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# Dissolution of the Italian Political System in the Nineties. External Constraint, Europe and the Global System

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Simona Colarizi

# Dissolution of the Italian Political System in the Nineties

## External Constraint, Europe and the Global System

### Abstract

*To explain the chain of events that led to the rapid collapse of the Italian political system and the consequent disappearance of the main Italian parties between 1992 and 1994 the national dimension alone is not sufficient. It needs to be integrated with the broader framework of the Cold War and the European integration process. In doing this, the work highlights the difficulties of the Italian political class in facing the challenges posed by the globalisation process, the advance of economic and monetary union, and developments in the bipolar balance; it also shows how their interweaving with domestic economic difficulties and problems of political legitimacy, corroborated by scandals and judicial investigations, slowly but surely undermined the foundations of the so-called First Republic from the 1970s until its dissolution.*

*Keywords: Italian Political History, «First» Republic Collapse, Italian Political Crisis, Italian Economic Crisis, European Monetary Union, End of the Cold War.*

The generally accepted narrative attributes the end of the first Italian Republic (1992-94) to the «Clean Hands» operation, the criminal investigation into political corruption, sparked off by the unexpected arrest of an obscure employee of the Socialist Party (Mario Chiesa), defined by Craxi as «only a rascal». A «pebble» that however caused an overwhelming mudslide gathering momentum from multiple other political corruption cases which had been going on for some 20 years. An obviously «simplistic» interpretation of an extraordinary event producing a deep wound in the Italian Republic, as well as a one-off case in the history of western Europe, none of whose countries had experienced a similar collapse of an entire political system since the early 20<sup>th</sup> century, leading to the simultaneous disappearance of all its core political parties.

The mere size of the collapse also indicates the complexity of an event that has been and still is at the centre of an intense historiographical debate between political and international relations historians, political scientists, sociologists, economists and media scholars. The nationwide dimension of the issue – affecting diverse levels from political parties to institutions and civil society, including the economy and the cultural system – is not sufficient, however, to

explain the causes or identify and understand the accelerations and pitfalls of a process that led to the dramatic collapse of the Eleventh Parliament Term (1992-94). Nevertheless, although all these internal elements remain essential to understanding the years that preceded 1992, there is common agreement amongst historians that between the Seventh and Eighth Parliament Term (1976-79 and 1979-83) a slow process of dissolution of the Italian party system began to set in<sup>1</sup>.

Necessary though this interpretation is, it is also necessary to integrate national events with the international framework related to a bipolar US-USSR world balance, as well as to the development of European institutions: two crucial elements which also influenced the fall of the First Republic in Italy. Since the second half of the Seventies, the international scene had embarked on a vast transformation via the decline of the industrial era in the US and Europe and the opening of a different period – variously known as post-modern, post-industrial, post Fordist or communicative, or technological. A period that revolutionized relations between world powers, as well as equilibriums in world finance, politics, economics, society and culture. To European nations, east and west, who had benefited for 30 years from a period of peace and relative prosperity (for western European nations truly a golden age), this profound change posed a mighty challenge.

In Italy change coincided with an exhausted political class: the «movements phase» had challenged the grip of political parties over a civil society that was waking up fast, while both red and black terrorism, coupled with the offensive of organized crime, were all wounds in the body of the Christian democrat party delegitimized by scandal. On the other hand, the strength and vitality that appeared to characterize the communist opposition were insufficient to force a change in a political system where continuity was ensured by the PCI itself. A PCI bent on gaining from the Catholic party's weakness, in the hope of receiving a long-awaited green light to govern. Such legitimation would have meant a passport to an alternative future leadership of the country, which both Washington and Moscow continued to deny, careful not to alter the cold war equilibrium in Europe<sup>2</sup>.

These international constraints, coming at an extremely delicate moment for the Italian political system, blocked any possible alternative government between the two coalitions. Such abstention as well as the national solidarity governments of the Seventh Parliament Term had frozen the status quo around the now evident - but for many years underground – PCI-DC entente, resulting in an only apparent unlocking of the political system. In fact, it was a defensive, understandable yet conservative decision and the reverse of the kind of profound renewal needed in a changing international scenario. Not that it was a simple task to perceive what was happening in a world difficult to understand in its own right, and especially when viewed via the traditional cultural parameters of the two major parties, the DC and the PCI, both of them rooted

<sup>1</sup> G. De Rosa, G. Monina (eds.), *L'Italia repubblicana nella crisi degli anni Settanta*, vol. 3, Soveria Mannelli, Rubbettino, 2003.

