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Pronto, chi parla?

*The Berlusconi Phenomenon:
The Origins and Implications
of the RAI-Fininvest Television
Broadcasting Duopoly in Italy*

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**The Berlusconi Phenomenon:
The Origins and Implications of the RAI-Fininvest
Television Broadcasting Duopoly in Italy**

**submitted by Marcus Parmegiani, BA
in partial fulfilment of the requirements for
the degree of Master of Arts**

Thesis Supervisor

Chair, School of Journalism and Communication

Carleton University

May, 1996

ABSTRACT

Pronto, chi parla? investigates the origins and the implications of the RAI-Fininvest television broadcasting duopoly in Italy through a political economy approach. The thesis focuses on two central questions: why does Berlusconi dominate private broadcasting in Italy; what are the implications of the structure of the system for democracy? These questions are explored by analyzing three main areas: broadcasting policy; television industry structures and strategies; and changes in political and information programming. The main conclusions drawn from this analysis are: Berlusconi's success is the result of well-planned industry and political strategies which were compatible with Italian economic and political developments; the duopoly system may constitute an improvement over the RAI monopoly of the previous era, but the apparent levels of information control exercised by the government and Fininvest suggest that re-regulation is necessary in order to establish a system which functions in the greater public interest.

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GLOSSARY OF TERMS

Abbonati/abbonamento — subscribers/subscription.

AN — the far right National Alliance political party.

Brigate Rosse — Red Brigades, the paramilitary organization based in Italian communist ideologies.

Canone — television or radio license fee.

Corriere della sera — the national daily newspaper out of Milan.

DC — the center-right Christian Democratic political party.

DP — the Proletarian Democracy political party.

ENI — the state-owned company, *Ente Nazionale Idrocarburico* (the National Body for Hydrocarbons).

EFIM — the state-owned company, *Ente Finanziatore Industria Manifatturiera* (Body for the Finance of the Manufacturing Industries).

Forza Italia — center-right political party formed by Berlusconi.

IRI — the state holding company, *Istituto per la Ricostruzione Industriale* (Institute for Industrial Reconstruction), which owns RAI.

La Repubblica — national daily newspaper out of Rome.

Lottizzazione — the parliamentary practice of dividing directorial positions in state owned companies among the political parties.

Mani Pulite: the popular term used to describe the national political corruption investigations led by

Antonio Di Pietro (who has since resigned) which began in 1992 and continue today.

Mediaset — Berlusconi's recently-formed holding company for his three national TV networks.

MSI — the neo-fascist political party, Italian Social Movement.

PCI — Italian Communist Party.

PDS — Democratic Party of the Left.

PLI — Italian Liberal Party.

PRI — Italian Republican Party.

P2/Propaganda 2 — a Masonic lodge exposed in the 1980s for coordinating corrupt and illegal activities in industry and politics.

PSI — Italian Socialist Party.

PSDI — the Italian Social Democratic Party.

RAI — Radiotelevisione Italiana, the Italian public broadcasting company.

RCS — Rizzoli-Corriere Della Sera Spa.

SIP — Italian Telephone Company.

Rete — translates as *net*, used as the synonym for network.

Sua Emittenza — nickname for Berlusconi with the double meaning "His Eminence" and "His Emittance."

Telepiu'/Tele+ — national pay-TV operator which offers three channels, Tele+1, Tele+2, Tele+3.

Tg — abbreviation for Telegiornale, meaning tele-news.

