

ITALIAN FOOTBALL BETWEEN CONFLICT AND STATE AID

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The End of Football Yet Again?

Italian football officially entered into a phase of permanent crisis in the summers of 2002 and 2003. The benefits of the “20-year boom”—which began with the World Cup victory in Spain in 1982 and was followed by the success of club sides in international play, after meager results in the 1970s—have been exhausted, resulting in unprecedented political and economic hardship for Italy’s most important sport. Recent managerial folly, with clubs spending much beyond their means, has been followed by an ebb tide of adversity, characterized by institutional wreckage and an adventurous search for a new equilibrium. With no solution in sight, the current situation does not bode well. A marked tendency to protect particular interests, the emergence of latent internal divisions, the daily delegitimation of institutional actors, an apparently insurmountable difficulty in realizing a mature market structure, the incapacity to renew the managerial elite, and pockets of shady deals creeping into the structures charged with overseeing the legality and economic-administrative propriety within the game—these are just a few of the ills that are troubling the game in Italy.

The impression that can be drawn from this summary list is that we have reached a point of no return: the rhetoric of the end of football is now more real and closer to becoming a self-fulfilling prophecy

rather than simply a refrain sung out at every critical juncture. When leafing through old newspapers, one gets the impression of a recurrent state of alarm about the dire prospects for football in Italy, and history has given commentators many opportunities to discredit the prophecy. However, the present situation has many different and grave elements that are not found in the darker moments of Italian football history. Never before has Italian football come so close to the edge of the precipice.

What makes the current phase exceptional, and exceptionally serious, is the conjuncture of three factors: the systemic crisis that is apparent upon close analysis; the fragmentation of the internal structure, with actors divided along particularistic interests and tempted by exit; and the externalization of the crisis, with respect to both the effects as well as the possible solutions and the actors called upon to find them. The systemic crisis was expressed as a serious loss of legitimacy by the game's institutional structures, which were incapable of governing the sport and producing consensus. It is a political-institutional phase that might be interpreted sociologically as a condition of anomie or a change of paradigm.¹ The fragmentation of the internal structure is evidenced by the continuous disaggregation and recombination of alliances on single issues. Moreover, the structured front formed by the elite clubs makes more apparent their intention to secede, with the aim of creating a premier circuit known as the Superlega (also known as the G-14, after the 14 European clubs that would form the league). Finally, the question of the externalization of the crisis is linked to the radicalization of that feature of football, and sport in general, which led Alessandro Dal Lago to borrow Marcel Mauss's famous definition—that it is a “total social fact.” As such, Italian football has seen its reach extended to a wide range of fields (economic, political, cultural, and juridical) that have become pre-eminent and have pushed into the background the intrinsic sporting dimension.

Football's Seasonal Government

One of the consequences of Italy's passage from the First to the Second Republic has been the disappearance of one of the most bizarre models of government produced by Italian politics, the “seasonal” government: a temporary government that would serve between the resignation of one and the installation of a successor. The last two summers, clearly within the period of the Second Republic, have presented anew the image of the seasonal government, this time applied to the football emergency. With some semantic shading, government

is taken to mean not an executive structure but “action aimed at the achievement of an end.” In both recent cases, political and legislative intervention was framed in a context of deep crisis that flowed into a paralysis of competitive activity. In summer 2002, the start of the professional season (Serie A and B) was delayed because of a lack of agreement on television rights, for both clear and scrambled signals. The government’s intervention through the RAI (with orders to the public broadcaster to pay more than the figure tendered by its Administrative Council) resolved the question of broadcast rights for clear signals. The pressure by the president of the Lega Calcio, Adriano Galliano (Prime Minister Berlusconi’s delegate for football matters), on Rupert Murdoch, who was the sole owner of Italian pay TV at the start of the 2003–2004 season, produced a stopgap solution to the rights for scrambled signals. In January 2003, the government proposed the “loss-spreading” decree (clubs would be allowed tax relief by spreading their losses over a 10-year period), which was converted into law on 18 February. The reasons for the delay to the start of the Serie B season in summer 2003 were much more complex. The intricate episode of promotion to and relegation from Serie B was the result of a regulatory difficulty, and the issue was transferred (with devastating consequences) from the sporting judiciary to the ordinary one. Eventually, the government intervened to resolve the conflict over jurisdiction.

