

Political Reform and Realignment in Italy (III)

Democratizing Italian Democracy? The 1996 Elections and the Problems of the Center-Left Government

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"The most radical thing today is that the centrist has
chosen a coalition with the left."

Walter Veltroni
Vice Minister of the Prodi Government⁽¹⁾

INTRODUCTION

April 21, 1996. Almost midnight. Massimo D'Alema, leader of the Democratic Party of the Left, PDS (*Partito Democratico della Sinistra*), appeared on the TV screen with a rather nervous countenance. He lost his composure when several of the mikes pushed at him by the press hit him in the face. But he soon braced himself and made an extremely cautious declaration of electoral victory: "According to the information we have

(*) I would like to thank profs. Roberto D'Alimonte, Giandonato Caggiano and Michele Salvati for their kind cooperation during my research stay in Italy for the April 1996 elections.

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(1) *La Repubblica*. 30 giugno 1996, "Veltroni: non può votarsi indietro. la sinistra del 2000," di Mino Fuccillo.

(2) RAI3, special TV program on the general election, April 21, 1996.

gathered so far, the *Ulivo* (Olive Tree) seems to be leading.”⁽²⁾ The national broadcasting station RAI 3, then, focused on the ocean of flags waved by the citizens who thronged to the Piazza Santi Apostoli, Rome, in a ferment over the *Ulivo*'s triumph. Romano Prodi and Walter Veltroni, no. 1 and no. 2 of the *Ulivo* alliance soon showed up to share in the celebration of victory with the full crowd at the piazza. They were not enthusiastic, however. They were rather cool. Other Italian citizens, too, calmly accepted the fact that the leftist-led coalition government for the first time since the W.W.II would be born.⁽³⁾

At the 1996 elections, the Italian center-left achieved a better outcome than expected. The elections resulted in a narrow margin victory of the center-left. The victory, as a matter of fact, was an “historical success”⁽⁴⁾ for the Italian left. Can a victory, then, be a firm step toward further democratization of Italian democracy?⁽⁵⁾

The March 1994 elections, the first elections under the new electoral law, were won by the rightist alliance, *il Polo della Libertà*. In the April 1996 elections, the second elections after the electoral law amendment, the center-left alliance, *l'Ulivo*, rose to power. Italian transition to a new regime, thus, cleared one crucial test for a more advanced democracy in that it realized a government alternation. During the transition from the First Republic to the Second Republic, not merely the issues of electoral reform and political realignment, but also a more essential issue concerning how to manage Italian capitalism hereafter came to be discussed by various social actors such as

(3) for the same impression, see Alfonso Berardinelli. 1996. Il grado zero della sinistra. *Micro Mega*, 2/96, p. 42.

(4) Author's personal interview with Prof. Roberto D'Alimonte at his office of the University of Florence, April 22, 1996.

(5) for theoretical consideration on democratization under Polyarchy, see Hideko Magara. 1992. *Seið Demokurasi no Chōsen: Seiji to Keizai no Aida de* (The Democratic Challenges in Western Europe: Between Politics and Economy). Tokyo: Waseda University Press.

politicians, managers and capitalists, labor unionists and intellectuals. The present Italian transition questions the very nature of the politico-economic regime of Italy.

If the First Republic was maintained by a consociational pact between the DC (*Democrazia Cristiana*) and the PCI (*Partito Comunista Italiano*), then on what kind of pact would the Second Republic be based and by which actors would it be built? This paper observes how and with whom the center-left government tries to determine the rules of the new game which might bring about a drastic restructurization of the Constitution and economic order during the process of Italian politico-economic regime change.⁽⁶⁾

1 THE LEFT, THE RIGHT, AND THE CENTER IN POST-FORDIST ITALY

Throughout the process of political institutional reforms, two mutually contradictory demands have appeared. One is the pursuit of stability to put an end to the disorder of Italian politics, and the other is the demand for a change to eliminate all the corrupted traces of the First Republic.⁽⁷⁾ A balance between change and stability would determine the contents of the Italian transition. In any case, it is broadly recognized that the disturbance in Italian politics since 1992 has been a crisis.⁽⁸⁾ Yet, such a crisis did not break out suddenly in 1992. Rather, a deeper root of the crisis can be found in the fact that a post-war consociational pact⁽⁹⁾ between the DC-led coalition government

(6) Here I will explore the grand pact that would determine the very framework of the new regime. About medium-sized pacts (electoral coalition strategies), I have already discussed elsewhere. See Hideko Magara. 1996. "Political Reform and Realignment in Italy (II): The Dynamics of the Italian Electoral Reform and Its Transitional Outcome," *Tsukuba Review of Law and Political Science*, no. 21, 2/96.

(7) Paolo Legrenzi. 1995. "Vogliamo il cambiamento. Anzi no, la stabilità," *Il Mulino*, 6/95, anno XLIV numero 326.

and the opposition PCI gradually suffocated civil society.⁽¹⁰⁾ It became widely recognized that the problems of the old regime which were revealed through the disclosure of the Tangentopoli scandals can be attributed not only to Craxian-Andreottian corruption but also to the opposition, the Italian left, which did not radically oppose the corrupted regimes of Craxi and Andreotti.⁽¹¹⁾

While "the end of ideology" was broadly hailed and leftist forces gradually retreated in most advanced societies, the Italian intellectuals tried to redefine new confrontational axes and sought a new leftist identity, which influenced the actual evolution of politics.⁽¹²⁾ However, the Italian left was embarking on the Social Democratic boat exactly when it began sinking.⁽¹³⁾ Since Italian industrialization came late and the eventual changes in values and capacity did not occur in a large part of Italian society, modernization was distorted and incomplete. The *Mezzogiorno* (South) did not achieve autonomous economic growth. The public sector was so inefficient that it could not

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- (8) Michele Salvati. 1995. The Crisis of Government in Italy. *New Left Review*. no. 213. Sep./Oct. pp. 76-95.; Paul Ginsborg. 1996. "Explaining Italy's Crisis," in Stephen Grundle and Simon Parker, eds., *The New Italian Republic: From the Fall of Berlin Wall to Berlusconi*. London: Routledge. pp. 19-39.
 - (9) The Italian meaning of consociativismo is different from the English meaning of consociationalism.
 - (10) Alessandro Pizzorno. 1993. "Categoria per una crisi," *Micro Mega*, 3/93, pp. 81-96.
 - (11) Paolo Flores D'Arcais. 1996. *Il populismo italiano: Da Craxi a Berlusconi*, Roma: Donzelli editore. p. 13.
 - (12) Norberto Bobbio. 1994. *Destra e sinistra: ragioni e significati di una distinzione politica*. Roma: Donzelli editore; Giancarlo Bosetti. 1993. *Sinistra punto zero*. Roma: Donzelli editore; Paolo Flores D'Arcais. 1994. *Il disincanto tradito*. Torino: Bollati Boringhieri editore. Bruno Trentin. 1995. *Lavoro e libertà*. Hideko Magara. 1995. The Italian Intellectuals and Politics. *Tsukuba Review of Law and Political Science*, no. 18, 1995.
 - (13) Michele Salvati. 1995. "The Crisis of Government in Italy." pp. 91-3.

even provide the services necessary to citizens. Unlike the counterparts in other European countries, the Italian left proclaims that a fair society is compatible with competition in free markets, while it clings to traditional mechanisms of solidarity and egalitarianism in the absence of social democratic practice. What actually matters under the new electoral systems, however, concerns how the left shows its self-identity as an alternative to the right.⁽¹⁴⁾ The PDS in particular needs to show what kind of relationship it would build with the old guards (PPI and PSI), on the one hand, and with the new forces (*i Verdi*) on the other, especially how it would strategically place the centrists in its future scenario. The centrists are greatly affected by electoral systems. Under binary competitions often observed in majoritarian systems, the centrists, by definition, must be something in between, i.e. the third force. The centrist votes roam between left and right, but these were originally centrist electorates' votes. In such a case, politics becomes more centrist and the government and its policies tend to be centrist.⁽¹⁵⁾

Secondly, how the left defines the centrists and how it strategically places them in the whole political spectrum is closely related to a fundamental theme of contemporary politics, i. e. what should be sought as citizens' identity and how to grasp contemporary Italy under post-Fordist transformation. With respect to this point, Italy's problems are threefold. The first relates to small-sized firms and regionalism. Small-sized companies free from the impact of Fordist demise in Middle Italy or in the North-East are able to develop new economic, cultural and political possibilities. In Italy as a whole, however, differences among regions still persist and these differences may

(14) Hideko Magara. 1995 "Itaria saha seitō no hen'yō: posuto-shakaiminshushugi no siten kara," paper delivered to the Japan Association of Political Science, October 1995.

(15) Giovanni Sartori. 1995. "La democrazia della idee sbagliate," *Il Mulino*, 6/95, anno XLIV numero 362. pp. 964-5.

well leave serious problems of inequality. The second issue is connected to new strategies on the part of large enterprises. In Italy, post-Fordist transformation in the large corporate sector has just begun. Propensity and mobility required for market revitalization, which often contradict with human resource investment and motivation for participatory activities, may bring about a new social dualism: differentiation between full-time and part-time workers, between more privileged workers and others. A third problem bears on the production of non-material goods. Along with the growth of new markets of information, communication, public advertisement, software, leisure hours, health, finance, a new class called *nuova borghesia* has grown.⁽¹⁶⁾ It is true that social differentiation among enterprises and personalization of work do not always lead to social fragmentation. As Bagnasco argues, it is very possible that some forms of collective interest representation persist as social bases. Yet, it is also true that difference among social classes elevated during the 1980s and that the unemployed females and youths in the *Mezzogiorno* formed a new class of poor.⁽¹⁷⁾

In response to such an economic transformation, post-Fordist change also occurred in politics. Two traditional mass parties which had inherited historical legacies collapsed, and new political forces raised their heads. The *Lega Nord* (Northern League) emerged, reflecting a particular structure of local small-enterprises. By contrasting the interests and values of their regions with those of Italy as a whole, the *Lega* gained great success. The proportion of workers among *Lega*'s voters is clearly higher than that in other parties. The workers who support the *Lega* have totally different characteristics compared with the workers in Turin. Silvio Berlusconi's entry into the

(16) Arnaldo Bagnasco. 1996. *L'Italia in tempi di cambiamento politico*. Bologna: Il Mulino.