<sup>2</sup> S. Pons, *La Bipolarità italiana e la fine della Guerra fredda*, in S. Pons, A. Roccucci, F. Romero (eds.), *L'Italia contemporanea dagli anni Ottanta a oggi*, vol. 1, Roma, Carocci, 2014; F. Romero, *L'Italia nelle trasformazioni internazionali di fine Novecento*, in S. Pons, A. Roccucci, F. Romero (eds.), *L'Italia contemporanea*, cit.; Id., *Storia della Guerra fredda. L'ultimo conflitto in Europa*, Torino, Einaudi, 2009; G. Formigoni, *Storia d'Italia nella Guerra fredda (1943-1978)*, Bologna, Il Mulino, 2016.

in an Italian society based on large collective labour organizations which were active in civic as well as political communities.

On the other hand, weak signs of novelties – overlapped by the heavy heritage of the past – sent illusionary signals of a phase of continuity which seemed manageable by the old parties, if one only considers that in 1976 both the PCI and the DC reached a peak of electoral consensus, equally sharing 75% of the vote. The Catholic party thought it could maintain its leadership – albeit weakened by ongoing secularization of society and by political scandals – because of the Atlantic constraint, a powerful shield against the communist challenge at the 1976 elections. But the fear that the communists might outstrip the DC at the elections dissolved; the national solidarity government became embroiled in economic and terrorist emergencies in which it enjoyed the support of the communists; and during the Eighth Parliament Term (1979-1983) the Christian democrats distanced themselves from the awkward embrace of their adversaries and returned to manage the political system upon the more traditional equilibrium of the old centre-left coalition, a decision enjoying the blessing of the Americans<sup>3</sup>. Yet nothing would return to normal: the process of delegitimation fed by ever-new scandals would not slow down, and was now exploited by the communist opposition which, excluded from government, worked up the moral issue to cover a void in its own political strategy. Even the Catholic hegemony over the political system appeared to be on the wane as the more aggressive socialist ally decided to profit from its coalition strength and claim an equal share of power<sup>4</sup>.

While in the rest of the west developments were advancing quickly, the PCI saw nothing for it but to return to the past: their only room for manoeuvre allowed by Moscow and Washington was association in the national solidarity government, similar to the 1944-1947 antifascist coalitions<sup>5</sup>. Having archived Helsinki and Salt 1 and 2 (1972-1974), pillars of a fragile peace amongst superpowers, in this new season of international conflict Berlinguer found himself in opposition once more with no strategic vision for the future. In 1979 he would pay the electoral price of his decision to ally with the Catholics, thus disappointing part of the electorate conquered in 1975 and 1976 when to many from the middle class the communists had appeared poised to defeat the DC hegemony and make good their campaign promise of 'government by the honest'. Above all, in the Eighties the PCI proved unable to carry through any ideological revision; it underestimated international developments and remained tied to the soviet communist world as this headed towards its demise.

Engrossed by the relative paralysis of domestic policies, the main parties failed to keep abreast of a Europe swept by a globalization process that was phasing out the Keynesian season and ushering in a new phase of liberalism and monetarism<sup>6</sup>. This inversion of economic

<sup>3</sup> F. Malgeri, *La Democrazia cristiana*, in F. Malgeri, L. Paggi (eds.), *L'Italia repubblicana nella crisi degli anni Settanta*, vol. 3, *Partiti e organizzazioni di massa*, Soveria Mannelli, Rubbettino, 2003.

<sup>4</sup> A. Giovagnoli, *Il partito italiano. La Democrazia cristiana dal 1942 al 1994*, Roma-Bari, Laterza, 1996; S. Colarizi, M. Gervasoni, *La cruna dell'ago. Craxi, il partito socialista e la crisi della Repubblica*, Roma-Bari, Laterza, 2005.

<sup>5</sup> S. Pons, *Berlinguer e la fine del comunismo*, Torino, Einaudi, 2006.

<sup>6</sup> R. Gilpin, *I mutamenti economici degli anni Settanta e le loro conseguenze in Italia*, in S. Pons, A. Roccucci, F. Romero (eds.) *L'Italia contemporanea*, cit.

policy throughout western Europe originated in the early Seventies with creation of a monetary system, the EMS, marking the end of the 1944 Bretton Woods agreement. The decline of the «golden age» was also forcing EU economic systems into a gradual inversion of economic and financial policies, while the 1973 oil crisis brought stagflation that amounted to 18%. The cabinets of «historic compromise» – born in 1976 partly as a reaction to the economic emergency – embarked on an austerity policy and rescaled both salary and pension growth which had been uninterrupted since 1969. Steady devaluation of the lira which had reached nearly 50% between 1976 and 1980 injected competitiveness into the national currency, favouring exit from recession<sup>7</sup>. The beneficiaries were mainly smaller export-oriented manufacturers who increased sales and profits by reducing their non-competitive activities and decentralized both manufacturing and services, as shown by a high growth rate (4.7% of GNP) mostly concentrated in the north-east (+12%), while huge difficulties were faced by large manufacturers who were restructuring via automation, computerization and robotization, all of them causing a pronounced fall in employment levels<sup>8</sup>.

