INTRODUCTION: 2004—a Year “On Hold”

Carlo Guarnieri and James L. Newell

From the vantage point of early 2005, it seems probable that the year that has just come to an end will be looked back on by future historians as one of little change in Italian politics. There are at least three reasons for thinking this. One is that 2004 was yet another year in which the regime transition on which the political system appeared to embark in the early 1990s failed to show any real signs of coming to an end. If, by definition, the conclusion to such a process requires constitutional overhaul sufficiently widely accepted that it can survive, then the government-sponsored proposals presented to the Senate in March seemed unlikely to deliver this. Not only were there question marks at the end of the year as to whether the proposals could complete their parliamentary passage before the end of the legislature, but even if they do, it is unlikely, as Vassallo argues in his contribution to this volume, that the process of constitutional change will end there. Second, aside from the rules of the game, the game itself offered few examples of forward movement as interlocking vetoes ensured that reforms pursued in a range of areas in addition to the Constitution were not concluded—with the notable exception of pensions. Third, there was almost no apparent progress in terms of the political fortunes of either of the competing coalitions; the two seemed to be just about as evenly matched at the end of the year as they had appeared to be at the beginning.¹

The crowning symbol of this third aspect had been the outcome of the European Parliament elections halfway through the year, in June,

¹ Notes for this section begin on page 44.
when the parties of the center-right had taken 45.4 percent of the vote, and those of the center-left, 46.1 percent. If, as is widely believed, the results of such elections can usually be read as popular verdicts on the performance of incumbent governments, then those of 2004 offered few clear signs of the direction in which the political wind was blowing. On the one hand, Uniti nell’Ulivo displaced Forza Italia as the largest formation and outdistanced it by 10 percentage points. On the other hand, the performance of Uniti nell’Ulivo was virtually identical to the combined performance of its component parties in 2001; and though Forza Italia suffered heavy losses, these were balanced by gains for its allies, leaving the governing coalition as a whole in much the same position it had been in at the start of the legislature three years earlier. For this reason, the outcome contributed to the impression that 2004 had been a year in which Italian politics were in mezzo al guado—a year in which the thoughts of commentators began to turn to the conclusion of the legislature and the general elections that would follow, but whose events seemed to leave wide open the likely direction of future political change. Such thoughts and impressions were also encouraged by the fact that the European elections seemingly marked the onset of a new “electoral cycle” (whose subsequent stages would consist of the 2005 regional elections and a general election the year after), and by analyses, such as those of Guido Legnante, showing that the victory of the center-left in the June local elections offered “little solid ground … for forecasting future results.” Other analyses suggested that if the center-left could not perform better in 2006 than it had in June 2004, it would narrowly fail to oust the incumbent government.2

Within the House of Freedoms, the year was characterized by what Mark Donovan calls an “on-off battle” between its components over the government’s strategic orientation and thus over the balance of power within it. On the one hand, Berlusconi sought to operate according to a “presidential” logic, whereby the prime minister has wide discretion in his direction of government policy-making, with appointments being made at his behest and on the basis of his needs. Working in his favor in this respect were his position as leader of the coalition’s largest party and the direct endorsement of his incumbency by the outcome of the election in 2001. On the other hand, his coalition partners—especially the National Alliance (AN) and the Union of Christian Democrats and Center Democrats (UDC)—were keen to contest prime-ministerial domination. Working in their favor was the fact that, for all his power, Berlusconi remained the leader of a multi-party coalition and as such was obliged to lend himself to the search for compromises with forces whose discontent could threaten the government as a whole. These
two contrasting features meant that while at no time during the course of the year did the likelihood of the government lasting an entire term seem seriously to be outweighed by the likelihood that it would fail to do so, its legislative activity continued to reflect short-term compromises more than a shared vision of government.

The Government and Its Problems

All of this was reflected in the main problems facing the governing coalition in the period leading up to the June elections. These problems, which were inextricably interlinked, each arose, in one way or another, from the level of public expectations, the economic situation, and incompatibilities among the long-term political strategies of the coalition partners.