The solutions that ended both summer crises proved to be precarious and poorly cobbled together, producing only short-lived effects. What unblocked the impasse in summer 2002 (on the question of television rights and the spreading of budget debts across a decade) had the sole effect of avoiding existing conflicts for one year. With respect to television rights, there was agreement only on the issue that was least problematic: rights for clear signals, granted to the RAI. The same cannot be said for what was achieved on the other front: rights for scrambled signals. In this case, the provisional nature of the agreement quickly became apparent, in no way resolving the key questions of the existing internal imbalances of the Italian football world, that is, the wide economic division between major and minor clubs in the area of the commercialization of television rights. The fragile equilibrium constructed in September 2002, the result of a retreat to more modest demands by the smaller clubs (some of which were associates in PMT, Plus Media Television), had as its sole outcome the postponement to the following summer of a conflict whose essential elements remained unchanged. The situation was aggravated by the fusion of two pay TV outlets (Telepiù and Stream) into a single operator (Sky) starting in 2003, which created a market concentration of television rights. This had the effect of excluding some clubs from the

pay TV business also for reasons related to antitrust rules. No less disappointing were the measures introduced to resolve the economic crisis faced by football clubs (the football-saving or loss-spreading law); they are the subject of two infraction investigations by the EU Commission and a source of indignation in public opinion. Public opinion reacted negatively to the declaration of a “state of emergency” for Italian football, possibly because it coincided with the national sport’s lowest rate of approval, which may have been the result of Italy’s poor performance at the 2002 World Cup and the controversies that followed. However, negative public opinion did not impede the government and the football lobby from achieving their legislative objective.

Even more precarious was the durability of the solutions reached in summer 2003, solutions that, unlike those from the previous year, did not have the benefit of suspending the conflicts for an entire season. Indeed, conflict was unavoidable before such questions as which clubs would play in which division. The jurisdictional clash between the sport and ordinary judicial bodies led to two questions, one of a sporting nature and the other judicial. The sporting response was made concrete when the relegation of clubs from Serie B to C1 was blocked (for sporting and territorial reasons, the Fiorentina club was rescued from C1, while another club, Cosenza, was discarded for economic motives), thus requiring a widening of the division from 20 to 24 teams.² This solution solved one issue but raised many others, leading to a strike by all of the clubs, which meant that the start of the season was delayed by two rounds of matches. There also emerged a serious problem over the reallocation of resources, both competitive and economic (€103 million was to be divided among the clubs in Serie A and B, which now included 24 instead of 20 clubs in the lower division). Questions related to the competitive part of the game have been resolved only momentarily. It is easy to imagine that chaos will return in summer 2004 between the clubs in B on one side and the Federazione Italiana Giuoco Calcio (FIGC, the Italian Football Federation) and the Lega Calcio on the other; they will be divided over the question of the number of clubs that can be promoted into the senior division for the 2004–2005 season. With Serie B having two more clubs than they would have had without the incidents of summer 2003 (that is, 22 instead of 20), the spaces available for promotion are three instead of the usual four. Moreover, there was a tense confrontation over the question of how to divide financial resources for the 2003–2004 season. Riccardo Gaucci, the president of the Catania club, responded tersely to the proposal of the original 20 teams in Serie B to exclude the four clubs that had gained promotion off-the-pitch from the sharing of revenues. He rejected the claim that the

competitive advantage they gained from the unexpected promotion could justify exclusion from their rightful share of the pot.