When Italy's lira entered the European monetary system in 1979 at a relatively fixed exchange rate, the advantages of that devaluation policy were lost, even though for another 10 years the lira was kept out of the fluctuations of the stronger currencies, -2.25% compared to the -6.5% of the lira. Nevertheless, remaining in the EMS entailed strict control over inflation as well as rigorous protection of exchange rates vis-à-vis the German mark, the strongest of the EU currencies. This was a challenge to a domestic political establishment saddled with a public sector that represented one of the highest market shares in the west and, at the same time, a bottomless pit for the State's finances that had become increasingly fragile since the early Seventies. The monetary issue was therefore closely related to losses from companies in the public sector managed by so-called «boiardi di stato» (State boyars), appointed by the parties and careful in satisfying the needs of their political affiliations to the detriment of healthy management. Consequently, corruption spread and increased from 1973 when a first episode of «tangentopoli» led to a law (1974) regulating public financing of political parties, though it failed to slow down the flow of money<sup>9</sup>.

On the other hand, unofficial payoffs to political parties were common practice, known and tolerated. Ciriaco De Mita, precisely when Parliament was discussing the political party financing law, told the «Corriere della Sera»: «Suddenly someone discovers that ENEL finances political parties, as if it were not known that this is one of the sub-institutional obligations of all State-owned companies»<sup>10</sup>. The large amounts of money needed to cover the cost of politics was not the only reason for the financial debacle of State or quasi-State companies, particularly ENI and IRI which were recurrently saved by State intervention. As an example, in 1971 those two State-owned giants attempted to expand by strengthening their share in Montedison capital, a

<sup>7</sup> P. Ciocca, G. Toniolo, *Storia economica d'Italia, 2. Annali*, Roma-Bari, Cariplo-Laterza, 1999.

<sup>8</sup> G. Berta, *L'Italia delle fabbriche. La parabola dell'industrialismo nel Novecento*, Bologna, Il Mulino, 2014.

<sup>9</sup> *Ibidem*; V. Castronovo, *Storia economica d'Italia. Dall'Ottocento ai giorni nostri*, Torino, Einaudi, 2013.

<sup>10</sup> S. Colarizi, *Un paese in movimento. L'Italia negli anni Sessanta e Settanta*, Roma-Bari, Laterza, 2019.

private company until 1968, and putting at its helm Eugenio Cefis, past CEO of ENI. Cefis' ambitious plan was financed via a heavy banking debt the cost of which was charged up to ENI and IRI. (One should also remember that in the «clean hands» story Montedison was indicated as «the mother of all payoffs»). Vis-à-vis the growing financial losses of the 1973-1976 financial crisis, in 1978 (the year the European Monetary System was set up) it became necessary to increase the funds by more than 2000 billion lira<sup>11</sup>. Nor were the situations of EFIM and GEPI looking any better. Thus, the daunting losses of the State participation system were being discussed in the context of an obsolete overall economic system vis-à-vis dynamics afoot in the whole world economic system.

The recession in the mid-Seventies was only an early warning of a decline that could only have been inverted by a radical upturn in manufacturing, innovative financial measures or progressive dismantling of the entire public sector economy. An impossible choice for a political class that since the mid-Fifties had tightly linked the party system to a mixed economy capable of ensuring the social investments needed to stabilise the country and ensure equilibrium between majority and opposition. This was even truer in the mid-Seventies when the DC was losing votes and had no intention of scaling back the public sector economy when it offered political parties the liquidity to supply the Welfare State and preserve the consensus of the electorate. The logical outcome was that social protection measures would be protracted for the entire decade inflicting an unsustainable deficit on the State's finances whose companies registered a growing loss in their balance sheets, despite the overall growth of the economy.

However, Italy's participation in the EMS forced her to adopt a more restrictive monetary policy. This failed with Paolo Baffi's attempt in 1976, but was partly successful with his successor Carlo Azeglio Ciampi in 1981 in agreement with the then treasury minister Nino Andreatta. A turnaround, a 'divorce' that released the Bank of Italy from absorbing all unsold public debt emissions and insisting that monetary policy be autonomous from government and political party pressure, or at least try to be autonomous, with more or less success depending on the personalities of the treasury and finance ministers<sup>12</sup>. This separation was an important sign that the ruling class were finally appearing to accept greater rigour in relation to the EMS, though resistances would still prevail. Fewer resources meant less consensus, a road that was unacceptable particularly amongst the various Catholic factions who were under attack following the P2 scandal and at a nadir of consensus. What is more, the disastrous outcome of the referendum to abolish the law on abortion had meant losing the Catholic hold on the prime ministership, unbroken since 1945: a dramatic setback in the presence of an 11.6% public deficit and an 84.3% public debt.