CHAPTER ONE

Introduction

INTRODUCTION TO THE RESEARCH PROBLEMATIC

The title of this thesis, *Pronto, chi parla?* is a metaphor for the questions which drive the analysis herein. *Pronto*, which literally translates to “ready,” is also the Italian word used when one answers the telephone; it is the equivalent of “hello” in English. As a phrase, *Pronto, chi parla?* therefore asks “hello, who is speaking?” Taken out of context, it is non-sensical; *chi parla?* would not usually follow *pronto* unless of course, you were on television. *Pronto, chi parla?* are the first words of a typically Italian midday “variety” call-in show which I viewed regularly during one of my trips to Italy. The phrase, like the many jingles which characterize television advertising, remains lodged in memory despite all efforts otherwise. As the title of this research, it is self-referential. *Pronto, chi parla?* is indicative of the mysterious aspect of television. Much like answering a telephone, when we turn on the television we are blind to the author of the stories we perceive. We see many actors on a screen, but do not necessarily know who is talking to us. We may be given names, but faces and intentions are rarely revealed. When the metaphor of *Pronto, chi parla?* is applied to the situation of Italian politics and television ownership, the issues which emerge make for an intriguing case which is better known as the “Berlusconi Phenomenon.”

The Berlusconi Phenomenon is the term used to describe the rise of Silvio Berlusconi (born of a Lombardian middle class family) to the ownership of Italy's largest media conglomerate, Fininvest, and the position of one of the

country's wealthiest men. In late 1993 the "Italian case" began to receive greater international attention when the Phenomenon suddenly included Berlusconi's entrance onto the Italian political scene. In December, Berlusconi started rumors of his interest in forming a party for the upcoming elections. On January 26, 1994 he officially announced his candidacy through all of the major television networks by sending them a videocassette. Two months later, the coalition of parties which included his *Forza Italia* (*Lets Go Italy*) party won an absolute majority of the seats in the Chamber of Deputies and was four votes shy of a majority in the Senate. Soon afterward, interest peaked as Berlusconi became Prime Minister yet retained ownership of his media holdings. However, by the end of 1994 Berlusconi's government coalition had collapsed. The extraordinary became a typical turn of events in Italian politics: the rise and fall of a government. Many observers hailed the end of the 1994 government coalition as the "fall of Berlusconi." This declaration seems premature as Berlusconi remains the owner of Fininvest and a member of parliament.

In business as in politics, the endeavors of *Sua Emittenza*¹ operate on a large scale. Fininvest's holdings include not only the three most important private national television networks, but also book and newspaper publishing companies, travel agencies, a construction company, Italy's largest retail chain, a supermarket chain, financial services, insurance companies, and the AC Milan

¹ *Sua Emittenza*, which holds the double meanings of "His Eminence" and "His Emittance," is apparently a nickname which Berlusconi himself invented and encouraged after he became the dominant player in private broadcasting.

soccer team. One observer provides an excellent example of what it would take to be an equivalent "media mogul" in the United States of America:

Imagine if a real-estate mogul along the lines of Donald Trump also owned CBS, NBC, the FOX network, Paramount Pictures, Newsweek, Random House, Conde' Nast, The Los Angeles Times, HBO, the Dallas Cowboys, Wal-Mart stores, Aetna Insurance, Loews Theaters and Fidelity Investments and had the political clout of Bill Clinton or Newt Gingrich, and you get an idea of the long shadow Berlusconi casts on Italian life (Stille, 26).

With this level of ownership, many concerns have been raised about the conflict of interests between Berlusconi's public duties and his private business. Upon announcement of his candidacy for election, Berlusconi resigned as president of his company, but still retained a measure of control as the owner of Fininvest. While Italian conflict of interest guidelines did not require him to divest his company ownership, his tenure as Prime Minister was punctuated with suspicion and accusations of foul play.

As a metaphor, *Pronto, chi parla?* addresses some overriding questions in regards to the Berlusconi Phenomenon: in an era of media conglomerates, what roles have the corporations run by individuals, often called "media moguls," played in the formation of the media industries? Moreover, how has concentration of ownership of the media, particularly in the hands of a single individual (rather than a board of directors representing stock holders) altered the role of the media in the western democratic process, if at all? Although these questions are applicable to many industries, the media perform several roles in our society quite unlike any other industry. They are our primary sources of

information about the world outside of the immediate community, and arguably, an arena in which the power and legitimacy of the state are negotiated by societal factions.