(17) Massimo Paci, a curadi, 1993. *Le dimensioni della disuguaglianza: Rapporto della Fondazione Cespe sulla disuguaglianza sociale in Italia*. Bologna: Il Malino.

political market was deeply related to the growth of the tertiary sector and production of non-material goods. Individualism, economic liberalism, market supremism, anti-welfare state - all of these are the values of a new bourgeoisie, exactly from whose base *Forza Italia* emerged.⁽¹⁸⁾

Owing to the advent of these new forces, Italian politics turned further to the right. Marco Revelli argues that the political competition which is usually conducted between the left and the right is in Italy carried on by the two rights: the one is populist right and the other is technocratic elitist right. The right defined as populist has tried to reap all the by-products generated by the institutional bankruptcy of Italian politics by electorally mobilizing those people against the traditional equilibrium. The populist right thinks that the historical block on which the First Republic was based (a competitive alliance between the large firms protected by the state and the organized workers) should be replaced by a new hegemonic alliance composed of owners of small companies, the unemployed, those excluded from industrial contracts, the middle class struggling with austerity policies and distorted income distribution. The technocratic right, represented by northern conglomerate Fiat and Mediobanca can be called the owner of the historical block or the saloon of Italian capitalism. This sector of the right believes in the possibility of a gradual transition and in consensus building with organized labor. It also proposes an immediate re-equilibration of public accounts and social policies, drastic cuts in public expenditure, and more flexible use of labor force.⁽¹⁹⁾

Massimo D'Alema, leader of the PDS, too, recognized that

(18) Alnaldo Bagnasco. 1996. *L'Italia in tempi di cambiamento politico*. Bologna: Il Mulino, pp. 37-8.

(19) Marco Revelli. 1996. *Le due destre: Le derive politiche del postfordismo*. Torino: Bollati Boringhieri. pp. 7-10.

(20) Massimo D'Alema. 1996. *Progettare il futuro*. a cura di, Gianni Cuperlo e Claudio Velardi. Milano: Bompiani. p. 12.

the Italian right was formidable.⁽²⁰⁾ As a matter of fact, the right represented by Silvio Berlusconi of *Forza Italia*, Gianfranco Fini of the *Alleanza Nazionale* (AN), Rocco Buttiglione of the CDU continues to offer a populist anchor leading to the paradox of Italian politics. The center-left Prodi government is not an exception to this paradox. Lamberto Dini, former Prime Minister and now Foreign Minister of the Prodi government, is close to the center-right. Dini, who can share common values with Buttiglione, shows a political position different from Prodi's moderately left-leaning centrist stance. The fact that two confrontational forces coexist in one coalition⁽²¹⁾ constantly contains the possibility of further centrists' turn to the right and, thus, a further conservatization of Italian politics as a whole. This difficult situation for the center-left can become even more severe due to the existence of the hard-liner *Partito Rifondazione Comunista* (PRC) located outside of the government. The moderate left is, therefore, faced with Przeworski's dilemma⁽²²⁾ here again.

It is not impossible to overcome such a structural vulnerability on the part of the moderate left, however, by advocating radical liberalism and by practicing it through actual policies. Radical liberalism, which is based on the concept of free markets and self-reliance, is the very opposite of the current Italian public sector excessively protected by the state and the type of Italian capitalism that has evolved in the form of local family enterprises. No matter how liberal Berlusconi tries to disguise himself, he belongs to a different dimension than liberal markets in that he acquired his business success by personal dealings with the politician Bettino Craxi. The AN that proclaims strong statism is located at the opposite of liberalism. Advocates of liberalism can be found most in the area of center-

(21) Paolo Flores d'Arcais. 1996. *Il populismo italiano: da Craxi a Berlusconi*, Roma: Donzelli editore. p. 16-17.

(22) Adam Przeworski. 1985. *Capitalism and Social Democracy*. Cambridge: Cambridge University Press.

left. The ex-republicans, socialists, and ex-Christian Democratic liberals share this value. Even the PDS, which was not liberal, now recognizes the principle of liberalism.⁽²³⁾ The problem for the center-left to solve, therefore, is how to attract moderate electorates' votes with the still influential PRC still existing to its left and how to build radical liberalism in both ideological and practical terms. The ability of the center-left government's most challenging test will be the difficult decisions it must make with respect to the trade-off between European monetary integration and the protection of social welfare. The way these decisions are made will determine the nature and shape of the Second Republic.

Even at such a time, however, the actors in Italian politics must recognize that they may be caught in the trap that they themselves have set. The center-left has not been able to extricate itself from institutional conservatism, because Italian political culture remains to be proportional and consociational. What makes matters worse is that institutional conservatism is generated, not by the structure of political system once defined as the confrontation between the Catholics and the PCI, but by political tactics. It is a matter of tactics and technique which cannot be free from selfish and opportunist characters.⁽²⁴⁾ Actually, during the elections, egoism and inefficiency may more easily yield short-term success than liberalism and efficiency, because people want to live under the existing protection in spite of their outward appeal for free competition and efficiency.⁽²⁵⁾

(23) Michele Salvati. 1995. "The Crisis of Government in Italy." pp. 91-3.

(24) Gianfranco Pasquino. 1995. "Il conservatorismo istituzionale del centrosinistra," *Il Mulino*, 6/95, anno XLIV numero 326.

(25) Michele Salvati. 1995. "The Crisis of Government in Italy." pp. 95-6.

2 THE DYNAMICS OF COALITION BUILDING

The Birth of the Olive Tree Alliance

Although Italian politics is still in the midst of a transition process, it has become clear that the Westminster model of a two party system is not feasible under the Italian majoritarian system. Giovanni Sartori has already argued that the new party system created through the electoral law amendment is structurally inappropriate, and as a result, has lost the ability to represent various social demands. According to Sartori, the existing majoritarian system with single tour voting not only makes the majority fragmented but also paralyzes it. "The new system is not yet liberated from the fetters of consociational proportionalism. The adoption of an incorrect majoritarian system blocks the formation of real majorities."⁽²⁶⁾

Berlusconi's overwhelming victory at the 1994 elections brought Italian politics to a new phase of its history, in which a charismatic leader is no longer a Mussolini type demagogue or a De Gaulle type military man, but was highly effective in a successful self-made businessman. Such a new form of charisma dominated the mass media, TV and newspapers.⁽²⁷⁾ Berlusconi's political success was obvious. Nonetheless, the Berlusconi phenomenon was not firmly rooted in Italian society. The instability of the political system and fluidity of electorates' political preference implicitly suggested the possibility that the situation would again make a drastic turn in the near future. When Berlusconi fell from the post of Prime Minister because of the *Lega's* departure from the rightist coalition government only seven months after the birth of his regime, the left turned into offensive.

The Italian party alignment created many difficulties for the

(26) Giovanni Sartori. 1995. "La democrazia della idee sbagliate." *Il Mulino*, 6/95, anno XLIV numero 326. pp. 959-963.

(27) Norberto Bobbio e Romano Prodi. 1995. "Dialogo sull'Ulivo," *Micro Mega*, 5/95. pp. 20-21.

left to build a new coalition against Berlusconi. The *Lega* led by Umberto Bossi was no doubt intractable. Bossi, who had arrived on the Italian political scene as an anti-systemic force by proclaiming strong federalism, began to hold the anti-Berlusconi flag when other parties agreed to the idea of moderate fiscal federalism. The *Lega* gathered stable votes around 6%. The problem was that the *Lega* might turn to the right again if Berlusconi exited, in spite of Bossi's present sympathy with the left. The *Verdi* (greens) was the only leftist party that had success at the 1994 elections and maintained or even enlarged its influence. Compared with other parties, the *Verdi* was obviously at an advantage in that it had a clear identity, was universally recognized, and had strong ties to the ecologist parties all over the world. The only problem with the *Verdi* was that it lacked strong leadership. The PRC was a difficult entity. While it was impossible for the PDS to ignore the PRC, which gained 7 to 8% votes, it was also true that the former could not obtain broader support from workers because of the presence of the latter. If the PDS approached too close to the PRC, it would lose moderate votes. When it went too far from the PRC, the PDS would lose workers' votes. Yet, it was argued that the PRC could be neutralized by changing the electoral systems again to introduce a double tour system.⁽²⁸⁾

The biggest problem lay within the PDS. The PDS needed to show clearly that it would either choose the social democratic line or the democratic line. On the one hand, Northern European Social Democracy did not seem to fit the Italian center, an important would-be partner for the PDS. On the other hand, the democrats' line aimed to unite various groups with varying interests into a loose, articulated structure by forming a center-left alliance. While the hard-liners' threat might be mitigated in such a big alliance, the political direction would become ambiguous. In any case, the PDS needed to attract and persuade

(28) Piero Ignazi. 1995. Il peso del Pds sul centro-sinistra. pp. 461-465.