Giovanni Spadolini, leader of the minuscule republican party, was the new prime minister, representing a political force that had always been most attentive to financial rigour, prices and balance of payments equilibrium, all measures that in theory promised social growth

<sup>11</sup> E. Scalfari, G. Turani, *Razza padrona. Storia della borghesia di Stato*, Milano, Mondadori, 1974; D. Cuzzi, *Breve storia dell'Eni da Cefis a Girotti*, Bari, Laterza, 1975.

<sup>12</sup> B. Andreatta, *Il divorzio tra Tesoro e Bankitalia e la lite delle comari*, «Il Sole 24 ore», 26 luglio 1991; S. Rossi, *La politica economica italiana. 1968-1998*, Roma-Bari, Laterza, 1998.

and stability, though at the price of a pronounced reduction of the public sector. Spadolini's credit crunch via the 1982 public finance law would last but a short time and prove insufficient, as did the timid containment of the deficit by the next prime minister, socialist Bettino Craxi. The public deficit continued to grow even the year after, when the economy began to pick up, the prelude to a «second economic miracle». There were no benefits from Visentini's fiscal reform, nor the plan by Treasury Ministry Gorla to reduce the public debt which passed from 61 to 84 % of GNP, returning in practice to the 1981 level.

If one simply looks at the State's continuing deficit for the remaining years of the decade, it is evident that monetary policy was one of the major causes of the fall of the First Republic. A monetary policy which was increasingly conditioned by the 1986 signing of the Single European Act which sought convergence amongst the various economic and monetary policies of member states. Economic historians still argue over whether the EU decision on economic rigour was forced by globalization burdening States through increased competition from emerging countries or whether it resulted from speculation on the financial markets which grew increasingly aggressive in the absence of adequate controls<sup>13</sup>. Italy found herself in an unsustainable position, considering that the Unique Act excluded the possibility of States financially supporting companies, so as not to alter competitive mechanisms inside the European Market. For Italy this meant the end of public sector companies or even those with a State participation. As already observed, such regulation implicitly modified the Italian Constitution in the parts relating to economic status and a social vision geared to leadership by a regulating State responsible for all companies operating on the private and public markets<sup>14</sup>.

Though Spadolini and Craxi and even Andreotti, with their various finance ministers, were aware of the need for radical intervention as a solution to the chronic issue of public debt, they faced an obstacle in the form of the so-called «party of public expenditure» – a majority party with members in all governments as well as political opposition forces that were immediately activated whenever financial regulations were being decided upon. A party which became more and more aggressive as the country's economic situation appeared to improve. This phase of economic recovery could have been an opportunity to set order in public finances, particularly considering that the EU now seemed to have gained confidence in Italy's economic boom, given Craxi's firmness and the rise in the country's exports. In the wake of the «made in Italy» triumph on foreign markets, the entire society seemed to be living a golden season: consumption, well-being, optimism all accompanied what appeared to be an anthropological mutation by the Italians, leaving behind the social and cultural traits of their past, and attracted by the new ethos of individual success<sup>15</sup>. However, as pointed out by some, the «yuppie» phase was only a superficial

<sup>13</sup> R. Gilpin, *The Political Economy of International Relations*, Princeton, Princeton University Press, 1987.

<sup>14</sup> A. Varsori, *L'Italia nelle relazioni internazionali dal 1943 al 1992*, Roma-Bari, Laterza, 1998.

<sup>15</sup> M. Gervasoni, *Storia d'Italia degli anni Ottanta. Quando eravamo moderni*, Venezia, Marsilio, 2010.

veil covering an Italy that was hard put to reach European levels in economic, social, civil rights and cultural terms<sup>16</sup>.

This apparent new prosperity also fooled many Europeans into convincing Italian politicians that growth and stability targets could be obtained without necessarily reducing public spending. By presenting himself as a defender of governance by small sacrifices, Craxi and his socialists took a fast lane to modernity, openly competing with a DC which found its role being challenged by its own allies. At the same time the PCI was also obliged to resist Craxi's offensive, determined to upset the equilibrium of electoral forces in the left where the communist hegemony was now weakened in a scenario of ongoing social and cultural transformation. This also gave socialists the illusion of a favourable political climate, believing as they did more in political objectives than the need to redesign the economy based on a new monetary system. Entering into conflict with the 'party of public expenditure' appeared too much of a risk for the ambitions of the Socialist Party, if only because the PCI would have been quick to attack a restrictive policy. The socialist 54.32 % victory in the 1985 referendum on the sliding scale scheme was, admittedly, an encouraging sign, but Craxi did not underestimate the fact that 45.6% had voted according to the PCI's advice<sup>17</sup>.