As far as the first of these is concerned, both the manner of its election in 2001 (becoming the first pre-constituted coalition to oust an incumbent government as a direct expression of the electoral outcome and with secure majorities in both chambers) and the promises made during the campaign gave rise to high expectations of what the government would achieve. However, internal divisions and the worldwide economic downturn following the Twin Towers attack restricted its ability to live up to these expectations, with consequent declines in its popularity: by the end of 2001, those expressing confidence in the government had already fallen to below 50 percent, and there was no improvement in the position during the course of 2002. In terms of declared voting intentions, polls suggested a constant, if modest, downward trend in support for the parties of the coalition from 52 percent at the time of the 2001 elections to averages of 49 and 47 percent in 2002 and 2003, respectively, and a further fall to 44 percent in 2004. By increasing disunity, such evidence of disenchantment gave rise to a vicious circle, making it more difficult for the coalition to meet the expectations it had created, thus leading to further disenchantment and even greater disunity, and so forth. Given the important role that Berlusconi had in the past played in mediating internal conflicts and, if necessary, in imposing discipline on the coalition, the situation was not at all helped by the fact that, as reflected in the European Parliament elections, essentially all of the government’s losses in opinion polls were accounted for by falls in support for Forza Italia, while support for each of its coalition partners remained more or less steady.

As far as the second problem, the economic situation, is concerned, since much of what had been promised in 2001 had been predicated upon the achievement of high levels of growth, economic stagnation was particularly problematic for the government in 2002 and 2003,
and even more so in 2004 as it entered the fourth year of its term with such “flagship” policies as significant income tax cuts still unachieved. In 2002 and 2003, increases in gross domestic product—at 0.4 and 0.3 percent, respectively—were far below the growth rates of 2001 (1.8 percent) and 2000 (3 percent). And though at the end of the year Il Sole 24 Ore was forecasting a rate of growth for 2004 of 1.3 percent, this was still well below the 1.7 percent average for the previous decade. Yet since the center-piece of the government’s appeal in 2001 had been precisely the promise to be able to deliver both tax cuts and increases in public expenditure (especially in areas such as welfare provision and law and order), growth was indispensable to the realization of much of the government’s program and crucial to its political fortunes. The eventual decision, despite the economic situation, to press ahead with a reduction in the number of tax thresholds from five to four, at a claimed saving of €369 per head, was reached after Berlusconi, whose personal fortunes were especially closely tied to the measure, had managed to overcome the obstacles created by his coalition partners. First, he threatened early elections at which Forza Italia would refuse any kind of electoral alliance; then he silenced the objections of AN by offering its leader, Gianfranco Fini, the appointment as foreign secretary that he had long sought. For these reasons, the measure appeared to be the product of political expedience rather than principle—one that had been taken not as the result of decisive leadership able to deliver the economic prerequisites for tax cuts, but as a hasty contrivance designed to counter falling popularity and achieved only after strenuous efforts had been made to overcome the mutual vetoes of the coalition’s partners. Not surprisingly, polls suggested that the likely electoral impact of the measure was uncertain, the tax cuts appearing to be interpreted by voters as little more than “the first positive sign of a ‘change of direction’ in government policy after months of disappointment and consequent discontent.”

But it was not just by virtue of its implications for the government’s program that economic stagnation proved damaging. Rather, since the electorate had been promised a “new Italian miracle” to be worked by a man who would do for the economy as a whole what he had done for his own companies, the gap between expectations and reality began to feed the perception—a perception that was not wholly without foundation, as Arnaldo Bagnasco shows in his contribution—that the economy and living standards were much worse than official data suggested. Thus, despite ISTAT’s figures showing a slight decline in the historically low rate of inflation from 2.2 percent in January to 2.0 percent in December, polls throughout the year continued to point to the cost of living as the issue of greatest concern to voters, while consumers’ groups continued
to protest loudly against what they claimed were massive hidden price increases made possible by the introduction of the euro at the start of 2002 and the government’s failure to monitor prices effectively. Given the general climate of pessimism fed by such perceptions, it was not surprising that consumer spending underwent a series of falls—for example, in October 2004, retail sales were 2.7 percent below what they had been in October 2003, falling for the fourth month in succession—bringing with them the possibility of the emergence of a vicious circle between perceptions of economic stagnation and the generation of precisely those behaviors most likely to create or to perpetuate it. It was thus also not surprising that at the end of the year, government spokespersons—foremost among them Berlusconi himself—could be found hard at work attempting to counter the prevailing impressions, contending that “the Italian economy ‘is not in recession’” and that “‘there is no fall in consumption … 2004 has been a good year.’”