A legislative response was also given to the chaos that exploded from the conflict between the jurisdictions. A decree was disseminated on 19 August (and converted into law in October 2003) that gained a nickname no less original than “loss spreading”: “TAR stopper.” The decree held that in cases in which actors in the sporting world feel that their rights are not adequately protected by judicial bodies, they have the possibility of turning exclusively to the Lazio TAR. The aim of the law was to avoid the partisan justice of local TAR (which have never ruled against local clubs that have turned to them) and to restore the legitimacy of sporting federations’ judicial bodies, which at that point were being regularly bypassed. Indeed, only time will tell whether the first objective will be achieved. On the other hand, the second goal quickly ran into difficulties. In November, the Lega Calcio, representing Serie A and B, brought before the Lazio Tar the CONI (the national Olympic committee and the top organization for sport) because it had not provided extra financial resources for the additional four clubs in Serie B.

There were two other controversial issues that emerged in summer 2003: the first was related to false financial guarantees deposited by some clubs, and the second involved the perennial question of television rights for scrambled signals. We will address the latter issue later in our discussion. With respect to the former, a judicial investigation began to uncover evidence of a network of schemers operating with ease around the football universe. The result was hardly an edifying image to the external world—neither of football as an extension of the economic life of the nation, nor of the internal structures and order that were supposed to ensure a measure of control and oversight. This was certainly the case with the federal body charged with the oversight of the football clubs’ budgets. The Covisoc has had its powers hollowed out over time to such an extent that it now operates on the opaque frontier between respect for accounting rules and a technical-financial free-for-all. Faced with matters that verged on dishonesty, the clubs that did respect the proper rules of accounting demanded that their virtuousness be rewarded in terms of a sporting gain at the expense of those clubs that were not so precise in their respect for the rules.

The game that the football system has played for the last two summers is a symptom of increasing hyper-atrophy. It is a crisis that the system itself can no longer manage and, therefore, requires the intervention of a “political government” to handle the emergency. The results, however, have proven to be more awkward and messy than those that might have been produced by quarrelsome and bewildered football actors.

The Institutional Crisis

The most dramatic feature of the crisis of Italian football is the institutional dimension. The chaos that struck Italian football (and, through it, all of national sport) was, above all, the result of a loss of legitimacy by its institutional structure and of the capacity to manage conflicts and tensions at the most basic level. The two institutions that should have regulated and, in the extreme, suppressed conflict (the FIGC and the Lega Calcio, representing Serie A and B) ended up being dragged into the mess and, in some cases, even contributed to its madness. Before examining the specific inadequacies of the two institutional actors, it is necessary to consider the context in which their loss of centrality took place. The FIGC and the Lega Calcio experienced a phase of political-institutional decline, which was part of a process of deregulation that began in Italian football in the second half of the 1990s. It was a deregulation that affected the two institutions in different ways yet brought them together through the difficulties they faced in governing their respective movements. The emergence of particularism, embodied primarily in demands by the large clubs to produce and directly manage their business interests, which were vastly superior to those of other clubs, had an impact on football's two institutional bodies. After a decade of conflictual relations (characterized by an alternation in their relative positions of power), these bodies found themselves on the same side of the barricades for the first time in an attempt to face down the demands and actions of actors (in this case, the clubs) that were always more recalcitrant to work within a rigidly fixed regulatory and legal framework.

The deregulation process struck the FIGC first. As an organization that embodies the centralized state, it felt the impact of processes that redefined the role of the nation-state and its various structures. The difficulty in containing initiatives by private actors, while having them respect the policy direction set by the political-institutional leadership, has marked the FIGC's actions in the same way as have parts of state intervention. The same has occurred with governing bodies at the head of rich and developed football institutions in other parts of Europe; they have all had to face a rebellion of the elite, which exposed the fundamental inadequacy of their power. The football associations have had to adapt themselves to a change in their position, which had been traditionally organized along hierarchical principles with the FIGC, as the state actor, at the head of the institutional structure that disciplined the sport. Using the threat of secession as a pressure tactic, the richer clubs have begun to negotiate on an equal basis, demanding an even wider role in the setting of federal policy

and in the management of economic activities and flows. The growing difficulties encountered by national teams seeking to play in international matches and tournaments exemplify this shifting equilibrium. Until the early 1990s, they were the recognized and uncontested apex of the FIGC's organization; now they must negotiate a role and space to conduct their activities. It was not that long ago that a national cap was considered an honor for an individual footballer, a reason to be proud, as well as providing an economic return and a prominent public image for the club.