Italian citizens who had said good-bye to the past. As a matter of fact, the PDS still kept its class-oriented character. What was required was rather a step toward the second reform of the party based on the slogan of "liberal revolution"⁽²⁹⁾ advocated by young PDS leaders.⁽³⁰⁾

The devastating defeat at the 1994 elections was largely caused by the fact that the leftist alliance lacked candidates who definitively attracted electorates. The PDS new leader Massimo D'Alema, who concentrated his energies on forming an anti-Berlusconi alliance, chose economist Romano Prodi, a catholic leftist and ex-president of the IRI, as leader of the new center-left alliance. Professor Prodi, who kept relations with various political forces miraculously well, seemed capable of uniting centrist and leftist forces. By maintaining certain distance from all groups, he kept himself independent and extra-partitic. Such a stance suggested his ability to bring over the PPI to a new coalition.⁽³¹⁾

On April 24, 1995, Professor Prodi made a crucial decision at la Vecchia Roma, a restaurant in Bologna. Seven persons appeared. From the PDS, four people joined including Massimo D'Alema and Walter Veltroni. On the part of Prodi, the Professor himself and his two advisers participated. At the table of Vecchia Roma they agreed on the following three points: (1) the center-left alliance should attract moderate votes without losing leftist votes; (2) the *Ulivo* should be organized not as a party but as a locus where every center-left force can gather; (3) the candidates should run for the elections with the *Ulivo*'s ticket (not with the oak tree's) under the majoritarian system but with each party's ticket under the proportional system.⁽³²⁾

(29) for the concept of liberal revolution on the part of the PDS, see Massimo D'Alema. 1995. *Un Paese Normale.: la sinistra e il futuro dell'Italia*. Milano: Arnoldo Mondadori editore.; Walter Veltroni. 1995. *Una Bella Politica*. Milano: Rizzoli.

(30) Piero Ignazi. 1995. Il peso del Pds sul centro-sinistra. p. 465.

(31) Ibid. p. 461-465.

The confrontation between Prodi and Berlusconi here opened the door for two coalition politics.

The Italian electorates, however, were still apt to oscillate. The left, which won at the local elections of April 1995, organized a referendum to outlaw politician Berlusconi's control of TV. At the June actual referendum, however, the Italian citizens continued to support Berlusconi contrary to the leftists' expectations. The leftist alliance keenly realized the difference between local politics and national politics that were easily personalized through mass media.

The PDS could not but establish a coalition with the centrists in order to beat Berlusconi. At the party congress in July 1995, the PDS officially declared that it would recommend catholic leftist Romano Prodi as candidate for Prime Minister and Walter Veltroni for Vice Minister in the next general elections. The PDS decided not to make electoral programs on its own but to leave them subject to the discretion of Prodi's staff and then follow his programs. In so doing, the PDS aimed at absorbing moderate votes. The PDS chose a "timid⁽³³⁾" strategy without carrying out another self-reform, i.e. without becoming literally a center-left party by changing its name again, and without nominating a center-left candidate for Prime Minister from its own party.

For Massimo D'Alema, the Italian right led by Berlusconi was a huge menace. Yet, D'Alema wanted to strike the vulnerable points of Berlusconi who excelled in obtaining the broad support of electorates, by stressing the lack of policy implementation ability on the part of the rightist alliance.⁽³⁴⁾ D'Alema, who seriously tried to repaint the image of the left, sought the leftist ground not in the traditional terms of class and

(32) Bruno Vespa. 1995. *Il Duello: Chi vincerà nello scontro finale*. Milano: Arnoldo Mondadori Editore. p. 207.

(33) Michele Salvati. 1995. "The Crisis of Government in Italy." pp. 90.

(34) Massimo D'Alema. 1996. *Progettare il futuro*. a cura di Gianni Cuperlo e Claudio Velardi. Milano: RCS Libri. & Grandi Opere. p. 12.

solidarity but in identification to community and family. He also proclaimed the necessity to cooperate with voluntary and single-issue groups and located pluralist communities as the most efficient mediator that would link the state with society.⁽³⁵⁾

He, at the same time, stressed that the welfare state must be reorganized: "The crisis of welfare generated a deep division in Italy. On the one hand, there exists people protected by the welfare state — a strange combination among certain parts of labor movements, traditional or matured production sector, broad strata of bureaucrats and professionals, managers at the social policy agencies, big enterprises which greatly enjoy favors created by social buffer policies. The other block composed of more dynamic sectors (small- and medium-sized companies, new professions), which contains the youth and females, has not been protected by the traditional form of welfare redistribution, thus has become an anti-welfare social block. If this division deepens further, and if we are with the old block, the left will lose, because the old block is practically and culturally based on the civil categories that we cannot tolerate, i.e. the male, adult, employed and unionized. This structure does not involve the youth and females, and it also excludes the weak and newcomers. We need a welfare state which invests for the future and for the new generations, a welfare state which turns resources to innovation and provides more opportunities and chances of lives and fills the vacancy of securities and insurance. We must escape from an old social democratic compromise — in the Italian case, a peculiar form of degenerated subsidization by the DC — to establish a new welfare state against competitive individualism and cruel ultra-liberal culture."⁽³⁶⁾ D'Alema's post-Fordist image is not so pessimistic as Revelli's.⁽³⁷⁾ It is rather closer to ex-CGIL leader Bruno

(35) *Ibid.* p. 24-25.

(36) *Ibid.* p. 33-35.

(37) Marco Revelli. 1996. *Le due destre*.

Trentin's post-Fordist view.⁽³⁸⁾

In establishing the *Ulivo* alliance, Romano Prodi thought that *grande centro* (integration of all the centrist forces) was not a feasible idea. "With the existing electoral law, *grande centro* is impossible. Under a majoritarian system, as the British Liberal Party shows, the centrist obtains only a few seats. The Italian center-left alliance is composed of various forces and various themes, i.e. the seculars, Catholics, liberals, socialists, environmentalists and so forth. No consensus could be expected from the starting point. We must broadly and deeply discuss the essential parts of the government programs that can be shared by every participant of the coalition and prudently screen them." As Norberto Bobbio appropriately points out, however, this may well be the vulnerability of the *Ulivo*.⁽³⁹⁾

Meanwhile, Lamberto Dini made up a new group, *Lista Dini Rinnovamento Italiano*, on the eve of the 1996 elections aiming at enhancing his own position within the *Ulivo* alliance. Responding to this action by Dini, Prodi, too, strengthened his ties with the PPI and organized the *Popolare-Prodi* block. Two centrist groups were formed within the *Ulivo*, which increased the possibility of centrist revival and further transformation of Italian politics. Reproduction of strong centrist tendencies, on the one hand, may favor the center-left alliance in that it would normalize the internal equilibrium of the *Ulivo*, which heavily leaned to the left composing two thirds of the *Ulivo* participants. Yet, on the other hand, the centrist resurgence created new problems. Firstly, it seemed to bring an end to the magmatic situation of the *Ulivo* and divide the allied parties into two competing blocks: the leftist one around the PDS and the centrist one. The intention of the group that promoted the restoration of the centrist group was to create *dualismo partitico*, a structure similar to that of the French center-right coalition. While the French and Italian

(38) Bruno Trentin. 1994. *Lavoro e Libertà*.

(39) Norberto Bobbio e Romano Prodi. 1995. "Dialogo sull'Ulivo," *Micro Mega*, 5/95. p. 17.

centrists are amalgamations of multiple Catholic and secular parties, the Italian PDS and the French Gaullist are rigidly organized, having strong identities and structures deeply rooted in regions.⁽⁴⁰⁾

Yet, people who try to implant the structure of the French center-right coalition directly on the Italian center-left overlook a significant factor peculiar to French politics. The French party dualism functions because the equilibrium between the two forces within the center-right coalition are evenly, almost miraculously, balanced. The equilibrium of the two forces in the Italian center-left cannot achieve such an equilibrium, unless the PDS makes a shift radical enough to let a large number of electorates move to the center (almost to the same position as the PCI's). Will the PDS make this choice to retreat?⁽⁴¹⁾ Probably it will not.

The April 1996 Elections

In the April 1996 elections, the Italian voters showed their discretion and maturity. They judged the responsibility verified by the three technocrat governments of Amato, Ciampi and Dini and gave a majority to the center-left, blocking the resurgence of the rightist maximalist *Alleanza Nazionale* (AN). The AN's votes were no more than 16% (proportional part).⁽⁴²⁾

The elections provided the PDS with the status of a primary party. D'Alema immediately expressed his intention to remove the sickle and hammer from the party symbol, which showed that the PDS had become a "normal" party. The leftist goal to directly take part in the government was finally realized for the first time since *Risorgimento*. This is an historical shift that required a long and difficult transformation including radical

(40) John W. Flaccus. 1996. Che succede se il centro rinasce? *Riset.* n. 27, p. 17.

(41) *Ibid.* p. 18.

(42) Engenio Scalfari. 1996. "Le speranze d'Italia," *La Repubblica*, 23 aprile 1996.

Table 1 Senato 315 seats

centre left	169	
Rifondazione		10
SVP		2
Ulivo		157
others	1	
lega	27	
centre right	117	
polo		116
Panella		1
Fiamma	1	

source: La Repubblica, 23 aprile, 1996.

Table 2 Camera 630 seats

centre left	324	
Rifondazione		35
others		5
Ulivo		284
lega	59	
centre right	247	
polo		246
others		1

source: La Repubblica, 23 aprile, 1996.