All burning or restrictive decisions could thus be avoided so long as relations with the EU remained harmonious, and also thanks to the credit Craxi enjoyed with the American allies. The US had appreciated Italian support for the policy of euro-missiles, the socialists' attacks on the PCI as well as on any soviet restrictions on freedom. Even the Sigonella affair, a display of force by Craxi, did not impair relationships as it was interpreted as a demonstration of national independence, appreciated by the Americans, while even the communists had approved<sup>18</sup>. Yet the road was not an easy one and above all it was a daunting task to position the PSI at the centre of Italian politics, attempting to replace both the hegemonic role of the DC in the centre and that of the PCI on the left. It was the end of the cold war that finally demolished the two pillars which had held the Italian system stable for 50 years: paradoxically, the bipolar division of the Eighties had provided the main support for the old system.

Although unable to shake free of its crisis, during this decade the Catholic party could still claim to be a barrier against communism in the eyes of moderate and conservative public opinion - which had already supported the DC in the 1976 elections when there was fear of an electoral PCI landslide. Though tainted by corruption and collusion with organized crime, the «old» DC appeared to many more reassuring than the unreliable and offbeat PSI that under Craxi's leadership had become a favourite butt of the media, where the socialist party was described as a bunch of thieves and its leader a highway bandit – the infamous Ghino di Tacco<sup>19</sup>. This smear campaign did not spare the DC or the other parties of the majority, and provided an effective

<sup>16</sup> L. Ornaghi, V.E. Parsi, *La virtù dei migliori: l'élite, la democrazia, l'Italia*, Bologna, Il Mulino, 1994.

<sup>17</sup> G. Acquaviva, P. Craveri (eds.), *La politica economica italiana negli anni Ottanta*, Venezia, Marsilio, 2005.

<sup>18</sup> S. Colarizi, M. Gervasoni, *La cruna dell'ago*, cit.; B. Craxi, *Pace nel Mediterraneo*, ed. by S. Craxi, Venezia, Marsilio, 2006.

<sup>19</sup> S. Colarizi, M. Gervasoni, *La cruna dell'ago*, cit.



weapon for the dwindling PCI and also a formidable arm to delegitimize the ruling political class, even though it offered no alternative in the climate of cold war equilibriums.

So much was grasped by the PCI which used the «moral issue» to fill its own crippling void of political initiative, and its unfortunate link to Moscow. A link reaffirmed by the international crisis over the SS20 missiles and confirmed, notwithstanding slight criticisms, following the invasion of Afghanistan and the Polish coup d'état by General Jaruzelski. Not even revolution in the USSR served to cut the umbilical cord that still tied the communists to soviet headquarters in the Eighties. On the contrary, in this period Berlinguer's heirs reverted to visiting Gorbaciov's court, interpreting his extreme attempts to save the soviet system as steps towards a «communist democracy», a goal always claimed by Italian militants who refused any social democratic route.

However, at this point the DC upset the socialist project *vis-à-vis* the PCI by blasting the old principle of «governance», something that used continuously to be debated by the left wing of the DC in a joint game with the PCI. This helped De Mita finally remove the Socialist leader from the premiership and put paid to «his» Parliament Term.

There followed a period of fibrillation that lasted beyond the 1987 elections. These were a huge disappointment for the Socialist party which had set its sights far higher than 14.27%. The Tenth Parliament Term (1987-1992) got off to an unstable start if one considers that the first Goria government lived less than twelve months and that the next cabinet, led by the head of the Christian Democrat left, De Mita, quickly resigned in early 1989 when Craxi signed a truce with the Forlani and Andreotti factions of the DC over «liquidating» the socialists' arch-enemy De Mita. Craxi, convinced he had many years ahead to increase his political weight, preferred to consolidate results through sharing power with the DC as to future roles in the institutions and, though it seemed no easy task, the immediate power structure. This sounded very much like a mistake but, between 1987 and 1989, it was not easy to anticipate the international earthquake that would cause all the parties of the First Republic to collapse. Meanwhile Andreotti was elected Prime Minister and his government lasted until 1992, though with a brief interruption in 1991.

No-one seemed to be aware of the negative effect of this intra-party struggle on the country's financial and political stability which was causing increasing alarm at the size of the public deficit and the consequent erosion of the trust they had been granted in recent years by the other allies. In fact, the passing of power from the PSI to the DC at the end of the Tenth Parliament Term (1987-1992) had released all the tension over the December 1986 budget bill, blocked by cross vetoes in Parliament. That was the second consecutive year of temporary operation, nor would it be the last, since in 1988, for the third time running, the budget would not get voted before the end of the year. It is easy to imagine the amount of contortionism needed to save the status of progressively deteriorating public spending situation, since any agreement among partners in government, including their own internal factions as well as opposition forces, was only to be reached thanks to continued hikes in expenditure.

