregate orders from several other local firms, they are able to invest in new capital equipment and rapidly amortize these investments. Flexible relations among local firms are not mirrored in workplace practices within them. Instead, because of the specialization in phases of production by district firms, work is often organized in highly specialized and narrow tasks, conducted by long-term and highly skilled employees. This, too, enhances the productivity of district-based firms.

A second feature of the districts is a distinctive milieu that includes the local institutional infrastructure (i.e., local banks, trade associations, training institutes, and collaborative research and development facilities) as well as more “cultural” attributes and practices (i.e., craft traditions, “trust” among firms and between workers and managers, class mobility, etc.).

A final feature underlying the districts are the networks—both horizontal ties that provide individual firms with up-to-
date information on technological innovations and market shifts and the forward and backward linkages that provide the district as a whole with considerable market power in purchasing raw materials and distributing finished goods. Taken together, these three features create a set of competitive advantages for firms operating within the districts.

Because of these characteristics, the firms in industrial districts perform in ways that can only be accounted for by their being part of the district—and measurably better than “non-district” firms of the same size and technology in the same product markets. For example, L. Federico Signorini compared textile firms located in the Biella and Prato districts with textile firms not located within an industrial district and found significant differences in performance. Profit rates, as indicated by return on investment (ROI), were, on average, five points higher for district firms than for “isolated” firms. Profitability was not due to lower labor costs (per capita labor costs were 10–20 percent higher in district firms) but rather to greater labor productivity rates, which averaged between 12 and 26 percent higher than in isolated textile firms.

In a series of follow-up studies aimed at measuring the “district effect,” researchers from the Banca d’Italia reported that “over the period 1982–95, profitability—as measured by Return on Investments (ROI) and Return on Equity (ROE)—was always higher in industrial district firms.” In 1995, ROI was higher in industrial district firms by 2 points and ROE by more than 4 points. Labor productivity (measured by per capita value added) was also greater in industrial district firms in most sectors. An econometric analysis for 1991–1995 indicates a “positive and statistically significant relationship between efficiency and location in a district for firms in traditional sectors.”

In addition to the productivity and profitability edge of district-based firms, studies indicate that district-based firms are more likely to export than non-district-based firms. Marco Fortis and his colleagues at the Catholic University in Milan and the Research Office of Montedison analyzed the industries behind the recent success of “Made in Italy” in export markets. They found that Italy’s leading export industries were
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primarily composed of small and medium-sized firms located in various industrial districts. Among these district-based industries, Italian producers were the world export leaders in a variety of sectors including yarns and textiles, hosiery, eyeglasses, shoes, ceramic tiles, furniture, some types of machine tools, and other consumer goods. This export performance continued throughout the 1990s, although the lira appreciated and there was an economic downturn following the Asian crisis in 1997. Another study estimates that in 1995, the districts produced some 22 percent of Italian exports (with much larger shares of exports in particular sectors: 66 percent of textiles, 37 percent of apparel, and 34 percent of all furniture exports came from district production). This share continues to rise, despite the growing competition from other European producers and from Asia.

In an intellectual and policy-making context dominated by theories that assumed that large-scale mass production of standardized commodities for large homogenous markets was the key to economic productivity and growth, the “discovery” of the Italian industrial districts aroused extraordinary attention. The districts excited the interest of social scientists and policymakers in Italy and abroad for several reasons: first, because they seemed to demonstrate the viability of alternative models of economic success and their prospects even in advanced industrial countries. Second, the industrial districts showed that certain kinds of small firms and specializations could survive in a world of rapid technological change and growing international competition. Indeed, these networks of cooperating and competing small producers seemed especially versatile at achieving what large-scale “Fordist” industries could not do well: satisfying consumer demand in affluent societies for more diverse and higher-quality goods. The “discovery” of the Italian industrial district, like that of the Japanese production system, was important because it challenged prevailing assumptions about how societies gained competitive advantage.

Finally, the Italian industrial districts attracted interest because they were seen both as alternatives to large-scale modes of production and as more humanly satisfying forms of social order. In contrast to the inequalities of income and power and
the steeply hierarchical authority ladders of the Fordist system, the industrial districts represented, at least in the eyes of some of their observers, a more egalitarian set of arrangements, with more cooperative relations between labor and capital. These high-wage, skilled jobs and collaborative employer-worker relations had, moreover, been created in zones previously characterized by highly exploitative social relations in the countryside, in the workplace, and in widely diffused home-based putting-out systems. In this way, the industrial districts seemed to reveal transformative possibilities within capitalism and the potential for a social system that was both more productive and more just.

After the first wave of research on the Italian districts, scholars set out to find such districts in other advanced and developing countries and policymakers began to experiment with institutional arrangements and incentives that might give birth to districts on new terrain. The results of these efforts were relatively meager. A number of other candidate districts were identified outside Italy. The efforts of policymakers to deliberately create them proved futile. While territorial clusters of innovative enterprises, like Silicon Valley and Silicon Glen, or science parks like Taiwan’s Hsinchu were found to share some properties of the Italian industrial districts, still, the better the high-tech zones were understood, the greater the conceptual stretch required to see them as resembling the Italian districts.

Today, interest in the Third Italy lies less in the evidence it may provide about viable alternatives to economic development based on large-scale, vertically integrated production. We are in a period of widespread deverticalization of enterprises and the reconstruction of capitalist economies in global networks that link firms to their suppliers and customers across national borders. The economic gains of reorganizing production outside vertically integrated large companies are no longer the issue. Rather, the question is whether networked production that is embedded in sociopolitical institutions of economic activity in territorially based proximity still confers special strength in an era of globalization. In other words, in an age when firms can theoretically produce (or have produced) anything, anywhere, can the Italian industrial districts survive?
At the beginning of the 1990s, Michel Albert’s *Capitalism vs. Capitalism* launched a debate over the social foundations of economic performance. Albert’s book, which drew broad-brushed sketches of “Anglo-American” and “Nippo-Rhenish” models, was followed by a wave of research on the specifics of German, Japanese, Italian, French, and other models. 27 The common intuition underlying all of these contributions is that the economic performance of firms depends on social resources that the firms do not themselves create. As Wolfgang Streeck argues, firms are “social institutions, not just networks of private contracts or the property of their shareholders. Their internal order is a matter of public interest and is subject to extensive social regulation, by law and industrial agreement.” 28 He describes the social and organized character of capital and capital markets. This means that even firms in the same sectors, using the same technologies and producing the same products, will differ systematically across societies according to the kinds of resources those societies provide.

The “varieties of capitalism” literature sees more than one kind of industrial society and believes that the different institutional configurations, or production regimes, generate systematically different micro-behaviors. From institutional configurations and differences in micro-behaviors these scholars deduce a theory of comparative institutional advantage. In this perspective, different production regimes, or different capitalisms, should be good at solving different kinds of coordination and production problems and hence over time should come to specialize in and excel in those activities.

The question arises of whether these varieties of capitalism, each with distinctive assets and weaknesses, are equally resilient in an open international economy. First, one may ask whether the characteristics of the new economy—however conceptualized—play to the strengths of some models of capitalism more than others. The American economy, with flexible labor markets, arm’s-length relations between investors and industry, research and development systems that favor radical change rather than incremental process improvements, well-
developed financial markets, and so forth, might be better able to respond to global competition than, for example, the German or Japanese economies. Though there are many claims made along these lines, the evidence is far from clear. While one or another variety of capitalism might do better at particular economic conjunctures, or at solving particular kinds of innovation, production, or distribution problems, there is no compelling reason to believe that any one has a clear economic superiority across the board over time.

There is a second issue as well. If one believes that economic institutions depend on specific social resources, then globalization might differentially affect models of capitalism by undermining a society’s capability of reproducing those resources. Because the embedded networks on which the Italian districts are founded appear to be particularly vulnerable to the pressures of globalization, they constitute a kind of critical case for the understanding of the evolution of capitalism. Unlike the Silicon Valleys and Hsinchu Parks, the Italian industrial districts have no special access to highly concentrated technological and scientific resources. They do not function as communities that connect past and present insiders and outsiders, as Silicon Valley and Hsinchu Park do, bringing together native, immigrant, and repatriated engineers and entrepreneurs, combining the strengths of proximity and extension across boundaries. The principal products of Italian districts are consumer goods like those that are being manufactured today at low cost and at increasingly high levels of quality in the low-wage economies of Eastern Europe and Asia.

When one sees the fine garments being turned out in some of the Hong-Kong owned plants in China by workers earning a small fraction of Italian wages, one wonders how long Carpi can hold out. Conversely, if it turns out that Italian small- and medium-scale district-based enterprises can prosper in global competition even in industries like garments and ceramic tiles, then we need to revise expectations about the vulnerability of territorially embedded economic arrangements. The future of small- and medium-scale Italian firms under globalization matters not only to Italians. It is a sensitive indicator of the resilience of economies built on socially valued institutions of prox-
imity, at a time when new communication and transportation technologies have lowered borders and distance as barriers.

To address these issues, we have been conducting interviews and factory visits in several of Italy’s industrial districts, working with our Italian colleagues Enzo Rullani and Arnaldo Camuffo of Ca’ Foscari University in Venice. What follows is preliminary and tentative—but it does raise questions about the supposedly inevitable effects of globalization on nationally distinctive production regimes.

REVISITING THE DISTRICTS

How is globalization affecting the districts? One might anticipate that globalization, by increasing competition with producers outside Italy, either through trade or through investments by Italian firms abroad, would induce greater elasticity of demand for labor in the districts. This would cause either wage stagnation or rising unemployment in the districts. But in fact, unemployment has remained very low in the districts compared not only with the rest of Italy, but also with other European societies. In Italy as a whole, unemployment rates remained virtually unchanged—averaging about 11 percent—throughout the 1990s. In the provinces where industrial districts have been strong, unemployment levels in 1998 were about one-third the national average: 4.3 percent in Biella, 3.4 percent in Belluno, 3.4 percent in Reggio Emilia and Treviso, 4.7 percent in Modena. In comparison, unemployment rates in France were about 10 percent, in Germany 8.5 percent, and in the United Kingdom 5.5 percent.

Comparing wage levels of firms in the districts with those of firms not located in districts is difficult, given differences in patterns of labor-force participation for the districts and the rest of Italy. In the districts, individuals often begin work at an earlier age and with less formal education and frequently leave jobs in mid-career to start their own firms. A Bank of Italy study found that compensation for manufacturing workers employed by firms located within the districts was, on average, higher than for similar workers employed in similar firms outside the districts. In our interviews with various trade-union
leaders in the various districts, no one complained about declining wages or growing unemployment. If anything, they worried about how best to integrate newly recruited (often foreign) workers into their communities.

A second way in which one might suppose globalization would affect the industrial districts is through capital mobility. Foreign multinationals eager to buy local companies might distort traditional networks and practices. In each of the districts we visited in 1999 and 2000 in Emilia-Romagna, Veneto, and Biella, we indeed found foreign capital at work—but the presence of foreign multinationals is not overwhelming. The examples observers cited five years ago—Tetrapak in Bologna, Nike in Montebelluno—are the same examples cited today. Moreover, to the extent that larger firms are present within the districts, it appears that they play a positive role, introducing technological innovation and expanding existing markets for their smaller-sized neighbors. Ownership in the districts remains overwhelmingly in local hands.

Finally, and perhaps most important, one might predict that globalization would create incentives for district firms to change themselves. This might occur through the reorganization of a firm or through the relocation of a significant part of the firm’s activities outside the district. If larger and more successful firms tried to develop and control a larger number of functions in-house, they might reduce their interdependence on other firms in the district. In our interviews and field visits, we did find examples of firms shifting toward greater vertical integration. But there is not enough evidence to conclude that these examples represent a trend or that the districts are moving away from their distinctive “specialization by phases.” If anything, Signorini’s research on the Biella and Prato districts illustrates that firms in these two textile clusters are less vertically integrated than textile firms not embedded in districts.

Observers of the districts are concerned about another kind of reorganization in response to globalization. Relationships among firms that had been structured as horizontal networks might shift to a more hierarchical pattern in which larger firms would dominate smaller suppliers. Brusco and Paba warn that “the district risks being smothered when a single company with
a big brand name and a big turnover—whether a firm that has grown up in the district or moved in recently—gradually seduces the remaining firms into becoming its subcontractors and changes the system of small firms into a production system tightly linked to its own global strategy.” 36 But there is scant evidence of such a hierarchical reconfiguration today. In all of the districts we visited, local interdependencies and horizontal ties continued to be the norm. Even in certain districts, like the eyeglass cluster of Agordo, where a leading firm like Luxottica was growing at a pace unparalleled by any of the other local firms, this growth did not appear to be at the expense of other local producers or of the basic underlying relations of the district as a whole. 37 Signorini concludes: “Certainly such phenomena have occurred in particular districts and at particular moments; in some cases they can lead to the disappearance of the district as we know it; but if there is a general tendency, it’s not evident.” 38

DELOCALIZATION OF PRODUCTION

The more evident danger is the relocation of activities outside the district, particularly in Central East Europe (CEE). Since the fall of the Berlin Wall, Italian firms have been major investors in CEE, surpassed only by German and American investors.39 But districts differ greatly in how much money is invested abroad. In Emilia-Romagna, firms seem relatively uninvolved in relocation, while in the Veneto, there has been massive (although not systematically documented) shifting out of production. In one city in Romania—Timisoara—alone, there are hundreds of entrepreneurs from the Veneto who have opened businesses over the past ten years. The local business association of Vicenza has a special office dedicated to helping local firms set up operations in Romania. It would be fascinating to understand why firms in some districts have been so much more aggressive in moving activities out of Italy than firms in other districts. The differences in the internal organization of the districts that Locke has described in his previous work may well correspond to a greater or lesser propensity to seek solutions
outside the district. But this is a hypothesis we have yet to explore.

Here, however, we wish to focus on another important contrast: between how much production remains at home in even those districts in the Veneto that have been most active in foreign direct investment, and how little production remains at home in other societies like Hong Kong and Taiwan, which, like the Italian districts, specialize in the production of consumer goods in relatively traditional industrial sectors. Consider a product once manufactured both in Hong Kong and in northern Italy—eyeglass frames. Today, Hong Kong optical manufacturers have moved almost all their manufacturing to China, while the Italian producers of eyeglasses, who make a quarter of the world’s glasses and three-quarters of the brand-name eyeglasses in the world, still rely largely on production in the districts. The largest of the Italian district firms, Luxottica, described dismantling the U.S. plants of the recently acquired Ray-Ban firm and reassembling the equipment in Italy. Luxottica is also moving production that had been outsourced to China back to Italy.

Is it that the geographic and cultural distances between Hong Kong and Taiwan, on one side, and the countries to which they are relocating their economic activities (China, Indonesia, Malaysia, Vietnam), on the other, are less than Italy’s cultural distance from Central East Europe? This explanation might account for levels of outsourcing from Hong Kong to Guangdong in southern China, but it can hardly explain all. Taiwanese inputs, capital, and managers being put to work in China need to make a lengthy detour via Hong Kong or some other third country en route to China, because of the politics of cross-strait relationships. In contrast, air and road links between northern Italy and CEE are relatively swift and good. A businessperson can fly from Venice to Timisoara, Romania, in three hours.

Is it that the products made in the districts, although they are consumer goods like those once made in Hong Kong and Taiwan, are somehow different—perhaps of higher quality? Or more fashionable? There is undoubtedly some truth to this, and
the kinds of production that have completely moved out of the districts—like Montebelluno’s athletic shoes and Biella’s cotton underwear and T-shirts—are more standard goods than fashion items. But the pattern is a puzzle. A firm like Benetton still produces 90 percent of its goods in the region, while its foreign counterparts—the Gap, the Limited, Marks and Spencer—produce little in their own home societies. A firm like Fedon (located in Vallesella di Cadore) that designs and manufactures eyeglass cases—hardly a high-tech or even a high-fashion item—makes a fifth of the world’s eyeglass cases. It has opened a plant in Slovenia where it turns out some simple models, and a plant in China, which does 0.15 percent of Fedon’s total production. But 400 of Fedon’s 460 employees are still working in Italy. If the distinctiveness of the products made in the districts has to do with being sold under prestigious brand names, then we still have to explain why the district firms lease the brand names (for example, Luxottica leases names like Armani, Chanel, and Bulgari to put on its frames) and are able to capture a significant part of the rents of designer label sales, while Hong Kong and Taiwan firms produce to order from foreign companies and claim not to realize higher margins on their top-of-the-line labels.

The differences between the patterns of globalization of firms in the Italian districts and those of foreign counterparts do not seem to come down to geographic or cultural barriers to overseas production or to the nature of the product markets in which they compete. Rather, as one looks in finer-grained detail at the decisions of Italian district firms about operations out of the district, it seems as if globalization serves a different set of objectives for the Italian firms than for their foreign counterparts. To be sure, the managers of the district firms listed some of the reasons for delocalization that are prominent in the reasoning of firms elsewhere: reducing labor costs, expanding the pool of workers, and gaining access to closed markets such as China and Brazil. But even when these factors were cited, they were often in virtually the same breath discounted. Those who mentioned lower labor costs in CEE or China were usually quick to point out that these overseas operations require more supervisors and many highly paid ex-
patriate managers. One manager estimated that he needed two supervisors per hundred workers in Italy and five per hundred workers in China. The Italian foremen he sent to the China plants cost three times as much to employ in China as in Italy. When all labor costs—the wages of managerial personnel as well as those of production workers—are added up, the apparent savings on labor virtually disappear. Those who had opened plants abroad in order to gain market access often acknowledged that they had overestimated the size of these new markets. Often, repatriating capital was difficult.

The disappointing results of foreign production did not discourage most of our respondents. Most district firms that have opened plants outside of Italy have done so in order to expand—and not replace—local production capacity. The activities abroad were conceived as complementary to the production that continues in the district. The character of the foreign activities might also offer different kinds of complementarity. Sometimes the foreign site allowed the district firm to continue a low-skill, low-margin activity that would no longer be profitable in Italy, given prevalent wages and the absence of local customers. A typical example was a firm that made cashmere and silk yarns in Italy and “regenerated cotton” yarn (i.e., from reprocessed rags) in Poland. There is little market in Italy for this cotton yarn anymore, and the operation is relatively simple and labor intensive. Wages in Italy are 11 times higher than wages in Poland; overall, labor amounts to 30 percent of the costs in Italy and only 3 percent in Poland. Without the possibility of producing regenerated cotton yarn in CEE, the firm would have closed this line of production. By preserving it, the company has broadened its product range, thus buffering itself against perturbations in any single part of its line.