This, then, throws a spotlight on the third source of difficulties for the government: incompatibilities in the strategies of its component parties. In flatly denying the evidence of recession, Berlusconi reflected what had been the essence of his and his party’s communications strategy since before the electoral victory of 2001. In the absence of (as Jonathan Hopkin puts it) “a coherent ideological or programmatic position on which to build a political party with aspirations to govern a complex modern society,” the focus of Forza Italia’s message has always been very much on Berlusconi himself, depicting him as “the man of action,” whose vast experience in the world of commerce has given him a peculiar capacity “to get things done.” However, when things patently are not getting done, the party is left with few options other than to deny the evidence, attributing gloom to “‘the usual pessimists of the left-wing newspapers who aim to sow despair.’” But although, as Hopkin demonstrates, the heavy emphasis on Berlusconi himself proved a dwindling asset in 2004, it continued to be used on occasion as a highly effective strategy for grabbing media attention and “thus dampening criticisms and hiding deficiencies.” When, during a meeting with Tony Blair in August, for example, Berlusconi appeared before photographers wearing a bandana, the message was conveyed that here was a successful businessman, very different from the usual politicians—one who speaks directly to the ordinary Italian, without the usual bureaucratic and organizational filters.

The problem was that the media focus on Berlusconi lowered the profile of his allies, appearing to reduce them to the status of mere adjuncts. Insofar as it encouraged them to struggle constantly to maintain their profiles through the pursuit of their own, not always compatible political and communications strategies, it acted as a further source of
complications for the government. Not surprisingly, these complications reached their apogee in the immediate aftermath of the June elections, which confirmed the weakened position of Forza Italia within the coalition. For months Fini had been agitating for a cabinet reshuffle, apparently concerned, in particular, about the damage being done to his party’s profile by Giulio Tremonti, minister for the economy and finance. On the one hand, the reductions in inter-regional resource transfers, and therefore the restrictions on public spending that seemed to be implied by the Northern League’s devolution ambitions, made Tremonti a key ally of the League, giving him a central role in maintaining harmonious relations between the latter party and Forza Italia, to the benefit of both. On the other hand, the tendency of a minister with little sympathy for the social welfare concerns of a party like Alleanza Nazionale to make economic policy decisions in a way that was less than collegial and often excluded AN as well as the UDC could not but be damaging for the deputy prime minister and his party. The outcome of the European elections gave AN the political resources it needed to present Berlusconi with the ultimatum that led to Tremonti’s resignation in early July. The outcome of these elections suggested that if there was a price to be paid for disunity and other government failings, it would be paid by Berlusconi and his party rather than by his allies—indeed, Berlusconi’s allies, and not the opposition parties, might be the main beneficiaries.

The government therefore appeared more stable in the second half of the year than in the first half. The prime minister’s allies seemed to have concluded that their long-term prospects were best served by allowing Berlusconi to continue to govern, “capturing, little by little, the voters that turn[ed] their backs on him,” while they pursued their own immediate interests. Thus it was that the second half of the year, in particular, was characterized by the “on-off battle” referred to above “in which sometimes ostentatious gestures of loyalty towards the leader [alternated] with equally clear moves [by his allies] to distance themselves from him.” And since such battles had also been very much in evidence during the previous two and a half years, they too contributed to the sense that 2004 was a year of stasis as far as the overall direction of political change was concerned.