With Andreotti as prime minister in July 1989, Guido Carli became Minister of the Treasury and the public deficit reached 11.5% of GNP, while in 1990 for the first time the

public debt was higher than GNP<sup>20</sup>. Carli however succeeded in reinforcing the banking system via mergers designed to deal better with intensifying international competition due to the imminent liberalization of capital movements. This was also a clear demonstration that Italy intended to participate as an equal partner in the monetary and economic Union. In 1990 this last took one step further when various meetings in Rome paved the way to the agreements later to be signed in Maastricht. Again, Andreotti's determination to sign that Treaty is also proved by his September 1990 speech to the leaders of his party inviting them to close the spending faucets because «we do not solve problems via the public debt»<sup>21</sup>. The prime minister at the time was well aware of the arrival of a new international economic recession whose impact on Italy put paid to the «second economic miracle»: from 2% in 1990 the internal gross product declined to 1.3% the following year.

Thus, paraphrasing Andreotti once more, Italy «had her back to the wall»<sup>22</sup>. One might ask why she should pursue the Maastricht objectives knowing she was way behind the required parameters—namely a public deficit/GNP ratio inferior to 3% and a public debt/GNP ratio below 60%. Andreotti surely had a clear idea of how distant and isolated the country was from Europe and the rest of the world. With the end of the «cold war» and bipolarity definitively archived, new and old powers confronted each other in a season of conflicts that redesigned alliances and priorities for the US, while the EU for the first time imagined the need for a common defence and foreign policy. Italy remained marginal in this context, both for the US and for her European partners: she played an uncertain role during the Gulf War, did not actively participate in German unification, while her voice was weak and contradictory in the Balkan wars that led to the first major refugee migration in 1991 towards Brindisi. Could one possibly remain isolated during globalization?

In 1992 the prime minister wished at all cost to avoid isolation, convinced of the importance of solid international ties for a fragile country. The reason was that external constraints (both US and EU) had been functional to the stabilization and the political, economic, civic and social modernization of the country. On the other hand, since its outset, the European Community had been growing financially and economically, to the point where it had become the most powerful force in the world. It was therefore understandable that Italian economic and financial interests showed no intention of abandoning the European train that had seen Italian interests actively involved in co-building its railtrack and carriages, although not everyone had a clear idea of the cost of the ticket: a price that was high and entailed dismantling a consolidated system involving the State, political parties, unions, banking and economic communities – public and private – together with their connected network of cross favours: thus implying the closing of public spending outlets, specifically concerning distribution and dispersion<sup>23</sup>.

<sup>20</sup> G. Carli, *Cinquant'anni di vita italiana*, con la collaborazione di P. Peluffo, Roma-Bari, Laterza 1993; P. Craveri, *La democrazia incompiuta. Figure del Novecento italiano*, Venezia, Marsilio, 2002.

<sup>21</sup> A. Varsori, *La Cenerentola d'Europa? L'Italia e l'integrazione europea dal 1947 a oggi*, Soveria Mannelli, Rubbettino, 2010.

<sup>22</sup> *Ibidem*.

<sup>23</sup> G. Amato, A. Graziosi, *Grandi illusioni. Ragionando sull'Italia*, Bologna, Il Mulino, 2013.

Such a rigorous policy raised resistance in certain areas of the Manufacturers' Association: specifically, those not investing in innovation and far from international competition were attempting to ensure their domestic market quotas were guaranteed by public sector demand<sup>24</sup>. Those same industrialists who were ready to hand out payoffs to the political parties were equally ready in confessing to the inquiring magistrates, depicting themselves as innocent victims obliged to pay. Yet there were also industrialists, particularly owners of small and medium industry operating in newly developing industrial sectors, who tied their prosperity to international markets and had no intention of missing the Maastricht boat. Maastricht was also the goal of the 'elite' of Italian capitalism, the so called «salotto buono» (Mediobanca, Bank of Italy as well as some internationally renowned academic intellectuals like Mario Monti, Tommaso Padoa Schioppa, Luigi Spaventa, and major papers such as «La Repubblica», «Corriere della Sera» and «Il Sole 24 ore»).