Table 3 Share of vote by party
(Proportional Representation)

PDS	21.1	(%)
Pop-Prodi	6.8	
Lista Dini Rinov. Ita.	4.3	
Verdi	2.5	
Prc-Progr.	8.6	
Lega	10.1	
Forza Italia	20.6	
Allenza Nazionale	15.7	
Ccd	5.8	
Lista Panella	1.9	
Fiamma	0.9	
others	1.7	

Source: L'Unità, 23 aprile 1996

changes in identity and the establishment of a broad system of social and political coalition building.⁽⁴³⁾

The *Ulivo* alliance secured the absolute majority in the *Senato* (Upper House) without relying on the 10 seats of the PRC (*Partito Rifondazione Comunista*). In the *Camera* (Lower House), however, the PRC obtained 35 seats (majoritarian 15 seats plus proportional 20 seats) which can reach the absolute majority of 319 seats if added to the *Ulivo*'s 284 seats. For the center-left, therefore, requesting the PRC for its cooperation was an unavoidable choice. Even though Bossi took part in the center-rightist alliance *Polo per le Libertà*, they together would hold only 305 seats. In short, Prodi did not need PRC leader Fausto Bertinotti at the *Senato* but he did at the *Camera*. Bertinotti, who wanted to influence the government's policy-making, criticized D'Alema's plan to remove the sickle and hammer from the PDS party symbol and proclaimed a revival of the *scala mobile*.⁽⁴⁴⁾

The *Lega*'s outcome, 10% and 59 seats at the *Camera*, was much better than expected. Actually, the defeat of the center-right greatly owed to the recovery of the *Lega* which ran the elections independently. The *Lega* might have obtained status as a key actor through which it could promote federalism. Nonetheless, Bossi lost an opportunity to take office, since his tactics to hold the casting vote to control Italian politics were ineffective.⁽⁴⁵⁾ The situation in which the center-left could build a government without Bossi's help weakened his position. Bossi was irritated. He later frantically tried to mobilize the Northern Italians proclaiming Northern Italy's separation and independence from Italy, confusing national politics in his

(43) Ibid.

(44) *La Repubblica*, 23 aprile 1996, "Prodi deve chiedere i nostri voti: Rifondazione detta le condizioni per sostenere l'Ulivo," di Umberto Rossi.

(45) Eugenio Scalfari. 1996. "Le speranze d'Italia," *La Repubblica*, 23 aprile 1996.

desperation.

When the *Ulivo*'s victory was secured, Berlusconi expressed his sour-grapes attitude: "I cannot wait to hear the overseas reaction to the leftist government."⁽⁴⁶⁾ Nonetheless, contrary to his expectations, the overseas comments on the electoral results were positive. Most of them were sympathetic to the victory of the center-left in that it would be better for social peace. Italian capitalists, too, reacted similarly. For instance, Marco Tronchetti Provera, the new president of Pirelli, who expected the new government to promote further privatization and recovery of state finance, suggested that the markets reacted positively to the electoral results because the leftist programs were judged more European oriented compared with those of the right. At the same time, however, capitalists showed their precaution towards the PRC. "The *scala mobile* is completely out of date. It contradicts with Europeanism. Even the Italian unions have matured to sign the July 1993 pact. The PRC opposes the *Ulivo* with respect to the problems of privatization and Europe. The center-left is heterogeneous concerning economic issues."⁽⁴⁷⁾

According to the research on the 1996 elections conducted by Abacus, workers supported the *Lega*, while teachers voted for the *Ulivo*. Shopkeepers supported the *Polo per le Libertà*. Bossi had his strongest base among workers. Prodi's supporters had the highest proportion of university graduates compared with other parties' supporters. Berlusconi still depended on entrepreneurs and merchants.⁽⁴⁸⁾

On April 22, the next day of the elections, Walter Veltroni met some hundred youths who had put their studies and work on hold for full two months to help the *Ulivo*'s electoral

(46) *La Repubblica*, 23 aprile 1996, "Ci vedremo titti all'estero: L'amara ironia di Berlusconi," di Vittorio Testa.

(47) *Corriere della Sera*, 23 aprile 1996, "Attenta alle false partenze," intervista con Marco Tronchetti Provera di Claudio Lindner.

(48) *La Repubblica*. 24 aprile 1996. "Operai con la Lega, laureati con l'Ulivo: Uno studio Abacus."

Table 4 Support by alliance

	Polo per le Liberta'	Lega Nord	L'Ulivo	Fiamma	Pannella + others	Total
SEX						
male	50	55	50	57	42	51
female	50	45	50	43	58	49
AGE						
18-24	16	15	15	5	10	15
25-34	20	29	17	23	33	20
35-44	16	17	20	23	8	18
45-54	15	15	17	11	24	16
55-64	14	14	14	11	8	14
65 +	20	9	17	27	18	18
EDUCATIONAL BACKGROUND						
university	9	7	11	2	-	9
high school	46	33	38	20	18	40
junior high school	31	40	30	44	50	32
elementary	15	20	21	34	32	19
PROFESSION						
entrepreneur, lib. prof.	9	8	5	2	-	7
commerc., artisan.	6	9	3	-	8	5
office worker	16	18	18	13	8	17
teacher	4	2	5	2	-	4
worker	11	26	15	21	16	14
other occup.	1	2	1	7	-	1
housewife	16	12	15	17	31	15
pensioner	23	14	23	29	18	22
student	9	5	10	2	10	9
unemployed	5	3	5	7	8	5

source: La Repubblica, 24 aprile 1996.

campaign voluntarily when they came to drink in celebration of their victory. Veltroni looked like "Clinton" when he gave olive bonsais to them in honor of their triumph. Veltroni, who sympathized with Tony Blair and Bill Clinton and had stronger self-consciousness as no. 2 of the *Ulivo* than as a PDS executive, did not negatively evaluate the presence of the PRC in the new Italian political scene. "In the financial markets, people say the success of the PRC is dangerous for democracy. But I do not think so." Veltroni defined the PRC as an anti-fascist and anti-authoritarian force and suggested that the center-left group

would have a shared political stand with the PRC concerning competency-oriented basis, generational renovation and more appointments of women.⁽⁴⁹⁾

On the other hand, at the party congress in the coming autumn the PDS leader Massimo D'Alema, who made the first priorities of the new government constitutional reform, labor market and problems of the *Mezzogiorno*, planned to discuss the formation of a grand leftist party that would attract external forces from outside the *Ulivo* on the basis of the political evolution of last several years. Yet, in D'Alema's scenario, inclination not to the democratic party but to the social democratic party still persisted. "I do not oppose an idea of making a Democratic Party at all. It is no wonder if a Democratic Party is born tomorrow. But nowadays the European left is composed of a large group of socialist parties, social democratic parties, and labor parties. What we should pay attention to is the fact that it is social democratic parties with which we cooperate in the European Parliament. In the April elections, we were actually very close to social democratic parties."⁽⁵⁰⁾ D'Alema out of consideration for the PRC asserted that the most serious problem for the new government to tackle was the labor problem, while at the same time appealing to Bossi for "a constructive conversation with the *Lega*". Moreover, D'Alema suggested to the *Polo per le Libertà* that he had the intention to give to one of the two speakers' posts either in the *Senato* or in the *Camera*. All these behaviors fully demonstrated his subtly "political" aspect.⁽⁵¹⁾

Meanwhile, there was a move to integrate centrist forces around Lamberto Dini. Dini, who had formed a political group

(49) *La Repubblica*. 23 aprile 1996. "Un governo in fretta e subito le riforme," di Barbara Palombelli.

(50) *La Repubblica*. 23 aprile 1996. "D'Alema già progetta il partito del futuro."

(51) *Corriere della Sera*, 23 aprile 1996. "D'Alema: al Polo una super presidenza," di Francesco Verdenami.

called *Rinnovamento Italiano* on the eve of the elections to stress his presence, was strategic enough to suggest just after the elections that even though he was Foreign Minister of the Prodi government, it might be possible to build *grande centro* by collecting all the moderate forces. He opened the door not only for ex-DC rightists who had turned to the CCD (*Centro Cristiani Democratici*) led by Pierferdinando Casini and the CDU headed by Rocco Buttiglione, but also for Berlusconi's *Forza Italia*. Although the center-left's electoral victory was unshakable and Romano Prodi was going to be the next Prime Minister, the *Ulivo* needed the cooperation of the PRC in the *Camera* (Lower House). In such a situation, Lamberto Dini, who had a strong ambition to be re-installed as the Prime Minister, insinuated that he might approach the center-right with the pretext that he distrusted Bertinotti's PRC. For Dini, the CCD and the CDU were old friends with whom he shared values.⁽⁵²⁾

Responding to such a move, the CCD and the CDU severely criticized Gianfranco Fini, leader of the AN, arguing that the political defeat of the *Polo per le Libertà* was caused by a radical inclination too far to the right. Rocco Buttiglione, leader of the CDU, in particular, emphasized the possibility to form an alliance to capture a 26% share of votes among the CCD, the CDU and *Forza Italia* by excluding the AN whose share was 15%. "We, after all, did not fully recognize the role and characteristics of the centrist in a center-right alliance."⁽⁵³⁾

The situation in which the *Ulivo* did not obtain a majority by itself brewed a kind of tense atmosphere. As a matter of fact, the center-left did not at all underestimate the political problems in establishing a new government. It seemed that the PRC would not oppose the inauguration of the Prodi government at the beginning. Nonetheless, not only Prodi himself, but also D'Alema

(52) *La Repubblica*. 23 aprile 1996. "L'offerta di Dini: a Silvio chiedo ..." di Stefano Marroni.