Currently, national side commitments have become a bother and a burden. Once again, elite clubs, which have the most commitments in terms of matches that strain their player resources, are at the forefront of assuming this position. In these conditions, playing for the national side has ceased to be the highest form of representation in football. No longer viewed as something for which all sacrifices are to be made, it has become instead just another competition and not a very compelling one, given its weak negotiating position. The incidents of "diplomatic injuries" (when players claim to have an injury that prevents them from playing for the national side), especially for friendly matches, have become a ploy used by clubs as well as many players. National team managers are increasingly forced to choose second- and third-tier players, usually from small or medium-sized clubs. Moreover, there is the notion percolating that the national federations should compensate the clubs for use of their players. The capacity of the FIGC to impose policy direction and strategic choices has been seriously circumscribed in light of the rebalancing of the entire system and a reordering of the hierarchy. The poor performance of the FIGC's management during the last two years has only further eroded the institution's credibility. Moreover, the changes underway have contributed to the arguments in favor of a Superlega.

The other institutional actor, the Lega Calcio, representing Serie A and B, has also been mired in a permanent crisis and has seen a notable part of its legitimacy diminish. As mentioned earlier, the Lega's position and attitude have been more ambiguous than those of the FIGC. The reason for this is the weaving together of individual club interests, which are often at cross-purposes, with those of the league to which they belong. This ambiguity is most apparent when assessing the position taken by the clubs within the organization when considering the question of the Superlega. The Lega Calcio represents the unity of the 42 clubs in Serie A and B. However, at the same time, a group of clubs within the Lega has been quietly maneuvering to untangle itself from the unitary bond that has become a burden to its business plans. The perfect example of this conflict is Lega

Calcio President Adriano Galliani, who represents all of the clubs but is also executive vice-president of the A.C. Milan club, which is one of the architects of the proposed elite league. More than a conflict of interest, this is a tragic case of a split personality. On the one hand, we have Adriano Galliani, president of the Lega Calcio, champion of the unity of Italian professional football, and guarantor of equal treatment for small clubs with respect to the larger clubs. Moreover, he is also meant to protect the small clubs against the threat of secession of the larger, richer clubs. On the other hand, we have Galliani Adriano, a leading figure in the G-14 who participates in secessionist plans at the national and international levels.

It is a measure of the state of things in the Italian football world that a managerial figure so complex could go about his business seeking credibility and legitimacy. It is no coincidence that Galliani suffered the most humiliating defeats of his career as a football executive in a period of great tension within the Lega. Three episodes highlight Galliani's loss of capacity to exercise leadership. The first was his attempt to avoid a vote of no-confidence for the federal president, Carraro, by the clubs in Serie A and B, while the second was his commitment to defend the Lega vote to limit Serie B to 20 clubs, only to subsequently increase it to 24 a few weeks later. The third was his attempt to force the clubs in Serie B to play their matches the second week of the season on 7 September 2003. They were threatened with forfeiting the match by a score of 0-3 if they did not appear on the pitch; however, once an agreement had been reached for the Serie B season, the matches were played and the forfeits forgotten.

The discussion about the granting of pay TV rights also extended into the autumn and involved the institutional structures of the Lega Calcio, with the leading protagonists its two most senior executives: Galliani and Vice-President Antonio Matarrese. This event will be dealt with in more detail in the section dedicated to the fragile state of the Italian football market. What needs to be emphasized here is that an institutional body for whom the promotion and management of football's commercial television rights should be at the top of the agenda (not to mention that its head, Galliani, came from the television industry) has not been able to find a lasting solution to the problem for the last two years.