The answers to these questions are complex. Pointing to a simple characterization of structures and power relations does not provide answers which reflect the complexity of Italian industry and politics. This essay argues that through a critical political economy approach we may discern two broad characteristics of the origins and implications of the RAI-Fininvest television broadcasting duopoly: Berlusconi's success, in both industry and politics, is the result of well planned and executed actions which fully utilized the Fininvest resources in ways which were compatible with industrial and institutional structures at the most favorable historical moments. While the consequent broadcasting duopoly arrangement is less than ideal for the functioning of the democracy, it has created the opportunity for the development of a pluralistic television broadcasting system which would function in the public interest, but only under the application of appropriate policy.

METHODOLOGY

This essay addresses two main questions to demonstrate the main characteristics of the origins and implications of the RAI-Fininvest broadcasting duopoly: why did Berlusconi become *Sua Emittenza*, and what are the implications of this for the functioning of the democratic system? However,

research must delineate the complex interactions of people and institutions in order to understand the answers to these questions, rather than simplistic or glamorized accounts of success, such as this one:

... his story is one of the great political adventures of recent times. He is the *Citizen Kane* of the television era, an astonishing example of what happens when media, money and politics combine forces in a society with almost no rules (Stille, 26).

In order to conduct a cogent and complex analysis, the investigation of the Berlusconi Phenomenon is conducted through the concepts and tools afforded by political economy. The research itself focuses on elaborating a clear understanding of the legislative and policing apparatus of the Italian state, the goals of public broadcasting, Italian broadcasting policy, the links between the state and the corporate sectors, the idiosyncrasies of Italian business, the structure of broadcasting operations, broadcasting industry strategies, changes in the entire Italian economy, the origins and implications of the *Mani Pulite* investigations, Berlusconi's connections in business and politics, his use of Fininvest's resources in his election campaign, the changes to the structure of the broadcasting system, and the implications of the studies of political representations on television during elections.

The examination of the above areas relies mostly, although not exclusively, on secondary sources of information mainly because of the distance of the subject of analysis. The sources used are: government documents (laws etc.), required corporate disclosures, trade journals, statements by employees and journalists, academic and non-academic books and journals, and media

studies conducted during elections. These documents are also assessed for authenticity, credibility, representativeness, and meaning. In other words, the who, what, when, where, how, and most importantly, why of each document is taken into consideration during analysis.

CHAPTER OUTLINE

Answers to the questions "why Berlusconi" and "what are the implications" are found by using a political economy approach to examine three areas of activity: policy formulation, private television industry origins and development, and past and present patterns of the availability and audience usage of information programming on the RAI and Fininvest networks. The discussion is arranged in five chapters. *Chapter Two: Political Economy and the Berlusconi Phenomenon* lays out the theoretical foundations of this research endeavor, describing how a political economy approach which incorporates issues in state theory, industry analysis, and democratic communications provides an effective framework for cogent analysis of the main concerns of this inquiry. *Chapter Three: The Political Economy of Italian Television Broadcasting Policy Formulation* addresses the intentions and effectiveness of policy by outlining the political and economic connections, pressures and intersections which have played a role in the historical development and implementation of the country's television broadcasting regulatory system. *Chapter Four: Berlusconi and the Emergence of Private Broadcasting* analyzes how and why Berlusconi has

Berlusconi has become *Sua Emittenza* of Italian broadcasting, exploring who was involved in the development of private broadcasting and what interests were served by describing the origins of public broadcasting, the emergence of private broadcasting (emphasizing the activities of Berlusconi), and the European broadcasting context. *Chapter Five: The Implications of the RAI-Fininvest Duopoly for Democracy* examines some of the possible implications of the Berlusconi Phenomenon for democracy in Italy by analyzing the major changes to Italian television since the development of the broadcasting duopoly and the importance of those changes in the election of Berlusconi in 1994. *Chapter Six: Conclusions, Options and Future Prospects for the Italian Case* delineates the major observations and concerns elaborated in this essay in order to evaluate current broadcasting policy options, and discuss the future prospects for Italian television and politics.