With such allies, at least in theory, Andreotti could not feel his «back to the wall»<sup>25</sup>. Yet were these true allies for the ruling parties? Towards the end of the Eleventh Parliament Term (1992-1994) they initiated a delegitimizing campaign against an entire political system which they deemed incapable of effectively governing that complex situation and showing little if any confidence in its promises or commitments to improve. Political leaders were too swamped by «currents», advisors, parasites and «clients» to appear credible in their commitment to renovating the old organizational structures and reinstating an entire political class of mediocrities involved in legal and not so legal activities. If the results of the 1992 elections, even given the visible decline of the DC, did not determine it, the end of «partitocracy» was immediately clear when the «clean hands» pool of magistrates started their investigations. The moment also coincided with a bloody offensive by organized crime which would last throughout 1992, beginning with the murders of two anti-mafia judges, Falcone and Borsellino, and would continue in 1993 with bombs in Rome, Milan and Florence – signs of disarray among the mafia but mostly of a warning to all who, in Rome's halls of power, were bent on quickly cutting improper ties with delinquency. The page is still a highly obscure one and continues to puzzle the investigators.

Both offensives, that of organized crime and that of the judiciary, produced the effect of blocking the anticipated access to the premiership, Presidency of the Republic and DC secretariat respectively of Craxi, Andreotti and Forlani who had plotted that scenario back in their 1989 agreement. While Giuliano Amato, Craxi's right hand man but an intellectual on loan to politics, would move into the premiership from the Treasury in an attempt to set some order in public finances, Oscar Luigi Scalfaro, an authoritative figure among the Christian Democrats who had always stayed away from party faction, ascended to the Presidency. This proved an original institutional asset as would later reappear in 2011 when the president decided who would lead a technical government largely devoid of technical experts from academia or the professions.

Amato steered Italy into Maastricht via an emergency set of decrees that implied a saving of some 93 billion lira obtained by spending cuts – reduction of public investments

<sup>24</sup> G. Berta, *Che fine ha fatto il capitalismo italiano?*, Bologna, Il Mulino, 2016; Id., *L'Italia delle fabbriche. La parabola dell'industrialismo nel Novecento*, Bologna, Il Mulino, 2014.

<sup>25</sup> A. Varsori, *La Cenerentola d'Europa?*, cit.

and transfers to companies –, new earnings produced through house and bank deposit taxes as well as increases in social contributions. Also, during the Parliament Term the crisis of the lira was tackled by a new legal framework guaranteeing the independence of the Bank of Italy, according to Maastricht rules, while order was set in the entire banking system via mergers. Finally, a privatization programme took off preceded by a law transforming IRI, ENI, INA and ENEL into private share-holding companies. All these initiatives Ciampi, chosen by Scalfaro to succeed Amato in the Premiership, would continue until the end of the Parliament Term. Nobody dared stop the Premier and nobody attempted to assault the coffins over the budget bill.

From the beginning of the Eleventh Parliament Term (1992-1994) the DC, PSI and minor parties of the majority would quickly dissolve under the storm of corruption scandals that would implicate leaders, administrators, members of Parliament as well as the second ranks behind these nomenclatures. Like «turning a sock upside down» as the magistrate Pier Camillo Davigo notoriously said, a feeling like being chosen to liquidate the corrupted partitocracy. This role of substitute politicians was played by many intellectuals who saw this political crisis as an opportunity to reconfigure the political system and bring new protagonists onto the political scene. They selected the ex-PCI as a pillar for this replacement process. The party had been officially dissolved following the fall of the Berlin Wall, yet had remained practically untouched by the judges, as the PCI had been always financed by the USSR.

Much weakened by the splinter movement of Rifondazione Comunista, in search of a new identity – witness its endless search for a new name – and reduced to an electoral return of 16.1% at the 1989 elections, the new PDS led by Occhetto could still count on a traditionally solid organization and structure. Around this nucleus gravitated democratic and progressive professionals, experts, academics, both Catholic and lay, many of whom had already been attracted by the PCI during the Seventies when the «party of honesty» slogan was launched by Berlinguer as a way of increasing middle class consensus. Following the end of communism, and the abandonment of the final resistance to a party that had been with the Russians to the end, many were hopeful they might build a new democratic political entity from the body of the ex-PCI, a new political subject as the name suggested – Democratic Party of the Left (in Italian PDS), selected by Occhetto.

But the Second Republic began with their defeat<sup>26</sup>. Based on the delusion that Italian society had swung to the left despite the fact that the moderates had reigned for the last 50 years, it was thought that fear of communism had ended and that the heirs of the PCI could inherit votes that for half a century had been held hostage by the anti-Communist DC. This reasoning proved mistaken: the disappearance of the USSR and its satellites, hailed with enthusiasm by people who claimed to be finally free, rekindled the aversion of those who had always opposed communism and now felt they had won. This anti-Communist army, only apparently anachronistic, would be heavily used by the new centrist party leaders who also accepted neo-fascists in their coalition, now legitimized as members of the government of the Second Republic.

