New York Revue of Books

October 9, 2003

Italy: The Family Business

By Alexander Stille

Italy and Its Discontents: Family, Civil Society, State, 1980-2001
by Paul Ginsborg
Palgrave Macmillan, 521 pp., $35.00

"The Patrimonial Ambitions of Silvio B"
by Paul Ginsborg
New Left Review 21, May–June 2003

The Dark Heart of Italy: Travels Through Time and Space Across Italy
by Tobias Jones
London: Faber and Faber, 266 pp., £16.99
A revised edition will be published in the US by Farrar, Straus and Giroux in June 2004.

1.

On January 26, 1994, Silvio Berlusconi —the country's richest man, owner of a vast real estate, publishing, financial, and media empire—appeared simultaneously on the three private TV networks he owns and announced that he was founding a new political party and running for prime minister. Berlusconi's sudden appearance in the living rooms of most Italians, commandeering the airwaves for what sounded like a presidential address, created the bizarre sensation that he was somehow already prime minister even though the campaign was just beginning. It began to seem inevitable that he would be elected, and he was.

Instead of creating a million jobs as he promised in his first campaign for prime minister, Berlusconi seemed more interested in taking over the state broadcasting system. As evidence of systematic bribery of officials and political payoffs by some of his companies emerged, Berlusconi began to dedicate much of his energies to trying to derail an investigation into his corrupt practices, including paying off judges in a civil case involving a corporate takeover. His fractious coalition fell apart; he was indicted on bribery charges and his government fell after only eight months.

Although he had to wait more than six years to return as prime minister, Berlusconi was not really out of power. His party, Forza Italia (Go, Italy!), a name taken from the soccer slogan chanted at Italy's national soccer games, remained the largest party in parliament and he has continued to expand his power base, protecting his monopoly of television, weakening the Italian judiciary, and remaining Italy's most visible, audible, and powerful politician, not least by personally employing thousands of Italians who help him achieve his political ambitions.

For example, fifty deputies elected to parliament on Berlusconi's original Forza Italia list in 1994 worked for his advertising company, Publitalia, while dozens of others were employed by other Berlusconi companies or owed their livelihood to him in one way or another, working as lawyers, consultants, television stars, or journalists, or holding contracts as contributors to his vast network of newspapers, magazines, and TV stations. Those of Berlusconi's associates who were at greatest risk of winding up in jail in the various investigations into his business dealings were elected to parliament so that they could enjoy immunity from arrest. Few of them, busy with their outside jobs, bothered to show up at the meetings of the national assembly—until their trials began, at

which point they claimed they needed to attend every session of parliament as a way of dragging out court proceedings by years.

In his first government, Berlusconi appointed as minister of the budget Giulio Tremonti, his own corporate tax attorney, who drafted a law that gave Berlusconi's companies a tax write-off of 250 billion lire (then about $150 million). The law was supposedly designed to encourage new investment, but Berlusconi's company Fininvest—now called Mediaset—simply shifted its assets from one Berlusconi company to another. When the write-off was challenged, Tremonti insisted that it was entirely consistent with the law he had written.

All these people, in a country in which being a member of parliament is itself an extremely lucrative sinecure, are acutely aware of owing their good fortune to the generosity and power of the supreme leader. "To personalize the [2001] campaign Berlusconi insisted that his should be the only face on Forza Italia's" campaign posters, Paul Ginsborg writes in his excellent new book, *Italy and Its Discontents*:

> His face was everywhere—on huge roadside posters, in the atriums of railway stations, on election bunting running down whole streets, as in the popular quarters of Naples. Forza Italia candidates were instructed not to put their own faces on posters, but always that of their leader.

This was a radical change for a country which, after the fall of Fascism, had a fragmented political system in which the country's several parties mattered more than personalities.

Although he vowed during the 2001 election campaign to address the conflicts of interest posed by his holding so much public and private power simultaneously, Berlusconi has steadfastly refused to divest himself of any part of his financial and media empire. Instead, he passed a law stating that "mere ownership" does not pose a conflict of interest with public office. Berlusconi then had his children run his television empire while his brother and wife own his two daily newspapers.