CHAPTER TWO

Political Economy and The Berlusconi Phenomenon

This chapter is an outline and review the theoretical constructs which rest at the base of this investigation of the Berlusconi Phenomenon. The objective is to delineate how political economy provides an effective framework for conducting a cogent analysis of the two main concerns of this inquiry: why has Berlusconi obtained such great power within the communications industries in Italy; what are the implications of Berlusconi's media ownership for democracy in light of his rapid entry into politics?

This discussion is divided into four parts. Section (i) reviews the framework of political economy to which I subscribe and the tools of analysis which are utilized. The three sections which follow correspond to the ways in which political economic theory is employed in chapters Three, Four and Five respectively. Section (ii) delineates how state theory is placed within the framework of political economy in order to analyze the exigencies of Italian broadcasting policy formulation. Section (iii) discusses how political economy is effective for industry analysis, and specifically for understanding Berlusconi's dominance of Italian television broadcasting. Section (iv) describes how the concepts of democratic communications are employed with this political economy approach in order to analyze the implications of the Berlusconi Phenomenon for democracy in Italy. A chapter summary is included at the end of this chapter to facilitate the transition into the analysis which follows.

(i) Towards a Political Economy of Communication

This essay begins from the position that political economy provides the conceptual constructs and intellectual tools necessary to understand how the interplay of individuals, social groups and institutions leads to differing levels of material wealth and political power in contemporary societies. There is also an understanding that political economy has met with criticism and resistance from the tendency of many of its proponents to conduct research which offers mechanistic, deterministic, or essentialist explanations of the social, economic and political characteristics of our societies. The position taken within political economy to understand the Berlusconi Phenomenon minimizes these tendencies by working through the concept of *mutual constitution*, thereby permitting an analysis which allows room for the layers of fragmented relationships which are related to any one specific event or condition of existence.

In order to properly delineate this position within the range of political economy of communication theory, the section begins with an explanation of the key reasons for selecting the theoretical approach in general. Following this, it describes the available tools for analysis and clarifies why I have chosen to work through the tool of *structuration*. The sections which follow explain how the approach is employed to understand events within the realm of politics, the communications industries and the public sphere.

Defining Political Economy

For analysis of the Berlusconi Phenomenon I turned to political economy because its central concern with the relationships between the social and material aspects of life allows us to examine the issues of the Italian case. In order to understand how political economy addresses these issues, the first task is to define the term. This is drawn from the work of Vincent Mosco:

A ... general and ambitious definition of political economy is *the study of control and survival in social life*. Control refers specifically to the internal organization of individual and group members, while survival takes up the means by which they produce what they need to reproduce themselves. Control processes are broadly political in that they involve the social organization of relationships within a community. Survival processes are fundamentally economic because they concern production and reproduction (Mosco, 2: 9).²

This broad definition grows out of four fundamental ideas at the cornerstone of political economy which demonstrate the founding conceptual positions of the approach: social change and history; the social totality; moral philosophy; and praxis. The first concept central to political economy has been the drive to understand social change and historical transformation (Mosco 2: 11). It seeks to place rapid current change within the context of the slow development of our economic and political systems. The second idea, the social totality, means "understanding the relationship among commodities, institutions, social relations and hegemony" (Meehan, Mosco & Wasko, 107). In essence, this is a commitment to "understanding the connections between the political and

² Please note that all page number references from Vincent Mosco, *The Political Economy of Communication: Rethinking and Renewal* refer to the text in manuscript form.

the economic" (Mosco, 2: 18) as they have been defined above, and within the social totality.

The third characteristic of political economy, moral philosophy, refers to the social values which rest at the foundations of a researchers inquiry (Mosco, 2: 23). Mosco draws from the definition forwarded by Golding and Murdock (1991: 18-19) which states that political economy "goes beyond technical issues of efficiency to engage with basic moral questions of justice, equity and the public good" (Mosco 2: 24). Political economy extends its concerns with the organization of material production to address and judge the subsequent human social implications of them.