The real knot that the Lega Calcio management must untangle is the question of the composition of Serie A and B. It is perhaps a coincidence that Serie B had assumed a much more urban dimension than Serie A over the two tormented seasons. In the senior league, with the exception of the big clubs (Juventus from Turin, two clubs from Milan, and two from Rome) and a couple of medium-sized teams (Bologna

and the Sampdoria, which represents half of the support from Genoa), the roster included mostly teams from small or medium-sized cities: Parma, Modena, Lecce, Ancona, Siena, Perugia, Empoli (which is not even a provincial capital), and Chievo (which represents a neighborhood in Verona). On the other hand, Serie B was never more urban, with teams from Naples, Palermo, the other Genoa club, the other half of Turin, Bari, Florence, Catania, Cagliari, and Salerno. Added to these were clubs from cities that are important historical sites or have an important football pedigree: Trieste, Venice, and Verona. Such a fragmentation of the audience pool, although the result of league standings and questionable management, represents an irrational distribution of resources and a stunting of possibilities for growth. This is especially so for those who see Serie A as a league representing the economic elite and not necessarily the highest level of meritocratic achievement. As an institutional body, the current league is a fragile clearing-house for differing needs. It is divided between an enduring mission to represent a unity that interests only the smaller clubs and the temptation to promote an optimal level of development, which would mean abandoning any idea of equity and meritocracy.

Finally, there is one aspect, more than any other, that illustrates the crisis of the institutional framework of Italian football: the poor state of its regulatory structures as seen in the case of the Catania club. The pitiful state of sporting regulations (in which numerous contradictions have been discovered) is simply the formalization of a process of delegitimation that has been underway for some time. The collapse of the regulatory structure meant the disappearance of the last bulwark against the arbitrariness of the clubs. It implied the decline of the belief in legitimacy, which, according to Weber, any institutional arrangement is based upon, relying upon it for recognition and obedience. The dismantling of the regulatory structure for football (and sport in general) not only was the result of its poor condition or dubious application, but also stemmed from the loss of its capacity to intimidate through the one mechanism that had always been in place to ensure the autonomy of the sport's judicial bodies: the "arbitration clause."³ For a long period of time (since World War II), the clause was more than a legal instrument; it was a taboo that was not to be violated in order to preserve the sport's judicial autonomy and capacity to govern its own conflicts. The unhinging of the clause, due to internal actors looking externally (clubs looking to the ordinary judicial system to resolve matters related to the sport's regulations) and to external actors looking inside (the judicial system called upon to resolve the internal disputes of clubs), has meant the end of football and sport as arenas of judicial autonomy. When an

institution is no longer capable of resolving its internal disputes based on its own rules and mechanisms, forcing actors to look to other spheres of justice, then the crisis has reached a condition that is close to terminal.

The Impossible Market

One of the clearest signs of the immaturity of Italian football has been its inability to construct a modern and solid market structure. The exponential economic growth of the game beginning in the 1980s did not find a corresponding level of development in adequate managerial styles and practices. Instead, growth has been wild and rarely channeled in a rational way, thus generating excessive expectations that have paved the way for the current general disorder. The difficulty that Italian football has faced in trying to create a solid market structure can be traced using a few significant events from last year to illustrate the weak market structure that has emerged. We will examine this market weakness through the case of the relations between the football world and pay TV.

The 1999–2000 season was the first in which individual clubs granted broadcast rights to pay TV; previously, it was the league that had granted the rights and distributed the earnings to the clubs. This season inaugurated, for a brief period, the feeling that a new and inexhaustible gold mine had been discovered. In this initial phase, earnings from television rights surpassed those from ticket sales, resulting in a vision of a “virtual stadium” and an endless sea of revenues and fueling unrealistic expectations. The facts proved to be different from the expectations. The impact of pay TV in Italy was much less than had been estimated by investors, since the public’s willingness to pay to watch football was significantly less than predicted. Making matters worse, the capillary diffusion of pirated television signals drained the economic resources necessary for the survival of pay TV itself for a long period of time. On the whole, the Italian market demonstrated that it was not sufficiently mature to accommodate pay TV and even less to guarantee the co-existence of two competitive operators such as Telepiù and Stream (which eventually fused into Sky).