Berlusconi's solution to the problem of being prime minister and a defendant in numerous criminal trials is to decriminalize many of the offenses of which he and his closest associates are accused. They include accounting fraud and illegally exporting capital. But he has also passed strict bank secrecy laws so that his codefendants could have courts exclude evidence uncovered by prosecutors of millions of dollars in bribes made by Berlusconi's Mediaset group, which owns his television stations and magazines, among much else. Various mafia witnesses have testified about ties between Cosa Nostra and the Mediaset company. By way of response, Forza Italia has slashed benefits for the witness protection program and imposed limits on the use of mafia testimony.

Berlusconi has also endorsed judicial reforms that have literally doubled the time it takes to try criminal cases in Italy. As a result, many prosecutions have been canceled for having outlasted the statute of limitations, including cases on appeal in which Berlusconi himself was convicted at trial.

An opposition politician half-jokingly suggested last year that rather than tear apart the entire criminal justice system piece by piece for the sake of one defendant, why didn't they just pass a law saying that the laws didn't apply to Berlusconi and his friends? This is, in effect, what the Italian government did this summer when it passed a law that exempts Berlusconi and five other high-level members of his government from prosecution so long as they hold office.

These laws have been drafted by legislators who also serve as Berlusconi's defense lawyers in his corruption trials in Milan. Berlusconi's two chief lawyers are members of the Justice Commission of the Italian parliament, and one of them is its president. Thus in his corruption case Berlusconi's lawyers fly from Rome to Milan to defend their client in court; then they fly back to Rome where, as members of parliament, they have helped write the legislation that has gotten their client off the hook.

Berlusconi owes much of his success to his near-total control of the Italian mass media, on which he often complains that he is the victim of a vicious witch hunt. Berlusconi's three private channels have a 45 percent share of the television audience, equal to that of the three public channels, giving him direct or indirect control of 90 percent of Italian television. On his own networks, according to recent data from the Media Research Observatory at the University of Pavia, Berlusconi himself accounted for more than 40 percent of all statements by political figures and for between 15 and 20 percent on the state-owned networks. He thus has been quoted five times more than any other political figure. Moreover, he has been purging the state networks of the few journalists who have dared to criticize him on the air.

Earlier this summer, Berlusconi succeeded in pressuring the owners of the country's largest and most authoritative newspaper, *Corriere della Sera*, to fire its editor. Although the paper is hardly opposed to Berlusconi—indeed it had already drifted notably to the right in order to adapt to the Berlusconi era—its editor, Ferruccio De Bortoli, continued to publish columnists who, from time to time, dared to criticize the prime minister. De Bortoli himself was sacked after he alluded, in an editorial, to pressures being brought to bear on him from the Berlusconi camp.

2.

How did things reach this point? Several recent books published in Italy and overseas have tried to explain why Berlusconi has acquired such power. In his lively book *The Dark Heart of Italy*, Tobias Jones, a young British journalist who now lives in Parma, tends to see cheating, bending and breaking the rules, and the rule of the strong over the weak as endemic to Italian life—whether in politics or in the Italian soccer league, where, he writes, highly financed teams like Berlusconi's AC Milan and the Agnelli family's Juventus receive special treatment from referees. Jones's firsthand narrative is fresh and lively and captures some of the contradictions of life under Berlusconi. But he tends, at times, to draw overbroad generalizations from his personal experience. Italy, he believes, is primarily a visual culture, particularly vulnerable to the seductions of Berlusconi's videocracy. He also writes that Italians are especially obsessed with money, making them peculiarly vulnerable to the charms of a billionaire: "In the end it's obvious that the nation's richest man will become, almost subliminally, the country's most seductive politician." I am not sure Italians are more obsessed with wealth than other Europeans or Americans.