The fourth and final characteristic, praxis, generally "refers to human activity and specifically to the free and creative activity by which people produce and change the world and themselves" (Mosco, 2: 29). In other words, praxis is political economy's embedded mandate to prescribe practical solutions intended to bring the political organization of the economic aspect of society in line with the moral philosophy it espouses.

While this definition draws attention to the general concerns of political economy, one needs to be more specific about how this concept can be applied to the Berlusconi Phenomenon. In other words, how do we begin to study the exigencies of control and survival in the Italian case? An effective starting point is to begin understanding the study of political economy as the study of

continually interpolating relationships. This definition of political economy, also drawn from Mosco, is much more succinct:

One can think about political economy as the study of *the social relations, particularly the power relations, that mutually constitute the production, distribution, and consumption of resources*. ... Moreover, political economy tends to concentrate on a specific set of social relations organized around power or the ability to control other people, processes, and things, even in the face of resistance (Mosco, 2: 7).

However, more specific parameters are necessary because research from a political economy approach has been wide-ranging and diverse in both the concerns and conclusions which it has addressed. I have examined the work of the founding figures in the political economy of communication in North America, Dallas Smythe and Herbert Schiller, who have broached issues in telecommunications policy as well as the transnationalization and integration of the cultural industries. These authors, influenced by the mid-twentieth century transformations in the global economy, have been highly critical of the increase and extension of corporate power in America and abroad (Mosco, 3: 16-40).

I have also looked at the work of European scholars such as Peter Golding and Graham Murdock who have examined the implications of the concentration of ownership of the cultural industries in the United Kingdom. Armand Mattelart, a Belgian born communications scholar, has also engaged issues which address the contradictions within the European and global media systems, and point to the imbalances which characterize them (Mosco 3: 40-60). Although the work of the European scholars tends to focus on different

geographical areas than the North American work, the research is also concerned with the implications of the structural transformation of the communications industries within the global political economy. Both within and across these authors' works, the conclusions have criticized the implications of change in the communications industries for institutional and social structures and relations. However, each author has taken a slightly different theoretical point of departure for understanding how the political economy of the communications industries influences these "structures and relations." The theoretical approaches have also often changed over time, as have the authors themselves. In one sense, this has made the task of concretizing my own standpoint in the political economy of communication more difficult.

I have based my understanding in political economy on much of the work of Mosco because of the clarity of the conceptual constructs it provides for analysis. There are several focal points. The first is the base in a realist, inclusive and critical epistemology. It is realist in the sense that it is careful to avoid an overemphasis on either abstract theory or empirical research by giving equal weight to both considerations (Mosco, 1: 3). It is inclusive meaning that first, the "view insists on our ability to comprehend social experience, even as it maintains that complete knowledge is beyond our grasp" (Mosco, 1: 5). Second, it views the political economy of communication as having many possible yet valid approaches, rather than a single correct and definitive form (Mosco, 1: 5). Together, inclusiveness and realism "provides a means of overcoming

understandable but not particularly fruitful dualisms" (Mosco, 1: 8). Dualism can be thought of as a mode of thought which leads interpretation and analysis into black and white distinctions between objects or events. An explicitly inclusive and "non-reductionist" approach to research allows us to discern third possibilities outside the dualist boundaries (Mosco, 1: 8). Moreover, it helps the researcher avoid slipping into essentialist or deterministic arguments of causality (Mosco, 1: 9). Therefore, analysis using "multiple determination more easily avoids the tendency to isolate practices in autonomous categories and permits emphasis on both relatively autonomous and interactive practices" (Mosco, 1: 10).