The immature state of the Italian television market affected football and its economic structures. With respect to the economic-financial balance of power within Italian football, pay TV only added to the imbalances, as the sale of broadcasting rights by individual clubs widened the gap between large and small. Now, there are two levels of clubs with a distance between them that cannot be bridged. The data

for the 2003–2004 season produced the following list: Juventus, €54 million per season; Milan and Inter, €49 million; Roma, €37.2; Lazio, €32; Parma, €24.8; Bologna, €13.4; Udinese, €12.9; Sampdoria, €7.3; Reggina, €7; Lecce, €6; Siena, €5. Almost all of the clubs on this list ceded to Sky the rights to broadcast their home matches. There were six Serie A clubs (Ancona, Brescia, Chievo, Empoli, Modena, and Perugia) not on this list that formed their own television platform, *Gioco Calcio*. These clubs had agreed to divide €50 million between them.

The case of *Gioco Calcio* is an instructive example of the grotesque nature of the market structure created by Italian football. The original intent was to set it up as a Lega project, constructed to market and exploit pay TV rights for football matches, but it was transformed into a private consortia with heterogeneous ownership.⁴ *Gioco Calcio* absorbed an original nucleus formed by the Plus Media Trading consortia (founded in 2002 and composed of 11 clubs from Serie A and B), counting among its founding partners five clubs from Serie A for the 2003–2004 season: Ancona, Brescia, Chievo, Empoli, and Perugia. A sixth club, Modena, was also involved but merely as a client, that is, its involvement was limited to selling its broadcast rights to the consortia. Two considerations about the competitive market in television rights emerge from this description of *Gioco Calcio*. The first is related to the anti-trust regulations that discipline the market in question and should be a lesson for any business school case study. The regulations establish that no single operator can acquire more than 60 percent of the total rights for matches to be broadcast by scrambled signals. This rule has two glaring limitations. The first is that the figure chosen for the threshold is ingenuously crude, since calculating market share on the basis of the number of games involves setting sights on the wrong target: the matches should be “weighed,” not counted. According to the present rule, a match between Brescia and Chievo, two small, provincial sides, counts just as much as a match involving Juventus. However, if we were to “weigh” the matches based on potential audience numbers, we would find a striking difference between the two matches as commercial activities. The second limitation of the anti-trust rule is even more bizarre in that it has not been updated to deal with a new market reality: the 60 percent threshold was set when the market had two operators competing for the rights to scrambled signals. Competition disappeared with the merger of *Telepiù* and *Stream* into *Sky* in summer 2003, yet the 60 percent limit remains. It is a deplorable situation when competition that does not exist is protected. Nor can competition be created by decree. As a result, a group of clubs was excluded from the business, not only for commercial reasons but legislative ones as well.

The second consideration is the path that *Gioco Calcio* took to get into the (non-)competitive market. Presided over by the vice-president of the Lega Calcio, Antonio Matarrese (a not entirely conventional detail), *Gioco Calcio* emphatically presented itself as the operator that would restore competition to the market for pay TV rights. However, if we glance back to the ownership structure of the consortia, we find that some of its original and distinguishing features illustrate the immaturity of market structures in Italian football. *Gioco Calcio* emerged as a firm to acquire and market the pay TV rights for the home matches of six clubs, excluding Modena: the clubs were both sellers and buyers of rights. They ceded pay TV rights to the consortia and estimated an annual return of over €50 million. The conditions of reciprocity that linked the clubs created an ownership structure that bordered on illegality. In fact, the clubs guaranteed each other's security deposit with the consortia, violating federation rules.