Complementarity can also mean producing abroad at lower cost a component for a good that will be finished in Italy. For example, a ski boot maker explained that the hard plastic shell of the boot is made in Italy, because plastic molding and die-making techniques are difficult and involve trade secrets they wish to keep “in-house.” Plastic molding, decoration, and assembly are done in Italy, and require ten minutes of labor. The cutting of fabric and assembling of the liner take twenty-one
minutes of labor and are done in Romania, where labor is dramatically cheaper. The lead time for products in their Romanian plants is a month; in their China plants, three months. So the only products they make in China are ones with large batches and long runs. China and Romania thus serve different functions in this firm’s globalization strategies. Romania allows them to lower the cost of a boot that is still produced in Italy; China allows them to create a medium-priced boot business that is a new one for the company. As we look at firms like this, the surprise is not that some activities move out, but that so much remains.

AN ITALIAN ROAD TO GLOBALIZATION?

Some observers of the districts see the phenomena we have just described as evidence not of a distinctive response to globalization, but rather of a lagging response. These critics hypothesize that the districts have forestalled the inevitable by setting up operations in Central East Europe. Today, their capabilities for production abroad may be limited to making standard goods that require less skilled labor than the products they continue to turn out in Italy. But this may be only a first step. As the capabilities of foreign plants rise—and as competition grows with low-wage countries—the balance may tip. Operations abroad will then expand, hollowing out the districts. Perhaps company headquarters will remain in the districts, along with product development and marketing. But manufacturing and the activities closely associated with it, like tool- and die-making and programming, will move to lower-wage countries outside of Italy.

In this view, globalization pushes all firms that compete in the same sector toward the same set of “best practices” and toward the same cost structure. If this is the case, then the lag of the Italian districts would have heavy consequences. As other societies have exported the manufacture of traditional products, they have moved into high-tech products and services. This shift requires considerable social infrastructure. Large-scale investments need to be made in research and development, universities, and local institutions. Perhaps blinded by
success, the districts have done little to prepare for such a shift. Investments in the districts appear to be concentrated on upgrading and incremental innovation in the same traditional product lines. From this perspective, the policy of many districts may have cost them the opportunity to move rapidly into the “new economy.”

Our view is a different one. We see the districts as resilient and capable of absorbing, even if not now of creating, new information technologies. The future of the districts may lie not in some improbable leap from today’s industries to a high-technology frontier, but in incorporating new technology and services into traditional sectors. Integrating great manufacturing and design with new information technologies creates valuable products. To make them, the firms need to stick to the districts for the same reasons that information technology firms stick to Silicon Valley or new biotech firms cluster around universities: to gain access to information that is only transmitted through social relationships, to incorporate this knowledge into new high-value-added products, and to find a highly skilled workforce. The information that the firms in the districts obtain through collocation, like the information that Silicon Valley and Cambridge biotech firms seek by locating in clusters, is generated by exchange between social actors. Even in industries with relatively labor-intensive production, the gains from lowering labor costs are outweighed by the advantages of remaining located where new ideas emerge and are debated, where the experimentation of others constantly offers lessons, and where new trends and directions can be instantly felt.

Having observed the American and Japanese economies at the end of the 1980s and then, again, in the 1990s has made us wary of predicting long-term continuities and stability. But what is evident in the districts today is a pattern of adaptation that builds on the “old economy” and does not displace it. There is a striking contrast between the responses to globalization of the Italian firms, on one side, and the producers of consumer goods in high-wage Asian economies like Hong Kong and Taiwan on the other. Where the latter have moved the lion’s share of their traditional industries into China or other low-wage countries and reinvested at home in electronics, soft-
ware, and telecommunications, the Italians have upgraded and transformed their industries. The diversities of industrial societies do not disappear with globalization, but are reconstructed and transformed. What we learn from the Italian district experience is that different patterns of response to globalization are not mere way stations along a common route, but may represent deep and enduring forms of social and economic organization.

ENDNOTES

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6Ibid., chap. 3; and Linda Weiss, Creating Capitalism (Oxford: Basil Blackwell, 1988.)
8Robert D. Putnam, Making Democracy Work: Civic Traditions in Modern Italy (Princeton: Princeton University Press, 1993). There is a vast literature on class conflict and the rise of fascism in regions like Emilia-Romagna and Reggio Emilia that today are the heartland of the industrial districts and “civic Italy.” See, for example, Renato Zangheri, Lotta agrarie in Italia (Milan: Feltrinelli, 1960).
10Brusco and Paba, “Per una storia,” 265–333.
11Ibid., 280–288, 304.


17 Ibid., 375–378.


21 Ibid., 121.

22 Becattini, *Distretti industriali*, 36, 126.


25 On the impact of Italian districts on research on industrialization in developing countries, see Hubert Schmitz and Khalid Nadvi, “Clustering and Industrial-
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29AnnaLee Saxenian, Silicon Valley’s New Entrepreneurs (Berkeley: Public Policy Institute, 1999).

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32Fabiani, Pellegrini, Romagnoni, and Signorini, “L’efficienza delle imprese nei distretti industriali Italiani.”

33Harrison, Lean and Mean.


35Signorini, “The Price of Prato.”

36Brusco and Paba, “Per una storia dei distretti industriali italiani dal secondo dopoguerra agli anni novanta,” 329.

37See Associazione Nazionale Fabbricanti Articoli Ottici, L’industria Italiana degli occhiali (Milan: ANFAO, 1999), on the glasses sector.


41Our thinking on complementarity as a globalization strategy has been much influenced by the dissertation research of Teresa Lynch.
INTRODUCTION

IN THE EVALUATION OF INDUSTRIAL SYSTEMS, the conventional approach treats nations as the basic unit of analysis and seeks to explain cross-border variation in economic performance by focusing on particular institutional arrangements or patterns of state-society relations. This kind of analysis, however, is not appropriate for Italy, due to the internal heterogeneity of the national economy and the embeddedness of economic and industrial activities in local sociopolitical networks. Industrial economists mindful of these distinctive features of Italy have long forecast dark times for the nation’s small and mid-level enterprises. These enterprises were thought to suffer from insufficient economies of scale, inadequate resources dedicated to research, and a wary attitude toward globalization.

Today, ironically, Italy’s small and mid-level businesses are thriving. The adjective more commonly used to describe them is “resilient,” although no satisfactory study explaining this resilience has yet been performed. It is possible to say, however, that its roots lie in a variety of elements commonly overlooked by economic analysts: for example, the quality of life, a respect for traditional values, a sense of belonging to a community, and the value of solidarity. In the Italian context, dense networks of associations and groups capable of integrating diverse interests, mediating industrial conflicts, and diffusing information end up helping companies adjust successfully to changing world markets, despite a lack of technological and financial resources.

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The key Italian asset, in short, may be the extremely positive attitude of the country’s “human capital” toward the future. A sociological analysis of this concept is surely possible, but, as far as I know, one has not been made yet (although I am aware that Suzanne Berger and Richard Locke from MIT are starting such an analysis). In the meantime, it might be useful to tell a real story about a specific town, Reggio Emilia—a perfect example of the resilience of Italy.

AMERICANS IN REGGIO EMILIA

Fifteen American asset managers and their spouses arrived in the central square of Reggio Emilia, a northern Italian town, on a Friday afternoon in late spring. They had been surprised once already. At the end of a one-and-a-half-hour bus trip from Milan, they noticed a large warehouse of Parmigiano-Reggiano cheese under the sign of the local Cassa di Risparmio. They learned that the bank was in fact holding the cheese, worth more than twenty-five million euros, during its two-year seasoning, keeping it as collateral on a loan to local cheese farmers. They had never heard of cheese valuable enough to be used as collateral. But this was just the first of many surprises to follow.

After it had passed the bank’s warehouse of cheese, the bus from Milan slowly pushed its way past teenagers crowding the street for their Friday afternoon promenade. Back and forth they walked along Via Emilia, the straight road built on a two-thousand-year-old Roman track. Via Emilia, which crosses Reggio from northwest to southeast, is flanked through the town center by top-quality shops displaying luxurious goods. They sell things one might picture on Fifth Avenue or Via Condotti—but surely not on the main strip of a small town of one hundred thousand inhabitants located in the Pianura Padana, ninety miles southeast of Milan, forty miles northwest of Bologna, and between Parma and Modena.

I was on the bus as a member of the advisory board to this American asset management group. As a native of Reggio Emilia, I felt, from the way the teenagers were looking at us, that we were nothing special. Reggio is not a tourist destina-
tion: a big bus full of Americans is an unusual sight. Still, nobody registered surprise.

The group was nevertheless somehow special. Why? Because the fifteen investors were not passing by on a vacation tour, but had chosen to experience directly this part of the country, after having visited the top management of companies representing part of their portfolio interest in Italy, and before doing the same later on in France and Germany.

In fact, they had already been to Turin and Milan. They had met Mr. Agnelli and Mr. Galateri (Ifil), Mr. Tronchetti Provera (Pirelli), Mr. Sposito (Fininvest), Mr. Pistorio (STMicroelectronics), and Mr. Profumo (UNICREDITO), all renowned Italian CEOs. After leaving Italy in the following week, they were planning to meet with similarly high-level managers in Paris and Berlin.

In Reggio, the Americans wanted to get close to, and to understand, the real muscle of Italy: the system of very small enterprises that was networked well before the Internet. This has proved to be one of the most efficient industrial systems in the world. Although Italian industry lags far behind Great Britain in the number of large companies, it is in fact well ahead of it in terms of total added value.

The American visitors had learned that Italy historically had a weak state, somehow combined with a dynamic small-industry sector concentrated mainly in the North and Center-North. As a result, Italy had been able to outperform most of its more “efficient” and “stable” neighbors in terms of exports, productivity, profitability, and investments in new machinery and equipment. Italian producers are, in fact, major exporters in world markets in many different sectors, including machine tools, specialty steels, textiles, apparel, fashion and design, ceramic tiles, and specialized mechanics. They have been able to achieve this distinction thanks to clusters of industries with similar productions in limited geographical areas, where suppliers of components and machinery, design services, and often shared training centers coexist in close proximity.

The American investors knew that beautifully made goods, silks from Como, wool from Biella, gold from Valenza, glasses from the Dolomites, leather goods from Tuscany, luxury cars and motorcycles such as Ferrari and Ducati from Modena and
Bologna, were not designed and manufactured by large corporations, but rather in groups of small and sometimes tiny factories.

They also knew that Reggio Emilia had Italy’s highest GNP per capita and also led the nation in economic growth and exports. They had accepted my proposal to look at it as a good example of the “hundred cities” that are the backbone of Italian society.

Reggio has no specific historical, or cultural, reason to be so successful. It is generally known for its cheese, Parmigiano-Reggiano. It is also the headquarters for Max Mara, a fashion company and global leader in high-class “prêt-à-porter,” founded from scratch in the 1950s by Achille Maramotti, today one of the wealthiest men in Italy. However, Reggio won the hearts of this group of American visitors immediately.

They stopped only briefly at the Hotel Posta, which is furnished with family antiques by the owner, then they walked to the Teatro Municipale. This is the largest theater in town, designed and built for opera in 1875. Slightly smaller than the famous La Scala in Milan, it survives in its original form, untouched by war or fire.

The mayor of the town, Antonella Spaggiari, an energetic young lady and a member of the Democrats of the Left (the largest segment of the reformed Communist Party), welcomed the group. She had understood that the American investors were very special visitors and had prepared a warm welcome. She had invited Giuseppe Prezioso, president of the Association of Reggio Industrialists, to be there as well.

We were accompanied inside the theater through a side door that opened directly onto a large black stage. On one side, the music of Chopin poured out of a grand piano. A long table filled with gorgeous food and drink was a clear invitation to forget about any diet. The music and the semidarkness prepared the coup de théâtre: a dark red velvet curtain slowly opened, revealing the interior of the theater on the other side. The room glowed with ivory and gold. The young mayor was clearly proud.

“You really mean she was a communist . . . in such a wealthy town?” one of the Americans whispered to me.
REGGIO’S COMPANIES PRESENT THEMSELVES

The city of Reggio had clearly succeeded in surprising the American guests, showing them one symbol of its success. The investors could not have been more receptive when they met the next morning with a group of local companies brought together by the historical local bank, Credito Emiliano (or Credem). The origins of Credem are revealed by its original name, Banca Agricola Commerciale—its roots are in the agricultural economy. Now, apart from its continuing links to the producers of the Parmigiano-Reggiano cheese, all of the bank’s business revolves around commercial credit.

That morning, the Americans gathered in an underground auditorium located in the basement of Credem. Like the theater, the bank took pride in its links—literally—with the past. The underground auditorium incorporated Roman ruins discovered during excavation. Cleaned but otherwise unmodified, the subterranean ruins produced a fascinating atmosphere. The auditorium mixed classical motifs with an open attitude toward the future, expressed in the modern furnishings that filled the large space. Along the walls of the auditorium were displayed precious Chinese vases.

After a tour of these treasures with Mr. Bizzocchi, the CEO of the bank, the party was joined by Luigi Maramotti, the forty-year-old chairman of Max Mara, son of the founder Achille, majority shareholder of Credem, and a significant shareholder in UNICREDITO, Italy’s third-largest bank. Mr. Marmotti discreetly greeted all the visitors and then took a seat in a back row to watch Mr. Bizzocchi introduce other representatives from local companies who were going to make presentations.

The investor relations manager of the bank had decided to focus on three representative local companies that were interested in attracting foreign investors: Fantuzzi-Reggiane, Interpump, and Comer.

Fantuzzi-Reggiane is a global market leader in the manufacture of transport equipment from lift-trucks to cranes. With 8 factories, 4,000 employees, and revenues of 750 million euros, it is one of the largest companies in the area. Its headquarters is a few miles from Reggio Emilia, in Gattatico, where the
founder, Mr. Luciano Fantuzzi, was born, and where its major manufacturing facilities are still located. After the recent acquisition of the German competitor Knoll, it now produces equipment in Germany, Abu Dhabi, and China, as well as in Italy. The story of Fantuzzi-Reggiane starts with the life story of its founder. The Fantuzzi family had been wealthy, but lost everything after World War II. As a result, Luciano could not complete his school studies. His creativity was strong, though, and he was determined to build a business.

It is noteworthy that he credits his drive to succeed to his mother and wife: the respect for strong women is a commonly shared value in Reggio. His wife in fact had helped him as an accountant, keeping the numbers in order while Luciano was inventing, manufacturing, and selling his machines. He concentrated on bringing new products to market faster than competitors, such as Caterpillar, Clark, and Kalmar. For example, Fantuzzi was the first firm to equip its lift-trucks and cranes with heating and air conditioning. The firm also stressed productivity, reliability, and service. In 1984, it introduced the first carts able to lift cargo containers up to six levels. It later introduced “Reach-Stackers” that could pile up containers in six levels and three lines.

A major step in the life of Fantuzzi was the “revival” of a bankrupt state-owned industrial conglomerate, Reggiane. Once a producer of railway and military equipment, Reggiane had never recovered from the postwar crisis. In 1992, when Mr. Fantuzzi decided to acquire the company, many people in Reggio thought he had lost his mind. But Reggiane had technologies and a trained labor force that could complement what Fantuzzi had already built. Together, Fantuzzi-Reggiane became a global market leader in the manufacture of container transport equipment.

Luciano Fantuzzi likes to look ahead, but he also knows the value of the past. Recently he found in the archives of Reggiane the complete set of executive drawings for the RE2005, the last fighter the company produced, a superb plane that saw combat duty at the end of World War II. Now Fantuzzi is planning to rebuild one of the fighters as a sign of continuity within his company—and as an example of technological excellence.
Interpump, the next company to present itself to the American visitors, was created around a proprietary technology in high-pressure plunger pumps. The company is today the number-one manufacturer of such pumps worldwide, with sales twice those of the nearest competitor. Speaking for the company was its CEO, a Harvard MBA and former partner of Boston Consulting Group, Mr. Cavallini. He described his firm’s pumps and other products. Electric winding and electric motors, for example, a technology in which Interpump is the European leader, account for 31 percent of group sales.

But the firm’s largest division is now "Interpump Cleaning." By applying high-pressure technology to the manufacture of professional cleaning equipment, the firm has found a focused market niche where the demand is growing. This division accounts for 48 percent of group sales and is one of the top three manufacturers of professional cleaning equipment worldwide.

In 1999, the company had a revenue of 319 million euros. Its business has doubled in five years, with one-third of its sales in Italy, one-third in the rest of Europe, and one-third in the United States and Asia. Its strategy for the future is straightforward: consolidate leadership worldwide in the industrial and hydraulics divisions and become number one globally, through internal growth and acquisitions, in professional cleaning. The technological know-how that allows a relevant market strength is nurtured by the tight connections with a well-rooted cluster of high-quality "mechanic" and "industrial electronic" companies, moving quickly ahead into the newly named field of "mechatronics."

This cluster has its core in Bologna, where the oldest university in the world is located, and plays a very important role in advanced science and technology.

Comer, the final company represented in the morning presentation, is today the largest manufacturer of gearboxes and drivelines for agricultural equipment in the world. It is also one of the largest manufacturers of planetary gear drives for industrial equipment, and a new entrant in the manufacture of axles and hydraulic components. It maintains four business units and six manufacturing plants, all in the north of Italy. In addition, it owns foreign branches in the United Kingdom, France, Ger-
many, and the United States, an office in Beijing, an information and communication technologies service company in Reggio called AreaP@rtnersRE, and a financial services company in Switzerland.

Speaking for Comer was Fabio Storchi, who founded the company in 1970 and today owns it with his two brothers. The headquarters are located in a small town in the province of Reggio Emilia, Reggiolo, where the founder was born. Mr. Storchi started his entrepreneurial career right after high school. In addition to being president and CEO of Comer, he is also vice president of the local association of entrepreneurs, a member of the board of the University of Modena-Reggio, and also on the board of Reggio Studi, a local association for the development of new academic activities. He also belongs to the Association of Catholic Entrepreneurs and Executives.

Comer has exploited the potential of “cluster companies” by gathering complementary technologies to enlarge its client base. It started in the agricultural sector, and then moved from building construction and mining equipment into the manufacture of equipment for marine industries, energy production, and forestry. A major asset is its ability to integrate its output with the specific needs of major clients such as Caterpillar, John Deere, and Bobcat, among others.

In 1999, revenues were 135 million euros, up 75 percent in five years. Part of the growth has come from acquisitions of five companies located in the area of Reggio. More acquisitions are planned: in the United States, in order to get closer to important American clients; in Germany, with manufacturing activities and distribution centers in Eastern Europe; and in Italy, in order to add complementary technologies to the existing domestic business unit.