(53) *La Repubblica*. 23 aprile 1996. "Ccd-Cdu, gelo con Fini: l'obiettivo è il Centro," di Gianluca Luzi.

and Dini fully recognized that it would be impossible for the new government to completely conciliate hard-liner Bertinotti. Even if the *Ulivo* were in the hands of the PRC, the new government would start shortly. It seemed very plausible, however, that the government would pay extremely heavy costs in the fields of economic and social policies in return for the PRC's backing. The *Ulivo* particularly emphasized "stability" at its declaration of electoral victory, because it aimed to reduce the burden of the PRC by strengthening the basis of the government, especially the base of the moderates and centrists. The *Ulivo* sent out various signals just after the elections. D'Alema sought discussions with Bossi, Fini and Scognamiglio of *Forza Italia*, while Dini approached Casini and Buttiglione who might become leaders of the future *grande centro*. These signals, if carefully observed, aimed in one direction: stability, and in particular the equilibrium within the center-left coalition. That is what exactly D'Alema aimed at.⁽⁵⁴⁾

The Grande Centro Project and "Cosa 2"

In such confusing circumstances, ex-Prime Minister Ciriaco De Mita advocated the revival of the DC as if the former DC's dishonor due to the Tangentopoli scandals was wiped out by his winning at the April election. However, the PPI's reaction was simply negative. The PPI executives, in particular, incisively criticized De Mita's proposal: "comical!" "kidding us?" "nonsense!". On the other hand, Sergio D'Antoni, leader of the Catholic union CISL, who seemed to have opinions close to De Mita's, claimed that it was important to establish a foothold of 20% to confront the oak tree (PDS) within the *Ulivo* without losing their pride as ex-DC members. According to D'Antoni, "the *Ulivo* is not a well balanced coalition because it is too inclined to the left."⁽⁵⁵⁾ Geraldo Bianco, the leader of the PPI

(54) *Corriere della Sera*, 23 aprile 1996. "Ulivo non vuole restare prigioniero di Bertinotti," di Stefano Folli.

argued: "Ciriaco (De Mita) limits himself. He must recognize that Italy is no longer the Italy that the DC controlled. ... There is nobody among us who wants to get the DC back. We are now in the *Ulivo* and we know that history never moves in reverse. What is important for us is to support Prodi and fortify his government." Bianco thought that the stronger the PPI became, the stronger the center-left coalition would be.⁽⁵⁶⁾

Meanwhile, the friction within the center-right forces escalated further. The gaps between the ex-DC rightist CCD / CDU combination, the new conservative *Forza Italia*, and the ultra right AN became merely unbridgeable. In this situation, the CCD leader Clemente Mastella and Pierferdinando Casini claimed that the *Polo per le Libertà* had already died and that they needed to form a new alliance among moderate forces. The ex-DC rightist CCD and CDU, which won an easy victory in Sicily at the June local elections, wanted to differentiate themselves from Berlusconi and Fini. They thought a broader centrist alliance that would absorb even the external moderate Catholic forces was imperative.⁽⁵⁷⁾

With respect to De Mita's appeal for reconstruction of the DC, Casini revealed the stance that he did not have any intention to rebuild the DC, but wanted to start political "marketing" by allying with Buttiglione's group. Casini had already asserted for some time that the *Polo per le Libertà* must have been more Christian Democratic at the time of political impasse for the center-right. He particularly suggested his strategy for local elections to be carried out in 1997 in Rome and Milan and other big cities to make pacts "beyond the *Polo*". This is a strategy which attempts to open the door even to the unsatisfied groups

(55) *Corriere della Sera*, 23 giugno 1996, "Rifare la DC? Per De Mita un coro in no."

(56) *La Repubblica*, 23 giugno 1996. "Parla Bianco, svanisce il sogno della DC," di Stefano Marroni.

(57) *La Repubblica*, 23 giugno 1996. "Ccd: Il Polo è morto," di Riccardo Luna.

within the *Ulivo*.⁽⁵⁸⁾

At the end of June, there rose a voice claiming that the PDS should replace the sickle and hammer on its symbol with a rose, the symbol of European socialist forces, and, at the same time, that the party should change its name of PDS, chosen by Occhetto, to become the Democratic Party of Socialist Europe. This was the beginning of the D'Alema's project called *Cosa 2*. By the *Cosa 2* D'Alema aimed to dissolve the PDS, snatch back the socialist votes developed by Craxi, and turn these forces along with socialists, Catholics, environmentalists into a new pluralistic amalgamation that would confront the would-be *grande centro*. Giuliano Amato or Norberto Bobbio was supposed to become a future leader in this scenario.⁽⁵⁹⁾

Although D'Alema advocated a shift of leftist parties to a more solidaristic and more European-oriented democratic party of the left, a problem still remained: why did the leftist forces need to form a totally new party instead of developing the center-left *Ulivo* alliance further? The only reformist and Europeanist government led by the left was realized in Italy. On such a precious premise, D'Alema, who could not even imagine a merger between the left and the centrist into one party, thought it necessary to both fortify the leftist force and reorganize the centrist force within the *Ulivo* coalition. He calculated that the leftist votes within the *Ulivo* would expand up to 30% by absorbing the group which had a leftist, reformist mentality and an anti-fascist, pro-European world-wide view, i.e. Giuliano Amato's group. Bertinotti of the PRC commented: "D'Alema wants to make a social democratic party. But it will be difficult. Social democracy is already in crisis." In addition, there was a storm of criticism insisting that D'Alema's project was merely a rehash of Craxi's scenario. D'Alema wanted to differentiate his

(58) *La Repubblica*. 26 giugno 1996. "Casini vuole arruolare gli scontenti dell'Ulivo," di Gianluca Luzi.

(59) *La Repubblica*. 24 giugno 1996. "Pds, verso a Cosa 2," di Umberto Rosso.

project from Craxi's by stressing "the problem with Italian reformism is that there has been no reformist practice. We need to think of new reformism totally different from traditional reformist parties' vision." Criticism arose, however, from both left and right.⁽⁶⁰⁾

In retrospect, Craxi was the leading actor in Italian politics during the 1970s and 80s. He strengthened his small PSI by establishing a lib-lab alliance and tried to hold the hegemony of the Italian left by pushing the PCI off to the ghetto.⁽⁶¹⁾ Then-PCI leader Enrico Berlinguer reproached Craxi as a "menace for democracy". Nonetheless, Craxi chose to make a secret relay pact with Andreotti and Forlani (so-called CAF) on the pretext of "governability", aiming at taking office alternately among them regardless of any electoral results, when he realized his "long waves" ran on a sunken leftist rock. Practically speaking, his political life ended here. After then, the PSI executives were forced to oppose and criticize their own party.⁽⁶²⁾ Those who feared D'Alema's approach to Amato felt that D'Alema, who was faced with the collapse of the PSI, considered it necessary to absorb the PSI out of recognition that an European left without a socialist party could not be imagined.⁽⁶³⁾ On the other hand, Vice Minister Walter Veltroni, who stressed the necessity for the *Ulivo* to become a more democratic coalition beyond social democracy, restrained D'Alema's scenario by pointing out the backwardness of social democracy. "I think we need to pulverize the principle that only communists and social democrats are the

(60) *La Repubblica*. 29 giugno 1996. "D'Alema: una rosa al posto di falce e martello," di Federico Geremicca.

(61) For the details, see Hideko Magara, 1996. "Political Reform and Realignment in Italy (I): The Impact of 1989 and an Italian Response," *Tsukuba Journal of Law and Political Science*, no. 20.

(62) Hideko Magara. 1996. "Reform and Realignment in Italy (II): The Dynamics of the Italian Electoral Reform and Its Transitional Outcome," *Tsukuba Journal of Law and Political Science*, no. 21.

(63) Giuliano Zincone. 1996. "Se la politica è solo rancore," *Corriere della Sera*, 2 luglio 1996.

left. ... Unfortunately, social democracy is defeated in France, Spain and Germany. ... Can you say that the French communists are more leftist than Tony Blair only because they are seated on the left side of the parliament?"⁽⁶⁴⁾

As a matter of fact, the PDS was required to harmonize the legacy of the PCI with its own image of the European left throughout the electoral campaign. It was true that the PDS could not get the votes necessary for the victory without the cooperation of the centrist forces including the PPI. Yet, the real problem was not a matter of numbers. Rather, it was related to the image and identity of the party. The *Ulivo* surely brought numerous votes to the PDS. But, at the same time, it imposed on the PDS a heavy cost in terms of identity. The PDS has not yet created its own post-communist identity to represent a large part of the Italian electorates. The *Ulivo* by itself could not respond to the historical problem of Italian politics, i.e. the problem of Christian Democratic mutation and the leftist transformation. A coalition cannot be a substitute for identity.⁽⁶⁵⁾

How did the centrists within the *Ulivo* react to D'Alema's *Cosa 2* then? The PPI leader Geraldo Bianco, who kept a skeptical stance to Dini's inclination to the right, strongly urged Romano Prodi to normalize the balance of power within the coalition whose tendencies were obviously leaning to the left. Auturo Parisi, advisor to the Prime Minister Prodi responded to such a request by saying "we indeed agree with Bianco."⁽⁶⁶⁾

On July 2, Amato told: "This time, it is worth listening as a citizen to the appeal that insists on the reconstruction of the Italian left through integrating reformist forces." D'Alema immediately responded to Amato: "It is no use arguing about the

(64) *La Repubblica*, 30 giugno 1996, "Veltroni: non può voltarsi indietro. la sinistra del 2000," di Mino Fuccillo.

(65) Ezio Mauro. 1996. "Il governo è fatto si faccia la sinistra," *La Repubblica*, 27 giugno 1996.

(66) *La Repubblica*, 3 luglio 1996, "Da Palazzo Chigi un sì alla proposta di Bianco."

past. We must put an end to the past and restart from the beginning." The distance between the two shrank visibly here.⁽⁶⁷⁾ For D'Alema, it seemed peculiar that three Italian parties - PDS, SI, PSD - joined the European Parliament separately. D'Alema thought that they should have merged immediately after the collapse of the Berlin Wall.⁽⁶⁸⁾

Giuliano Amato affirmed D'Alema's project to make a new Italian reformist party through a merger. D'Alema emphasized that his scenario did not aim at linking the past legacy of the PCI to the debris of the old PSI. Rather, he stressed, it aimed at establishing a political force that existed in Europe but did not exist in Italy, i.e. a reformist party. Meanwhile, Amato objected to the idea of socialist breakdown. He instead defined socialism as essential for democracy. "Socialist parties have stabilized European societies by raising the question of civil rights without destroying production machinery. Its role has not ended at all." D'Alema responded to Amato: "we are already on the same ground." Amato insisted further that it was necessary to build a fair and European-minded big reformist force. When asked by the press if the *Ulivo* was insufficient, Amato answered: "No, we have to fortify the *Ulivo*."⁽⁶⁹⁾

However, the *Cosa 2* project advocated by D'Alema opened up a crack within the Italian left. Socialist Gino Giugni while on the one hand recognizing that the lingering peculiarities of the PSI brought problems to the Italian left, on the other hand suggested his positive view regarding the merger with the PDS, which was no longer communist. Claudio Petruccioli, a confidant of ex-PDS leader Achille Occhetto, though, did not hesitate to harshly blame D'Alema for justifying Craxi. Bertinotti of the

(67) *Corriere della Sera*, 3 luglio 1996, "Vale la pena di tentare: Amato dice sì a D'Alema."