Gioco Calcio had estimated that despite poorly defined technology and season packages that were barely affordable (€30 per month, €360 for the year), it would have 150,000 subscribers for the year. At the end of November 2003, three months into the season, the figure remained stuck at 40,000. *Gioco Calcio's* failure to meet expectations reignited the conflict over broadcasting rights for pay TV and led to the threat by the five founding clubs to abandon the matches scheduled for 22 and 23 November: the clubs in question, deprived of pay TV revenue, claimed that they were at a comparative disadvantage with respect to the other 13 clubs in Serie A. However, the strike threat was also motivated by a perceived negligence on the part of the Lega Calcio president, Galliani. They claimed that he did not maintain a promise made during the summer to have the banking system provide financial support for the five *Gioco Calcio* clubs by securing credit that factored in future revenues. The strike was avoided, and less than a month later *Gioco Calcio* lost Modena, which broke its contract and jumped to Sky, claiming that its provisions had not been honored (a first payment due 31 October 2003 was never made). Customers who had signed up for a package that was to include the home matches of six clubs now had to make do with those of the remaining five. As a further illustration of the state of the market in Italian football, *Gioco Calcio* attempted to have banks factor future earnings into credit decisions. The campaign, spearheaded by Franco Tatò, who was brought in as an adviser, failed (in early 2004), and the only option was for the remaining clubs also to turn to Sky. Consequently, the 60 percent threshold will remain a nice showpiece for anti-trust legislation textbooks.

Externalizing the Crisis

A new variable was introduced into the permanent crisis of Italian football in October 2003. The European Commission initiated two separate investigations into the loss-spreading legislation. The first, conducted by Mario Monti, the Italian commissioner responsible for competition, explored whether the loss-spreading law was a form of state aid that gave Italian clubs an unfair advantage over their Continental rivals. The second, conducted by Frits Bolkenstein, the commissioner responsible for the internal market, dealt with whether a budgetary provision in the law contradicted European rules. The legislation, approved on 18 February 2003, allowed clubs to spread out their losses over ten budgetary years rather than the three permitted by European Union rules on corporate budgets. Both these inquiries could have an impact on this uniquely Italian approach to resolving the problems of this national industry, which have stunted the growth of football in the country. The center-right government, yielding to pressure from the football lobby but also wanting to ensure that the football season began as scheduled, produced the legislation on the basis of promises made in the summer 2002. The logic of the legislation was that it would be a one-off intervention that would put to rest, once and for all, the follies of the past and introduce a season of virtuous management. In this sense, the loss-spreading decree was part of a process that had begun in accordance with the players' union and that had started to put a downward pressure on the valuation of players on the market and on salaries.

The intervention by the European Commission threw the Italian clubs into a panic. They had not forgotten that it was European authorities who had profoundly changed the political, economic, and organizational basis of football in 1995 with the Bosman ruling. The suggestion by Brussels to change the legislation set off feverish activity among entire legal offices co-ordinated by the Lega Calcio, with creative attempts to ensure that everything remained the same.⁵ There was almost an apocalyptic fear among the clubs, all of which (with the exceptions of Sampdoria and Juventus) had already benefited from the accounting possibilities afforded by the legislation. If the loss-spreading legislation were annulled, it would have disastrous ramifications for the entire football system.⁶ In fact, the 2003–2004 football season was haunted by the potential cancellation of a legislative provision deemed essential for the survival of Italian football. However, contrasting positions have emerged over possible solutions to the challenge. On the one hand, there are those who are counting on the possibility that, in the end, all will be worked out,

as football is a pillar of Italian society and the economic activity it generates cannot be suddenly blocked. On the other, there are those who see something new in the intervention by European bureaucrats that does not augur well for finding a typical Italian solution. The two positions reflect different and practically irreconcilable visions of the market. One sees risk faced by firms as something that must be kept under control, especially in those cases in which the actors and sectors involved have a high social impact. The other, characterized by almost a fundamentalist faith in the market, pursues an abstract idea of perfect competition and the set of rules and activities that will guarantee it.