The Coalitions of the Center-Left

Given the government’s difficulties, the optimistic start to the year for the parties of the center-left was understandable. An SWG poll carried out in December 2003 suggested that in a contest with Berlusconi,
Romano Prodi would be chosen by a proportion of voters 16 percent larger than the proportion choosing the entrepreneur—thus increasing pressure on the EU Commission president to effect an early return to the leadership of the opposition. However, long-standing weaknesses meant that for most of the year, the center-left proved itself unable to capitalize on its initial advantage. Of these weaknesses, the most fundamental were the sheer heterogeneity of the forces that it had to bring together, if it was to have any chance of beating the center-right, and the absence among these forces of any single party that was able to act as a “coalition-maker,” that is, a party that because of its relative size is able to dictate the terms on which intra-coalition negotiations take place and is thus able to impose upon it a certain minimum degree of discipline. Given these weaknesses, efforts to overcome the centrifugal tendencies within the coalition had taken the alternative route of attempts to convene a national convention of the Ulivo parties, whose purpose would be to give the coalition formal rules for the selection of its leader and the conduct of other aspects of its business, thus turning it into a sovereign body with the power to override, in at least some areas, the authority of its individual components. However, such efforts had been defeated by the very centrifugal tendencies they had been designed to overcome in the first place. Thus, having finally been fixed for 13 April 2003, the convention was then postponed indefinitely after the Greens, the Party of Italian Communists (PdCI), and the left of the Left Democrats (DS)—the “correntone” or “large faction”—on the one hand, and the Unione Democratici per l’Europa (Union of Democrats for Europe, UDEUR), on the other, had made clear their hostility to the project.

It was in this context that in July 2003 Prodi had launched the idea of a single list for the European Parliament elections—an idea that, from the point of view of reviving efforts to impose cohesion on the center-left, had to be judged as a masterstroke. In the first place, it was very widely believed within the coalition that Prodi’s leadership was essential to its chances of being able to defeat Berlusconi and the center-right at the next general election. The desire to ensure themselves of Prodi’s leadership put the parties under pressure to accept the proposal as well as the broader political implications of doing so. Thus it was that the DS, the Margherita, and the SDI all made official declarations to the effect that after the European elections, they would seek to follow up the single list with an attempt to launch a federation with Prodi as its leader. In the second place, by the simple expedient of stipulating that the single list was open to those parties of the coalition that wished to join, but that its inclusion of the largest was sufficient, the proposal automatically broke the power of veto of the parties unprepared to go along with it.
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A draft constitution for the projected federation was finally produced in October 2004 by a working group consisting of representatives of each of the four parties that had been part of the single list. In early December, the parties agreed to ratify by 28 February 2005 a slightly amended version of the document. At the end of 2004, the contribution that the document was likely to make to center-left unity was unclear, though the grounds for thinking that it would be a significant one were rather few. For one thing, though the document empowered the Federation to make decisions in matters of foreign policy, European policy, and institutional policy, it made no provision for individuals to be members of the Federation other than by virtue of membership in one of its constituent parties. Ultimately, therefore, the Federation itself remained an agreement among party elites without any autonomous capacity to compel adherence to collective decisions. For another thing, the document was utterly silent on the fundamental issue of the substantive aims and identity of the Federation. For these two reasons, it seemed likely that the Federation itself would remain as much hostage to the immediate political interests of the parties composing it as any of the previous agreements among them had been.

In the meantime, however, 11 October saw the birth of what became known as the Grande Alleanza Democratica (Great Democratic Alliance, GAD). Involving all the parties of the center-left, from UDEUR to Communist Refoundation (RC), this was an in-principle agreement to fight the next general election on the basis of a common program, to be presented the following year, and to choose a prime-ministerial candidate by means of primary elections. Its principal significance lay in what it implied concerning RC and its relationship with the rest of the coalition. Ever since the birth of the Ulivo in 1995, RC had always taken the view that owing to its embrace of neo-liberal theories, most of the remainder of the center-left could, in terms of defending the interests of the working class and the poor, be distinguished from “Berlusconism” in terms that were at most quantitative, not qualitative. While therefore it was happy to contemplate joint action against the center-right when possible, RC was always opposed to the idea of committing itself to anything resembling a long-term alliance with the rest of the center-left in advance of any agreement on the programmatic content of that alliance. It was for this reason that at the 1996 general election, its agreement with the Ulivo had been limited strictly to a set of stand-down arrangements, and after the election it made clear that it would support the incoming government on a “case-by-case” basis only. Now, however, it appeared to be significantly softening this position in an active search for a programmatic agreement with the rest of the center-left. The most likely explanation for what was, within the
party, a bitterly contested shift probably lies in the emergence of the Federation. On the one hand, if it were successful, it might draw into its orbit the more radical forces, such as the PdCI, the Greens, and the Occhettiani, thus sapping RC’s influence within the center-left by leaving it isolated. On the other hand, by offering primary elections for the selection of a prime-ministerial candidate, it offered RC leader Fausto Bertinotti an opportunity to enter a contest himself—and thus the opportunity to unify, behind his own leadership, the coalition’s left-wing forces, whose collective bargaining power vis-à-vis the more “moderate” Federation would, as a consequence, be strengthened.

