

Italy's "Bloodless Revolution"

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Today is December 7, 1993. Let us try to project ourselves forward a year and a half, to June 7, 1995.

Former Presidents Reagan and Bush have both been indicted, the first for Iran-Contra, and the second for numerous offenses, including Iraqgate, the Savings and Loan scandal, campaign fraud (remember the businessman who paid \$500,000 to sit next to him), and his dealings with General Manuel Noriega. President Clinton is still under investigation for his distribution of largesse during the NAFTA debate, which cost the American taxpayer billions, as are those members of congress whose votes were affected by the President's discredited methods. Secretary of Commerce Ron Brown has had to resign because of the investigation into his taking a \$700,000 bribe from the Vietnamese in order to facilitate the resumption of American trade with them. Former Secretary of State and the Treasury James Baker has also been indicted for campaign irregularities. The same has happened to Henry Kissinger; Richard Nixon would also be facing jail, except for his pardon, which, however, has gotten former President Ford into trouble despite the intervening years.

Investigators have also been on the heels of President Carter and former Democratic presidential candidate Michael Dukakis for campaign irregularities, even though they claimed to have followed existing practice in raising funds. On the state level, Governor Weld has resigned along with House majority leader Flaherty and Senate President Bulger. *The Boston Globe* reported in 1992 and 1993 that the Weld administration solicited political donations from businessmen with the promise that they would then have clout with cabinet members, while the legislative leaders accepted junkets to the Caribbean from lobbyists.

The amounts involved in paying off politicians all over the United States turned out to be huge. In addition, the directors of such agencies as NASA and the CEOs of most of the Fortune 500 companies are under a cloud as the scandal has so far involved over 15,000 federal, state, and local political and business leaders, confirming the contention of talk show hosts that the entire system was rotten.

The scandals have hit both major parties. Projections for off-year elections indicate that both parties have practically dissolved, with the consequent rise of the evangelical right and the PPC, or "Party of Political Correctness," headed by John Silber, which has emerged from the academic left. Democrats and Republicans combined are expected to win only about five seats in the Senate and forty in the House. Commentators have stated that the old establishment deserved to die and have

interpreted recent events as proving the vitality of American democracy because of its ability to absorb sweeping change.

Making due allowances for differences in history, the cast of characters, and political styles, the hypothetical events which I have described would be roughly equivalent to the alterations in the political and economic system of Italy which have occurred since March of 1992. But if such changes occurred in the United States, Americans, hopefully, would not be blinded into blaming them only on corruption and a desire for personal gain, although both would surely be involved. The same thing is true in Italy. My discussion will be an attempt to clarify what is happening in Italy, why, and what implications it has for the country's future.

The Structure of Postwar Italy: The Reaction to Fascism

If we wish to understand what is occurring in Italy, we must begin with the Republic's political structure, which was the result of the antifascist reaction after the Second World War to the Fascist consolidation of power in the 1920s. It is important to consider not only politics here, but administration. In 1923, a fundamental change occurred when the Acerbo law practically eliminated proportional representation, which the left had demanded in the late nineteenth and early twentieth centuries, and which had been instituted for the 1919 elections. The result was that the Fascists used the new system to win parliamentary elections, which enabled Mussolini to consolidate his power between 1924 and 1926. From a constitutional viewpoint, this meant reversing Italian political development from the 1850s. The power of Parliament was weakened with respect to the cabinet. In December, 1925, parliamentary control over cabinets evaporated with the transformation of the Prime Minister into the Head of the Government, responsible to the King and no longer to Parliament. In addition to losing the right to determine who would become Prime Minister, the Chamber of Deputies also lost its ability to influence the choice of individual ministers, now nominated by Mussolini and appointed by the King. *Il Duce* also eliminated Parliament's legislative initiative by gaining control of its agenda. In January, 1926, a measure ended Parliament's power over the state administration by authorizing the government to implement decisions after consultation with the Council of State.

With Fascism's overthrow came a reaction to this system. The leftist parties were hoping to transform the Resistance into a revolution, but when this proved impossible, the different parties agreed, in effect, to the

principles of restoring pre-Fascist institutions where possible, modernizing them where necessary, and creating a governmental structure one group could not dominate, thus constructing safeguards against dictatorship, either of the right or the left. But these principles also opened up the road to inefficiency and to the notorious governmental instability of the Republic, which, however, did not prevent the political longevity of certain individuals and the shifting of political power to the parties.