Whatever may result, Italian football must deal with an externalization of a crisis that has been projected onto the European level, where it is not possible to resolve problems through the politicization of football or by inventing typically Italian solutions such as the “loss-spreading” or “TAR stopper” measures. It was not a coincidence that in the same period when Commissioner Monti was throwing Italian clubs into a panic, some club presidents were ironically asking Berlusconi to sort out the matter, since he had been so quick to take credit when the law had been presented. Moreover, it is taken as a given that for Italian clubs, it is the European dimension that can shape sound economic activity. Indeed, during the same weeks that the Commission was beginning its proceedings, the European football confederation was formalizing the terms for a license (known as the UEFA license) that will be needed to participate in European Cup competitions. The license sets a series of parameters of eligibility, most of which are based on sound balance sheets. More precisely, economic-financial virtue, rather than technical capacity, is the essential prerequisite for the acquisition of a European “football citizenship.”

In the midst of the conflict between European institutions and Italian football, which at certain points seemed to present little room for maneuver because of the rigidity of the EU authorities, there emerged an event that could prove to be critically important: the decision in November 2003 to suspend the rules of the Stability Pact in the cases of France and Germany. It was a blow to the image of the Union’s institutions as the upholders of an ethical standard based on the observance of rules that were to apply equally in all circumstances. The event leads to two considerations. The first is that it was perhaps fortunate that it took place under the Italian presidency of the European Union. The second refers to flexibility in the interpretation of rules; as George Orwell said, “Some are more equal than others.” As an economic, social, and cultural phenomenon,

Italian football has an importance that transcends the mere national context. It is difficult to imagine EU institutions taking actions that might provoke extreme consequences for such an important industry. In the face of this situation, there is the dilemma of responding by saying “luckily” or “unfortunately,” because no matter what action is taken, the most important result of this event would be for Italian football to emerge from its state of arrested development. It is surely to remain there for an eternity if the strict European authorities consider it to be “more equal than others.”

— *Translated by Lynn Mastellotto*

Notes

1. P. Russo, “Il calcio italiano nei giorni di anomia,” *Quaderni di Sociologia* (forthcoming); N. Porro, “Introduction to the Special Issue on Football,” *Quaderni di Sociologia* (forthcoming).
2. It needs to be noted that the summer chaos exploded when the Catania club turned to the regional administrative court, the TAR. The Catania management resorted to the exceptional measure of looking to the ordinary courts because it felt an injustice had been carried out by the sport’s judicial bodies when it upheld the final score in a loss to Siena, even though the latter fielded an illegal player. This is not the place to enter into a detailed discussion of a long and complex affair. The important point was that the TAR ruled that the Catania club had to be reinstated into Serie B (its relegation had been determined by its position in the standings), indicating a rather unorthodox view that the division could have 21 clubs. The reason for resorting to an odd-numbered league was that if Catania was not relegated, there were two clubs (Napoli and Venezia) tied in points that would be forced to play a match to decide who would be relegated. This seemed unlikely, given that the season had ended weeks earlier, rendering a playoff impossible either for practical or technical reasons. It also would have led to even more judicial action if the two clubs would have been forced to play a match to decide who remained in Serie B. They both had earned their position in Serie B on the pitch in the previous season and had made technical and economic investments on that basis.
3. The arbitration clause is a provision in the regulations of every Italian sports federation. It states that controversies between members of the federation (athletes, coaches, executives, competition officials, clubs) must, for issues related to the sport’s regulations, be resolved exclusively by its own judicial bodies, without recourse to the ordinary judicial system. The latter may be turned to only with the approval of the federation. Sanctions for violating the arbitration clause could include expulsion from the federation.

4. Ownership shares in Gioco Calcio are divided as follows: Plus Media Trading, 39 percent; the Italian Chamber of Commerce for Opec Countries (Italopec), 33 percent; Franco Sensi (owner of the Roma club that had ceded its broadcast rights to Sky), 14 percent; Bg Tv, 14 percent.
5. In particular, reference has been made to using Article 2447 of the Civil Code, which “separates civil and fiscal effects of spreading losses” over a number of budgetary years. See M. Galdi, “Un articolo rincuora Pescante,” *La Gazzetta dello Sport*, 12 November 2003.
6. See the comprehensive investigation reported in *La Repubblica*, 31 October 2003.