Such novelties notwithstanding, confirmation of the ongoing disunity underlying the Federation and the GAD—and thus of their weakness as forces for cohesion—came on 20 December when a dispute broke out between Prodi and Francesco Rutelli over the desirability of single Federation lists for the regional elections in 2005. For Prodi and his supporters within the Margherita, such lists were necessary in order to maintain the momentum behind the emergence and consolidation of the Federation. Rutelli, on the other hand, argued that single lists should be presented only in those regions where there was evidence that they would attract more votes than the combined sum of the votes likely to be attracted by lists presented by each of the parties separately. This proposal was unable to win the support of the DS, who felt that it would penalize them by making it possible for the Margherita to field its own candidates in the regions where it was strongest while obliging them to merge their identity with that of single lists in their own “red-belt” strongholds. Unable to reach agreement, the parties were obliged to accept that the decision whether to field single or separate lists would have to be made locally, within each of the regions concerned. But this was not the only “family row at Christmas”: on 27 December, UDEUR leader Clemente Mastella announced that he was withdrawing his party from the GAD, frankly acknowledging that the move was part of an attempt to extract an agreement concerning candidacies for his own party in 2005 and 2006 from the other members of the alliance.

Behind these incidents it was possible to discern both the extent of the “blackmail” power that the coalition’s smaller components were able to wield and, as Donovan points out, the influence of the prospects that had opened up during the course of the year for the resurrection of “centrism” in some more or less distant future. Neither the UDEUR nor those within the Margherita whose roots lay in Christian Democracy had ever made much effort to hide their conviction that their long-term political fortunes lay in rebuilding, along with centrists in the House of Freedoms, a large party that would be able to exploit
its position in the center of the political spectrum and act as the mainstay of all feasible governing coalitions in the way that the Christian Democrats had been able to do for so long. Though these were clearly long-term ambitions, brandished from time to time for the purposes of “blackmail,” rather than goals with any immediate prospects, two developments in 2004 gave them sustenance. One, as we shall see below, concerned the growing calls within the governing coalition for a reform of the electoral law, the calls apparently being motivated by the fear that with the current law, “the House of Freedoms risked being transformed into an opposition ghetto.” According to this line of thought, it had been the personal appeal of Berlusconi that had won the elections for the center-right in 2001—but this appeal was now fading, and in any case Berlusconi would one day leave the political scene. “Given even a small margin, analogous to that of 2001 but with the opposite sign, the much maligned Mattarella would condemn the current majority to opposition, while especially penalizing the more moderate elements that would be unable to exploit the smaller ideological distance between themselves and the coalition’s adversaries, especially former Christian Democrats, in the opposing camp.” The second development was the growing disenchantment in certain intellectual and political circles, a decade after the reform of 1993, with the bipolar character of Italian politics, apparently based on two coalitions unable to find clear and stable identities, yet each permanently engaged in the delegitimation of the other and thus unable to nurture the underlying consensus on fundamentals upon which the stability of democratic conflict necessarily rests. According to this line of thought, bipolar arrangements are unsuited to the Italian context, the deep divisions of which would be much better managed by proportional arrangements, with their greater scope, as compared to majoritarian systems, for mediation and consensual decision-making.

A Less Consensual Style of Policy-Making?

If proportionality and consensual decision-making had traditionally meant that policy-making in Italy was unusually exposed (in comparison with other democracies) to the demands of societal interests and pressure groups, the political upheavals of the early 1990s and their aftermath had allowed the state to acquire a “harder shell”—a feature that it has retained in the years since then. For this reason, too, it was reasonable to think that following the early years of the legislature, dedicated as they had been mainly to the implementation of the most
straightforward of the government’s election promises—such as the abolition of the inheritance tax or the increase in state pensions—and to the measures designed to protect the prime minister’s immediate interests—such as the large number of small-scale judicial measures—the year 2004 would be characterized by a more committed attempt on the part of the government to implement its program. The conditions seemed favorable: it was supported by a solid majority, the direct expression of the election outcome, and by institutional arrangements that, while by no means perfect, had in recent years been the object of noteworthy improvements designed to strengthen governing capacity.\(^{21}\) In reality, although the year brought with it one or two reforms, they were far from substantial and did not arouse great interest.