Jones also goes too far when he equates Berlusconi with Mussolini, writing that the principal difference between them is that one harangued the crowds from a stone balcony, the other from a TV studio. But Jones's freewheeling style also allows him to state simple truths that some observers overlook. "By now," he writes, "the most convincing explanation, albeit the most mundane, for Berlusconi's political appeal is the simple fact that he controls three television channels." For a while it became fashionable in Italy to dismiss as hopelessly simplistic the idea of television as the secret to Berlusconi's power. But Jones writes, "Having a politician who owns three television channels turns any election into the equivalent of a football match in which one team kicks off with a three-goal advantage. Victory for the other side, even a draw, is extremely unlikely." Still, Berlusconi lost an election in 1996 against Romano Prodi, despite his suffocating control over television. If owning all three private television stations gives Berlusconi only a one-goal advantage, that is still an unacceptable advantage in a democracy.

Paul Ginsborg, a British historian who teaches at the University of Florence, has a very different approach. A scholar with thirty years' experience in Italy and the author of perhaps the best history of contemporary Italy in English or Italian, Ginsborg is a careful scholar whose left-of-center sympathies don't prevent him from examining fairly the evidence he assembles. His book *Italy and Its Discontents* is both an attempt to update his earlier *History of Contemporary Italy* (published in 1990) as well as a broad meditation on the nature of Italian society. *Italy and Its Discontents* is a useful corrective to Jones's *The Dark Heart of Italy*, as well as to the temptation

(for some writers, including this one) to see Berlusconi as the Four Horsemen of the Apocalypse rolled into one.

Ginsborg is acutely aware of how much better off most Italians are than they were when the country lay in ruins at the end of Fascism, and not just materially. Italy soon became a country divided by the cold war, with a blocked political system. A Catholic party held power and a Communist Party was in permanent opposition. The polarized political situation and Italy's chaotic and uneven economic development helped produce outbreaks of both right-wing and left-wing terrorism. Italy today is a prosperous, relatively well-educated society, in which a far greater proportion of the population has access to higher education, foreign travel, and diverse sources of information. Women, formerly subjugated in a patriarchal world heavily conditioned by the Catholic Church, have expanded their opportunities immeasurably. While acknowledging the "oligopolistic ownership of the mass media," Ginsborg argues that too much emphasis on this

> underestimates drastically the degree to which other forces were at work in Italian modernity, forces which ran counter to any idea of a facile manipulation of the individual. More Italians than ever before had access to a richly varied series of cultural instruments. The effects of the electronic media were complex and far from unilinear. Education, halting and insufficient, distant light years from providing a real equality of opportunity, nonetheless provided an ever greater minority with the means to make their own, informed decisions, whatever they were.... Fifty years of democracy, imperfect but still democratic, had rubbed off in many unexpected ways.

Ginsborg points out that the old Italy, dominated by two "churches," the Catholic Church and the Italian Communist Party, was in many ways a more closed society. As the old parties and ideologies have splintered there has been, he notes, an explosion of small civic associations, economic cooperatives, and nongovernmental organizations and charitable groups. "Gone for the most part were the over-dominant ideologies, the old certainties and fanaticisms, as well as the international context which gave rise to them," he writes. "In their place was a universe of small groups, often concentrating on single issues, pragmatic rather than ideological, inclusive rather than exclusive, non-violent."

Ginsborg sees much continuity in the rise of Berlusconi through political interference in the mass media. In the 1950s, there was only one television network, RAI 1, dominated by the Christian Democratic Party. In the 1960s a second network, which was strongly influenced by the Socialist Party, was added. In the 1970s, the Communists got their own network. Privately owned TV was introduced in 1976. Ginsborg stresses that the gradual expansion of radio and television as well as the greater access to education has done much to loosen up Italian society. Unfortunately, the old monopoly was replaced by a *duopolio* composed of RAI and Berlusconi's three channels.

For Ginsborg, a central quality of Italian life is "amoral familism," a term coined in 1958 by an American anthropologist to describe the behavior of the citizens of a small, impoverished Italian town where he did fieldwork. He defined it as "the inability of the villagers to act together for their common good, or indeed, for any good transcending the immediate, material interest of the nuclear family." As Ginsborg points out, an extraordinarily high percentage of Italians live with their parents until marriage, and within the same building or within a few blocks of their mothers after marriage. The divorce rate, about 16 percent, is less than half that of France or Britain and less than a third of that in the US. Eighty-three percent of Italian businesses are family-owned, with fewer than fifty employees; in most of them family loyalty, patriarchal control, and distrust of government are central.