As had been the case in pre-Fascist Italy, Parliament consisted of two bodies, including a Chamber of Deputies and a Senate (this chamber now no longer appointed but elected). The constitutional framers reversed Fascist practice and made the cabinet completely dependent on parliamentary whim. The republican cabinet has thus been a weak institution. In the first place, the Prime Minister-Designate is nominated by the President of the Republic after a wide round of consultations. Once chosen, the cabinet must obtain a vote of confidence in both houses. Far from determining the cabinet's policy, the Prime Minister is the first among equals and rules by consensus; this is a difficult and frequently impossible task given the cabinet's usual composition of temporarily-allied parties and/or factions continually jockeying for position. The government has no fixed term and can be formally overthrown at any time by a no-confidence vote in either house.

Add to this factor factionalized parties, secret ballots, which permitted deputies to take cover while voting against major legislation without fear of political retribution, and the exclusion of a large bloc of representatives for the formation and support of governments (primarily Communist), and the premise was set for governmental instability throughout the Cold War.

The voting system set up at the Republic's beginning and undergoing a process of change only in 1992-1993 ensured the instability of national and local administrations. Concerned with giving all political views a voice in Parliament and in local government after twenty years of Fascist repression, the Italians established "pure" proportional representation—i.e., by application of a complex formula, parties were represented according to the number of votes they received in the country as a whole, not just in a particular electoral district. No five percent barrier existed as in the case of Germany. Citizens voted for lists presented by parties, not for candidates, although they could express preferences within those lists (limited to one in 1991). In addition, since no single party held a majority—with the exception of the DC from 1948 to 1953—coalition governments became the rule. Small parties wielded power disproportionate to their numbers because a shift of even a few votes could prevent a cabinet from coming to power, maintaining it, or fulfilling its legislative

program. Negotiations to put together ruling coalitions took on added complexity because Italian parties are divided into many disagreeing currents which might oppose their party's participation for various reasons. Because of the role which the Acerbo law had in the coming to power of Fascism, it was politically impossible to alter the system of proportional representation until 1993.

The President of the Republic is supposed to preside over this system, but although the office is stronger than was the executive of the French Third Republic, the parties, including the Communists, opposed a direct vote by the people because they feared it might lead to election of a strong personality resembling a *duce*.

Finally, the Constituent Assembly hoped to build another roadblock to possible dictatorship by creating an independent magistracy. Based upon career judges who advance on the basis of examinations and qualifications, the magistracy has its own self-governing body (the *Consiglio superiore della magistratura*). While a high degree of independence has allowed magistrates to pursue investigations free from interference, it has also produced highly politicized judges who are responsible to no one outside their organization, not even the Minister of Justice.

The method of dispensing justice has exacerbated the tendency toward lack of impartiality, despite lip service to that ideal. There is a very close association between prosecuting attorneys (*pubblico ministero*), who are magistrates serving in that capacity, and other judges. Furthermore, indictments are not handed down by grand juries but by an investigating judge (*giudice istruttore*). These magistrates investigate alleged criminal behavior in secret with the help of their favorite police force—competing police forces being another safeguard against a revival of dictatorship. In addition to the cozy relationship among police, prosecutors, and judges, there is no protection against being forced to testify against oneself, no guarantee of a speedy trial, and no hard exclusion of hearsay evidence. A favorite technique of investigators is to hold defendants in jail until they implicate others. A defendant's presumption of innocence is at best vague, and Italian law allowed the verdict of "acquitted for lack of proof" until 1990. This subjected the accused to further prosecution if "new evidence" came in, so former defendants were subject to constant harassment. Prosecutors also leak supposedly secret information on persons under investigation to the press, which then has a field day. (I have never heard of any Italian judge making an issue out of too much pretrial publicity.)

This situation has led to many arrests, few convictions, and a host of conspiracy theories and should be kept in mind when discussing the allegations of corruption.

Cold War Politics: "Imperfect Bipolarism"

Perhaps the peculiarities of the Italian political system might have been worked out if the Cold War had not occurred. After World War II, Italy became a no-man's land between East and West. The country had the largest communist party in the west (PCI), and in the 1948 elections it threatened to win a parliamentary majority in league with its Popular Front socialist allies. The American ambassador at the time, James Dunn, reported before the balloting that the Soviet Union was pouring in massive amounts of money in order help the PCI and requested that the United States do the same. Italy was strategically located and of vital interest to the United States, and the Americans responded by distributing funds to non-communist forces and exerting other kinds of pressure. In the 1948 elections, the Popular Front did poorly, but the PCI vote share continued to increase in the following years, topping out at 34.4 percent in the 1976 general elections.