CLICKS AND MORTARS

“We might have presented dozens of other companies like these,” Mr. Bizzocchi said when the presentations were over. “You can be sure that if you come back five years from now most of them shall still be very successful. Many will be listed
on the stock market, and we are supporting them along this line. They do understand that being ‘private’ makes life easier in terms of control and decision-making but in most cases limits the resources for growth. We also need more high-level education because the whole area starts facing a huge problem of skill shortage. Everybody is well aware that, when the needed technologies move out of the traditional sectors, things start becoming tough; continuous deepening of research and enlargement of advanced education is then urgent. Adapting quickly enough is the real challenge.”

All three of the Reggio companies that Mr. Bizzocchi showcased for the visiting American asset managers were high-tech without being directly involved in information and communication technology. As Michael Porter put it in an article on cluster industries for *Harvard Business Review*, “there are companies who fail to use top class practices to enhance productivity and innovation . . . but there is no such a thing as a low tech industry.”1 The way Comer, Interpump, and Fantuzzi-Reggiane were able to incorporate the most advanced technologies in their products and to forge strong links with buyers, suppliers, and other institutions is clear proof of Porter’s statement.

At the same time, the companies being showcased in Reggio do not seem excited about the “New Economy.” Up to now at least, industrialists in Reggio pay much more attention to winning customers with high-quality products rather than winning investors with beautiful ideas for the future.

Everybody understands the importance of exploiting all the opportunities presented by the Internet, especially in its “business-to-business” applications. However, the idea of becoming “click and mortar” companies has been much more appealing to them than turning themselves into “click”-only enterprises, fascinating though this may sound in terms of capital-gain and growth prospects.

In any case, the idea that 100 companies, billing 100 million euros annually, might create more wealth and present better investment opportunities than one company billing 10 billion was a source of some surprise to the American visitors, provoking reflection and quiet discussion.
After the morning presentation in Credem’s sunken Roman auditorium, the group broke for lunch in the fifteenth-century hall of the Capitano del Popolo overlooking from the top floor of the Hotel Posta the square and Via Emilia. That afternoon, the group was to visit the Ferrari factory in close-by Maranello. But over lunch, the spouses of the American asset managers spoke of another kind of asset they had been exposed to in the morning: the company called Reggio Children.

That morning, an assistant of the mayor had picked the spouses up to take them to the Diana nursery school, once declared by *Newsweek* magazine to be the “most innovative preschool in the world.” The Americans did not know they were going to visit much more than a school; in fact, they were going to see the hub of a global network of unique educational institutions. That is why, ten days before, the same school had been visited by the U.S. secretary for education, and why a United Nations delegation had just finished a one-week seminar on “The Reggio Emilia approach to Early Childhood Education.”

Reggio Children was incorporated in 1994 with the municipality of Reggio Emilia as a majority shareholder. The company was founded to preserve and promote the wealth of experience accumulated, over many years of work in early childhood education, by the municipal preschools of Reggio Emilia. The town’s first community-run preschools were opened immediately after the end of World War II. During this same period many families in the Reggio area offered hospitality to children from cities like Naples and Milan, which had been hit particularly hard by the war.

From the start, the Reggio preschools took an innovative approach to teaching, focused on fostering creativity in alliance with teachers, parents, the municipality, and a network of community members. In the years since, the Reggio approach has been widely emulated, in the United States, in Australia and New Zealand, and in northern Europe. Once again, this small Italian town proved surprisingly adept at making a mark globally.
REGGIO’S “POLYCENTRIC” MODEL

Reggio Children epitomizes the way the town has been able to capitalize on a fertile sociopolitical environment. As Richard Locke has concluded after studying what he calls the Italian composite economy, “different socio-political networks shape the strategic choices of local economic actors in very different ways... associationalism, intergroup relations, political representation and economic governance identify completely different kinds of entrepreneurial dynamism.”

Two different models may help us to classify the different kinds of sociopolitical environment. A “polycentric” environment is characterized by a network of formal associations and informal relations among interest groups. Communications and cooperation among these groups are quite frequent. Even competitors in business often pool resources for upgrading infrastructures and training workers in new technologies. If conflicts occur, they are never disruptive. Communication never breaks down completely. A “polarized” environment functions quite differently. Within groups and associations, ties are quite strong. But the link between different groups is quite weak.

Reggio Emilia embodies a very polycentric sociopolitical environment. As the American investors perceived during their visit, cooperation is constant. City officials work closely with banks, schools, and businesses. As a result, the town’s quality of life is widely appreciated and admired.

AN ENTREPRENEURIAL MAYOR

A major role in sustaining a harmonious atmosphere within this kind of polycentric environment is played by the city authorities and, above all, by the mayor. In fact, an informal conversation with Mayor Antonella Spaggiari proved quite enlightening for the American visitors. Scheduled near the end of their stay in Reggio, the conversation occurred in yet another historical landmark in town, the Sala del Tricolore. A beautiful wooden hall that now houses the City Council, the Sala takes its name from “Il Tricolore,” the Italian flag, formally adopted here in 1865, on the eve of the unification of Italy. At home in the space
where she chairs Council meetings, the mayor summed up her efforts to preserve Reggio’s current exalted status as the “socioeconomic benchmark” of Italy. She wanted the city, she explained, to invest in new opportunities for knowledge creation, bolstering with local initiatives the public school system; to create a healthy living environment in order to attract and retain a stable community of immigrant workers; and to offer a world-class infrastructure of urban services both to individuals and to businesses.

Knowledge Creation

Unlike its neighbors Parma and Modena, Reggio has not traditionally been an academic center. At the end of the 1960s, when the idea of creating a local university was first discussed, the community decided instead to concentrate its resources on establishing a high-quality nursing school and developing professional schools for those who decided not to go to college out of town. A special institute, IFOA (Institute for Training in Corporate Organization), was founded with the support of local institutions. Its objective was, and still is, to link high schools with the working environment by offering courses in administration, in marketing, and in the organization of production. Still, by the end of the 1980s, a need for a more academic institution locally started to be felt. The community, represented again by the municipal government and local businesses, decided to support the creation, in town, of local branches of another university. The result was the creation of Modena-Reggio University. A number of the university’s newer schools—including Management, Industrial Engineering, Science and Technology of Agriculture, Science and Technology of Communication, and Health Care Planning—are located in Reggio, while other departments remain in Modena, fifteen miles away.

Immigration

By Italian standards, Reggio is remarkably diverse. Immigrants from outside the European Union represent 5 percent of the population. The number of marriages in which the groom or the bride is a foreigner is 10 percent of the total; the national
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average is 4 percent. The newborns in families in which at least one of the parents is a foreigner is 14 percent of the total, while the national average is 4 percent. In the future, indeed, the number of Reggio’s immigrants is bound to grow, thanks to a 1995 law that allows foreign relatives to reunite with their families. Every day Reggio becomes more and more multicultural—a quite remarkable change in less than four decades.

When Reggiane entered its crisis in the 1950s and moved out of military production, twelve thousand workers lost or changed jobs. Many of them emigrated abroad. In the 1970s, when the economy began to recover, the first wave of immigrants arrived. Most came from the south of Italy, many from one village in Calabria, Cutro. Only in the next decade did workers from Africa and Asia start to arrive. Today, the town contains a Mosque, a Salesian Catholic church, and a Jehovah’s Witness temple—all on one street.

Reggio goes out of its way to help newcomers. “Welcome Centers” host the immigrants for three months after their arrival, offering rooms, food, health care, and language instruction. The municipality is helped in this effort by voluntary associations that offer day care for the young children of working parents.

Infrastructures

Once these newcomers are settled, they can enjoy a sophisticated urban infrastructure. Reggio has been a pioneer in bringing broadband telecommunications into homes. The city has invited different information technology companies to move in and eased all kinds of bureaucratic procedures for them in order to facilitate the installation of cable networks. The city has been similarly innovative in buying a fleet of environmentally friendly small buses (“minibu”)—downtown, these buses are the only real alternative to the bicycles that crowd the narrow streets connecting the main squares and the central Via Emilia. Last but not least, the city has invested in “distant heating,” a network of pipes that carries water warmed by the “waste heat” of the city’s electrical power plant to a growing number of homes.
As she described Reggio’s commitments to education, immigrant workers, and a world-class urban infrastructure, Antonella Spaggiari made the future sound bright. But she also acknowledged certain risks.

“Things change so rapidly that we must really worry about tomorrow if we do not adapt,” she said. “First of all, none of our assets, stability, equilibrium of population, fitness of skills, is going to stay at the right level without nurturing. Quality of life should never be taken for granted. Deterioration comes much faster than improvement. All of what has been said, especially about education, must be constantly revisited. Our industry needs the courage to move quickly beyond the most advanced high-tech borders as much as it needs a good living environment; districts and clusters flourish only with social stability, a crucial asset to keeping and attracting talent and high-quality labor. If we lose stability, we lose the delicate equilibrium between private profits, public social services, and overall solidarity. And without this equilibrium we are bound to lose everything, right after, very, very quickly.”

Her warning finished, the mayor flashed a smile: “But do not worry. You can invest here safely. I am sure we’ll make it!”

CONCLUSIONS

Industrial economists agree that there is no simple recipe for developing harmonious networks of small and medium enterprises in a single region. The continuing success of Reggio is a result of its sociopolitical environment as a whole. In Reggio, the quality of life is simultaneously a means and an end—a resource that local businesses can both enjoy and use to advantage, and a prime reason people want to live there. In this setting, cooperation flourishes, businesses collaborate, and citizens can enjoy a balanced and healthy social fabric—the real key to the surprising resilience of Italy’s small businesses.

ENDNOTES

2From an internal paper Richard Locke shared with the author.
THE DEBATE OVER “AMORAL FAMILISM” AND ITS CONSEQUENCES

At the beginning of the 1960s, Gabriel Almond and Sidney Verba wrote that “Italians tend to look upon government and politics as unpredictable and threatening forces, and not as social institutions amenable to their influence. The political culture of Italy does not support a stable and effective democratic system.”¹ This was not an isolated opinion. Many foreign observers shared the same perplexities, voicing concern about the compatibility of democracy with several salient aspects of Italy’s civic culture. Edward Banfield studied a small rural community in the Basilicata region in the immediate postwar period and coined the term “amoral familism,” which was destined to become an obligatory point of reference for a long series of subsequent discussions and studies.² According to Banfield, “amoral familists” (that is, the inhabitants of Montegrano, whom he regarded as ideal representatives of the entire national community) act as if they are following this general rule: “maximize the material, short-run advantage of the nuclear family; assume that all others will do the same.”³ The adoption of such an attitude obviously does not favor cooperation and solidarity, or participation and association in order to pursue common goals; that is, missing is that social fabric to which the values, practices, and institutions of democracy adhere and by which they are fed. From this perspective democracy cannot develop without an appropriate “civic spirit”

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(civicness) on the part of the citizens, of which familism is the exact negation.

Banfield has been much criticized, especially in Italy, from several points of view. On the one hand, it seemed arbitrary to assume that the cultural traits of a small backward community would exist throughout southern Italy, let alone the entire country. What was true in theory for Montegrano was not necessarily true for the entire Mezzogiorno, or for all of Italy. Moreover, “amoral familism” itself is not necessarily a feature of cultural backwardness. Instead, it can be viewed as a rational strategy of individuals operating in areas of society marginalized compared with other areas undergoing development. If cooperative actions in the framework of voluntary associations are not able to influence the behavior of authorities and institutions, why would anyone put effort into such cooperation?

This brings up a theme that needs to be examined further: Italians have good reasons for being as they are. If they could in some way wield more influence over their governors, they would begin to feel and act more like citizens and less like subjects. As we mentioned, Banfield is not the only one to have pointed out the difficulties for democracy caused by features of Italy’s political culture and national character. The American sociologist Robert Bellah as well, in presenting an overview of the various “religions” of modern Italy, described the features of a particular type of religiosity whose distinctive characteristic lies in the exaltation of loyalty toward one’s membership group, be this the family, the village, the clan, or some other circle of people. Once again, the salient cultural feature turns out to be particularism, instead of the universalism that is commonly considered a criterion of modernity. The theme of particularism also comes up in the most recent work of the American political scientist Robert Putnam, who explains the ineffectiveness of local administrations in the Mezzogiorno by the weakness in civic spirit, which in turn is explained by the absence in that part of Italy of a historical tradition of local self-government. Putnam has also been the object of numerous criticisms, but this is not the place for an in-depth discussion of the debate his book has raised in Italy and elsewhere.
It is not only American scholars who have insisted on the theme of familism/particularism. I will cite two other examples. An Italian anthropologist, Carlo Tullio Altan, has repeatedly returned to the theme of the perverse social effects from placing too much stress on loyalty to family; and the political scientist Carlo Galli has also attributed the absence of a public spirit to the strength of family ties. 8

Given the criticisms it has received since the 1960s, the persistence of the “familistic-particularistic” paradigm is surprising. One feature common to these interpretations is a sort of “cultural determinism,” which implies the impossibility of social change. Features such as familism require long periods of time to take root in a culture; they are passed on from generation to generation and, once having taken hold, require even longer periods of time to die out. From the perspective of a cultural determinist, they are historical flaws, regarded almost as if they were anomalies in the genetic code.

Still, dichotomous categories, such as the particularist-universalist contrast that informs Italy’s “amoral familism” paradigm, have had considerable success in the history of the social sciences. From Toennies to Durkheim, and from Maine to Parsons, there has been a long series of conceptual dichotomies that have shown themselves to be of great utility in describing the difference between traditional and modern societies. Community versus society, mechanical solidarity versus organic solidarity, status versus contract, particularism versus universalism: these are all conceptual instruments we cannot do without. Despite their evident utility, such dichotomous categories almost always produce a simplistic idea of the differences between the traditional and the modern, as if the two terms applied to a unilinear process of change that moves between two opposite and incompatible poles—as if modernity could not also involve the renewal and revitalization of some elements of tradition.

In fact, the persistence of particular ties is not an unequivocal index of backwardness and incomplete modernization. Group solidarity based on kinship does not necessarily represent a conservative leftover from the past. As shown in various stud-
ies by Gribaudi, Mutti, Piselli, Bagnasco, and Trigilia, the conservation of strong communal ties as well as bonds of friendship and kinship in the modern world allows the establishment of networks of solidarity capable of supporting and reinforcing processes of social development. Loredana Sciolla has shrewdly criticized the “false antithesis” between familism and civic values. The family remains a primary value in all European countries, and even in the United States. Paradoxically, “among those countries that place the most trust in the family, Italy is not included; in fact it comes in below the European average.”

Familism is therefore obviously compatible with modernization. Indeed, the most recent research cited by Sciolla suggests that familism is stronger in northern Italy than in the South, while a sense of civic spirit and trust in government institutions is greater in the Mezzogiorno than in the Center and North. Moreover, Sciolla, unlike Putnam, also finds a positive relation at the national level between trust in the Church and civic spirit: “The uniqueness of the Italian situation . . . could consist in the fact that the vitality of the associative network created by the church has led to a social and civic commitment that, rather than giving support to the state, has managed to obviate this by compensating for its chronic structural weaknesses.”

Those participating in Catholic associations typically demonstrate more civic spirit than most other Italians. At least in the case of Italy, civic spirit seems to be independent of a sense of national belonging, according to Sciolla: “To have a civic spirit one does not have to feel Italian.” In addition, “not only is the civic spirit not absent [in Italy], but it is not opposed to familism.”

We cannot say that Italy has higher levels of familism and lower levels of civic spirit than other Western European countries. What separates Italy is a markedly higher level of distrust in institutions (especially the government, Parliament, political parties, and the trade unions) and a correlative skepticism about the functioning of the democracy. Unfortunately, the available data does not permit us to understand whether this distrust in institutions has undergone significant variations over time. Still, it is likely that, at least until the end of the 1960s, trust in the parties and trade unions was not as low as it is today; trust in the magistracy
undoubtedly rose sharply at the beginning of the 1990s, with the start of the political corruption investigations, only to fall again in recent years, when Italians realized that the “judicialism” of the magistrates could not by itself renew the nation’s political life.

Despite the criticisms that have been justly leveled at the paradigm of “amoral familism,” this notion is not just a figment of American social science: it also has deep roots in the image Italians have of themselves. There is some evidence that it is the Italians themselves who denounce their own negative traits: the “art of making do,” their favoring of particularist interests, their localism (or *campanilismo*), their distrust of the state, and their weak adherence to democratic values. So what image do Italians currently have of their own national character?

**DOES AN ITALIAN NATIONAL CHARACTER EXIST?**

Unfortunately, there is no strong empirical evidence on what Italians think about themselves. It is even a matter of debate whether there exists an Italian national character that is reflected in their self-image. The difficulty in defining a national character and empirically observing its traces can lead us to deny its existence. And yet it is difficult to deny that something like a national character really does exist.

With the important exceptions of Giulio Bollati and Carlo Tullio Altan, few scholars have focused their research on the national character of Italians. Instead it has been men of letters, moralists, and journalists who have taken most seriously the existence of an Italian character. For example, Leopardi’s *Discorso sopra lo stato presente dei costumi degli italiani*, written in 1824, compared Italy with other European nations: “it has customs which are notably different from those of other civil peoples,” wrote Leopardi. He went on to note that patriotism was weak among Italians, and that the “love for the nation that exists among us is certainly less than in the other countries.”

Thirty-five years ago, Luigi Barzini undertook a similar dissection of the Italian character, in a book more widely read abroad than in Italy. But Barzini and Leopardi are scarcely unique.
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We could cite many famous journalists who have addressed the theme of the Italian character, from Giorgio Bocca to Enzo Biagi, Luca Goldoni to Beppe Severgnini, Gian Antonio Stella to the late Gianni Brera.

Many of these authors are polemics who in some way feel uncomfortable belonging to their country and intend, perhaps for pedagogical reasons, to denounce the vices and (sometimes) exalt the virtues of their compatriots. Undoubtedly they often traffic in cliches and stereotypes, reinforcing prejudices that are sometimes, to be honest, quite crude. Reading their work, one may wonder if the concept of national character is nothing but an “ideological” construct, a way for cosmopolitan intellectuals to denounce the historical backwardness of their country.

Still, one feels that something, besides living in a peninsula located to the south of the Alps and speaking variants of the same language, must in some way unite “Italians.” Is Italy just a geographical expression, as Metternich held—or is it also a people, with its own identity and thus also its own character?

