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The end of the “ventennio”? Italy and the epilogue of Berlusconi’s era

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The end of the “ventennio”? Italy and the epilogue of Berlusconi’s era

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Abstract

The break up of Berlusconi’s party on November the 16th is a clear sign that his twenty-year long hegemony over Italian politics is coming to an end. What will come next is, however, still very uncertain: while some dream of a new Christian-Democratic party and the end of bipolar competition, others hope for a majoritarian electoral law and strongly oppose any centrist project. In such a difficult and uncertain situation, the national unity government seems unable to approve any meaningful reform, and stability is becoming an end in itself. While Berlusconi’s days may be numbered, Italy’s problems are still far from finding a solution.

Key Words:

Italy, Berlusconi, Letta, Alfano, political crisis, electoral reform

Introduction: the end of the ventennio

As Italian Prime Minister Enrico Letta declared on October the 6th, Berlusconi’s “ventennio”, his twenty-year long hegemony over the country’s politics, may finally be over. The former media tycoon entered the political arena on November 23rd of 1993, with a shocking endorsement of the post-fascist candidate for mayorhood in Rome, Mr. Gianfranco Fini. Now, almost exactly twenty years later, Berlusconi has just suffered a serious political defeat in Parliament, impotently witnessed the breaking up of his own party, and is about to be ignominiously expelled from the Senate after being convicted for tax fraud. While Italians have learned to appreciate Berlusconi’s surprising resilience, the political cycle of the old leader is now really coming to an end.

Indeed, twenty years appear to be the amount of time that Italy is prepared to allow to its most important political leaders before turning its back on them. Before Berlusconi, this was the case with Giovanni Giolitti (1901-1921) and, most importantly, with Benito Mussolini (1923-1943). By choosing to refer to Berlusconi’s era as “ventennio”, a name often used to refer to Mussolini’s dictatorship, Letta was thus explicitly comparing Berlusconi’s political era to the darkest time in the modern history of Italy. What made the young and usually restrained Prime Minister so defiant in his choice of words, was his unexpected political success in securing the survival of his government against Berlusconi’s attempts to put an end to it.

At the end of September, after being convicted for tax fraud, Berlusconi had threatened to leave the national unity government unless a solution was found for his judicial problems. Prime Minister Letta and President Napolitano refused to bow to this extravagant request and, surprisingly, voices of dissent were heard also inside Berlusconi’s own party, once known for its unwavering loyalty to the leader. With the strong backing of the country’s establishment and the Catholic Church, Berlusconi’s own number two, vice premier Angelino Alfano, decided to directly confront Il Cavaliere and declared himself unwilling to sacrifice the country’s political stability in the name of the old leader’s problems with justice. On October the 6th, few hours before the vote of confidence, Berlusconi realized that many of his party members were not ready to follow his orders, and thus made a spectacular U-turn declaring his support for the government. The last trick of the old master could not, however, mask his serious political defeat and the political show-down with Alfano was only postponed.

On November the 15th, after a month of endless discussions, attempts at mediation, personal dramas, secret conspiracies and sudden volte-face, the conflict between Berlusconi and Alfano finally reached its most natural conclusion: the break up of the People of Freedom party. While the former prime minister, his most loyal supporters and the hawkish wing of the party, remained in what is now known as Forza Italia, vice-premier Alfano has united the moderate, catholic and governing wing of the party in a new grouping named Nuovo Centro Destra. While the consequences of these recent developments are yet to be fully understood, it is common opinion that

Berlusconi's new party will soon leave the national unity government, while Alfano's twenty nine senators will stay, allowing Letta's cabinet to retain a parliamentary majority. It is possible that, with a smaller but more cohesive support, the current government may finally have the strength to deliver its mandate of stability and reforms and survive until 2015, after the Italian Presidency of the EU. As we shall see in the next paragraph, however, there are strong reasons for skepticism.

Italy's catch 22: reforms or stability?

As many will remember, Letta's government was formed with the support of all major Italian political parties (except Grillo's Five Star Movements), after the May 2013 elections failed to produce a clear majority in the upper house . The new government had two clear objectives: stability and reforms. Indeed, political and financial stability was deemed to be an inescapable immediate necessity to avoid the country's default, while courageous and far reaching reforms were considered necessary in the longer run to foster economic growth and solve some of the country's outstanding structural problems.

At the time, the two objectives were seen as interrelated and mutually dependent. Without political and financial stability, it would have been impossible to design and approve important economic and institutional reforms. On the other hand, without courageous reforms the mere stability would have never sufficed to solve Italy's grave and serious problems. Moreover, the large majority that sustained Letta was considered to be a solid political base for both stability and reforms. Its bipartisan nature would have helped to foster the large consensus needed to approve costly fiscal adjustments and it would have been necessary to overcome the opposition of powerful lobbies and interest groups to far reaching reforms.

Six months later, at a time when Berlusconi's attempt to put an end to the national unity government forced observers and political actors to reflect on the latter's merits and perspectives, these assumptions no longer go unchallenged. Analyzing what has been achieved in the admittedly short life of the government so far, a worrying suspicion emerges: that the political stability needed to reassure the markets in the short term and the courageous and ambitious reforms needed to re-launch the country in the longer run may not be compatible after all.