The most significant achievement was probably the pensions reform. Most observers had agreed for some time that government action in the field of pensions was urgently required. International observers had been especially convinced of this, and indeed the “vincolo esterno” (or “external constraint”) was among the most powerful of the factors working to ensure that the proposed reform would be approved. As David Natali and Martin Rhodes demonstrate, the pensions reform illustrates very well the most significant features of policy-making in the present political conjuncture, which has been marked, above all, by the end of “concertation,” that is, the attempt of government to pursue reform through negotiation with the principal social partners. The government adopted a gradual, flexible strategy—one that was characterized by a constant series of stops and starts—aimed above all at keeping its majority cohesively lined up behind it. In the end, however, it made its decision by turning its back on the demands of the trade unions and, in part, on those of Confindustria as well. What is probably the most important aspect of the reform, then, is that in contrast with what has tended to happen hitherto, a significant decision was made without the agreement of the principal groups affected by it. As far as the substance of the reform is concerned, it seems likely that its impact will be limited. The public expenditure savings generated by the measure will probably vary between 0.2 and 0.7 percent of GDP, but this will not happen before 2008—and this is by no means the most pessimistic scenario being talked about. Moreover, thanks especially to the role played by the Northern League, territorial divisions have had an especially significant impact on the reform. Local interests have always been important, but what is new about the current instance is that the territorial dimension has emerged publicly in such a way as to favor the north—and especially Lombardy—with consequences for the future that are as yet difficult to predict.
The government followed a similar strategy in relation to the reform of the judiciary, one of the most high-profile policies contained in the House of Freedoms’ election manifesto. Again, the government showed great flexibility, frequently pausing to take account of the interests expressed by the parties of the majority, revising its plans accordingly, and thus taking over two and a half years to obtain their agreement to a specific set of reform proposals. In this case, too, outside demands were rejected. Of these, the most significant were not so much those of the opposition as those made by the group that had traditionally had the most influential role in policy-making concerning the judiciary, namely, the National Association of Magistrates. The criticisms of a large part of the academic community were likewise rejected. This may explain in part why the reform—which inevitably concerns institutional matters of extreme sensitivity—ran up against the president’s suspensive veto. Owing to this, the outcome of the proposed reform remains uncertain. What is clear is that the process of reform will, as Patrizia Pederzoli emphasizes, be quite complex: the reform itself will require the passage of a large volume of secondary legislation, with the result that considerable time will be needed for its implementation.

The drawbacks of the government’s strategy have been most apparent in the case of its attempted constitutional reform. As Vassallo points out, here too the government’s overriding concern has been to preserve the unity of its majority, leading it constantly to revise its initial plans, with the result that the project is still a long way from achieving final legislative approval. The need to reconcile the highly diverse positions of the governing parties has led to an extremely complex and, all things considered, schizophrenic text. Alongside measures designed to strengthen governments, such as the much-debated provisions concerning the premature dissolution of Parliament, there are others, such as those concerning the role of the Senate and its membership, that in contrast appear to complicate considerably the legislative process. It is natural to wonder whether the desire to ensure that every member of the coalition was satisfied has led to a set of proposals that can actually be implemented. However this may be, bearing in mind the opposition’s intention to call a confirmatory referendum on the reform, it is extremely unlikely that it can take effect before the end of 2006.

In the final part of the year, the government, and especially the prime minister, sought to speed up the process of tax reform, one of the central pillars of the center-right’s election manifesto. It is likely that once the dust has settled, the impact of the reform will be much more limited than the government has claimed. As already suggested,
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however, the decision to speed up the process was reached after a series of heated discussions within the coalition in a context marked by the indifference or opposition of the “poteri forti” and in which the “external constraint”—in contrast to what happened in relation to the pensions reform—constituted a not insignificant obstacle to be overcome. The result, one of modest proportions, was obtained thanks to a significant watering down of proposed public spending cuts, a consequent increase in the levels of indirect taxation, and, most importantly, a strengthening of the role in government of the parties least enthusiastic about the reform—AN and the UDC.