We do not need to recycle nineteenth-century fantasies that attribute a unique Volksgeist to a people to recognize that collective historical experiences leave a legacy behind. When Norbert Elias describes the national character of Germans, he does not refer to some natural trait but to the traces history has deposited in their inner depths. Like Italians, Germans shared the experience of fragmentation into hostile small states governed by a belligerent aristocracy and continually torn apart by wars and invasions. In Italy as in Germany, these experiences gave rise to a store of myths and legends, customs and social habits, passed on from generation to generation. When these aspects of a shared culture are handed down consciously, they represent the historical memory or tradition of a collectivity. But when they are learned in an unintentional way, as the dialects of a language are passed on and learned, then they become part of the national character.

Those who write about the national character of Italians often refer to the cumulative impact of a series of formative historical experiences: the political fragmentation and lack of national unity at the threshold of the modern era; the persistence over time of despotic and corrupt governments; the lack
of a Protestant reformation and the cumbersome presence of the Vatican; the absence of a hegemonic national class and culture; the weakness of the middle class; the absence of a true democratic revolution; the rise of a political system that, in its various phases both before and after fascism, never permitted a routine alternation of power between contending political parties. These are all factors that, the theory goes, have left a mark on the character of Italians. The sedimentation of these experiences hypothetically results in a series of character traits: individualism, familism, particularism, localism, clientelism, fatalism, skepticism about institutions, etc.

THE HABIT OF SELF-CRITICISM

One may legitimately group together such traits and label them the “Italian national character”; but if we do so, we must remember that we have created an “ideal type,” a tool for interpreting reality that should not be mistaken for reality itself. We will never find a flesh-and-bones pure example of the ideal type; there does not exist a “certified” Italian, not even the Alberto Sordi of the comedy of manners “à la Italiana.” Each Italian embodies only some traits of the ideal type, and there are probably some Italian citizens that do not possess any of them. Understood properly, the concept of a national character nevertheless has heuristic value. We can empirically discern the presence and intensity of specific features, and we can map their average distribution in the various cultural areas of the country, in combination with other purely local facets of character. We may speculate that some traits are more often found in the South than in the North, but the differences are probably not dramatic.

But even if we grant the cogency of some generalizations about the “Italian national character,” we must further ask why those cultural traits regarded as distinctively Italian are almost always treated as vices. For example, when individualism is attributed to Italians, it is not viewed as a welcome tendency toward autonomy, but rather as an obstacle to cooperation. Similarly, tolerance in Italians is not seen as a respect for the dignity of others, but as a permissive connivance that
results in complicity and omertà (a conspiracy of silence). When they are describing their own national character Italians seem to follow the maxim “he who is without sin should throw the first stone.” Max Weber once noted how, in the culture of Catholic countries, the institution of confession, by allowing for a sort of periodic cleansing of consciences, favored a less constricting sense of morality, at least for those common mortals for whom the rigorous conduct of monks and nuns represented an unattainable ideal. The arte di arrangiarsi (art of managing to get along), cavarsela (finding a way out), or tirarsi fuori dalle difficoltà (getting out of trouble), all terms it is difficult to translate, are not interpreted as rational techniques for surviving in a hostile world, but rather as sins—immoral strategies evading responsibility. The art of making do becomes, through a series of almost imperceptible semantic transformations, the “art of cheating the other person,” especially when that other person is outside the circle of primary solidarity or is the impersonal authority of the state.

Even the significance of the expression “do things à la Italiana” involves a subtle ambiguity. The “Italian” style combines creativity and intuition, improvisation and disorganization—and, naturally, luck.

Altan has suggested that we carefully study the proverbs in order to find traces of those cultural traits that represent the national character.18 We know that some proverbs are universal, but perhaps some can only be found in specific cultures. It would be interesting to know, for example, if we can find in the culture of another people a maxim corresponding to Italy’s “fatta la legge, trovato l’inganno” (loosely translated, “make a new law and immediately a way around it is found”). The negative connotation of many features of the Italian national character may reflect the biases of a cosmopolitan intellectual class. But the negative image is shared by many ordinary people as well. Italians denounce their vices almost with satisfaction.

CHANGING VALUES: A COMPARISON WITH OTHER EUROPEANS

In recent years the question every Italian has asked himself is whether Italy is getting closer to or farther away from Europe.
The “ideology” of an Italian national character hides the desire to draw closer and the fear of moving away. With a deep-seated lack of confidence in their own civic virtues, Italians tend to view Europe as a source of just laws that, had they not been imposed from the outside, Italians would have been unable to impose on themselves. Moreover, for intellectuals ever since the age of nationalism immediately before and after the creation of a unified state, the exaltation of the moral superiority of the Italic race (whether or not this referred to Imperial Rome, the Middle Ages, or the Renaissance) invariably betrayed an underlying feeling of inferiority with respect to the other peoples, especially the French, the English, and the Germans. The salience of self-doubt is not new to the intellectual life of Italy and is probably typical of intellectuals in other peripheral or semiperipheral countries that look to the center (or to what they imagine to be the center) for their models of culture and civilization. Still, this “envious comparison” is never without ambivalences. Italians note with a certain satisfaction the “defects” of those peoples widely regarded as more modern or more civilized.

Like all ideologies, the negative image of the “Italian national character” is neither all true nor all false, but represents a distorted representation of reality. We must then ask if this negative image accurately reflects current features of the national character or if it rather preserves a memory of backwardness of the traditional culture that, while still relevant in the 1950s and 1960s, no longer has such presence today. Regarding a crucial aspect of this ideology—localism-particularism—Sciolla maintains, for example, that “already by the mid-1970s this was no longer a salient feature of the Italian culture, and this was so due to the effect of the transformations that had deeply eaten away at the stability of the networks of family-community interdependence that had assured its continuance and reproduction.” Recent forms of localism such as the Lega Nord are not leftovers from a traditional localism; rather, they are expressions of the crisis in the national state.

In fact, if we look at the Eurobarometer research, or the Eurisko studies undertaken as part of the International Social Survey Program, or the World Values Surveys, we find that
Italy in the last two decades has drawn ever closer to trends common in other European countries. For example, there has been a considerable improvement in the sense of national pride, as well as a more general acceptance of the democratic system.\textsuperscript{23} Even if in the last few years the trust in democracy has appeared to fluctuate (in a way, however, that is not unlike what has occurred in other countries), the fact remains that at least two Italians in three express a firm commitment to the ideals and practices of democracy. Regarding the affirmation of postmaterialist values (self-realization, quality of life, satisfaction in interpersonal relations), the research by Ronald Inglehart revealed that between 1970 and 1994 Italy moved closer to the other Western countries. If one asks the classic question posed by Almond and Verba—“can you trust in the majority of people?”—the change in the level of interpersonal trust among Italians is dramatic: whereas 8 percent of Italians in 1959 answered “yes,” by the mid-1980s the number was 30 percent.\textsuperscript{24} What remains specifically Italian is a conspicuous gap between interpersonal trust, which has strengthened over time, and trust in institutions, which has remained quite low. In Italy’s case, institutional and interpersonal trust appear to be moving along divergent trajectories: they may turn out to be variables that are hardly correlated at all.

As for the religious beliefs and practices of Italians, there is no doubt that most remain Catholic at heart. Other religions have few adherents. The largest minority at present consists of recent Islamic immigrants, mainly from North Africa and Albania. Italian Jews and Protestants, though holding important positions in the world of culture, number only a few tens of thousands. Meanwhile, secularization is continuing (we have an example of this in the growing number of civil weddings), and those who claim to be regularly practicing Catholics represent little more than one-third of Italy’s population.

Changes are occurring in the case of familism, too, though here there seem to be conflicting trends. On the one hand, as Marzio Barbagli and Chiara Saraceno report, Italian tendencies are in line with what is happening in the rest of Europe: a rise in the marrying age of men and women, an increase in the
number of single adults, a reduction in the rate of marriage, an increase in the number of young adults living on their own, a rise in the number of both young people and adults living together out of wedlock, an increase in births to unmarried couples, a rise in the instability of marriages and the resulting growth in reconstructed families, a decline in gender differences regarding family rights, and, perhaps most important of all, a consistent increase in the number of working women. Work outside the home gives women a sense of independence and helps to balance the power relationship in the family. In all these respects, Italian family norms now closely resemble the norms that prevail in the rest of Europe, although the trend toward the “small family” caused by a declining birth rate is more marked in Italy than elsewhere.

On the other hand, Italy’s family structure remains distinctively Mediterranean rather than North European. For example, the percentage of premarital and extramarital cohabitations is still small (though rising) in comparison with the total number of people living together, and the Italian family is still a “long-term family” in which the children (males especially) continue to live at home with their parents for a long time before, and sometimes even after, getting married. The family clearly remains the most important institution in most Italians’ lives, if only from a practical point of view. Faced with the need for a loan, one Italian in three would first turn to his parents, and only one in four to a bank (in Germany only one person in six would turn to his parents, while one in two would first go to a bank). By contrast, an Italian is less likely than a German to ask for help from a spouse or parent in the case of depression.

Italians characteristically distrust nonfamily neighbors and are reluctant to enter into discussions with strangers in order to reach a compromise. In Italy, legal tiffs often have not a zero-sum outcome, but a negative-sum outcome: nobody wins, and the only “good” that is maximized is the satisfaction of spiting one’s neighbor. While Italians routinely seek a family reconciliation with relatives, strangers are taken to court, often just to inflict suffering while waiting for a decision that never comes.
Still, the level of litigation in Italy is not particularly high compared to other European countries. But where familism remains strong in Italy, it should be understood as an exaggerated distrust, more widespread in Italy than elsewhere, of the impersonal institutions of both the market and the state. The family functions as an anchor in a world where there are no guarantees that competition will be regulated by some criterion of justice. A large number of Italians hold that the rules of the competitive game are basically distorted by the privileges of class and by the advantages of political patronage. In Italy more than elsewhere (as Antonietta Confalonieri discussing the “Eurisko” data confirms), citizens deeply believe that “knowing the right people” and “enjoying political support” are very important for success, and that social inequalities tend to grow despite individual efforts or merits. 29

NEITHER STATE NOR MARKET

These attitudes can be seen particularly with regard to opinions on distributive justice: while many Italians believe that the tax and welfare systems *should* redistribute wealth, there is simultaneously a strong belief that these systems in practice are inequitable. As Confalonieri writes: “These attitudes toward distributive justice are coherent with the widespread belief that opportunities for success are in large measure dependent on variables not under the individual’s control.” 30

Italians make countless demands on the state, expecting a guaranteed minimum income and generous pension and health benefits. Until a few decades ago, a solid segment of opinion favored nationalizing the key sectors of industry and imposing price and profit controls. Today the deep distrust of many Italians for market mechanisms is probably on the decline. Neoliberal views have without a doubt become more popular, especially among middle-class wage-earners in the North. Although distrust of the market has not altogether disappeared, this does not generate by itself trust in the effective capacity of the state to deal with the responsibilities that the market cannot satisfy. In reality Italians today evince a generalized distrust toward
the leadership class as a whole. They regard warily both the political and economic elites, even if the educated strata hold diverse views and opinions. One might wonder whether this distrust of Italy’s leadership class is a consequence or a cause of their poor performance. Put more abstractly, one must avoid both cultural determinism (in which distrust causes inadequate functioning of the institutions) and institutional determinism (in which, on the contrary, it is the inadequate functioning of the institutions that produces distrust). The two factors seem simultaneously to be cause and effect, and this represents a typical “vicious circle.”

However, there is no doubt that the institutions and those in charge of them have done little to improve either their performance or their image. They have earned the public’s distrust. In this regard, Altan speaks of the “bad pedagogy of the institutions” whose functioning teaches citizens to view all things public with skepticism.31 Citizens develop or lose faith in institutions through their daily experiences with schools, hospitals, post offices, and the civil administration. Even Sabino Cassese, after devoting a lifetime to the reform of public institutions, bitterly concludes that the “individual is a citizen in a constitutionally guaranteed sense, but remains a subject in the administrative sphere, which exercises the widest discretion to act or not to act, and whether to act today or tomorrow. Thus the citizens are at the mercy of the bureaucratic apparatus as regards the smallest aspects of daily life.”32 Whether cause or consequence of Italy’s inefficient public and private bureaucracies, distrust is one of the most salient features of Italy’s civic culture, and perhaps of the national character.

A LEGITIMATION DEFICIT?

Italians widely share the belief that they are better than their leadership class. I have no empirical evidence to support this statement, but I personally have no doubt that if we surveyed the semantic associations of the terms “civil society” and “leadership class,” we would find that the former is associated with health and goodness, while the latter is associated with rot and corruption. The image that everything that comes from below
is good and everything that comes from above is bad is connected to the image of the governing class as incompetent and corrupt. This is a sign that those in charge of all spheres of social organization, from politics to the economy, profoundly lack legitimacy. Italians furthermore tend to adopt a fatalistic attitude: it has always been like this, and always will be. This resignation implies a general framework for interpreting social reality (a *Deutungsbild* to Germans), a shared conviction on the basis of which individuals develop more specific opinions and attitudes.

Recently, in the aftermath of the political corruption scandals, some commentators have suggested that corruption in fact extends into large sectors of civil society itself. Many Italians, however, resist the idea that a people gets the leadership class it deserves.

Perhaps there is nothing in this that is specifically Italian. Every culture experiences some tension between the upper and lower classes, some form of resentment on the part of the governed toward their governors, and some form of fatalistic adaptation to the status quo. But in Italy, the culture of distrust seems particularly accentuated. The presumption that anyone holding a position of power has achieved this in a shady way, that the exercise of power places particular interests before general ones, and that we should not trust in promises and commitments since these will not be kept: all these assumptions express a kind of passive-aggressive hostility toward those on high. One can only get by through cunning, by pretending to submit; craftiness is the weapon of the weak who know they cannot compete with the powerful by using force.

Corresponding to this view of society from the “bottom” is a similar view from the “top.” The leadership class evinces an aristocratic contempt for the “common people.” Those in power see society as divided between “us” and “them,” between the “educated” elite and the “ignorant” masses. The idea that membership in the leadership class is a privilege that requires no justification is rooted in the subconscious of important members of the leadership class. Unconcerned about securing popular support, this elite arrogantly refuses to legitimize itself and justify its privileges in terms of tangible public services.
Undoubtedly this starkly simplified image of society is a heritage from the past. Probably it is an image that is slowly fading away. Still, a sense of “us” versus “them” remains a salient feature of Italy’s civic culture, and it continues to produce perverse effects on public behavior.

The assumption that they are victims of a dishonest and incompetent leadership class helps ordinary people to justify immoral and illegal behavior. It does not matter whether this assumption is true or not—the effects are perverse in either case. When ordinary people assume that those who govern behave immorally and illegally, ordinary people develop a lack of respect for the rules. Taxpayers feel it is legitimate to cheat on their taxes, since they assume (in this case correctly) that the “rich” cheat, too. Candidates for public office feel it is legitimate to ask to be given a special “recommendation” by someone, since they assume that such a recommendation is the decisive factor in whether or not they get the position.

A unique “threshold effect” operates here. If in an office of a hundred people, five of them lie and cheat, then the remaining ninety-five honest workers may well express indignation, and perhaps even demand that the unprincipled workers be fired. But if the same office contains ten or more unprincipled employees, and if this includes supervisors, then the behavior of the other workers will change dramatically: expressing indignation would seem futile, even idiotic. A situation in which honest people feel like idiots is unlikely to produce widespread confidence in the value of being honest.

Even if the large majority of Italians are probably honest, in situations where the critical threshold has been crossed—where honesty seems tantamount to idiocy—everyone must be tempted to behave as the “smart” people do. It is significant that the Milanese judges who in 1992 began the great crusade against corruption spoke of “environmental corruption.” The phrase indicates that, in certain institutions, certain types of illegal behavior had become customary. A corrupt “norm” had replaced the “law.”

Another sign of the parlous state of Italy’s public morality is the disinterest of many citizens in the possibility of a conflict of interest among public officials. The case of Silvio Berlusconi is
well known. In 1994, when he first entered the political scene, Berlusconi was (and remains) the most important entrepreneur in the communications field. Instead of raising doubts about his commitment to the interests of the public as a whole, Berlusconi’s demonstrable success in pursuing his private interests leads a large part of the public to express confidence in his ability to pursue their interests as well. In fact, the political advertisements for Berlusconi’s party are precisely in this vein. The fact that interests can conflict is a lesson that has yet to be learned in the country that gave us Machiavelli. The mayor of a small town in northern Italy told me that he had modified the town’s zoning laws in order to enhance the value of his extended family’s property holdings; he explained that he might have lost the confidence of his fellow citizens if he had not shown he was capable of looking after his own interests.

Italy’s culture of distrust also has a subtler effect on the self-consciousness of the leadership class. It is very difficult to find anyone who openly admits he belongs to the “circle of persons who count.” Most often, even very influential people scoff and say that it is other people who “really count.” False modesty is characteristic of Italy’s elite—and it helps them evade responsibility. Admitting that one exercises power (however we define this term) also means admitting that one must take responsibility for how this power has been exercised. If those who truly count are the “others,” it also follows that responsibility for how power has been exercised falls on someone else. Among governing and opposition politicians, businessmen, union leaders, bureaucrats, and even intellectuals there is a continuous game of shifting responsibility, leading to a generalized failure to accept responsibility.

An awareness of belonging to the elite, and thus of having the responsibility that this entails, is extraordinarily weak in Italy. No society has an elite that is unified and cohesive. However, in Italy, as the poet Leopardi noted years ago, there is an almost complete absence of those codes of honor that create a sense of belonging to a class of leaders who bear responsibility for governing justly.

An example of this is the university. In a modern society the only differences that legitimize hierarchy are differences of
merit and ability. Obviously these are not the only differences that exist, but they are the only ones that modern societies sanction as legitimate. The educational system, as one place where merit and ability are evaluated, becomes a key institution for legitimizing the social hierarchy. There is no doubt that in a society such as Italy’s, where college graduates represent a modest 6–7 percent of the population, one of the fundamental responsibilities of the university consists in selecting and training a leadership class. Indeed, university professors are themselves leaders in their own right. Yet most Italian academics feel in no way part of the leadership class, and they do not feel responsible for its formation.

The lack of self-identification of Italy’s leadership class seems to me to be another salient feature of Italy’s civic culture. Fearing they are illegitimate in the eyes of the public, Italy’s elites do not consciously accept responsibility for leading the country. When things go badly, they do not feel responsible for what has happened. They themselves accept the public’s assumption that ordinary Italians are better than the leaders who govern them. But an elite can legitimately lead a country only if it accepts the responsibilities this entails—including the obligation to set a good example by behaving ethically and lawfully.