As the most recent country report by the IMF acknowledges, Italy has achieved impressive results in the management of public finances. The nominal budget deficit is now at 3%, the country has exited the EU excessive deficit procedure, the primary surplus is the second highest in Europe after Germany, and the balancing of the structural budget is finally within reach. On the other hand, there is no sign of the deep structural reforms the country desperately needs. The latest OECD survey of adult skills places Italy in the last position for literacy skills and in the penultimate for numeracy , the World Bank evaluates the county's business environment as the second worst of the 31 cases examined , the tax wedge is at 48% of total labor cost against an OECD average of 36%, the productivity is stagnant and the saga of

Alitalia, saved from bankruptcy for the second time in five years by a State-sponsored financial operation, eloquently demonstrates the persistent ineptitude of the country’s economic and political establishment.

The important political point is that, while the balancing of the budget can be achieved by a careful and conservative management of public finances and it is thus within the reach of the current government, structural reforms need political courage, a clear vision of the country’s problems and a strong electoral mandate. The national unity government may certainly guarantee stability but such stability comes at a high price: that of political immobility. Stability is no longer seen as a prerequisite for reforms but has become a goal in itself, the only goal our government seems able to pursue. The large bipartisan majority that was hoped to provide the political conditions for the approval of deep and structural reforms is paralyzed by the fear of its own collapse and can find a common ground only by settling for the lowest common denominator.

Such incompatibility between stability and reforms is particularly clear in the discussions over the long awaited institutional reform. The current electoral law, so dysfunctional that its own author dubbed “a porcata” (a pigsty), is a key factor in discouraging the President of the Republic to call for new elections, since they would most likely have the same indecisive result of the last. While Letta has made the electoral law reform a priority of his government, the parties that support him have different interests and seem unable to agree on any solution. Moreover, members of the governmental majority know that as soon as a new law is approved, the Parliament would most likely be dissolved and new elections would be organized. Most members of parliament, and several members of government, have thus little appetite for a reform that would probably sanction their own demise. Very similar obstacles impede the long awaited reform of the Constitution. As Pialuisa Bianco wrote on the New York Times on October 2: “in order to get a government that can govern, you need to change the governing system. But you can’t change the governing system unless you can govern effectively”.

Back to the future: will the Italian Third Republic closely resemble the First?

Commenting the break up of Berlusconi’s party, Prime Minister Letta has expressed the belief that the recent developments will strengthen the stability of his government. But will they? And what will be their impact on the Italian political system more generally? A possible hint comes from the biography of the two reputed winners of the day: prime minister Enrico Letta and vice premier Angelino Alfano. While they now support two different parties (Letta is a member of the left leaning Democratic Party and Alfano is the former secretary of the conservative People of Freedom Party and now leader of his own centre-right grouping) they belong to the same political tradition: that of the Democrazia Cristiana, the centrist party that dominated Italian politics for fifty years since the end of World War II.

When the Cold War ended, the Democrazia Cristiana dissolved, and a new electoral law created a bipolar dynamic in the Italian political system, the two men choose different paths: Letta stayed with the Popular Party, a centre-left heir of the old DC, and Alfano adhered to Forza Italia, the centre-right party founded by Silvio Berlusconi. It was the beginning of the so-called Second Republic, the political and institutional transformation that should have led Italy to become a “normal country”, with two coalitions competing for power and alternating in government. In the end, however, such great hopes never materialized and Italy got stuck in a seemingly endless transition. While the strong leadership of Berlusconi over the conservative camp had allowed the birth of a bipolar competition, his very presence has then prevented any further progress on the reform agenda, polarizing instead the political debate around his controversial personality, conflicts of interests and problems with justice. The sought-after bipolar competition took the form of a permanent civil war between supporters and opponents of Il Cavaliere.

When the national unity government was created, many analysts saw the opportunity to finally complete the long transition, to approve an organic reform of the Constitution and of the electoral law, and to put an end to the extreme polarization that has paralyzed the political system for almost twenty years. As we have seen in the second part of this paper, such grand promises of reform were, once again, misplaced. The political support of the national unity government was too fragile and the ideological divisions too deep; furthermore, any attempt to propose bold constitutional reforms would have endangered the much needed stability.

Since the way forward to a majoritarian Third Republic no longer seems viable, Letta and Alfano, united by their common heritage and with the backing of important sectors of the economic establishment, may start considering taking the way back: the re-creation of the First Republic. The approval of a proportional electoral law would pave the way for the split of the two major parties and the creation of a new centrist coalition that would dominate Italian politics in much the same way as the old Democrazia Cristiana did in its glorious days.