Seen in this light, Berlusconi's cronyism and acquisitiveness make more sense. In a recent interview with Frank Bruni of *The New York Times*, Berlusconi was asked why he didn't simply resolve his conflicts of interest by selling Mediaset. "I wanted to do it," he replied, "but my children won't let me. They are in love with my companies. They want to continue to manage

what their father constructed. I wanted to sell everything to Rupert Murdoch." Italian political life is paralyzed by Berlusconi's conflicts of interest, but, he claims, he can't sell the family business because he doesn't want to displease his children. While absurd to outsiders, his reply makes a certain sense to the millions of Italians who own their own businesses and whose primary obsession is passing them on to their children.

Family businesses—even on a large scale—are the most important component of the Italian economy, both a blessing and a curse. The people who run them may be extraordinarily nimble and hard-working, but the tiny number of publicly traded companies means that Italy has lagged way behind in such fields as computers and biotech research, which require significant investment. Italy's clannish businesses also find ways to outwit the country's legislature. Because it is virtually impossible to fire anyone in Italy, small-business owners routinely hire and fire people off the books. Italy leads Europe (and perhaps the world) in having some 90,000 laws in force (compared with 7,325 in France and 5,587 in Germany), as well as in lawlessness and tax evasion. Concealing their wealth, the owners of car dealerships, appliance shops, and many other stores routinely pay their assistants and cashiers less than the owners declare on their taxes. These figures, Ginsborg writes, "allowed small shop-owners to survive and to prosper, but created a central block in Italian society, composed of self-employed professionals, small entrepreneurs and shopkeepers who defrauded the state on a massive and habitual basis."

A huge number of Italians are shopkeepers and self-employed professionals, and they are Berlusconi's principal supporters, giving him a much larger percentage of votes than the rest of the population. Because they routinely cheat the state and cook their company books, they view the much vaster wrongdoing of the Berlusconi empire with some tolerance. In fact, there is a huge split in Italy between the self-employed, who evade taxes, and salaried employees who, as a result, pay some of the highest rates in the world. Although most Italians in the 1980s cheered when police began arresting corrupt politicians in the Milan investigation known as Operation Clean Hands, much of the population was less thrilled when prosecutors and the government tried to apply the law to the general public with new severity. (As a result of a major crackdown on tax evasion in 1993, family consumption dropped by 2.5 percent.)

The investigation lost popular support not, as Berlusconi claims, because he was singled out for persecution, but because the new moralizing trend started to affect the middle class. Each time he has taken office, Berlusconi has immediately declared amnesties on both tax evasion and illegal building construction—a source of relief for tens of millions of Italians living in a condition of habitual illegality.

In "The Patrimonial Ambitions of Silvio B," published in the *New Left Review* earlier this year, Ginsborg observes that Berlusconi speaks very little about democracy but a great deal about liberty. "The liberty that Berlusconi has in mind is prevalently 'negative,' a classic freeing from interference or impediment," he writes. In a campaign speech Berlusconi said, "Every limitation to competition is equivalent to the violation of the freedom and rights of everyone." This is essentially the code of the Italian shopkeeper who fears the tax and building inspectors.

It is also a disaster for Italy's environment as well as a gift to organized crime in southern Italy, where building without permits and against zoning laws is a very big business for mafia-owned construction firms. "Illegal constructions, which had reached a peak of 125,000 per year in 1984, had diminished to less than 30,000 by 2001," Ginsborg writes. "Their numbers have now begun to rise rapidly again, above all in Sicily."

But Berlusconi has little serious interest in genuine economic competition, which would threaten his own monopolistic positions as well as threaten too much of his electorate. Shopkeepers, for example, depend on government regulations that have guaranteed that Italy has the highest number of shops and the lowest number of supermarkets of any country in Western Europe. Thus Berlusconi, while highly energetic in defending his own interests, has been surprisingly indecisive and ineffective in carrying out economic reforms.