CONCLUSION

Even if there are still significant differences from the rest of Europe, Italy’s civic culture has changed much over the last few decades—and will doubtless continue to change. Despite continuing signs of backwardness, there is no denying that the culture of “modernity” has spread everywhere, thanks to the growth of mass education and also the mass media. Italy’s “cultural” gaps have been reduced with regard to both the rest of Europe and the various regions of the country. As a result, we can say that the true obstacle to strengthening democracy in Italy today is not the absence of a modern civic culture, as Almond and Verba argued a half-century ago. The real obstacle is rather the inability of the political elites to reform themselves, in keeping with the transformations that have already taken place in Italian public opinion.
ENDNOTES


3 Ibid., 85.


5 Alessandro Pizzorno, “Familismo amorale e marginalità storica, ovvero perché non c’è niente da fare a Montegrano,” *Quaderni di Sociologia* (3) (1967).


11 Ibid., 55.

12 Ibid., 56.

13 Ibid., 57.


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18Altan, La nostra Italia, 28–30.
19Cf. Bollati, L’italiano, 41.
21Gabriele Calvi, ed., Indagine sociale italiana: Rapporto 1986 (Milan: F. Angeli, 1987); see also the comparative data published in Social Trends (44) (May 1989); Social Trends (46) (November 1989); Social Trends (50) (October 1990); and Social Trends (52) (April 1990).
24Inglehart, Modernization and Postmodernization, 173.
26On marriage, separation, and divorce, see Marzio Barbagli, Provando e riprovando: Matrimonio, divorzio e famiglia in Italia e in altri paesi occidentali (Bologna: Il Mulino, 1990).
30Ibid., 88.
31Altan, Italia, Una nazione senza religione civile.
It is the democratization of education that sets the conditions for overcoming the equivocal aristocratic pattern after which all European school structures are more or less modeled. The dichotomy between humanism and technology must be overcome by a new cultural synthesis which accepts modern science (giving due weight to technology) as the most conspicuous fruit of a better humanism, a fruit which, however, modifies the very tree from which it grows and from which it cannot be detached.

Scholars and political figures in ever increasing numbers are realizing that the structural obstacles must be removed; that the weight of socio-economic obstacles must be made less pressing, especially in the higher grades of the secondary schools, by giving substantial aid to deserving but economically underprivileged students; and finally, that dignity and cultural seriousness must be accorded to every type of study without preclusions which, although rooted in old academic traditions, have no justification in the context of a modern conception of culture and professional activity. One thing is certain, that in Europe a renovation along the indicated lines is taking place.

If the example of Italy, a country less developed than the other western European nations, means anything, it tells us that the spirit of school reform now arising in old Europe will not leave things unchanged.

Fabio Luca Cavazza

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Massimo Livi-Bacci

Too Few Children and Too Much Family

I

The well-bred, sophisticated, and cultivated Anglo-Saxon traveler of past centuries, usually ecstatic in Venice’s Piazza San Marco, amidst the ruins of Rome or Pompeii, ascending Vesuvius, or facing Botticelli’s Primavera, could not ignore the hardships and inconveniences of Italian daily life. For all the culture and the charm that the greatness of the past and the liveliness of the people would generously dispense, there were also poor roads, unreliable services, dubious hygiene, greedy merchants, astute thieves... and children, plenty of them, some rich and well dressed, most of them poor, some in rags, swarming in the streets, playing in the open spaces, helping in shops and taverns, laughing, crying, singing, peddling, soliciting, claiming the attention of the adults, unrestrained by their parents. Too many children, indeed, an unequivocal sign of the irresponsibility of the parents who—in the words of Malthus—“are bringing beings into the world that they cannot support,”¹ a fact not unexpected in a society dominated by a backward clergy and superstitious beliefs.

Today, the descendants of those same cultivated travelers are surprised to hear that the abundance of children is only a pale reminiscence of the past and that modern Italians bear every year a number of children that, in relation to the size of the population, is the lowest in the world. Indeed, the transition to the new millennium means also a transition from plenty to scarcity: a scarcity of human resources, particularly of children.

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and of the young, but not of material ones, since Italians are now more prosperous than they have ever been except perhaps for the *cives romani* of two thousand years ago. Since my professional trade is based on numbers, allow me to give you some in order to illustrate the dimensions of the transition.

During the 1990s the Italian population, currently at 57 million, was practically stationary, the excess of deaths over births being compensated for by immigration. In the thirty years between 1960 and 1990 the population had increased by 6 million, and in the preceding thirty years—between 1930 and 1960—9 million Italians had been added. So what had been a plentiful growth has been reduced to zero at present. And what about the future? Considering the next thirty years—this is a convenient time-measure because it coincides approximately with the length of a generation, or the time span between parents and children—the Italian population may decline by 7 million. What is more relevant is that this figure is the algebraic sum of an increase of 5 million for those above age sixty and a decline of 12 million for those below. The assumptions behind this forecast are that fertility will remain at the low levels reached in the last fifteen years and that survival will further improve. To put things into perspective, the Italian case is not an isolated one, because Europe, from the Atlantic to the Urals, is experiencing a similar transition: in spite of two bloody wars and mass emigration, its population increased by 150 million in the first half of the last century, and another 180 million were added in the second half to reach 727 million in 2000. But if we are to believe current United Nations projections, in the year 2050 the European population will be 124 million below the present level (this compares with a *growth* of identical dimensions in North America).\(^2\) One-eighth of this decline could be due to the negative growth of the Italians, who represent less than one-twelfth of the European population.

Let us stop for a minute and reflect on the meaning of this change. The Italians and the Europeans of this century have been used to living in rapidly developing societies in which people, demand, consumption, investment, and production have been in continuous expansion in spite of periods of crisis and trauma. Anyone fortunate enough to have reached old age and
who looks back to her or his youth remembers a society less numerous, cities smaller and less crowded, landscapes emptier and less built-up, a life less filled with material goods. This image of a dense and affluent contemporary society and a comparatively empty past is the consequence of more than a century of demographic and economic increase and is deeply embedded in Western psychology. In the last two hundred years the size of the economy of the United Kingdom, measured in real terms, has increased about fifty times, its population four and a half times, its real GNP per capita twelve times: more or less a doubling of the economy in every generation, a doubling of per capita product in less than two generations, and a doubling of the population in less than three. In Italy during the twentieth century, the size of the economy increased eighteen times, the population almost doubled, and per capita income increased tenfold. Changes of the same order of magnitude have happened in the rest of Europe—a relatively small continent, where space had been densely settled long ago and natural endowment has suffered great stress. Let us also consider another aspect: Europe, and Italy particularly, is on the eve of a historical phase of declining human resources—and this is happening for the first time since the industrial revolution and will be a totally new experience with no guidance available from the past. There are only two exceptions: Ireland, in the eighty years after the Great Famine, lost half of its population, while East Germany lost one-third of it in the forty years of its history—both countries through emigration to more fortunate parts of the world. But their cases—the first with an economy linked to agriculture, the second in the straightjacket of the socialist system—can offer little guidance to postindustrial, postmodern, postmillennium societies.

II

Before I come to the heart of the matter, I wish to discuss briefly another aspect. Is a sustained population decline really a bad thing? Many feel that Italy (and this would be true for other places in the world) would be a better place with a less numerous population, its landscapes less encroached upon, its cities
less crowded, its hills meeting the coastline unconstrained by human artifacts. There were about 14.2 million housing units in 1961, a number that the 2001 census will find about doubled; the land developed for nonresidential purposes has certainly more than doubled. Human activities do compete with natural amenities, and the notion that Italy would be better off with a smaller population is widespread. But the question is not whether there is an optimum population—indeed, this is a problem that theorists have often discussed but never solved—or whether this optimum might not be much smaller than the current size. Indeed, this is a philosophical issue on which the legitimate positions of those who value the greatest possible availability of open space and silence and of those who instead favor lifestyles in close physical association with fellow humans cannot be reconciled. Kostoglotov, the hero of Solzhenitsyn’s *Cancer Ward*, remarked: “people have a wrong idea of what is beautiful and what is ugly. To live in a five-story cage, where people walk and stomp over your head and radios blare from all sides, this they consider beautiful. Instead, living as a peasant in the deep of the steppe, this is considered an utmost misfortune.” So the question is not whether Italy (or any other country) would be a better place with ten or twenty or thirty million fewer inhabitants—but whether a rapid population decline can be sustained for long without a general impoverishment of society.

In other words, the question is not whether small is better than large, but whether we can go from large to small without paying an unbearable price. A rapid decline, such as the one inscribed in current demographic trends, cannot be sustained for long in several realms—biodemographic, economic, social, or political. Under the biodemographic profile, the current fertility rate implies the halving of the Italian population every forty years. Thirty years from now, women over eighty would be more numerous than girls under puberty, and those over seventy would exceed those below thirty. Indeed, the hypothesized decline of six million in the next thirty years implies a very rapid aging of the population and will be the algebraic sum of an increase of five million for those above age sixty and a decline of twelve million for those below. This rapid aging process implies the economic nonsustainability of current mecha-
nisms of intergenerational transfers, a stream that flows from what will be the decreasing numbers of those who produce and pay taxes to the increasing numbers of the retired and ailing; it will also probably hinder productivity and retard growth. Finally, in the social and political areas, an inverted age pyramid would cause a tremendous slowdown of innovation and mobility; family networks would be weaker and with fewer strands; political decisions would be concentrated more and more in the hands of the old. Societies can, of course, adapt and adjust to changes—but in the Italian case these could be so rapid that adjustments would be ineffectual. Hence, nonsustainability.

III

How few are the few children Italians are having? A conventional measure employed by demographers is the so-called total fertility rate, or the number of children per woman on the assumption that no woman dies before the end of childbearing. Replacement fertility—or the number of children needed in order to replace exactly a generation with another, without gains or losses—is just a tiny fraction above the level of two children per woman, more or less the fertility rate of contemporary American women. Fertility is much lower in Europe, now between 1.5 and 1.6, but within Europe itself there is variation, and two groups of countries can be identified. France, the United Kingdom, and part of Scandinavia are about two- or three-tenths of a point above the average, while the rest of Europe (I will leave out Russia and adjoining states, deeply troubled by the after-transition shocks) is two- or three-tenths of a point below. During the last decade, Italy, Spain, and Germany have competed for the lowest fertility rate, with Italy winning the race most of the time. Among Italian women born at the beginning of the 1960s we estimate that at the close of their reproductive period (now not too far away), those childless or with one child will outnumber those with two or more children. Within Italy itself there is some variation: while the total fertility rates in the North and the Center hover around 1, the South stays around 1.5. It is interesting to note that the reproductive record of Neapolitan or Sicilian women—in spite
of their apparent religiosity and their devotion to the *Madonna di Pompeii*—is more Malthusian than that of the more secular and supposedly rational Scandinavian women of Viking descent: a true cultural revolution. We may also add that the development of very low fertility during the last thirty years has coincided with an increase of the age of childbearing: in Italy the mean age of women at the birth of their first (and often only) child has increased from below age twenty-five in the early 1970s to twenty-eight in 1997.

Italian children have thus been arriving in smaller numbers and later in the lives of their parents. I have already made the argument that the current situation cannot be maintained for long. But I would like to readdress the problem using a different approach. Between parents and children there is, approximately, a difference of thirty years; for the sake of simplicity, let us suppose that people aged thirty are parents of children below age one and that people aged sixty are parents of adults aged thirty and the grandparents of children below one. More precise calculations would not greatly change the substance of the example. In the year 2000 there were, in Italy, 520,000 children below age one; there were 920,000 parents aged thirty, and 730,000 grandparents aged sixty. For every 100 children, there were 177 parents and 140 grandparents. In the North and the Center of the country, where fertility decline took place earlier and has been steeper, for every 100 children there were 200 parents and an approximately equal number of grandparents. In order to maintain unchanged the “functioning” of society, each newborn, in the course of a generation, will, in effect, have to assume the role of two adults—in production processes, in the labor market, in social activities, in cultural life, in family relations. It is conceivable that thirty years from now one person might be able to perform the work of two in the manufacturing sector or in highly specialized tertiary activities, although this would imply an extremely high and sustained increase of productivity (2.5 percent per year) and of technical progress. But it is very unlikely that this might happen in the service sector—particularly in health, education, leisure, and so forth—where productivity growth is low and technology not of great help. It follows that a series of obligations and challenges
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will fall on the generations born at the beginning of this century: they will have to take the place of the many more numerous adults currently producing the goods that conventionally form the much-revered GNP of the nation; they will have to bear the weight of transfers to the increasing number of the old; they might even be requested to redress the reproductive balance dangerously distorted by their parents, who had been too much in love with their one lone child, or figlio unico; finally, they will be called upon to support their own aging parents. And all this will take place in a much more competitive world, where the traditional stable “niches” in the labor market (for those who know Italian, the mythical posto di lavoro) will be fewer and fewer.

Many have also predicted that the new generations will have a standard of living below that of their parents, reversing a secular trend of continuous improvement from one generation to the following one. This is probably wrong. In a few years the new entries in the labor market will be substantially fewer than they are today (twenty years ago, fertility was higher than it is now), with very beneficial effects on the high unemployment of the young; the fewer entries, if more productive (as they must be), will also earn more. But the conservation or the improvement of the standard of living will have to be paid for, with more work, more competition, less security, less welfare, more ups and downs, and an increased number of winners but also of losers.

In order to win this challenge, there are two complementary strategies: more education for and investment in the young, and “less family”—or, to be more precise, less binding ties between generations of parents and children.

IV

It is now time to address a crucial question: why is Italian fertility so low? The reasons for the modern decline of reproduction are relatively well understood, and this is not the place for their further analysis. The economists—who are very good at economizing words and streamlining paradigms—will say that children are the results of the interplay of costs and ben-
efits and that in modern or postmodern societies their cost relative to that of competing goods and options has increased, while their economic benefit to parents (such as the help expected from them in old age) has decreased. We may well make this paradigm our own, provided we accept also the idea that the concepts of cost and benefit must include all facets of the relations between parents and children as they have developed in hundreds of thousands of years of evolution, and remember also that these concepts are a combination of biological, spiritual, and cultural elements whose definition and measurement are, to say the least, very imperfect. Indeed, a great economist and humanist of the twentieth century, Joseph Schumpeter, expressed this concept very well:

... the greatest of the assets, the contribution made by parenthood to physical and moral health—to normality as we might express it—particularly in the case of women, almost invariably escapes the rational searchlight of modern individuals who, in private as in public life, tend to focus attention on ascertainable details of immediate utilitarian relevance and to sneer at the idea of hidden necessities of human nature or of the social organism.5

This said, what is so special about the Italian situation? There are at least two groups of not unrelated factors that are relevant, the first being the rapidity of social change in the last decades, the second the peculiar mechanisms that govern the slow departure of the young from the womb of the family—that “too much family” that forms the second part of the title of this essay. Both groups of factors are certainly familiar to those who know something about the country, but I will stress more the second than the first, because its connection with low fertility is less evident and more complex.

Italy—and this analysis holds also for the Iberian peninsula—has undergone a very rapid process of change in the last decades. I am referring here to social and cultural change rather than economic change. The political awakening of the young in the 1960s and the strength of the feminist movement in the 1970s have precipitated a series of changes in legislation—including much that had been enacted by fascism—in just a few years. It was only in 1969 that the ban on family-planning
activities was lifted and the free sale of contraceptives permitted, and only in 1970 was divorce introduced through legislation. But only a few years after, in 1978, abortion was legalized and liberalized, while in 1981 the popular vote rejected, by a large majority, the abrogation of that law as proposed by a referendum. All this happened under the relatively distracted eyes of the Vatican and with governments of Catholic observance. The increase of participation of women in the labor market has also been extremely rapid, and trends that had been slowly developed over a century in other societies have been compressed in Italy into two or three decades. Between 1970 and 2000, the female labor force increased 70 percent, while the male labor force remained unchanged; women now constitute approximately 40 percent of the total.

This revolution in values, attitudes, and behavior has taken place in a society that, under other profiles, has remained static or has adjusted slowly. The organization of time has remained chaotic, and school hours and school holidays are in contrast with working hours; getting around is difficult and costly; social investment (in libraries, meeting places, and structures for sport and leisure) for children and the young is neglected; the gender division of tasks in the family is still heavily asymmetric; the labor market offers few chances to the working mother who needs a flexible or part-time job. The lagging societal adjustment has increased the claims on parents’—and particularly on women’s—time and energy. Postponement and reduction of childbearing can be seen, therefore, as an outcome of this set of forces.

The second group of factors explaining the exceptionally low fertility rate concerns the “too much family” that is the cause and consequence of what I have defined as the sindrome del ritardo, or “postponement syndrome,” typical of Italian society. This syndrome has displaced until later in life the full assumption of those responsibilities that make of a person an autonomous and independent adult, able to make her or his own fundamental decisions, such as entering a stable relationship or having children. Reproduction is a process that begins with sexual maturation and ends with the loss of the ability to conceive. One of the main lines of the social and demographic
history of Europe in modern times has been the gradual postponement of the age at which reproduction takes place—from an age immediately following puberty, as was common among Tuscan girls in the Quattrocento, to a much older age that, for a majority of Italian women, approaches thirty years. This process of gradual delay has accelerated during the last twenty years, as is well documented by censuses, surveys, and demographic and sociological analyses, as well as by the common perception. This ample documentation—and I will refer here in particular to the 1996 fertility survey based on a large sample of women and men—unequivocally shows two important aspects. The first concerns expectations: almost all men and women expect and want to have at least one child, and, on average, they would like to have two; however, their reproductive decisions appear as the final result of a series of steps that have to be taken in sequence. The second is the gradual postponement, among recent generations, of the age at which education is completed, the labor market is entered, a stable job is found, a home is selected, the family is left, a partnership is initiated. Each step is a condition for the successive one, and all are necessary before the decision of having a child is reached.