The year did therefore see the consolidation of a less consensual style of decision-making—a consequence of the new bipolar configuration that now more clearly distinguishes the roles of government and opposition and that gives governments greater room for maneuver than they had had in the past. It remains the case, however, that results were achieved at the cost of laborious processes of negotiation within the coalition and, in some cases, at the expense of the largest party, Forza Italia. The incisiveness of measures suffered as a consequence, as was true of the pensions and tax reforms, not to mention the still-to-be-finalized constitutional reform project. The need to recompense allies, moreover, led to choices that were not always happy ones, such as the decision to nominate Rocco Buttiglione as a European commissioner to take the place of the much more prestigious Mario Monti.

Leaving aside the substantive issues at stake, the Buttiglione case showed, among other things, that Italy’s political class has a tendency to ignore the substance and style of political debate that takes place in most of the countries of the European Union. In fact, as Mark Gilbert emphasizes, the high level of professionalism of Italy’s diplomatic staff has failed to mask the fact that the Italian government’s European policy—but also that pursued by the opposition—seems not be informed by any awareness of the central change that has taken place, namely, that there is no longer any large European country wishing to pursue federal goals. With the advent of the Berlusconi government, Italy had initially sought to distance itself from its traditional “Euro-friendly” foreign policy, but it found itself unable to rely on the support of the British—who continued to regard the French and the Germans as their principal interlocutors—or even to any extent on that of the Americans, something that was problematic owing to the divisions caused by the war in Iraq. It should therefore come as no surprise that the partial resumption of more markedly federal positions after Franco Frattini became foreign secretary did not produce any concrete results.
A Disappointed and Worried Society

Before a political system whose actors still have difficulty in making decisions, and especially in making good decisions, there stands a society afflicted by a general sense of malaise, one whose members find themselves called upon to deal with problems beyond their ability to cope and who lack the support of efficient political institutions. Indeed, all too infrequently the suspicion arises that these institutions play an obstructive role and that their functioning is bent to the protection of the interests of this or that narrow group. The Parmalat affair was an exemplar of this sort of thing. Following the Argentina and Cirio affairs, and in a context of economic stagnation, investors found themselves, for the third time in three years, having to grapple with yet another case of severe financial insolvency. This time, however, it was not faraway South America or a second-division firm that was involved, but one of the most important firms quoted on the Milan stock exchange, a firm that until just a few months previously had been warmly recommended to investors by the most prestigious finance companies. Politicians’ reaction to the collapse was disappointing, and the comparison with the Eron case offered by Marco Onado makes depressing reading: in contrast to the immediate, hard-hitting measures introduced in the United States, in Italy, a reform designed to protect the interests of savers was still languishing in Parliament at the end of 2004. Threatened by the proposed reform, vested interests had succeeded in blocking all attempts at genuine innovation.

Given this, it is easy to understand the sense of malaise felt by those traditionally most in the habit of saving, that is, the middle classes, or at least those who regard themselves as middle-class. As Bagnasco explains, notwithstanding their limitations, the available data would not, in and of themselves, justify such a feeling. If any group has suffered impoverishment in recent years, it is the working class—and even then mainly those at the bottom of the earnings league. The position of the middle class is complex, and generalizations equally valid for all the groups of which it is composed are difficult to make. What is apparent is a sense of disorientation, seemingly caused by a drop in real income at a time when the promises made during the general election of 2001 had painted a rosy picture of prosperity for almost everyone.

But disappointment has by no means been the preserve solely of intermediate categories. Powerful groups, such as Confindustria, have suffered their own disappointments. This is why the organization elected as its president a man whose approach differs substantially from that of his predecessor and who is decidedly more critical of the government, whose rejection of “concertation” has affected not only
the trade unions but also the industrialists’ organization. The pensions and tax reforms—the latter being passed after Luca Cordero di Montezemolo had already become Confindustria’s president—were both instances in which the industrialists’ demands were ignored. The strategy of collaboration pursued since 2001 had not paid dividends. In a period marked by economic difficulties—one which saw the crisis of such large firms as Fiat, profound changes in the nature of Italian capitalism, and growing competitive pressures from abroad—industrialists felt that the government was failing to give them proper attention. The aim of Confindustria’s new leadership was to find a way of getting back on top of the situation, partly by reassuming a position of complete political autonomy and by seeking to rebuild its relationship with the trade unions. As Giuseppe Berta emphasizes, these are not objectives that will be easily achieved.