Given its ties to Moscow and American opposition, the PCI was excluded from governing coalitions. The political arithmetic thus meant permanent control of the government by the other large party, the Christian Democratic (DC). But steady electoral losses for the DC-led bloc combined with PCI increases rendered the governmental system even more unstable than provided for by the country's institutional makeup, despite addition of the Socialists to the ruling coalition in the 1960s. These conditions produced a gridlocked political situation labeled "imperfect bipolarism" by the political scientist Giorgio Galli. This term means that—because of domestic and international fears that the Communists would establish a Soviet-style dictatorship and ally Italy with the USSR had they been entrusted with any degree of governmental participation—the alternation of power became impossible. Italy thus became a "blocked democracy" because, during the duration of the Cold War, DC-led coalitions could not be voted out of power. This long DC tenure in office fostered inefficiency, corruption, and terrorism.

Since the Italian Communists remained a major political factor in Italy throughout the Cold War, the PCI and the DC, along with their allies, continued to receive financial aid from the USSR and the United States in order to pay for their respective political campaigns. In the PCI's case, not only did it receive direct subsidies (the Communists demanded dollars and refused rubles), but the USSR required that a percentage from contracts between Italian companies and Eastern Europe be paid to PCI front companies; these funds went into illegal foreign bank accounts. The DC (and after 1960, the Socialists) also received direct subsidies and aid funneled through the CIA and American unions. The DC controlled

the government, so it was also able to exploit Italy's vast public sector as a source of patronage and of funds in the form of kickbacks.

In 1974, a campaign financing law was passed which provided for public funding of political activity. With the exception of membership dues (an insignificant amount), this law made illegal virtually all other forms of raising funds of the kind with which we are familiar in the United States. This part of the law, however, was neither heeded nor enforced, probably because the amounts provided by the legislation were totally inadequate to pay for the expanding activities of the parties and their bureaucracies. With the exploding wealth of the 1980s, the corruption expanded exponentially to the point that it significantly raised the price of public works projects and contributed to the ballooning deficit. With the end of the Cold War, the PCI, which had been undergoing a long democratic evolution, changed its name, and the hard liners split off; given this fact and the collapse of the USSR itself, the anticommunist basis of the old ruling coalition no longer existed, and the "bloodless revolution" began.

The "Bloodless Revolution"

In February 1992, a Milanese businessman complained to the authorities that money had been extorted from him by a local Socialist. The judges conducted an investigation which eventually uncovered an incredible network of bribes extorted by politicians and paid by businesspeople in order to obtain public works contracts. Further investigation revealed that all the parties were involved—in Milan, for example, a fixed percentage went to all the coalition parties plus the PCI, according to their influence. The Milanese pool of magistrates implemented the provision of the campaign-financing law, which had fallen into abeyance. Rapid-fire revelations of financial wrongdoing have brought out the great amounts involved (about a billion dollars) and have implicated over 3,000 of the country's most prominent political and business leaders, including several former prime ministers, Olivetti's Carlo De Benedetti, and Fiat's Cesare Romiti, Gianni Agnelli's right hand man; several have committed suicide, including the former director of ENI (the state hydrocarbon conglomerate), Gabriele Cagliari, and Raul Gardini, who headed the Ferruzzi group.

These events have raised several important issues for Italy: the deficit, privatization, civil rights, and political dislocation.

While there are payoffs in all countries, the scandals broke when corruption in Italy had reached the point of raising the cost of public

works beyond that of other countries and had a negative influence on the economy (Japan may be a parallel). Italians hoped that the greater stringency and oversight of public spending resulting from the scandals would reduce the excessive costs of public works. Publicity over corruption has dampened the willingness of companies to bid on public works, but where bids did come in, they were about 40 percent below pre-scandal levels. Significantly, lower costs may thus turn out to be a bright postscript to the scandal, while another may be creation of a much cleaner administration than in other western countries, where corruption is handled on a case-to-case basis. On November 12, 1993, in *The Wall Street Journal*, Nobel Prize-winning MIT economist Franco Modigliani predicted that Italy's budget deficit would shrink and, assuming interest rates continue to fall, Italy's budget would be one of the few to show a surplus by 1995.