Let me come to the first aspect: if it is true that everybody feels the desire to become a parent, it is also true that this desire is subject to a series of conditions. Surveys show that young women and young men think that they must have completed their education; that they must have a full-time job and a real, comfortable house; and that they must be in a stable union, and almost invariably this means a marriage. The road to reproduction implies the gradual construction of stability. The great difference from the past does not lie in the fact that stability is required in order to have children, but in the fact that this stability is now achieved gradually, slowly, and, therefore, later in the life cycle. For the generation of Italians born in the 1940s, leaving the parents’ house, initiating a career, experiencing sexual gratification, and commencing a marital union were often contemporary, coincident events. And here comes the second aspect of the question: surveys show that these step-by-step expectations are translated into practice. A few data,
Too Few Children and Too Much Family

comparing the experience of young women at age twenty-five in two different cohorts—the first born in the early 1950s, the second born in the early 1970s—are a convincing illustration of the premise. By age twenty-five, among women born in the early 1950s, two-thirds had a job, compared with one-half of those born in the early 1970s; in the first of the two cohorts three-fourths were independent from their parents and one-half had had a child, compared with one-third and one-tenth in the younger cohort. If the comparison is made at higher ages there are comparable delays, and so it is for men: 50 percent of men still live with their parents by the age of thirty.

One could easily cite other data that go in the same direction, but these are sufficient to make the point: in the last couple of decades a new model of life has developed. According to this model the completion of the education of both partners is a prerequisite for entering the labor market; a full-time job and a house (which requires resources, because three-fourths of Italian households own the house they live in) are prerequisites for leaving the parents’ house; and leaving the parents’ house is a condition for making decisions regarding partnership, marriage, and childbearing. Each of these steps takes more time than in the past: the length of education has increased not only because more young go into higher education but also because of the disorganization of the educational system and the excessive weight of the curricula; the waiting time for finding a job is longer because of the rigidity of the labor market and high unemployment; more time is needed for finding a house because of the cost of buying one; forming the decision to have a baby takes also more time because of the excessive and almost pathological medicalization of pregnancy. The combination of these delays implies, for an increasing number of couples, that the decision to have a first or a second child—no matter how much desired and planned—is taken in an advanced phase of the reproductive period, and that for some these plans are not realized because of the onset of infecundity or subfecundity, or because of the instability or rupture of the relationship, or because of the realization that the physiological or psychological costs of childbearing are heavier than expected.
The family plays an important role in the development of the “postponement syndrome”: on one hand it makes it possible for the young to postpone the transition to adulthood, but on the other hand it is also a victim of it. In order to understand this, two elements are crucial: the first economic, the second behavioral. The economic element may be stated in the following way: public transfers for the young (for health, social assistance, and particularly for education) are among the lowest in Europe. Generational accounting shows the balance between the value of the taxes paid and the benefits received at each age: the balance is positive for the young and the old (they receive more than they pay) and negative for the adult and the mature. Net transfers become negative very early in life, at age eighteen, and return to positive at age sixty. In the United States, for instance, net transfers stay positive up to the age of twenty-three, and there is evidence that this pattern occurs in other developed countries. The disadvantage for Italy is mainly due to the relatively low expenses in education, a mere 4.8 percent of GDP, as against 6–7 percent in the United States, Great Britain, France, or Spain. The average expenditure per student is significantly lower than in other countries with the same level of GDP per capita. Expenditure in infrastructures for children and young people—schools and playgrounds, libraries and social centers, sport and recreational facilities—is significantly lower than in other European countries. Whatever is not given by the community must be supplied, one way or the other, by the family, which fills the gap. Otherwise it is the piazza, the parish, the streetcorner café. On the other hand, the well-known rigidity of the labor market, the lack of part-time or seasonal jobs for the young, the high cost of labor for employers, and, in general, regulations that discourage precocious and often precious working experiences burden families with further responsibilities for their children. And when the grown-up child, sometimes balding or graying, is ready to go, it is often the family that draws on its savings for buying the house or providing the down payment for the mortgage (until a few years ago at least 50 percent of the total cost).
There are cultural and behavioral implications of what I have briefly discussed above. The young—I am not speaking of thirty-year-olds, but of teenagers or boys and girls in their early twenties—have reached a comfortable compromise with their parents, enjoying considerable freedom, very much in line with other modern European societies. They go out when they wish, take vacations with their fiancées, sleep out of the house, etc. Those who have a wage income and who stay in the parents’ home get food, lodging, and a number of other services for free, so their standard of living is high. It follows that they do not leave the parental home until they are firmly established in a profession. The step into adulthood implies a drop in the standard of living that many are not happy to take. Sociologist Alessandro Cavalli has summarized the situation as follows:

I believe that the most important consequence of protracted dependency will be on the attitude towards one’s own future. Young people who are staying dependent on the family for a long time and are used to being supported by resources they are not committed to producing do not rely upon their own initiative. In interviews with young men and women, I came across a very peculiar way of thinking which can be summarized as follows. “I wasn’t born out of my own initiative; my birth was the consequence of a decision taken by my parents: I wasn’t asked if I wanted to come into this world; now that I am here, it is their responsibility to provide me with all I need in order to enjoy a comfortable life.” I would call this attitude the culture of entitlements: as sons and daughters feel they have rights in regard to their parents, so citizens feel they have rights in regard to their collectivity. I would suggest the hypothesis that there is a sort of correlation between attitudes towards the parents and attitudes towards the welfare state. Protracted dependency upon the parents feeds expectations that there will always be someone who is going to provide for what the children need. 8

Families in Italy are traditionally strong, even among intellectuals. I have not yet come across statements as cynical as the one by Michel de Montaigne, “I lost two or three children who had been given to a nurse, with some regret but without grief.” 9 Or Rousseau, who noted in his Confessions: “my third child was sent to the enfants trouvés (foundling hospital), and so
were the first two; the same I have done with the following two, because I have had 5 in all. This settlement appeared to me so good, so sensible and legitimate that if I never displayed my satisfaction in public it was out of regard for their mother.”

But traditional Italian familism, under the pressure of social change, has taken a new direction: instead of “widening” and extending the support, allegiance, solidarity to a large number of children and kin, it is “deepening” its action, protecting, prolonging, supporting grown-up children and delaying their exit from the family nest.

The peculiar way of functioning of Italian families, at the end of the twentieth century, has contributed to depressing fertility further. Public investment in children and the young is low; the family is called upon to fill many gaps; the steps to independence and self-reliance are delayed; the time of decisions is postponed; plans and expectations concerning childbearing are revised downward. Because the dependency of children is lasting longer—making supporting them more expensive—couples have one or two children instead of two or three. So the economic balance of the family is restored to equilibrium: indeed, individuals in general know well what is good for themselves. Unfortunately, what is good for the individual is not always good for society, and I will now turn to this complex and delicate subject.

VI

The notion that current demographic behavior, if continued, will seriously damage the texture of Italian society is slowly being recognized. However, the fascist demographic policy of the 1930s still looms negatively in the public opinion, and many uphold the notion that it is better if public intervention stays away from population issues. But the mood is changing as Italians, like other Europeans, are recognizing that the crisis of the welfare state and the reduction of benefits generously dispensed by the public hand have much to do with demography. In Italy, and elsewhere in Europe, the generous welfare legislation was created in the quarter of a century following World War II, when the economies were developing fast, the number
of workers paying their contributions was expanding, and the number of beneficiaries was small. The fall of the birth rate and the rapid aging of the population in the last two or three decades have changed the background against which the rules were designed. Between 1970 and 2000 the proportion of the Italian population over sixty-five increased from 11 to 18 percent; in the year 2030 it will approach 30 percent. Public opinion begins to recognize that if the age at retirement goes up, monetary benefits are trimmed, and assistance is downsized, this has something to do with demography. But many still believe that spontaneous forces may emerge that will correct the negative trends. But is this true?

In his presidential address to the Population Association of America in 1986, Paul Demeny, a distinguished demographer and economist, cast into doubt the notion that the invisible hand—whose action Adam Smith recognized in human economic behavior—would also operate in population issues. The famous passage of the Wealth of Nations reads: “Every individual...neither intends to promote the public interest, nor knows how much he is promoting it... He intends only his own security, his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention... By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it.” But population is not a perfect market, in which we can buy, sell, or trade children according to need; indeed, the expectation that the “invisible hand” leads the individuals to a collective harmonious demographic behavior is illogical. Observed Demeny, “The issue is not how many children couples choose for themselves: we can take it as axiomatic that they will choose what is best for themselves, given the circumstances. The issue is how each of us would like others to behave with respect to demographic choices for our own good, however we choose to define it.”

Children are the consequence of private choices and generate private costs and benefits. But they are also a public good, because they will perform actions that will benefit everybody: as a whole, they ensure the continuity of society. This is the moral and political base that allows policies to be developed
within the framework and the limits provided by the liberal democratic rules of the Western world. We could also invoke that principle of responsibility developed by Hans Jonas with reference to human behavior and the natural world: “in your present choices include the wholeness of man among the objects of your will.” That “wholeness” would probably be compromised by a rapid population decline for the reasons I have already discussed.

Nobody knows how effective governmental policies can be in changing demographic behavior. The experience of the past century in the Western world is inconclusive. But this is not a good reason not to try to follow three principles. The first calls for more equity. As things stand in many European countries, and particularly in Italy, the way public transfers are distributed leads to a negative consequence: couples are better off if they have fewer children than the average couple. The consequence is what I would define as a “negative fertility drift” that holds fertility down to the present low levels and hampers a possible recovery. The second principle is linked to the first and calls for increased investment in and for the children and the young. Since they are becoming a scarce resource more has to be invested in supporting them, particularly, but not only, in education. The third principle requires a war on the “syn- drome” that delays the steps leading into adulthood and postpones the full assumption of responsibilities, including parenthood.

VII

In Tomasi di Lampedusa’s Il Gattopardo (The Leopard), the Prince of Salina says: “We may perhaps worry for our children and for our grandchildren, but we have no obligation beyond those whom we can hope to caress with our own hands, and I am unable to worry for what our descendents will be in 1960.” The Prince of Salina was wise, knew his world was crumbling, and had no wish or curiosity for the future. But we, who are not princes, must make an effort and worry about the year 2060.
AUTHOR’S NOTE


ENDNOTES

14 “Potremo forse preoccuparci per i nostri figli, forse per i nipotini, ma aldila’ di quanto possiamo sperare di accarezzare con queste mani non abbiamo obblighi e io non posso preoccuparmi di cio’ che saranno i nostri discendenti nel 1960.” Giuseppe Tomasi di Lampedusa, Il Gattopardo (Milano: Feltrinelli, 1958), 55.
In this regard, as we have seen, there are a number of obvious implications of population change that historians have almost converted into clichés: the effect of differential rates of growth on the balance of power (France vs. Germany, Protestants vs. Catholics in Holland, Europe vs. the nonwhite world); the pressure of numbers on the food supply, and hence agriculture; the relation of Europe’s population explosion to the great wave of overseas migration. These leave vast areas of social and economic demography unexplored. To cite a few: the effect of growth or stagnation of population on demand for goods, on the supply of labor, on the rate of economic growth; or the consequences of greater longevity for age distribution and the allocation of resources. For that matter, what are the general implications of the age distribution for the character of a society? What does it mean to be a young people or an old people? What does it mean to have an unbalanced sex ratio—as a result of war, for example? What are the psychological effects of very late marriage, or extensive celibacy, as in Ireland? (The novelists write about this, but historians have little to say.) What about differential mortality between rich and poor, urban and rural, between one occupation and another?

David Landes

From “The Treatment of Population in History Textbooks”
_Dædalus_ 97 (2) (Spring 1968)
Illegality and crime are frequently assumed to be intertwined with the history of Italy to a greater extent than in any other Western country. They are often presented as key variables in understanding Italy’s past and present. Are these assumptions correct? If so, why? How do crime and illegality manifest themselves in Italy? What are the historical roots of these phenomena? What is their impact on the economic, political, and social life of the country? What has been done to control contra legem activities in Italy? This essay will give an answer to these questions.

Surprising Statistical Comparisons and Italian Peculiarities

Statistical yearbooks do not suggest that Italy’s rates of crime and illegality are especially unusual. A comparison of major Western countries reveals that Italy’s rates are within the Western European average and far below the crime rates registered in the United States. According to international comparisons carried out by the British Home Office, for instance, in 1997 the murder rate in Italy (1.61 per 100,000 population) was slightly higher than that in France (1.60), Germany (1.44), and the United Kingdom (1.49) but considerably lower than the rate in countries usually considered nonviolent, such as Finland (2.76) and Spain (2.60). Further, Italy’s murder rate was more than

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four times lower than the U.S. rate (7.34). In 1997, the rate in Italy for motor-vehicle thefts (538.2 per 100,000 population) was also below those registered in France (693.4) and the United Kingdom (755.3). As far as drug trafficking was concerned, Italy fared even better. In 1997, the rate of drug-trafficking cases recorded by the police in Italy (71.9) was, in fact, dramatically lower than that in Germany (84.5) and in France (144.5)—and almost eight times lower than the rate in the United States (562.8).

A frightening picture does not emerge even from the statistics concerning prison populations. As of September 1, 1997, according to a survey conducted by the Council of Europe, 50,197 people were detained in Italian prisons. In France, Germany, the United Kingdom, and the United States on the same date, the prison population was respectively 54,442, 71,047, 69,603, and 1,725,842.2

International crime comparisons are always risky. In each country, rates of crime depend on incongruent definitions of crime, different ways of reporting crimes, and varying methods of collecting data on crime. The former two variables also influence the dimensions of each country’s prison population. Notwithstanding these difficulties, the above data seem to leave no doubt: Italy does not have an extraordinary crime problem. No more murders, thefts, and drug-trafficking cases proportionally take place in Italy than in the other major Western industrialized countries.

Is there really anything unusual, then, about crime and illegality in Italy? Although the statistics suggest not, there are grounds to think so. There are, after all, contra legem phenomena that 1) are specifically Italian or 2) manifest themselves with a particular intensity and frequency in the country. The best example of a specifically Italian form of illegality is the mafia in Southern Italy. Good examples of illegal activities that are especially salient in Italy include corruption and the black market. Although corrupt practices and the distribution of goods through an underground economy are by no means exclusively Italian phenomena, both are more widespread in Italy than in any other Western country.3
MAFIA

Contrary to what most scholars maintained up to the early 1980s, judicial inquiries carried out since then have proved that formalized mafia groups do exist. Cosa Nostra in Sicily and the 'Ndrangheta in Calabria are the largest and most stable coalitions and are each composed of about a hundred mafia groups. Their members are estimated at about three thousand and five thousand males respectively.

Though it is not possible to establish clear lines of continuity, antecedents of the contemporary mafia associations existed in the 1880s, if not before. The discovery of new documents in archives and a more objective analysis of the already known papers has demonstrated the presence of mafia groups in Sicily and Calabria since the mid-nineteenth century.

Cosa Nostra and the 'Ndrangheta possess the distinguishing trait of organizations: they have independent ruling bodies that regulate the internal life of each associated family and are clearly different from the authority structure of their members’ biological families. Moreover, during the last four decades of the twentieth century superordinate bodies of coordination were set up—first in Cosa Nostra, then in the 'Ndrangheta as well. Composed of the most important family chiefs, they are known as “commissions.” Although the powers of these collegial bodies are rather limited, the unity of the two confederations cannot be doubted. In fact, their cohesion is guaranteed by the sharing of common cultural codes and a single organizational formula. According to a model prevalent in premodern societies, Cosa Nostra and the 'Ndrangheta are “segmentary societies”: that is, they depend on what Emile Durkheim called “mechanical solidarity,” which derives from the replication of corporate and cultural forms.

Neither Cosa Nostra nor the 'Ndrangheta can be assimilated to the ideal type of legal-rational bureaucracy defined by Max Weber, as was pointed out by Donald Cressey in the late 1960s in a study of the American Cosa Nostra. Far from recruiting their staff and organizing their work according to the criteria and procedures of modern bureaucracies, mafia groups impose
what Weber called a “status contract” upon their members. With the ritual initiation into a mafia _cosca_, the novice is required to assume a permanent, new identity—to become a “man of honor”—and to subordinate all his previous allegiances to mafia membership. If necessary, he must be ready to sacrifice even his life for the mafia family.

The “men of honor” in Sicily and Calabria are obliged to keep secret the composition, the action, and the strategies of their mafia group. In Cosa Nostra, in particular, the duty of silence is absolute. Secrecy constitutes, above all, a defense strategy. Since the unification of Italy in 1861 mafia groups have been at least formally criminalized by the state. In order to protect themselves from arrest and criminal prosecution for their continuing recourse to violence, they have needed to resort to various degrees of secrecy.

The ceremony of affiliation creates ritual ties of brotherhood among the members of a mafia family: the “status contract” is simultaneously an act of fraternization. The new recruits become “brothers” to all members and share what anthropologists call a regime of generalized reciprocity: this presupposes altruistic behavior without expecting any short-term reward. As F. Lestingi, chief prosecutor for the king, pointed out in 1884, mafia groups constitute brotherhoods whose “essential character” lies in “mutual aid without limits and without measure, and even in crimes.” Only thanks to the trust and solidarity created by fraternization does it become possible to pursue “purposive contracts,” i.e., to promote the personal interests of the affiliates through collective action.

As secret brotherhoods using violence, Southern Italian mafia associations have remarkable similarities to associations such as the Chinese Triads and the Japanese Yakuza. With their centuries-old histories, articulated structures, and sophisticated ritual and symbolic apparatuses, all these associations—and the American descendant of the Sicilian Cosa Nostra—have few parallels in the world of organized crime. None of the other groups that systematically traffic in illegal commodities have the same degree of complexity and longevity.

Cosa Nostra and the ‘Ndrangheta share another important peculiarity with the Chinese Triads and the Japanese Yakuza.
Unlike other contemporary organized crime groups, they do not content themselves with producing and selling illegal goods and services. Though these activities have acquired an increasing relevance over the past thirty years, neither the trade in illegal commodities nor the maximization of profits has ever been the primary goal of these associations. As a matter of fact, it is hardly possible to identify a single goal. Southern Italian mafia coalitions are multifunctional organizations. In the past hundred years, their members have exploited the strength of mafia bonds to pursue various endeavors and to accomplish the most disparate tasks. Already in 1876 the Tuscan aristocrat Leopoldo Franchetti pointed out the “extraordinary elasticity” of the associations of *malfattori* (evildoers): “the goals multiply, the field of action widens, without the need to multiply the statutes; the association divides for certain goals, remains united for others.”

Among these tasks the exercise of political domination has always been preeminent. The ruling bodies of Cosa Nostra and the ’Ndrangheta claim, above all, an absolute power over their members. They control every aspect of their members’ lives, and they aim to exercise a similar power over the communities where their members reside. For a long time, their power had a higher degree of effectiveness and legitimacy than that exercised by the state. In Western Sicily and in Southern Calabria mafia associations successfully policed the general population, settling conflicts, recovering stolen goods, and enforcing property rights. Even today, although most of these rules are no longer systematically enforced, mafia families exercise a certain “sovereignty” through a generalized system of extortion. As a state would do, they tax the main productive activities carried out within their territory.