To many, this seems the only reasonable thing to do. Italy has already wasted twenty years following the majoritarian chimera and its experiment with bipolarism gave birth to fragmented coalitions where moderates and reformists invariably ended up hostages of right wing populists and left wing extremists. Some could even argue that the Italian establishment could maybe produce one decent and competent political class, but expecting it to produce two of them, capable to alternate in power, is pure illusion. At a time when Berlusconi's decline may open the way for a profound restructuring of the whole political system, Italians, understandably sick of the wretched Second Republic, may decide to throw the baby with the bathwater, renouncing even the little they have achieved in terms of bipolar completion and turnover in government. Such a neo-centrist project however, is by no means guaranteed to succeed. Twenty years of bipolar competition have created political cultures and interests that would strongly oppose any operation of this kind. Among the most formidable opponents of any neo-centrist dream are Matteo Renzi on the left and the ghosts of Mario Monti and Gianfranco Fini on the right.

Matteo Renzi is the rising star of the Democratic Party. He is the current mayor of Florence and the defeated opponent of Pierluigi Bersani during the 2013 primaries to choose the Party frontrunner. The unexpected failure of Bersani at winning the general elections and the subsequent disarray of the left wing coalition, convinced many in the progressive camp that Renzi, with his juvenile ardour, reformist zeal and communicative skills represent the only hope for the left to get back in power. Renzi is now set to win new primaries and become the secretary of the Democratic Party, and thus the main stakeholder of Letta’s government. Whether it is because of genuine beliefs or because the success of any neo-centrist operation would mean the end of his ambitions to become premier in the near future, Renzi is now positioning himself as a staunch supporter of bipolarism and majoritarian democracy. His likely success in winning the leadership of the Democratic Party is thus a major obstacle for whoever dreams of splitting the party and recreating the Democrazia Cristiana.

On the right the main deterrents for any neo-centrist project that Alfano and his supporters may harbour, are two ghosts: those of Gianfranco Fini and Mario Monti. Both Fini and Monti, however different in their personal profiles and professional histories, tried at some point (Fini in 2011, Monti in 2013) to challenge Berlusconi’s leadership over the conservative camp. They created new centrist parties and tried to win the votes of those conservatives who were upset with Berlusconi’s controversial figure and his poor record at governing, but who would have never voted for the left-leaning Democratic Party. Both Fini and Monti miserably failed, their parties fared very poorly at the elections and Berlusconi remained the unchallenged leader of Italy’s conservative core. The lesson Alfano might draw from these examples is that if he aims at inheriting the votes of Berlusconi, he should be very careful to remain within the centre-right and to resist any centrist temptation. Indeed, the way he has framed the break up of his supporters from Berlusconi’s party is a sign that Alfano may have understood the lesson: rather than openly attacking his former political mentor, he has stressed the strong political and personal links that still unite them, and portrayed his new political grouping as the true heir of Berlusconi’s ideals.

Conclusions

The political situation in Italy is still too confused to allow any reasonable prediction for the future or to assess with any degree of confidence the relative strength of the different forces. Analysing the current situation however, the impression that emerges is that of a substantial equivalence between those who dream of a new centrist configuration of the political system, and those who aim at completing the institutional transition towards a functioning majoritarian democracy. A good indication of what could happen in the future will be provided by the electoral law: if the parliament approves a proportional law, the way will be paved for the restoration of the First Republic and even a break up of the Democratic Party will become imaginable; if, on the other hand, the advocates of a majoritarian law will prevail, there won’t be space for any neo-centrist project. In this last case Alfano and Berlusconi may even be compelled to find some kind of agreement to face the

challenge posed by Matteo Renzi's candidacy and to reunite their forces. Depending on which one of the two options prevails, the national unity government could go down in history as the first product of a new centrist project, or as the architect of a new majoritarian Republic.

The greatest risk however, is that none of these options will have the strength to prevail. Both in the left and in the right those who dream of a new centrist reconfiguration of the political systems are too many to be ignored but not enough to prevail, and the current Parliament seems unable to approve any electoral law whatsoever. In this case Letta's government would continue to provide a certain degree of political and economic stability, to prevent the financial default of the country and to reassure Italy's international partners as much as it can. True reforms, however, would remain extremely elusive.

Berlusconi may be about to go, but Italy's problems are here to stay...

About the Crisis Observatory

In the context of the worst economic crisis in the history of post-war Greece and the wider European debt crisis, initiatives for the systematic and scientific documentation, study and analysis of the crisis in both Greece and Europe are sorely needed.

The Crisis Observatory aims to answer this call. The Crisis Observatory is an initiative of the Hellenic Foundation for European and Foreign Policy (ELIAMEP), with the support of the Stavros Niarchos Foundation.

Its primary objective is to become a central hub for information, research and dialogue for both the Greek and European crises. The Crisis Observatory's guiding principle is the presentation of new research, policy proposals and information, which are based on solid arguments and empirical evidence, with a view to improving the level of public discourse about the crisis. In order to achieve this objective, the Crisis Observatory's work is organized around three central pillars:

- The provision of educational material with a view to enhance the ability of the average citizen, who often does not have a good hold on economic issues, to understand basic parameters of the crisis.
- The provision of serious, evidence-based and representative, in terms of subject focus and theoretical/political approaches, information about the crisis.
- Intervention in the public discourse about the crisis, through the creation of a venue for the free expression of different views and policy proposals promulgation of new research about the crisis.

The team of the Observatory is:

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