The year 2004 provided further confirmation that the Italian political system has in recent years seen an increase in its capacity for effective decision-making. But this relative improvement has not yet rendered it equal to the internal and external challenges that face it. Decision-making processes remain tortuous. This is in part the result of rules that still make it difficult for governments to direct the work of Parliament, thus pushing it in the direction of adopting various subterfuges, which have recently been the subject of authoritative criticism. As we have stressed, the fundamental problem is the heterogeneity of the governing coalition, the conflicting political objectives of whose components prevent the realization of a unity of intents, thus making it harder to achieve difficult political decisions, as David Hine clearly shows in relation to budgetary policy. In addition, the “blackmail” power of the small parties is still too great to be overlooked in a situation in which, in terms of popular support, the two coalitions are in a state of substantial parity. Thus it was that in the end the prime minister was given the green light to proceed with tax cuts—much more modest than those announced, however—only after he had agreed to a reshuffle that considerably weakened the position of Forza Italia within the structures of government. In recent months, Forza Italia has, with the departure of Tremonti and Frattini, lost two important portfolios. Meanwhile, with the advent of Fini, AN has captured the Foreign Ministry, and the UDC, with the advent of Follini, has secured both the Civil Service Department and the position of deputy prime minister. To which can be added that recent weeks have once again seen deputies of the majority hijacking the budget by inserting the usual endless string of micro-sectional provisions.

Given all this, the recently announced institutional reforms do not seem to be equal to the tasks they are required to perform. The
constitutional reform project has, as we have discussed, a number of significant defects and cannot, in any event, come into force prior to the elections of 2006. Again, the majority’s proposals for reform of the electoral system—presented in December by parliamentarian Vincenzo Nespoli—seem to fly in the face of what is required. Without going into the details—bearing in mind that the proposals have not yet been presented formally—28—it may be noted that the plan, if implemented, would serve only to reinforce the positions of the individual parties within each coalition, thus in all probability rendering the policy-making process even more convoluted than it already is. If this were to come to pass, 2004 could certainly be seen as a year “on hold,” but as a year “on hold” in relation to a reversal of that process which, with all its limitations and contradictions, has seen significant attempts since the early 1990s to reinforce the decision-making capacity of the Italian political system.

Notes

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1. In January, an Ipsos voting intention poll, among others telling a similar story, had given the parties of the center-left 44 percent and those of the center-right 45 percent. In November, an ISPO (Istituto per gli Studi sulla Pubblica Opinione) voting intention poll had given the parties of the center-left 42 percent and those of the center-right 41 percent; http://brunik.altervista.org/riepilogo.html (accessed 24 December 2004).
6. According to Forza Italia’s Web site, http://www.forza-italia.it/speciali/finanziaria05_misure.htm (accessed 26 December 2004), the number of thresholds was reduced to three. However, at AN’s insistence, the number was reduced only to four, but the fact was disguised by calling the top rate of 43 percent on income above €100,000 a “solidarity contribution” of 4 percent (the next rate down, applicable to income above €33,500, being 39 percent).


12. Pagnoncelli, “Italy.”


19. Ibid.


23. As emphasized by C. De Micheli and L. Verzichelli, Il Parlamento (Bologna: il Mulino, 2004), 305ff., and by Ceccanti and Vassallo, “Il sistema politico italiano.”

24. In the case of the recent finance law, for example, the government incorporated in a single, very long article, which contained 572 paragraphs, a range of disparate measures and then subjected the article to a confidence vote—with the result that a very large number of amendments automatically fell. Though this practice has been a habit of governments for about a decade, it was criticized by President Ciampi when he referred back to Parliament the law concerning the organization of the judiciary, which included an article of 49 separate paragraphs.

26. Tremonti was replaced by a technocrat, Domenico Siniscalco, who cannot be considered to be especially in sympathy with Forza Italia.


28. In an attempt to eliminate the gap that has long penalized the center-right in the support it receives in the proportional and majority arenas, but without changing the current distribution of seats between the two, the center-right would propose to abolish the proportional ballot but to proportionalize the majoritarian ballot. In other words, voters would cast a single ballot for their preferred parties. The ballots would then be used to determine the outcome in the single-member constituencies—by summing the votes received by all parties belonging to the same coalition—and the assignment of seats in the proportional arena.