In the second half of the twentieth century, Southern Italy’s mafia associations have participated in at least three plots organized by right-wing terrorist groups; since the late 1970s Cosa Nostra has assassinated dozens of policemen, magistrates, and politicians. The mafia challenge to state power reached a climax in the early 1990s. In 1992, Cosa Nostra murdered the Palermitan Judges Giovanni Falcone and Paolo Borsellino in two spectacular bomb explosions. In 1993, in an
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effort to demonstrate the national power of the mafia, a series of bombings occurred—for the first time out of traditional mafia strongholds—in Rome, Florence, and Milan.\textsuperscript{17}

Despite their power, mafia fraternities have not been able to guarantee themselves a monopoly in any sector of the illegal economy outside of Southern Italy. In the early 1980s, Cosa Nostra families played a pivotal role in the transcontinental heroin trade from Asia to the United States via Sicily. But in the second half of that decade, the Cosa Nostra lost this position after being targeted by law-enforcement investigations and replaced in the U.S. market by a plethora of Mexican, Chinese, and, more recently, Colombian heroin suppliers.\textsuperscript{18}

Despite the growing relevance of economic activities, according to Ada Becchi and Margherita Turvani, “the mafia has not become a set of criminal enterprises.”\textsuperscript{19} Its history as well as its cultural and normative apparatus prevent this transformation and today constitute a constraint as much as a resource. By building a strong collective identity, shared cultural codes and norms enhance group cohesion and create trustful relationships among mafia members. The reliance on status and fraternization contracts, which are nonspecific and long-term, produces a high degree of flexibility and makes the multifunctionality of mafia groups possible. The same shared cultural codes and norms also represent, however, a powerful brake on entrepreneurial initiative.

Especially constraining is one of the preconditions for recruitment: only men born either in Sicily or in Calabria or descending from mafia families can be admitted as members. This rule has long prevented Cosa Nostra and 'Ndrangheta families from adding new members with the experience necessary to compete in the black markets for arms, money, and gold. Rigid recruitment criteria have also hampered the geographical expansion of mafia power. Cosa Nostra, for example, prohibits settling families outside of Sicily. This self-imposed rule has limited its involvement in the international narcotics trade—currently the largest of the illegal markets. 'Ndrangheta families, thanks to their extensive branches in Northern Italy and abroad, played a larger role in narcotics trafficking in the 1990s, importing large quantities of cocaine and hashish from Latin America and
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North Africa; today, however, the ’Ndrangheta faces new competition from foreign and Italian traffickers with more direct connections to drug-producing and transit countries.20

The “will to power” of the mafia associations also negatively affects security and business decisions, as a Palermitan prosecutor pointed out in 1992:

The true goal is power. The obscure evil of organization chiefs is not the thirst for money, but the thirst for power. The most important fugitives could enjoy a luxurious life abroad until the end of their days. Instead they remain in Palermo, hunted, in danger of being caught or being killed by internal dissidents, in order to prevent the loss of their territorial control and not run the risk of being deposed. Marino Mannoia [a former mafia member now cooperating with law enforcement authorities] once told me: “Many believe that you enter into Cosa Nostra for money. This is only part of the truth. Do you know why I entered Cosa Nostra? Because before in Palermo I was Mr. Nobody. Afterwards, wherever I went, heads lowered. And to me this is priceless.”21

As a result, ever since the early 1990s Cosa Nostra and ’Ndrangheta families have extracted a growing percentage of their income from entrepreneurial activities that depend on the exercise of regional political domination. They practice systematic extortion in their communities and, thanks to intimidation and collusion with corrupt politicians, they have struggled to control the market for public works.22

Unlike other Western forms of organized crime, the meaning (and danger) of Sicilian and Calabrian mafia associations cannot be limited to their involvement in illegal markets. Their peculiarity lies in their will to exercise political power and their interest in exercising sovereign control over the people in their communities.

CORRUPTION

Corruption is a ubiquitous phenomenon worldwide, one that occurs at the intersection of the public and private spheres. No country can claim to be free of it. Italy, however, seems to be affected by corruption to a special degree. On the 1999 Transparency International Corruption Perception Index, for example,
Italy occupies the thirty-eighth place with a score of 4.7 (10: highly clean; 0: highly corrupt). It is considered more corrupt than all Western countries, and also more corrupt than Hong Kong, Israel, Japan, Namibia, Tunisia, and Malaysia. Unlike the mafia, which has its roots in Southern Italy, corruption is a nationwide phenomenon. The so-called Clean Hands investigations revealed for the first time the full extent of corrupt exchanges in Italy. The investigations were initiated in Milan, by the prosecutor’s office there. Starting in February of 1992 with the arrest of the obscure manager of a Milan public institution, the inquiries of the local prosecutors quickly expanded, bringing to light a wide network of illegality and corruption: the so-called Tangentopoli (“Bribesville,” initially an allusion to Milan). The spectacular success of the Milan team spurred judges elsewhere. One after another, politicians who had dominated national politics during the previous decade came under investigation. In November of 1993, parliamentary immunity was temporarily abolished. By then, prosecutors in numerous Italian cities had filed 851 requests for authorization to investigate 447 deputies—more than half of the members of the Italian Parliament.

Corruption scandals have emerged throughout the history of the Italian state. Italian capitalism has been characterized since its inception by a close and suspiciously cozy connection between large corporations and the state, as pointed out by Vilfredo Pareto at the beginning of the twentieth century. “In Italy we can note that all the newly acquired wealth has its roots in public bids, railway constructions, state-funded companies and custom protection. . . . As a result, this order appears to experienced politicians as a lottery, which grants prizes, some large and some smaller ones.”

At the same time, Southern elites and the rural masses were largely integrated into the national political system through a web of cliental relationships, which hopelessly compromised bureaucracies formally committed to impersonal and universalistic principles. Not even the collapse of fascism and the rise of mass parties after World War II could destroy the patronage systems used to secure political power in the South. There was
merely a transformation from the traditional organization of clientalism, based around local notables, to a bureaucratic system that recruited interest groups and organized patronage through party officials.\textsuperscript{28}

Up until the late 1960s, corruption—meant as an exchange of money for political favors—was by and large confined to the country’s ruling elite. Only large corporations and leading politicians took part in these exchanges, which rarely involved the civil service or local government. Corruption was not yet a regular and accepted practice, and there was not a widespread network of people accustomed to paying and receiving bribes.

Starting in the late 1960s, however, a progressive change took place. Corruption lost its elite character. It became a common and socially accepted behavior, spread across all social strata and involving an even larger number of low- and middle-level politicians and bureaucrats.\textsuperscript{29} First, kickbacks were paid by the \textit{suppliers} of goods and services to the government.\textsuperscript{30} The “Clean Hands” investigations revealed that companies paid off officials at different stages of the bidding process in order to be included in the list of qualified bidders, to be selected as the winning contractor, to get an inflated price for the job, or to be able to cut corners on quality. In some cases, long-term agreements were reached between companies and the representatives of political parties to manipulate bids and keep potential competitors from winning access to the market.

At the same time, kickbacks were also paid by the \textit{demanders} of political favors or subsidies. Licenses, authorizations, credits, tax reductions, and state enterprises about to be sold became the object of bribery. Third, kickbacks were routinely paid by those who could be called \textit{avoiders}, i.e., individuals and firms seeking to escape taxes or to get a favorable interpretation of the law. Many examples could be quoted to illustrate these two types of corruption, ranging from petty bribes to obtain a passport, a driver’s license, or a cemetery plot to billion-lira kickbacks to avoid taxes or sanctions.\textsuperscript{31} In particular, illegal payments to \textit{Guardia di Finanza} officials in charge of revising companies’ tax declarations became very frequent and systematic in the 1980s. More than seventy officials of the
Italian tax police (including a general) were indicted for criminal association and corruption; one of the prosecutors coordinating the investigations called them a “gang in uniform.”

Judicial decisions were also corrupted in this climate. Not only did mafia associations frequently try to manipulate court decisions by bribing, threatening, and, occasionally, even murdering judges and prosecutors, but legitimate companies and politicians routinely resorted to threats and bribes. In most cases the politicians did not even have to pay a bribe. Up until the 1980s, leaders in the government parties by and large had no problems finding judges who were ready to cover up their misdeeds. Some of the magistrates felt obliged to “save” the members of the political elite because they considered it their duty to defend the establishment that they too belonged to. Others gave in to political pressure because they were promised promotion in their judicial careers. Only from the early 1980s onwards were magistrates more and more frequently bought with bribes. All the major investigations on corrupt exchanges that were initiated before the outbreak of “Clean Hands” were successfully blocked by the dominant political parties. The Rome Court was long known as the “foggy port,” because many “hot” penal proceedings involving politicians and large companies were spuriously transferred there and then promptly dismissed by solicitous judges.

During the 1980s, corruption flourished as perhaps never before. The heads of the largest private and public companies illegally transferred billions of Italian lire to the main political parties and to single politicians in order to influence government and parliamentary decisions on tax and industrial policy. In the case of Enimont, a public-private energy joint venture, Raul Gardini paid a hundred-billion-lira kickback to sell his half of the company to his state counterpart at an inflated price.

With time, corruption became a socially accepted, commonplace practice within wide sectors of Italian society. Paying and receiving bribes no longer provoked moral disgust or fear of punishment. The point was made by Bettino Craxi, a former prime minister and leader of the Italian Socialist Party (PSI)—
one of the parties most deeply involved in corruption scandals—in a speech in Parliament in July of 1993:

what needs to be said and what everybody knows very well is that a large part of the political financing is irregular or illegal. Parties—especially those having small or large apparatuses, newspapers, propaganda, promotion or association activities—as well as many and various operational political structures have resorted and resort to additional resources obtained in an irregular or illegal way. . . . If this matter must be considered primarily as a purely criminal matter, then a large part of the system would be a criminal system.38

What Craxi did not say was that kickbacks were accepted by politicians not only to supplement party funds, but also to accumulate personal wealth. For example, Craxi’s hidden “savings” in tax havens around the world were variously estimated at between 200 and 750 billion lire.39

UNDERGROUND ECONOMY

The underground economy is a by-product of the state’s efforts to regulate, tax, and supervise the economic activity carried out within its territory. As Portes, Castells, and Benton maintain, “it is but a slight exaggeration to assert that formality begets informality, insofar as one is meaningless without the other.”40 As such, though in differing degrees and forms, the underground economy is a “normal,” unavoidable component of all modern societies.

In Italy, however, the underground economy seems to be more widespread than in any other Western nation. In the 1980s, the Italian Statistical Office (ISTAT), in an unprecedented step, revised the official estimate of Italy’s gross domestic product by increasing it 8 percent in order to account for underground activities. The value of the Italian underground economy is, in fact, probably greater still. Using different methods, three studies carried out on behalf of the European Union estimated that Italy’s underground economy accounted for between 20 and 36 percent of the nation’s GDP in the 1990s.41 The corresponding values for the other main EU countries were
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significantly lower. In the ORSEU’s study, for example, the underground economy was estimated to contribute 4 to 6 percent of the GDP in Germany, 6 to 10 percent in France, and between 8 and 12 percent in the United Kingdom.

The activities belonging to the sphere of the underground economy do not share any common trait other than the fact that they are unsupervised by state bodies and/or prohibited by state laws. The underground economy is not a coherent system. It covers a group of heterogeneous activities and practices that are not amenable to any simple classification. Still, it is useful to distinguish between two main sectors of the underground economy. The informal sector consists of the production and sale of goods and services that are legal but that are produced and sold under unsupervised or irregular conditions. The criminal sector, by contrast, involves the production and circulation of illegal goods and services as well as the illegal production and distribution of legal commodities that are heavily regulated by the state.

The informal sector as a whole includes all those economic activities that are unrecorded in national statistical accounts and/or fail to meet such government requirements as registration, payment of taxes, payment of social security for employees, enforcement of health and safety rules, etc. Examples range from undeclared second jobs done during off-duty time to completely “off the book” employment in small businesses and households. Self-employed individuals, whether working full- or part-time, also produce much that is not properly recorded in national economic statistics. Occasionally there are also entire “ghost firms” or even industries that are completely unknown to tax and labor officers, such as the glove industry in Naples, a “ghost” industrial system that in the late 1980s produced two to three million pairs of gloves a year.

According to the estimates of the Italian Statistical Office, in 1997 there were 3,530,000 irregular labor units. Undeclared employment thus represented 15.2 percent of the overall number of workers employed in the production of goods and services. The number of people involved in the informal economy, however, is even larger. According to Luca Meldolesi, an economist who recently carried out and coordinated several studies
on the topic, undeclared employment represents about one-third of Italy’s total employment: there are between three and four million full-time irregular workers, and one out of two workers obtains at least a portion of his or her income from undeclared employment.\(^43\)

In Italy, as well as in most EU countries, traditional forms of irregular employment coexist with brand new ones. Whereas the latter are usually found in the service sector, the former are concentrated in agriculture, the building sector, and other traditional sectors, ranging from petty trade to tourism and the textile industry.\(^44\) The consequences of irregular employment are most dire in the building sector. In fact, so-called *lavoro nero* is frequently employed to build whole buildings without the necessary authorizations, in protected areas, or without respecting security standards. Between 1994 and 1998 alone, 232,000 unauthorized houses were built, with a surface area of over 32.5 million square meters and a real estate value of 29 billion lire. The related tax evasion was estimated to be 6,700 billion lire by the Cresme, a research institute that specializes in the construction sector.\(^45\) Especially in the South, some of the most beautiful country and seaside areas of the whole of Italy have been disfigured by rampant unauthorized house-building (*abusivismo edilizio*).\(^46\)

Informal and unrecorded economic activities are particularly widespread in Southern Italy. In some crucial sectors of the Mezzogiorno economy, irregularities in production, employment, and exchange seem to be the rule rather than the exception. In the four key sectors of agriculture, construction, trade, and clothing and shoe manufacturing, irregular activities employ between 60 and 80 percent of the workforce. In some areas, such as Sicily and Calabria, the rate of irregular activity is estimated to be over 90 percent.\(^47\) What is worse, enterprises resorting to irregular and unrecorded arrangements are often exploited by Southern Italian mafia groups as a “Trojan horse” to penetrate the legal economy and to launder the proceeds gained in the criminal sector of the underground economy.

More generally, in Northern as in Southern Italy, unreported economic activities and proceeds often constitute a precondition for the development of corrupt exchanges. “Clean Hands”
investigations proved that several large Italian companies manipulated their budgets to build up unreported financial reserves in secret bank accounts abroad, out of which bribes were then paid to politicians, judges, and bureaucrats. Even Cesare Romiti, who was at that time chairman of Fiat, was sentenced on false accounting charges in 1997, and the conviction was confirmed by the court of appeals in 1999.\textsuperscript{48}

Apart from the informal sector of the underground economy, there is a criminal sector. The latter includes the production and sale of commodities that are outlawed by most states and international bodies. Only two goods fully fit this criterion: some drugs, and all human beings. As a consequence of state and international bans, all exchanges of these “commodities” are bound to take place on the “wrong side of the law,” and illegal markets have therefore developed.

Following international trends, a national illegal market in cannabis developed in Italy in the late 1960s. In the following decades heroin, cocaine, and, more recently, ecstasy have also been consumed and traded on a large scale. The traffic in human beings became a flourishing business in the early 1990s. Italy’s closeness to the former Yugoslavia and other impoverished East European nations has made it a convenient landing place for thousands of migrants smuggled into the EU from the former Second and Third World. Some of these migrants are then forced into prostitution or otherwise exploited in both the criminal and informal sectors of the economy.\textsuperscript{49}

Additionally, many other goods and services—ranging from arms and nuclear weapons to toxic waste, jewels, and counterfeit merchandise, from prostitution to gambling to money laundering—are marketed daily in violation of specific trade regulations and restrictions. Still others are exchanged without paying excise taxes: for example, tobacco has been smuggled on a large scale into Italy ever since the 1960s.

As already mentioned, Southern mafia associations are far from being the only actors in the criminal sector of the underground economy. Even though they tightly control most \textit{contra legem} activities in the regions they dominate, they do not have monopolistic control over the national illegal market. Apart
from Cosa Nostra and 'Ndrangheta members, a variety of different groups participate in the illegal economy.

There are groups and small bands of people engaged full-time in criminal activities, some of which—especially in Southern Italy—imitate the cultural apparatus and organization of Cosa Nostra and the 'Ndrangheta to gain cohesion and legitimacy. The criminal groups located around Naples refer to the camorra tradition, which goes back to the early nineteenth century. As much as in most other Western countries, Italy’s illegal markets are increasingly populated by foreign migrants, to whom crime represents “a queer ladder of social mobility.” Some of these are loose gangs, founded on ties of friendship and locality; others are family businesses or organizations cemented by profit-making or by shared revolutionary or ideological goals. White-collar criminals are also active, especially in the illegal markets that constitute a small section of their legal counterparts (such as illegal arms, gold, and money markets), but increasingly also in others. Thanks to their professional know-how and their low visibility, they enjoy considerable advantages vis-à-vis their underworld competitors.

Given the variety of commodities and actors involved, it is difficult to estimate the overall revenue of the criminal sector. Though exorbitant estimates can often be read in the press, the revenue from the criminal sector in Italy represents only a small fraction of the total revenue of the underground economy. Italy’s criminal economy is not significantly larger than that of other Western countries.

Some criminal activities—such as the smuggling of tobacco and human beings—do seem to be particularly prevalent in Italy, above all due to its extensive coastline and geographical position at the crossroads between North Africa, the Middle East, Eastern Europe, and Western Europe. In 1992 and then again in 1994 the Guardia di Finanza (customs police) estimated that the yearly revenue from smuggling tobacco was more than 1,100 billion lire with a loss of about 1,100–1,200 billion lire in taxes (VAT and excise taxes). No reliable estimates exist on the revenue from the traffic in human beings. Southern mafia associations and other organized crime groups
also engage in illegal transfers of money—through extortion, embezzlement, fraud, or robbery, for example—that are not usually included in the definition of the underground economy because they do not create value but merely transfer it from one person to another. Extortion practices, in particular, constitute one of the most important sources of revenue for Southern Italian mafia and pseudo-mafia groups. According to estimates made by the Direzione Centrale della Polizia Criminale, extortion produces an annual revenue of at least 1,400 billion lire.54

On the whole, however, crime in Italy does not pay much, according to the most comprehensive and reliable estimates of the criminal economy. Working in cooperation with police forces and several other state agencies, in 1992 Guido Rey, then president of ISTAT, concluded that the total revenue from criminal enterprises was about 30,000 billion lire in 1990, with roughly 150,000 persons variously involved in these activities.55

The anomaly of Italy’s underground economy thus lies not so much in the profits of the criminal sector as in the truly staggering size of the informal sector. The abnormal extension of the latter blurs the boundaries between the legal and the illegal, fosters corruption, and facilitates mafia penetration of the legal economy.