This approach helps research to move away from the analytical modes which lead to the tendency to examine the contrast between variables and towards a theoretical position which considers the relationships among conditions and influences. The key step in critical political economy is to take the theoretical stance one step further, moving beyond the possibility for determinism and essentialism still present in the concept of "multiple determination." The central conceptual shift is from the notion of the causality of things towards the relationships among processes. In this process we move from multiple determination to the notion of "mutual constitution." Mosco explains:

Mutual constitution removes the implication that things, defined typically as fully-formed structures, act on other fully-formed structures. Rather, the chief unit of analysis are processes, e.g. commodification, which serve as starting or entry points that frame an analysis and relate dialectically to other processes, such as creating a public sphere, that would change it (Mosco, 1: 12).

This point of departure will prove particularly important for the case of Berlusconi. At first glance, Italian business and politics appear to be constituted by an impossibly convoluted and mysterious set of relationships between organizations and individuals. There is an obvious temptation to cut through rather than untangle the web which constitutes Italian social and political activity. The concept of mutual constitution steers research away from deterministic conclusions such as the purely political explanation: Italy is a corrupt country, therefore through Berlusconi's political connections and corrupt practices he was able to take control of private television broadcasting; or the "great man" thesis: Berlusconi was and is a business genius, and managed to outsmart his adversaries through strategic acumen; or the business case study: the company was able to efficiently use broadcasting technology to bring the audience the right programming, and advertisers the right audience at the right price. Through mutual constitution this essay formulates an explanation which would explore all of these possibilities, apportioning appropriate weight to their role on the entire situation. Moreover, the central arguments may be placed within a cogent analysis of the complex interplay among relationships generated by the practices of clientelism, the power of the Mafia, the fall of Eastern European communism, the national corruption investigations, the power of the state in the economy, the role of the state in broadcasting, and the traditional forms of media ownership, just to name several.

Defining a Political Economy of Communication

With the above concepts and beliefs resting at the foundation of political economy, I follow Mosco's advancement for using political economy "as an entry point in social analysis" (Mosco, 3: 2). The ontology espoused here works against the essentialist tendency in social research to analyze structures and institutions. Rather, this approach places social change, social process and social relations in the forefront of research. This is achieved by "decentering the media," which means analyzing the communications industries as an integral, rather than central, in relation to "fundamental economic, political, social, and cultural processes in society" (Mosco, 3: 4).

In the analysis of the Berlusconi phenomenon this involves emphasizing the development of the media industries in the context of the development of the Italian economy overall, the character of Italian business culture, the evolution of Italian cultural practices and preferences, as well as the role of the state. Therefore, on the one hand I could state that I use a political economy of communication approach to uncover the "connections between ownership, corporate structure, finance capital, and market structures to show how economics affects technologies, politics, cultures, and information" (Meehan, Mosco & Wasko, 105). On the other hand I could state that I examine how politics, technologies, culture and information affect ownership and market structures, and economics. The point is to make explicit the belief that no one political, economic, or cultural process and structure necessarily determines

another. Rather, processes and structures are intertwined in shifting relationships of influence with each being mutually constituted by the others in various ways.

The Tools for Analysis

Mutual Constitution works as an effective starting point because it entrenches the concept of political economy as the study of continually interpolating relationships. Examining activities and institutions from this outlook, "it is more useful to develop entry points that characterize processes, rather than to name institutions." Mosco outlines three entry points for analysis:

"commodification, the process of transforming use to exchange value, ... spatialization, the transformation of space with time, ... and structuration, the process of constituting structures with social agency" (Mosco, II: 7-8). The theoretical parameters hold that the processes of commodification, spatialization, and structuration be used as entry points for analysis to help frame a political economy, and not essentialized as the defining processes which shape a political economy.

I have adopted the theory of the process of structuration as it is described and defined by Mosco as the tool for the analysis of the Italian case.

Structuration provides the means to understand not only the rise of Berlusconi, but also the changes to the levels of power, influence and control within inter-institutional relationships which form the Italian communications sector.