In addition, the scandals convinced many Italians that the government was too heavily involved in the economy and that public companies were particularly vulnerable to extortion by political forces. This attitude prompted an increased drive for privatization and a salutary debate began on the proper balance between the private and public sectors.

Another issue was whether a highly-politicized justice system traditionally insensitive to civil rights could resolve the legal questions raised by the scandals. The most prominent figures were targeted through an instrument designed to protect their civil rights, the *avviso di garanzia*. This is notification that a person's name has come up during an investigation, allowing that person to secure legal representation. Most of the politicians enmeshed in the scandals were not immediately indicted and would not be tried for years, but the press proclaimed them guilty and they were destroyed politically.

These events and the public outcry also prompted Parliament to yield to a seemingly irresistible popular consensus expressed on April 18, 1993 in a series of referendums. Proportional representation was overhauled. Citizens could now elect mayors directly and provisions were included ensuring that the winners would have majorities on the city councils. In future national elections, the winner-take-all system was instituted for the Senate, with no provision for a run-off election—which gave rise to fears that if many candidates ran in a district a person could get elected with a small number of votes. A similar system has been adopted for 75 percent of the Chamber of Deputies, although 25 percent would continue to be elected by proportional representation. So out of favor is this method that the provision aroused protest.

"Only God Knows the Future"

The "bloodless revolution" enshrined in these changes not only claimed Italy's most famous party leaders but their organizations. The DC dissolved and is trying to reconstitute itself as the Italian Popular Party, harkening back to the tradition of Don Luigi Sturzo, who established the first national Catholic party in 1919. The Socialist party, the other major party of the old ruling coalition, has practically disappeared as its members deserted it in droves. The smaller parties of the old coalition are, in effect, gone too.

The local elections of November 22 and the December 5 runoff, widely considered a test for national elections to be held in the spring of 1994 have injected further complications into the political situation. The power of the Lombard League, a movement which advocates less centralism and blames the South for the country's ills, seemed confined to an area north of Genoa and Venice. The PDS participated in coalitions which received the largest number of votes; but they did not win a majority on the first ballot and had to wait until the run-offs to elect the mayors. The big surprise was the performance of the MSI, the Neo-Fascist party, which ran alone but received the largest percentage of votes of any single party. This result did not appear to point to political polarization because both ex-Communists and Neo-Fascists had dropped their extremist ideologies and had moved toward the political center.

The evolution of the PCI into the PDS is well known, but a similar tendency away from its Fascist roots emerged over the years within the MSI. That organization witnessed a long struggle between Pino Rauti, an unrepentant Fascist, and Gianfranco Fini, who acknowledged the MSI's origins but who pressed the party to distance itself from them. Fini, born in 1952 and too young to have experienced Fascism, became MSI secretary and maintained that he wished to bring his organization into the Italian mainstream.

Thus a picture of once-radical parties battling for Italy's center came into focus. Was it possible that the PDS might emerge as the mainstay of a moderate, left-leaning coalition while the MSI became the core of a respectable conservatism? Were ex-Communists and ex-Fascists evolving into Democrats and Republicans? Would the PDS and MSI vote share hold in the future, or did their performance represent only a protest? Would their need for electoral alliances stimulate them to compromise with other political forces? Both movements were aware of these issues and openly discussed them.

If a moderate mass conservative movement eventually emerges in Italy, it would be the first time since unification—when conservatism

was discredited because of its identification with the Austrians and the old states. This development would have a salutary effect on Italian politics—but could the MSI with its undemocratic origins create such a movement? Or would some factions of the former ruling coalition revive and succeed in capturing the political center? Would the Italian political system evolve to such a point that moderate leftists and conservatives presenting the country with meaningful choices alternate in power without threatening democracy?

Thus, as the political and economic crisis deepened, the nation's politicians came under great pressure to produce practical results on the local and national planes. From now on, if they won and performed poorly, the voters would have a specific party to blame and would vote it out; as in other countries, that party would have to reorganize itself in the opposition while its successors had the opportunity to prove themselves. With the Cold War's close and the virtual end of proportional representation, Italy is no longer a "blocked democracy," and Italians will be free to implement immediate changes if they believe that the persons governing them do a bad job or are corrupt. That newfound ability—in addition to the decimation of the old political elite—constitutes the real "bloodless revolution."