IN SEARCH OF EXPLICATIVE FACTORS

Complex social phenomena such as those described in the previous sections cannot be explained with reference to a single factor. No monocausal interpretation of events is possible. Contemporary mafia associations as well as the penchant shown by present-day Italians for corruption and underground economic activities can be traced back at least to the nineteenth century and have been influenced throughout their long history by a variety of social, cultural, economic, and political factors. That said, some key agents can be pointed out. In particular, there is one factor that, more than any other single catalyst, seems to have favored the rise and consolidation of mafia associations, corruption, and the underground economy: the relative weakness and unpopularity of the Italian state ever
since the country’s unification in 1861. Even today, Italy is the only EU country where less than half of the population approves of its own state institutions. According to the Eurobarometer data released in April of 2000, only 27 percent of Italians are satisfied with the way democracy works in their country, whereas the EU average is 56 percent.56

Above all, the rise and consolidation of mafia associations must be related to the inability of the Bourbon government and then, for a long time, the Italian state to exert a legitimate monopoly on the use of physical force in the Mezzogiorno. The mafia is not the residue of a lawless past; “it is an outgrowth of the particular form that the process of state formation took in Italy.”57 The mafia developed because national systems of power expanded without fully subordinating local systems of power. Indeed, the central state had to rely on local landlords and mafia coalitions if it wanted to govern some areas at all. A vicious circle was consequently set in motion. As Henner Hess reminds us, we are never dealing with simple causal relationships but invariably with inter-dependencies. Thus the chronic weakness of the State resulted in the emergence of self-help institutions, and the exclusive power positions of informal groups subsequently made it impossible for the State to win the loyalty of the public, while its resultant weakness again strengthened the family, the clientele and mafioso positions.58

Within their local communities, mafia associations long enjoyed a high degree of legitimacy, because they filled the power vacuum left by a weak nation-state. The mafia fulfilled important functions of social integration and regulation. Even state institutions, though formally condemning mafia violence and occasionally repressing it, usually came to terms with the representatives of mafia power; in the territories under their control, the maintenance of public order fell, de facto, to the mafia leaders. As the Parliamentary Antimafia Commission finally acknowledged in 1993,

In practice, the relationships between institutions and mafia took place for many years in the form of relationships between two distinct sovereignties: neither would attack the other as long as
each remained within its own boundaries. . . . an attack (by State forces) would be made only in response to an attack by Cosa Nostra, after which they would go back to being good neighbors again.\textsuperscript{59}

Although mafia associations arose only in some parts of Southern Italy, pre-state community relationships, substantiated by kinship, friendship, and patronage ties, have remained strong throughout the country. By building networks of personal trust, this “social capital” has been a fundamental resource in the development of the so-called Third Italy (basically the Northeastern and Central regions).\textsuperscript{60} But it has also created a favorable environment within which unrecorded economic transactions and shady deals between \textit{mafiosi}, entrepreneurs, and politicians have been carried out with impunity. Relying on natural family loyalties, even mafia associations could maintain a veneer of legitimacy, by conforming to wider social patterns. Indeed, whenever the central government could not keep under control the particularistic potential of local social networks, the latter have tended to degenerate into clientelism, corruption, and underground economic activity.\textsuperscript{61}

Faced with the continuing strength of kinship, friendship, and patronage ties at all levels of society, the Italian state has tried to enforce very cumbersome legal and bureaucratic rules. In almost all fields, Italian law strictly limits the discretion of public officials in order to guarantee the equal treatment of all subjects. Public contracts are very tightly regulated. Elaborate measures prevent one firm from gaining an unfair advantage over another in the bidding process. Unfortunately, the very stringency of the state’s laws has encouraged ordinary citizens and legal businesses to try to evade them, generating new opportunities for corruption and informal agreements.\textsuperscript{62}

An even more direct consequence of Italy’s exceptionally detailed laws is the inefficiency and slowness of its bureaucracy. In the early 1990s Sabino Cassese, a longtime scholar of Italian public administration, calculated that each Italian citizen loses between 15 and 20 working days each year trying to cope with the country’s stifling bureaucracy.\textsuperscript{63} The situation may have slightly improved since then, but much still needs to
be done. Since the mid-1990s, under the impulse of the cabinet minister for public administration, Franco Bassanini, the Italian government has launched an ambitious reform plan to modernize and speed up the Italian bureaucracy. This constitutes the first government-wide reform since 1865. In the second half of the 1990s important laws were enacted, but, as Bassanini himself realizes, laws alone are not enough to change the attitudes and behavior of both public employees and citizens.64

The rigidity and inefficiency of Italian public administration has historically been a powerful incentive for corruption and, more generally, for relying on informal chains of “friends of friends.”65 Especially in the last three decades of the twentieth century, the discretion of public officials, which was sharply constrained by law, has been illegitimately expanded through corruption. As Alessandro Pizzorno explains, “Due provisions are sold, because time and the relevant procedures have become a scarce resource that the public official uses as if it were his private property.”66 The final effect has long been the reintroduction of privilege and inequality in front of the law, which were to be eradicated with the introduction of rigid norms. Italians have come to avoid public bureaucracies whenever possible; they flout state regulations, resort to informal agreements, and, in some areas of the country, turn to mafia power in order to settle conflicts and regulate economic deals.

Corruption feeds on itself. When bribery becomes an institutionalized practice, honest politicians are penalized. For those directly involved in corrupt exchanges, moreover, it was a positive-sum game: both the briber and the bribee made money; the cost of the bribes was absorbed without their knowledge by the taxpayers.67

THE SOCIAL REVOLT AND THE JUDICIAL FIGHT AGAINST THE MAFIA AND CORRUPTION IN THE 1990s

It is true, then, that some forms of illegality are more prevalent in Italy than in other European countries. But it is also true that Italy has shown a remarkable commitment to fighting crime and corruption. In the last two decades of the twentieth cen-
tury, Italy stood out because of its judicial campaigns against the mafia and corruption and the support these campaigns received from large sections of the civil society.

In recent years, a new generation of judges and prosecutors in Southern as well as in Northern Italy has tried to reassert the independence of the judiciary, which is formally guaranteed by the 1948 Italian Constitution. Starting in 1992, a group of Italian magistrates attacked corruption in Italy as never before. Their initiative received broad popular support, and this support prevented ruling politicians from stopping judicial investigations as they had routinely done in the past. In the course of one year, 1993, the five ruling parties of the postwar period—including the Christian Democrats—were wiped off the political map. At the same time, an unprecedented judicial campaign against the mafia also received broad popular support, even in Sicily.

Whereas people’s anticorruption stance was new in the early 1990s, the antimafia movement has a longer history, with roots in the rural protest movements of the 1890s and the late 1940s. Throughout the nineteenth and twentieth centuries, furthermore, there were enlightened minorities who denounced the mafia’s power and its shadowy influence on Sicilian politics and the Sicilian economy. But a truly mass, interclass social movement against the mafia emerged only in 1982. In September of that year, General Carlo Alberto Dalla Chiesa, who had been sent to Palermo in June as a high commissioner to combat the mafia, was killed, together with his wife and driver. The public reacted with outrage. Two weeks after the Dalla Chiesa murder, which followed the assassination of fifteen other state officials and politicians over the previous three years, the La Torre Act was passed. The new bill, named after the Sicilian Communist leader who had been killed by the mafia in April of 1982, introduced the crime of delinquent association of the mafia type (art. 416bis Penal Code) and authorized the seizure and forfeiture of illegally acquired property of those indicted under this article. Between 1982 and 1986 nearly 15,000 men were arrested throughout Italy for criminal association of the mafia type; 706 were brought to trial by investigating magistrates in Palermo; more than half of those accused, including
several mafia chiefs, received long-term or lifelong convictions (the so-called maxi-processo).

The state’s renewed antimafia campaign won widespread public support. Shocked by the murder of Dalla Chiesa and his young wife, citizens of Palermo participated in unprecedented public demonstrations, including a spontaneous candlelight procession in honor of his memory. Since then a “protean and multifaceted” antimafia movement has taken root in Italy. In 1985 Leoluca Orlando, a member of a reformist, left-wing current of the Christian Democratic party who had taken a clear stance against the mafia, began to serve as mayor of Palermo. During his administration, which lasted until 1990, city hall became a focal point for attacks on the mafia. For the multiplicity of activities that accompanied Palermo’s maxi-processo, the mid-1980s were labeled as “Palermo’s spring.”

After a period of retreat and disillusionment in the late 1980s, antimafia movements recovered energy and vitality in the early 1990s. The next antimafia initiative that attracted popular support involved an assault on extortion rackets. Following the model of the Associazione commercianti di Capo d’Orlando in the province of Messina, antiracketeering associations were created in Sicily and elsewhere to report collectively threats of extortion and to help bring racketeers to trial. As a result, in 1992, the peak year of activism, arrests for extortion rose by 17.6 percent at the national level, and by almost 40 percent in Sicily.

The shocking murders, committed in rapid succession, of the magistrates Giovanni Falcone and Paolo Borsellino also moved large strata of the Sicilian civil society and of the entire country. Demonstrations of an unprecedented dimension took place in Palermo as well as in other parts of Italy. A march organized in memory of Giovanni Falcone thirty days after the Capaci massacre brought an estimated five hundred thousand people to Palermo.

State institutions also reacted to mafia violence with a strong counterattack, which produced the highest peak of antimafia activities in the last fifty years. A new antimafia act was passed in the summer of 1992. Seven thousand soldiers were sent to Sicily to help civil police forces, and antimafia investigations
were beefed up. Since then, virtually all of the leading mafia bosses, some of them on the run for decades, have been captured and sent to special high-security prisons. Thanks to the creation of a “Witness Protection Program,” more than a thousand mafiosi and gangsters have left their crime groups and have begun sharing their experiences with law enforcement officials. As a result of the antimafia inquiries, Italians now know more than ever before about mafia organizations themselves and the collusion between mafia members and politicians.

In 1993, Giulio Andreotti, one of the main figures in Italy’s postwar history, was indicted on charges of mafia association and murder. Between 1991 and 1999, more than half of the deputies of the Sicilian regional Parliament and 17 Sicilian deputies of the national Parliament were targeted on charges of mafia association and corruption. More than 110 city councils were dismissed in Campania, Calabria, and Sicily after evidence was presented of mafia infiltration. The Parliamentary Antimafia Commission of the eleventh legislature, headed by the Honorable Luciano Violante, carried out an intense campaign aimed at awakening the public opinion through meetings and hearings. The report on “mafia and politics” that the commission approved in March of 1993 represented the first official document detailing the relationship between Cosa Nostra and vast sectors of the political-institutional establishment.

More recently, however, both the antimafia and the anticorruption campaigns have progressively lost steam. This happened despite the fact that the success rate of law-enforcement action was rather high. By January of 2000, in Milan there were almost 1,000 definitive convictions out of 3,150 arrests for trial on corruption charges. In Sicily and in Calabria, the leaders of all the most important mafia families and many of their members were convicted and sentenced to long-term imprisonment. In a country previously known for its incapacity to throw light on terrorist actions and “excellent murders” (i.e., murders of state officials and public personalities), the organizers and executors of the 1992–1993 terror campaign staged by Cosa Nostra were exposed and condemned.
But the campaign against crime and corruption has not been accompanied by a similarly aggressive restructuring of the political system. Notwithstanding the enthusiasm of a new generation of local politicians in Sicily, neither the Southern regions nor the central government were able to launch a coordinated reform to stimulate the social, cultural, and economic development of the Mezzogiorno. On the contrary: with the aim of entering the European Monetary Union, in the early 1990s the extraordinary public intervention in the South came to a brusque halt, and only after several years of delay was it partially supplemented by ordinary funding. In recent years, Parliament passed several new measures to protect the rights of defendants and curb the “excesses” of the early 1990s, which made the magistrates’ work objectively more difficult. At the same time, the legislative and executive branches failed to enact reforms that would have made the Italian justice system more efficient. As a result, many of the corruption cases initiated by the investigating judges in Milan and other cities will become statute-barred.

With the partial exception of Sicily, moreover, public support of the magistrates’ action did not translate into a cultural revolution. Especially in the North, the judiciary and public opinion did not forge an active alliance against corruption similar to the one that characterized the revolt against mafia power. As Paul Ginsborg put it, “Tangentopoli remained very much a spectator sport, far removed from the realities of everyday life. There was a crucial failure, or refusal, to connect the topics raised by the magistrates with the power structure and culture of the Italian society.” Ordinary Italians were never forced to ask uncomfortable questions about their own behavior, i.e., the extent to which the culture of Tangentopoli was in fact their own.

By the end of the 1990s, attempts to absorb the innovations and exorcise the consequent traumas of 1992–1994 multiplied, and continuities with past political practices increasingly emerged. In Milan, as in Palermo, the prosecutors and judges who investigated corruption and the mafia are now often criticized. Public opinion has tired of the seemingly endless judicial investiga-
tions. Despite convictions on corruption charges, several politicians of the so-called First Republic are again active in the Italian political scene. Others, like Giulio Andreotti, have been acquitted of all charges for want of evidence. Notwithstanding three convictions and several pending investigations on corruption charges, Silvio Berlusconi, the media tycoon-turned-politician who controls almost half of the Italian television and advertisement market, became prime minister in the general election in the spring of 2001. 76

The window of opportunity, which was opened in the early 1990s to curb the political and economic power of the mafia, tackle corruption, and reduce the underground economy, seems to be closing again.

ENDNOTES


2Ibid., 221.

3Much more so than mafia and corruption, both left- and right-wing terrorism made headlines in the 1970s and early 1980s and were long regarded as a serious threat to the stability of the whole country. Nonetheless, this topic is not analyzed here. Terrorism, and in particular left-wing terrorism, on which both public opinion and state institutions largely focused their attention from the mid-1970s onwards, is not peculiarly Italian, nor did it manifest itself in Italy in ways different from other Western European countries. See Donatella Della Porta, *Il terrorismo di sinistra* (Bologna: Il Mulino, 1990); Donatella Della Porta, ed., *Terrorismi in Italia* (Bologna: Il Mulino, 1984); and Martha Crenshaw, ed., *Terrorism in Context* (University Park, Pa.: The Pennsylvania State University Press, 1995). It might be argued that a peculiarity of Italian right-wing terrorism is the extensive support it received from Italian and foreign secret services and segments of the army. Although ongoing investigations are showing promising results, these allegations cannot yet be judicially proved, and the circumstantial evidence that has been gathered so far is too fragmentated and complicated to be presented here. Furthermore, in the Cold War era Italy was by no means the only country where Western European and U.S. secret services concluded shady deals and supported terrorist or counter-revolutionary groups. Indeed, the CIA’s involvement was much deeper and further-reaching in countries such as Chile, Nicaragua, and Burma than it has ever been suspected to be in Italy. Finally, unlike the three phenomena discussed here, the reasons for the collusion between Italian right-wing groups and the secret services hardly lie in the long-term evolution of Italy’s state and society (though the subversive strategy funded by the secret services was at
least partially prompted by the electoral strength of the Italian Communist Party), but are primarily to be found in the logic of the Cold War.


5As the historian Paolo Pezzino puts it, “if it is true that these sources have to be examined with great prudence, it is also true that the statements on the existence of well structured associations are so many, finding confirmation in several judicial proceedings, that it would be difficult to deny their reliability.” See Paolo Pezzino, “Stato violenza società: Nascita e sviluppo del paradigma mafioso,” in Maurice Aymard and Giuseppe Giarrizzo, eds., *La Sicilia* (Turin: Giulio Einaudi Editore, 1987), 905–984. For a similar opinion, see also Salvatore Lupo, “Il tenebroso sodalizio: Un rapporto sulla mafia palermitana di fine Ottocento,” *Studi storici* 29 (2) (1988): 463–489.


11Ibid.


17For a good reconstruction of these events, see Alexander Stille, *Excellent Cadavers: The Mafia and the Death of the First Italian Republic* (London: Jonathan Cape, 1995).


Crime, Italian Style

36 Magatti, Corruzione politica e società italiana, 53–57.
37 Tribunale di Milano, V Sezione Penale, La maxitangente Enimont (Milan: Kaos, 1997).
42 A labor unit corresponds to a full-time position, whether or not it is carried out by more than one person. As already mentioned, many irregular positions are part-time or second jobs. In order to have a homogenous unity of measure, the ISTAT transforms the latter into labor units, each of which corresponds to the full-time commitment of a regular employee: two part-time jobs are, thus, counted as one. See ISTAT, Rapporto annuale: La situazione nel Paese nel 1998 (Rome: ISTAT, 1999), 146–149.
48 Corriere della Sera, 10 April 1997, 1 and 13, and 5 May 1999.
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The reform plan is well described at <http://www.funzionatepubblica.it>. This web site also includes reports and presentations made by Minister Franco Bassanini in various international conferences (some of the presentations are in English).


It is commonplace to refer to the cultural relativity of crime and to mention that the crime of yesteryear is noncriminal today. What is less trite and certainly not trivial is Emile Durkheim’s notion that crime is normal, not pathological. Durkheim said that even in a society of saints there would still be crime, by which he meant that if all acts we know as crime were eliminated, small differences in behavior that now appear to have no moral significance would take on a new and important meaning. Slight breaches of manners and good taste could become serious crimes. In his terms, crime involves acts that offend strong collective moral sentiments. If these sentiments weaken, then what were formerly considered to be serious offenses would be considered less serious; when the sentiments grow stronger, less serious offenses are promoted to a more serious category. The degrees of enforcement and severity of sanctions are correlated with the intensity and degree of commitment to the collective moral sentiments.

Even though deviance may have both inevitability and elasticity, we are currently experiencing in America, perhaps in Western society, an expansion of acceptability of deviance and a corresponding contraction of what we define as crime. The total quantity of criminal and noncriminal deviance may be constant, both in value definitions and in statistical frequency; but the line of demarcation between criminal and noncriminal deviance is being positioned at a different point in the total line segment we call deviance.

Marvin E. Wolfgang

From “Real and Perceived Changes of Crime and Punishment”
_Dædalus_ 107 (1) (Winter 1978)
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