(68) *Corriere della Sera*, 3 luglio 1996, "Amato a D'Alema: Sì, riuniamo la sinistra," di Maurizio Caprara.

(69) *La Repubblica*, 3 luglio 1996, "Amato abbraccia la Cosa 2," di Mino Fuccillo.

PRC, also, severely criticized such a Craxian project as a totally authoritarian effort.⁽⁷⁰⁾

Lamberto Dini censured D'Alema's initiative to open the door for socialists, and for Giuliano Amato in particular, in that D'Alema misjudged the timing of his project. Craxi himself, too, criticized his former confidants Amato and Martelli in the *Alleanza Nazionale* journal *Secolo d'Italia* proclaiming that socialists must recover by themselves. D'Alema insisted that there was nothing to hide in his attempt to form a broadly ranged, democratic and European-minded Italian left. "My project will strengthen the government. It will never damage its governability." Despite his claim, it was true that the Dini-D'Alema problem caused a new dynamic between the centrist and the left in the *Ulivo* government.⁽⁷¹⁾

3 IN SEARCH OF A NEW POLITICO-ECONOMIC REGIME

The DPEF and the Resurrection of Neo-Corporatism

The Prodi government proposed at the end of June an economic program for the coming three years of 1997-99 called DPEF (*Documento di Programmazione Economica e Finanziaria*). The government put first priority on Italy's return to the EMS and the problem of unemployment.⁽⁷²⁾ As a matter of fact, the unemployment rate had already reached 12.3% and efficient measures by the government were eagerly awaited. Yet, what mattered most with the DPEF was that the targeted inflation rate would be maintained under 2.5% in order to keep up with European monetary integration planned in 1999. In the DPEF proposed by the Prodi government, the targeted inflation rate in 1997 was set at the level of 2.5%, but it was supposed to be

(70) *Corriere della Sera*, 3 luglio 1996, "L'ombra di Craxi divide la sinistra."

(71) *Corriere della Sera*, 5 luglio 1996, "Dini e D'Alema ai ferri corti per gli ex Psi."

(72) *La Repubblica*, 28 giugno 1996, "La cura di Ciampi."

lowered to 2% in 1998.⁽⁷³⁾ The inflation rate targeted at 2.5% immediately triggered a furious reaction from labor unions, particularly from the biggest CGIL led by Sergio Cofferati.⁽⁷⁴⁾ Meanwhile, an Italian commissioner to the EU Mario Monti did not hide his dissatisfaction with the DPEF from the opposite perspective. Monti criticized the measures presented by Prodi, Ciampi and D'Alema in that they lacked concreteness: "I wonder why such an authoritative government composed of intellectuals and establishment who have been enjoying a high international reputation does not propose more efficient measures. The anti-inflation measures are okay. But the markets particularly pay attention to cuts in the deficit."⁽⁷⁵⁾ The DPEF was, thus, criticized not only by the unions but also by the Europeanists.

In such a context, it is noteworthy that neo-corporatism has been resurrected in Italy. Retrospectively, the series of technocrat governments of Amato, Ciampi and Dini were backed by extra-parliamentary social economic actors such as labor unions and *Confindustria*. At that time, all of the governments, unions and *Confindustria* exposed their vulnerability and were forced to depend on each other. The technocrat governments which had difficulty forming parliamentary majorities and thus lacked democratic legitimacy needed external backing outside of the pure national elections. Capitalists and managers could not brush off the dirty image that worsened through the Tangentopoli scandals. Labor unions were continuously suffering from high unemployment rates. Neo-corporatism, which was politically and socially important during the 1970s, but ebbed in the 1980s, returned in the 1990s.⁽⁷⁶⁾

(73) *Corriere della Sera*, 28 giugno 1996, "Nel '97 tagli e tasse per 32 mila miliardi."

(74) *La Repubblica*, 28 giugno 1996, "Restare in Europa costa 32400 miliardi," di Gennaro Schettino.

(75) *Dorriere della Sera*, 28 giugno 1996, "Monti: non va bene, così l'Italia rinuncia ad agganciare l'Europa," di Andrea Bonanni.

(76) Michele Salvati. 1995. "The Crisis of Government in Italy," pp. 83-4.

The electoral victory of the center-left alliance did realize a pro-labor government. Some cautious critics had already suggested misgivings, however, if the privileged relationship between the unions and the center-left government brought about problems. Angelo Panebianco, for instance, argued that a cooperative relationship between the government and unions, which was consolidated through the successive technocratic governments of Amato, Ciampi and Dini, might cause somewhat of a risk under the center-left Prodi government. According to Panebianco, unions may well resort to their veto power in every political situation and a union government (*sindacato al governo*) by the union political class may emerge.⁽⁷⁷⁾

The 13th Congress of the CGIL took place on July 2 in Rimini. Sergio Cofferati, the leader of the CGIL said that in such a crucial contextual change like the birth of the first pro-labor leftist government, unions needed to make a change and they also were ready to take a new role. Nonetheless, the relationship between the CGIL and the center-left government was an extremely delicate matter. Should the CGIL choose a cooperative stance? Or, should it choose an aggressive position to carry through its own demands? According to Gino Giugni, the relationship between the CGIL and the government is rather complex compared with that in other European countries. Actually, the relationship between Prodi and the Catholic union CISL is comfortable, but that between the CGIL and the government involves a certain degree of disharmony.⁽⁷⁸⁾ Yet, the CGIL fully utilized such a situation to protect itself by keeping some distance from the government. Cofferati, too, guarded himself from the PRC and the opposition within the CGIL by

(77) Angelo Panebianco. 1996. "Sindacato al governo," *La Repubblica*, 21 giugno 1996.

(78) *La Repubblica*, 2 luglio 1996, "La mia Cgil deve cambiare: Cofferati lancia la sua sfida," di Giorgio Battistini.

(79) Giulio Anselmi. 1996. "La bilancia di Rimini," *La Repubblica*, 5 luglio 1996.

maintaining the autonomy of the CGIL from the government.⁽⁷⁹⁾

Cofferati was flooded with the long applause of some 1500 union representatives at the Congress on July 2, when he announced that the CGIL was ready to go on strike if Prodi would not revise his plan to cut the public expenditure of 21 trillion lira as suggested in the DPEF. He objected to the reduction of the welfare state. "We will fight with every means. Strikes are a possibility." Yet, he added that the CGIL would not go on strike unless the CISL and the UIL agree. By saying so, he suggested that they would not make any concessions to the first leftist government and that there remained a little room for bargaining. D'Alema immediately declared that the PDS was prepared to partially revise the DPEF as the unions requested, which surprised those around him. Cofferati on the one hand recognized the importance of the EU matters and the necessity of strict measures to meet the European requirements, but at the same time he claimed that these measures should be "fair even if rigorous."⁽⁸⁰⁾

Cofferati also made it clear that the CGIL was completely autonomous from the center-left government and had no intention of entrusting somebody else with its own social representation. He further proclaimed that certain parts of the DPEF proposed by the Prodi government were inappropriate and needed to be revised. The theme of the Congress was "work", for which Cofferati presented three requests on the part of the CGIL: (1) revision of the Maastricht Treaties concerning employment and investment on infrastructure, (2) reduction of working hours to 35 hours per week and transition to 32 hours regime by the year of 2000, (3) maintaining employment, particularly in the South. Capitalists' leader Agnelli of Fiat and self-made businessman-turned-politician Berlusconi expressed their uneasiness if Italy could not jump on the European train with the present government's policies, claiming that the EU

(80) *Corriere della Sera*, 3 luglio 1996. "Cofferati: se Prodi non cambia è sciopero." di Enrico Marro.

Commissioner Mario Monti's stance was more appropriate. D'Alema, on the other hand, was concessive to the CGIL and emphasized that the DPEF could be revised.⁽⁸¹⁾

On July 4, Thursday, Veltroni went to Rimini where the CGIL Congress took place and appealed to the union representatives: "There is no alternative to the *Ulivo*. It is okay to criticize Prodi. But if he collapses, the right will be back." Prior to Veltroni's visit to the Congress, D'Alema intervened on Tuesday when Cofferati negated the government's DPEF. On Wednesday Prodi himself showed up to the Congress and tried to persuade unionists to cooperate with the government. Although he got applause, there remained some degree of confusion. And on Thursday, finally, Veltroni tried to attract the CGIL on the pretext of "shared objectives and reforms."⁽⁸²⁾ Nonetheless, Cofferati's harsh answer to Veltroni's appeal was straightforward: "Veltroni is no different from Berlusconi, if he does not respond to our request through action."⁽⁸³⁾

Capitalists' Scenario for a New Regime

It had never happened that a crucial decision on economic policies and political change rose simultaneously and that Italy needed to make such a fundamental choice.⁽⁸⁴⁾ The end of the First Republic, the leftist victory in the April 1996 elections, the center-left government's proposal for the DPEF and the consequent heated dispute, trends toward a new political realignment by the left and the right, and the coming Constitutional reform - all these may well change the essence of

(81) *La Repubblica*, luglio 3 1996, "Altolà di Cofferati al governo," di Vittoria Sivo.