<sup>26</sup> S. Colarizi, M. Gervasoni, *La tela di Penelope. Storia della seconda Repubblica*, Roma-Bari, Laterza, 2012.

The other more significant ambiguity contributing to the PDS expectation of full-scale electoral victory stemmed from a superficial view of anti-party mobilization that had begun in the Seventies and continued for the next decade. Political observers, television opinion leaders and, above all, the media community had emphasized the contrast between sick political society and healthy civil society, in itself, a debatable assumption. It was announced and celebrated – what’s more – without distinguishing between the many faces of that civil society, whose only common denominator was the profound crisis of political representation: an even more atomized society («liquid» as Bauman defined it)<sup>27</sup>, way distant from that society structured in large collective conglomerates that was traditionally the basic unit of measurement for the ex-communists and ex-Christian Democrat leftists, all of whom arrived late in the day when it came to reading the social changes afoot in the world and in Italy.

Among these changes, in the Po valley and Veneto area, two of Europe’s richest regions, the new middle class had become strongly individualistic with ways of life and consumption that had made them indistinguishable. These were the micro-entrepreneurs, autonomous self-entrepreneurs, blue collar workers in family-owned mini plants and farms, representing a social capital that was worthless to a left still strongly tied to the traditional industrial culture. These citizens who, for want of an alternative, in the Eighties had continued to vote for the old parties, were searching for new points of reference<sup>28</sup>. One signal of this arrived from the minority who had chosen to vote for the Northern League when this made its debut in 1987 having been completely ignored by the DC who had been the hardest hit in the Veneto area, and also underestimated by the other parties. Theoretically the PSI, who more than other parties seemed to understand the new Italy, would have been able to intercept their consensus; but Craxi had chosen in 1989 to take a low profile and preferred to consolidate his power structure in the North and search for easier votes in the South. Come the 1992 «Tangentopoli» furore, there were very few opportunities for the socialist party to plant new roots: they were even isolated from the ex-communists where antisocialism continued to prevail.

It was, instead, Forza Italia, a new party with strong populist leanings, that captured the northern middle class, as well as in the South, thanks to subtle integration of political alliances with the Northern League, parts of the ex-DC and the MSI of Gianfranco Fini, re-baptized as National Alliance to gloss over the neo-fascist symbol. Transforming all of this into a success was Berlusconi, the media tycoon who became the true pillar of a personal and virtual movement; a radically new political model in Italy. Via his television channels he addressed the majority of DC orphans and, more in general, the moderate and traditional parties of the First Republic, reassuring and pleasing them, speaking their own language and most of all interpreting their dreams; the very dreams created and broadcast by the advertising and leisure programmes on his television channels<sup>29</sup>. Dreams which did not align with EU calls for austerity or with the financial policies of Amato and Ciampi, nor with the ongoing climate of social tension Italy had

<sup>27</sup> Z. Baumann, *Modernità liquida*, Roma-Bari, Laterza, 1999.

<sup>28</sup> A. Bagnasco, *L'Italia in tempi di cambiamento politico*, Bologna, Il Mulino, 1996.

<sup>29</sup> G. Gozzini, *La mutazione individualista. Gli italiani e la televisione 1954-2011*, Roma-Bari, Laterza, 2011.

fallen into during the long crisis of the First Republic. To his followers, his «civil society», Berlusconi promised a rosy future of wellbeing, full employment, ongoing development. A new economic miracle, a return to the Fifties; while on the other side the electorate of the left evoked the years of civil growth and democratic engagement of the late Sixties<sup>30</sup>.

Of course, this promise of a mythical land of plenty, would not be fulfilled in the few months of Berlusconi's first government nor in the later years when alternation between centre-left and centre-right was going on; any such transition would necessarily be long, as would the new multipolar equilibriums being considered even at an international level<sup>31</sup>. Nevertheless, Berlusconi succeeded in leaving a strong mark on this Second Republic while his adversaries from the First Republic frantically searched for another identity only to end up by aligning with the dominant populist model – in practice, by forgoing a vision of politics as the invention and creation of the future, and abandoning ongoing responsible governance in achieving no waivable objectives. Instead, they genuflected to the totem of the polls, to becoming slaves of a public opinion left to itself and defrauded of all guide to behaviour, all reason and all values. Small wonder that political decadence has accompanied the decline of a country which, 25 years on, finds herself in an even more critical condition than in 1992/94.

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<sup>30</sup> G. Orsina, *Il berlusconismo nella storia d'Italia*, Venezia, Marsilio, 2013.

<sup>31</sup> S. Colarizi, M. Gervasoni, *La tela di Penelope. Storia della seconda Repubblica*, Roma-Bari, Laterza, 2012; G. Berta, *L'enigma dell'imprenditore (e il destino dell'impresa)*, Bologna, Il Mulino, 2018.