Berlusconi is at home in an Italian economy with a high degree of government involvement and patronage, hence opportunities to reward friends and punish enemies, which allow him to act as a kind of national paterfamilias. He is known for his lavish generosity and his followers like to say, "he is *too* good." He has given his top managers—many of whom are also potential witnesses against him—millions of dollars in personal gifts rather than company bonuses. But Berlusconi's generosity is that of patron to protégé, not something between equals. Berlusconi has established "amoral familism" on a national and even planetary scale.

3.

It would be a mistake to dismiss Berlusconi as a vaguely comical product of an Italian subculture. Italy has a remarkable record in the twentieth century as a kind of laboratory of bad ideas that have then spread to other parts of the world. Fascism was invented in Italy, so was the mafia; and left-wing terrorism went further in Italy than in any other European country. All three were byproducts of a weak democracy with few checks and balances. As a country that was late to unify and industrialize, Italy is a place where all the strains and problems of modern life are present, but with few of the safeguards that exist in older, more stable nations; ideas get taken to their logical extreme. The increasingly close relations between big money, politics, and television are important everywhere, but in Italy, thanks to Berlusconi's domination of the networks and the press, they have achieved a kind of apotheosis. He has now introduced a law that will make it legal for him to own newspapers as well.

Personalizing politics through television and the decline of traditional political parties; the rise of billionaire politicians (Ross Perot, Steve Forbes, Jon Corzine, and Mike Bloomberg to name only a few) who circumvent party organizations by purchasing vast amounts of television time—all this has become familiar in the US. Moreover, the deregulation and politicizing of American broadcasting—the elimination under Reagan of the "fairness doctrine" and the loosening of public interest requirements and of restrictions on monopoly—all have counterparts in recent Italian history, although Reagan was certainly not following Italy's example. The aggressive, partisan style of Rupert Murdoch's Fox News and of Rush Limbaugh's talk show is eerily reminiscent of the highly slanted Berlusconi channels.

Television, like industrialization and democracy, was slow to arrive in Italy, coming in 1954, several years after it was introduced in the US. It was a stodgy, government-cotrolled medium until 1976, when the Italian high court allowed for private broadcasts on a limited, local basis. Berlusconi jumped into the market, with powerful political backing, particularly from the Socialists. He created a national network in defiance of court orders. While state TV broadcast old-fashioned public interest programs, Berlusconi made his mark by buying up American movies, soap operas, and game shows, most notably *Dallas* and *General Hospital*. His own programming was even worse—in one program after another the viewer sees a procession of scantily clad girls wiggling their bottoms. His most original contribution to the history of television may have been the world's first nude game show.

The explosive growth of Berlusconi's TV empire during the 1980s was part of Italy's version of the Reagan boom. Berlusconi often asserts that by convincing many companies to advertise for the first time on TV, he created a surge of economic growth in Italy. Berlusconi's TV stations represented the triumph of an American-style model of success—the *Dallas* model—the celebration of wealth and its trappings. For a country that was tired of political ideology after the terrorist attacks of the late 1970s and early 1980s, Berlusconi filled the void left by the passing of the cold war.

"In many ways, the real problem with Mediaset isn't that it's political in the purest sense, it's that it's not political at all," Jones writes.

> It has seduced a society to the extent that politics and ideas don't seem to exist.... The only thing on offer are bosoms, football and money. Even someone who enjoys all three eventually finds it all boring.

In his nearly twenty years as the TV magnate, Berlusconi's greatest success was in shaping thoughts and values of what became his electorate. "An extraordinary 44.8 per cent of housewives...voted not just for the centre-right but specifically for Forza Italia," Ginsborg writes.

> Furthermore, the more television women watched, the more they showed a propensity to vote for Silvio Berlusconi. 42.3 per cent of those who watched more than three hours a day voted for Forza Italia, compared to 31.6 per cent of those who only watched between one or two hours daily.