(82) *Corriere della Sera*, 5 luglio 1996. "Veltroni alla Cgil: attenti, o noi o la destra," di Giuseppe Sarcina.

(83) *Corriere della Sera*, 6 luglio 1996. "È concertazione la parola magica," di Giuseppe Sarcina.

(84) Giulio Anselmi, 1996. "La bilancia di Rimini," *La Repubblica*, 5 luglio 1996.

the Italian political -economic regime. Such a move toward a regime change rose not only in the political arena but also in the economic arena. And it was in the field of economic reform that capitalists took the initiative. The capitalists' reform project was firmly grounded with the Constitutional reform issue within its scope.

At the Milan Conference on "which capitalism will the Second Republic choose?" sponsored by the monthly journal "Liberal", Cesare Romiti, President of Fiat, strongly appealed for constitutional reform which would secure deregulation of the markets, insisting that family capitalism had ended and that Italy needed to liberate itself from the non-sustainable burdens of the state and to build a new model of capitalism, a new model of world economy. Many VIPs of Italian economy attended the conference. Among them Giuliano Amato showed a relatively pessimistic view there: "The market is a place not for padrone but for everybody. But the Italians, unfortunately, continue to prefer compromise to reforms." The Italian economy had to make a new rule to acquire international competitiveness. Amato asserted that Italy should change the structure of the state on the basis of a market system completely different from the old, dead mechanism of Taylorism.

Ineffective state finance, European integration, distorted welfare state, excessive statism, inefficiency - all of these things that characterized Italian capitalism under *partitocrazia* are now targeted for reforms. Romiti, who proclaimed the demise of family capitalism, insisted that the control of the Italian economy by the stable core of capitalism, i.e. strong stockholders, should replace family capitalism. For Romiti, what matters most is liberalization and markets. He stressed that Italy needed a new constitution which would reduce state intervention, cut public expenditure, secure the autonomy of the central bank. The whole Italian economy has now become a target for an "emergent" argument. Marco Tronchetti Provera, new president of Pirelli, who feared that Italian politics returned to the old logic,

enthusiastically appealed for prompt reforms: "Now is the time for choice. Those who want to retard such a choice would be heavily responsible for Italian future."

Among many economic leaders, a female capitalist leader Emma Marcegaglia, no. 2 of *Confindustria* Carlo Carieri, ex-leader of *Confindustria* Luigi Abete, and Ernesto Pascale of the STET all of whom called themselves liberal participated in this conference. All of them proclaimed reorganization of the welfare state and economic liberalization. Ferdinando Adornato, chief-editor of the monthly "Liberal" was supposed to build a group for constitutional reform after the conference.⁽⁸⁵⁾

What was clear to every participant in the conference was the following: first, former prime minister Giuliano Amato wanted to return to politics (as prime minister, of course); second, Cesare Romiti of Fiat wanted to show his political leadership in the promotion of Italian economic and constitutional reforms; third, capitalists hoped not for a gradual but a bold and immediate economic reform. Romiti's reform proposal was clearly liberalist. Yet, according to journalist Eugenio Scalfari, a new rule must be solemnly approved in the form of a basic law based upon a new social pact by the citizens, even though introduction of more markets has gained a broad consensus.⁽⁸⁶⁾

Meanwhile, the EU planed to request Italy to make further measures in addition to the DPEF to reduce the deficit of the public accounts. The EU predicted that the Italian deficit would rise to 5.4% of her GDP in 1997. This figure is higher than the standard set in the Maastricht Treaties for the entry to the monetary integration by 2.5%, and exceeded the figure set in the

(85) *Corriere della Sera*, 6 luglio 1996. "Un capitalismo da riformare," di Danilo Taino.

(86) *La Repubblica*, 6 luglio 1996, "Romiti: Più mercato, questa è la riforma," di Rinaldo Gianola.

(87) *Corriere della Sera*, 5 luglio 1996. "Dovete fare di più," di Andrea Bonanni.

DPEF by 1%.⁽⁸⁷⁾

The ex-prime minister and present Treasury Minister Carlo Azeglio Ciampi thought, as Mario Monti did, that the government should take every measure to push Italy into Europe. Prodi, who opposed “sadist liberalism,” suggested that such harsh measures that might harm Italian economy would not be welcome.⁽⁸⁸⁾

Pro-CGIL Massimo D'Alema applied pressure upon Prodi by insisting that the ceiling of 2.5% did not make much sense and that the government should compensate for the difference between the targeted inflation rate and the actual inflation rate in order to secure new consensus. As a matter of fact, the actual inflation rate in June marked 3.9%. On the other hand, Bertinotti of the PRC threatened Prodi suggesting that his party would vote against the measures if the government did not change its policies. The stock market shrank owing to the double attacks from the PDS and the PRC. In such a situation, Geraldo Bianco of the PPI did not hesitate to accuse D'Alema. Bianco insisted that the parties in government should keep their nose clean and that they were required to support the government until the Italian economy reached the European level. However, when Prodi put first priority on the Maastricht matters the PRC criticized that the government paid attention only to markets and did not care about society and people. The situation was almost like a proclamation of war.⁽⁸⁹⁾

The “Poteri Forti” Dispute

In an interview to *Corriere della Sera* dated July 7, Massimo D'Alema revealed an opinion that would later provoke a big dispute. According to D'Alema, Italian capitalism had the tendency to invite weakening of the government. D'Alema said that capitalists would lose power if the government acquired

(88) *Corriere della Sera*, 5 luglio 1996. “Manovra aggiunta? Altr  di D'Alema,” di Dino Vaiano.

(89) *Corriere della Sera*, 6 luglio 1996. “Contratti, D'Alema contro il tetto di Prodi,” di Marco Cecchini.

more power and that this was a structural fact. "I do not say it is a conspiracy. But among Italian capitalists who control even newspapers you can find those who have interests in weakening governments. Therefore, Italian governments have been vulnerable." What D'Alema referred to was so-called *poteri forti* (strong powers), i.e. huge Italian conglomerates that controlled even journalism. "They intend to put governments in weak circumstances, i.e. under pressure, because the more vulnerable governments become, the stronger the capitalists' power would be." In addition, D'Alema revealed his dissatisfaction, insisting that newspapers were full of exaggeration since the installment of the Prodi government and that the *Ulivo* did not promote reforms seriously.⁽⁹⁰⁾ D'Alema's comment showed his own irritation with the possibility that leading Italian papers' everyday reports on the intra government friction and on conflicts within the left might incur an extremely serious situation.

Was D'Alema so exhausted in coping with the internal dissonance of the government and the bargaining with the unions that he carelessly showed his real colors? Or, was that a part of a scrupulously calculated long-term strategy? In any case, D'Alema's argument poured oil into the fire of a dispute that had been sputtering among capitalists and politicians. On the same day Prodi immediately tried to wipe out D'Alema's words at the TV night news saying "my government is not at all in crisis," but it could hardly help ease the situation. D'Alema's words were particularly welcome to Berlusconi as a perfect target to attack. "D'Alema hides a real Bolshevik under his mask. Ultimately, a man like him never changes."⁽⁹¹⁾

Giovanni Agnelli of Fiat flatly refused D'Alema's argument: "The tale of *poteri forti* today is simply out of date. Probably it is

(90) *Corriere della Sera*, 7 luglio 1996. "Vogliono spezzare le gambe al governo," di Gian Antonio Stella.

(91) *Corriere della Sera*, 8 luglio 1996. "Prodi: il mio governo non corre rischi,"

a remnant of Marxist culture. We are no longer in 1948. We are neither in a period of Costa [leader of *Confindustria* from the immediate post war to 1955], nor in a time of Vareri and Fiana [heads of Edison and Montecatini respectively during the 1960s]. ... We need a strong and fully legitimate government that possesses the power necessary for promoting reform and regaining efficiency in our systems and for bringing Italy into the European monetary integration. With a weak government, we cannot satisfy the conditions of Maastricht and will miss Europe, growth and development.”⁽⁹²⁾

Meanwhile, Marco Tronchetti Provera, president of Pirelli, felt that the *Ulivo* government must have been in such a difficult situation that the leader of majority supporting the government mentioned so-called *poteri forti*. According to Tronchetti Provera, “D’Alema’s attack is just like an alibi to negate objective facts. The pressure on the government executives comes rather from the inside of the government majority and the time limit for entering Europe was probably in the back of their minds. There is nothing to do with *poteri forti*. The entrepreneurs’ interests are rather contrary to weakening the government. We want stability. Otherwise, the monetary integration, lowering the interest rate, investment, economic growth and new employment would be impossible.”⁽⁹³⁾

Piero Marzotto, the vice president of *Confindustria*, who openly revealed that he himself voted for the *Ulivo* alliance, said that the argument of *poteri forti* was inappropriate. He expressed his dissatisfaction to the government: “I cannot agree with D’Alema’s opinion. We need to create the conditions for international competition. I do not regret voting for the *Ulivo*, but I expected much more. During the electoral campaign Prodi promised to bring Italy to Maastricht within the time limit.”⁽⁹⁴⁾

(92) *Corriere della Sera*, 8 luglio 1996. “Agnelli: poteri forti? Non siamo nel’48.”

(93) *Corriere della Sera*, 8 luglio 1996. “Tronchetti: Uno sfogo, vuole scuotere l’Ulivo.”

He further claimed that the view that the *poteri forti* opposed Prodi was contrary to reality: "Not only big but also medium and small-sized companies strongly hope for a firm and efficient system of infrastructure. We seek a strong government, a government that really governs."⁽⁹⁵⁾ Noteworthy is the point that all the capitalists and managers unanimously appealed that stability and the governments' initiative were necessary for them to keep up with Europe.

On the other hand, Giuseppe Tatarella of the rightist AN analyzed that D'Alema set up a new enemy aiming at reinforcing the present vulnerable majority. "D'Alema formed a majority through a compromise among broad forces ranging from so-called *poteri forti* to Bertinotti in order to avoid the center-right coalition government. Yet, the center-left government weakened because it could hardly make a choice between the economic right and the ultra-left. Thus D'Alema wanted to make up an enemy to blame on."⁽⁹⁶⁾

While the *poteri forti* argument became heated, the Prodi government was faced with an ordeal. The DPEF was supposed to be discussed at the *Camera* on July 8. Bertinotti had already declared that his group would vote against the government. He, on the other hand, was excited with D'Alema's *poteri forti* argument saying that the real enemy for the Italians was *Confindustria*. When friction within the government was growing more serious, the *grande centro* project advocated by Lamberto Dini entered a new phase: Buttiglione proposed an arrangement for a centrist government for reform.⁽⁹⁷⁾ "This time, I will propose from my side to Dini an idea to make the *grande centro*

(94) *Corriere della Sera*, 8 luglio 1996. "Marzotto: parlino meno, facciano di più," di Gian Antonio Stella.

(95) *La Repubblica*, 8 luglio 1996. "Macchè poteri forti. Pensino a governare," di Antonio Calabrò.

(96) *La Repubblica*, 8 luglio 1996. "Gli serve un nemico per riunire l'Ulivo."

(97) *La Repubblica*, 8 luglio 1996. "Governo, prova del fuoco."

by integrating all the Christian forces within the *Polo* and to beat the Prodi government which can neither promote reforms nor enter into Europe.” Casini, too, said: “The *Ulivo* will be going to be stalemate in autumn. We have already thought of post-Prodi.” The *Ulivo*’s Catholic leader Bianco, however, was still skeptical of such an attempt.⁽⁹⁸⁾

Massimo D’Alema, who feared that the coalition government would crack because of a series of disputes and his own *poteri forti* dispute in particular, went to the Palazzo Chigi, the official residence of the Prime Minister. He explained to Prodi that it was important, even to the PDS, to stabilize the government. D’Alema attested that he had never considered any conspiracy on the part of the *poteri forti* and that he had no intention to oppose Prodi concerning the DPEF. Prodi, who had already claimed on the previous night that his government went very well and had no particular problems, reminded D’Alema of the importance of being prudent: “The DPEF is integrally structured. It is possible to argue about some specific aspects but all the government members are supposed to share the responsibility for the DPEF.” Foreign Minister Lamberto Dini, too, emphasized that the Prodi government was not in a critical situation: “the majority always has discussions inside. It is quite normal to argue about the future scenario.” Giorgio Fossa, the new leader of *Confindustria*, clarified his view that the Italian capitalists were not going against the government and that they wanted a “sufficiently strong” government in order to participate in Europe and resolve the economic problems.⁽⁹⁹⁾

Amongst this turmoil, Vice Minister Walter Veltroni showed his own stance by making a clear distinction from D’Alema’s: “We all must take measures to maintain office for next five years. Our government is not a washy but a reformist

(98) *La Repubblica*, 8 luglio 1996. “Ma prima abbattiamo Prodi,” di Gianluca Luzi.

(99) *La Repubblica*, 9 luglio 1996. “D’Alema tranquillizza Prodi,” di Silvio Buzzanca.

government. What we need is two things, time and the political stability. Other problems have nothing to do with the government even though they happen in a political setting.”⁽¹⁰⁰⁾

The CGIL leader Sergio Cofferati talked in the *Corriere della Sera* interview about his view on the *poteri forti* argument: “It is politics that must resume a strong role. The primary function of politics, to represent society, was lost during the period of political crisis between 1992 to 95. The only solution to avoid today’s risk is to stabilize institutions.” Cofferati further showed his stance with regard to the relationship between unions and the leftist-led government. By claiming that the left should be radical in the labor sector, Cofferati, on the one hand, suggested his distance from Democratic-Party-type unions. But, on the other hand, he did not accept the German-type Social Democratic unions: “First of all, it is important to stress the distinction between political representation and social representation. The European Social Democratic model does not do so – unions compose a complementary part of the political alignment. I rather think Italy must maintain her uniqueness. It was the unions’ power that crushed Berlusconi’s pension reform project. There was cooperation between non-leftist workers and pensioners.”⁽¹⁰¹⁾

On July 9, the government failed to gain a majority in four committees among the nine which were gathered in order to discuss the DPEF. The PRC virtually voted for an alliance with the center-right with regard to the economic issues. Immediately after meeting with the President of Italy, the Prime Minister invited economic-related Ministers – Minister of Treasury Carlo Azeglio Ciampi, Minister of Labor Tiziano Treu, to the Palazzo Chigi for an urgent examination of how they could get consensus on the DPEF without giving an impression that the government

(100) *La Repubblica*, 9 luglio 1996. “Io non vedo complotti contro il governo,” di Ottavio Lucarelli.

(101) *Corriere della Sera*, 10 luglio 1996. “Poteri forti? No, è la political che è debole,” di Giorgio Meletti.

had conceded.⁽¹⁰²⁾

The DPEF contained the economic policies necessary for Italy's entry into European monetary integration. Armando Cossutta of the PRC emphasized that the PRC's objection was not against the Prodi government itself and said: "I wish that the present government would survive for full five years. But some appropriate socio-economic policies that would secure employment and wages are needed." Meanwhile, there was an optimistic mood within the PDS concerning the PRC's problems. According to the internal argument of the PDS, the actual renewal of contracts can be based on the 3% level without changing the targeted inflation rate of 2.5%. With regard to employment, the PDS argues that a special fund could be formed utilizing the money saved through promoting privatization. As a matter of fact, the PRC requested that the government add to the DPEF a proviso that would protect wages. Cossutta said: "The targeted inflation rate at 2.5% is okay, but we want a definite promise of the government to protect actual wages. If the actual inflation rate exceeds 2.5%, some difference between the actual inflation rate and the actual wage increase will occur."⁽¹⁰³⁾

While the Prodi government was shaken by the left, there emerged a new move among the centrists. Firstly, ex-President of Italy, Francesco Cossiga, declared that he, as "Italian Giscard D'Esting", wanted to integrate center-right forces and Lamberto Dini whose political stance was very close to Cossiga's expressed sympathy.⁽¹⁰⁴⁾ Secondly, Mino Martinazzoli, ex-leader of the PPI, met Ciriaco De Mita again after two years and suggested that he would not be able to remain in the PPI once a

(102) *La Repubblica*, 10 luglio 1996. "Rifondazione, scacco, al governo," di Gennaro Schettino.

(103) *Corriere della Sera*, 10 luglio 1996. "Prodi bocciato quattro volte alla Camera," di Dino Vaiano.

(104) *Dorriere della Sera*, 10 luglio 1996. "Cossiga: un partito giscardiano, Dini: d'accordo, il futuro è lì."

centrist unification including the CCD and the CDU was realized.⁽¹⁰⁵⁾

CONCLUSION

Is the *Ulivo*, which is not a political federation but merely an electoral cartel, going to melt away when faced with critical decision-making and difficulties in governability? Is the heterogeneity within the coalition government Prodi's Achilles' tendon? After the 1996 elections, Fausto Bertinotti publicly declared: "I won't be a government-killer." His rejection of the DPEF proposed by the Prodi government, however, actually disgraced the image and credibility of the *Ulivo*. Rigor vs. social solidarity, economic recovery vs. equity, managers' interests vs. unions' expectations – the government's choices between these alternatives were simply difficult from the very beginning. Faced with the mutually contradictory demands of Bertinotti and Dini, of the PDS and the PPI, the prime minister needed to show strong leadership of the government and to make efforts that might have to be aborted.⁽¹⁰⁶⁾

On April 21, 1996, Italy put an end to one regime that had been characterized by the Craxian-Berlusconian populism and soft peronism that had covered Italy from the 1980s until recently, except during the technocratic governments of Ciampi and Dini.⁽¹⁰⁷⁾ Despite the victory of the center-left, however, Italy is still faced with certain risks in that it still contains rightwings that have not gained democratic credibility yet. The conservatives within the center are not strong enough to overcome the temptation to seek their support.

For the *Ulivo*, the situation became even more difficult thereafter. While European pressure became stronger, Bossi

(105) *Corriere della Sera*, 10 luglio 1996. "Rifare la DC? Per De Mita era solo una provocazione."

(106) *La Repubblica*, 10 luglio 1996. "L'Ulivo ferito," di Giovanni Valentini.

agitated local electorates to separate Northern Italy as an independent nation called Padania. The left-leaning capitalist De Benedetto was overthrown because of managerial failure. The inflation rate deteriorated from 10.4% of 1993 to 12.3% in 1996. In such a situation, Prime Minister Prodi signed broad-ranged labor contracts between the unions and business leaders that aim at reduction of working time, revitalization of labor markets, resolution of unemployment particularly in the South.⁽¹⁰⁸⁾ On the other hand, the government which by all means wanted to avoid Italy's break from European monetary unification, proposed an extremely strict (and unpopular) plan to cut huge public deficits including the Euro special tax of 15 trillion lira.

The Prodi government may seem to be based on orthodox pacts between capitalists and workers. Yet, it is clear that these pacts transcend the traditional domestic framework when totally new problems of Constitutional reform and European monetary integration are taken into account. Italy's transition to the Second Republic will, therefore, evolve by questioning the very form of the politico-economic regime: which capitalism should Italy choose in a changing international context? The Italian center-left government needs to have highly political skills to tackle the difficult projects involved in building the new institutions of the Second Republic and stay clean of the center-rightist's sharp roll-back, by keeping a delicate balance between the European-oriented liberals and the welfare statist.

(107) Paolo Flores D'Arcais. 1996. La destra che non c'è. *Micro Mega*, 2/96, p. 7.

(108) *La Repubblica*, 25 luglio 1996. "Un patto per rilanciare l'occupazione," di Vittoria Sivo.