Berlusconi favors the kind of democracy in which the supreme leader is anointed by the electorate every several years, and faithfully interprets what he sees as the popular will. He once said that "there is something divine in having been chosen by the people" and this causes him to regard the checks and balances of democratic practice—rule of law, parliamentary votes, and commissions of inquiry—as annoying encumbrances. At one point, Berlusconi announced that because polls (taken by his own polling company) showed that most Italians did not consider the acts of which he was accused to be crimes, they were not, in fact, crimes. If he were to be convicted, he has said, it would ipso facto prove that Italy was not a democracy.

In Berlusconi's center-right, there is an astonishing degree of unanimity, especially on matters of personal interest to the leader himself. Many of the employee-parliamentarians don't even bother to show up for votes; the chore is sometimes done by worker-drones known as "piano players," who surreptitiously press several vote buttons at the same time. This was actually seen on Italian TV during the vote on one of Berlusconi's more controversial measures meant to help him avoid trials in Milan, but nothing was done about it. Thus the practice of representative democracy has been reduced to an empty ritual.

4.

Berlusconi and his followers like to say that the influence of TV on political life is negligible. But any voice singing out of tune is quickly silenced. When a satire show on RAI ran a skit making fun of the minister of communications, Maurizio Gasparri, the minister picked up the phone and interrupted the broadcast; viewers heard him denounce the program. "We simply don't publish satire anymore," an editor at one of Italy's leading papers told me. "We know that we can't make fun of the right, but it's one-sided to make fun only of the left."

In nearly ten years Italian television has failed to present a single in-depth examination or debate on the underlying facts in the numerous corruption cases facing Berlusconi or of the documented ties between some of Berlusconi's associates and the Sicilian mafia. Most of this information is available in books, but it is part of Berlusconi's genius to understand that if something does not appear on television, it does not exist. This pact of silence was broken only briefly, for a couple of weeks, at the end of the 2001 election campaign. For several months before the election, a book describing the relation between Berlusconi's interests and the mafia had been at the top of the best-seller list, but no major television station had seen fit to interview the authors. A scurrilous low-level comedy show broke the taboo and featured a long interview with one of them. Two other RAI programs also ran critical programs on Berlusconi. Berlusconi maintained that he lost twelve points because of these programs. After the election, Berlusconi condemned the "criminal use" of the media and named the three offending broadcasters. All three were taken off the air.

If there had been a truly free television press—with entire shows reporting the evidence against Berlusconi & Company instead of simply broadcasting his angry tirades against the allegedly Communist judges who he claims are out to get him—it is quite possible that Berlusconi would have been unable to survive in public life.

Still, in recent local elections the center-left made a surprisingly strong showing, despite its own divisions. This, along with a decline in support for the government coalition in August polls, is one of many signs that the conservative Italian electorate may be getting impatient with a leader who has promised much and has, as usual, been largely preoccupied with his personal business. On September 9, Berlusconi's opponents said they had secured 500,000 signatures on a petition calling for a referendum to overturn the laws giving him immunity to prosecution. More than a few Italians were embarrassed when Berlusconi, just installed as president of the European Union, said that a German Green politician who had been critical of him should play the part of a Nazi camp commander in a film. Many Italians suddenly became aware from his angry reaction how unused Berlusconi was to any hostile questioning in public.

While European politicians may regard Berlusconi as a kind of Italian exception to the new Europe, he already has numerous interlocking deals in European markets with his fellow tycoons Rupert Murdoch and Leo Kirch of Germany. Berlusconi is reportedly interested in acquiring Kirch's bankrupt TV empire. He controls one of Spain's main television stations, and although Spain has a rigid antitrust law that limits anyone from owning more than 25 percent of a national network, Berlusconi, through his system of off-shore accounts and dummy companies, owns much more. Spanish prosecutors have charged him with fraud and tax evasion but they have been stymied in their attempts to bring the case to trial, reportedly because the conservative government of Prime Minister Jose Maria Aznar has been very slow in passing on international requests for evidence.

Now that Berlusconi is president of the EU for the next year, and a favorite guest at Bush's Crawford ranch, it seems unlikely that other European nations will accuse him of violating the basic norms that make democracy possible. That will be up to the Italians, most of whom so far have been very willing to let him have his way.