Structuration has been developed to a great extent in the work of Anthony Giddens, who presents the theory in an attempt to reconcile the gap between the theoretical perspectives which focus on structure and those which focus on agency (Mosco, 6:1). Giddens seeks to reconcile the two perspectives by reorienting our conception of structures to consider them as not only elements which constrain activity, but also those which enable action. "Structuration therefore describes a *process by which structures are constituted out of human agency, even as they provide the very 'medium' of that constitution*" (Mosco 6:2). In other words, it understands that the form and content of relationships are constantly influenced by the structures around them even as they continually re-structure those institutions and re-constitute the balance of their inter-and-intra-institutional relationships. For a political economy of communication, the incorporation of structuration theory as a tool for analysis also lends credence to the examination of goal-oriented human activity without abandoning an understanding of the power which exists within structures (Mosco, 6:4).

Overall, the approach adopted for this research is designed to mitigate the problems with political economy which have met with legitimate criticism. It does so by working from an epistemological base which is critical, realist, inclusive, yet also understands the partial nature of all knowledge. It also argues that we may we may be able to understand the central concerns of political economy (who, what, when, where and in whose interests) by analyzing the *interaction* of individuals and social groups within the context of the institutions

they may or may not occupy. From this perspective we may understand how the ever-changing conditions of existence of people and institutional organizations are constituted not only by the relationships which they are directly involved in, but also any number of those which connect the layers and fragments of people to form a recognizable social totality. In other words, relationships of power among people and institutions, which extend across and even beyond national boundaries, mutually constitute one another. As a tool, structuration allows analysis to focus on these relationships, particularly for the Berlusconi Phenomenon, where the origins and implications of the structural forms (examined or "frozen" at specific moments in time) of the television broadcasting sector need be understood. From this base of conceptual constructs I may turn to the three main areas of analysis which are necessary to understand the origins and implications of the Berlusconi Phenomenon.

(ii) Political Economy and State Theory

In this essay I incorporate the concepts of state theory into those of political economy in order to clearly understand the relationships among Italian political institutions. The Italian state is complex to the point of incomprehension for the casual observer, and has often proven to be ambiguous and paradoxical under the scrutiny of academic analysis. In order to conduct a cogent analysis of Italian state formulation, implementation and regulation of television broadcasting policy, an outline of the state theory which underlies the inquiry is

a necessary starting point. More specifically, the following issues need to be addressed concerning how to organize the discussion of Italian state power and broadcasting policy:

- What may be said about the relationships between the state, capital, the bourgeoisie and the subordinate classes?
- Are the political parties which form Italian governments able to act in the vested interest of the electorate which they represent?

I approach the Italian state with the concerns and conceptions that are congruent with the political economy approach. The most important of these is based in Marxist thought: the firm belief that "an individual, or a social activity, or an institution (in fact, any aspect of human life) can only be properly explained in terms of its historically evolving interaction with other social phenomena — a dynamic and changing process of inextricably related elements" (Held, 24). This concept is incorporated with that of mutual constitution by following one of two major streams of thought within the Marxist account of the relationship between classes and the state. The strand adopted holds that states in general may take various forms and exercise power in ways which may not be necessarily linked to the interests of a dominant class. The state is approached as "relatively autonomous" in the sense that its institutional structures and operational dynamics may not be deduced directly from the structure of class relations (Held, 26). This stance is taken to avoid more deterministic Marxist thought which sees the state and its bureaucracy as an instrument of the ruling class

(Held, 26).

For more specific analysis, I draw on the theory of the Italian state articulated by Grant Amyot. "The Relatively Autonomous State: The Italian Case" provides an interesting perspective on how to conceptualize Italian state power from a neo-Marxist approach. The central tenets of Amyot's work outline the uncertain and dynamic nature of the Italian state's power and relationships. The first issue is the state's ambiguity of character, expressed mainly in its apparently paradoxical relationship with capital. While on one hand it seems that the Italian state provides an ideal climate for capital accumulation with minimal interference in the market, it is, on the other hand, under constant criticism from Italian capitalists who target its inefficiency and deficits as one of the chief obstacles to growth (Amyot, 153). Amyot argues that this is a result of the state being "autonomous in different ways and to different degrees from one major policy area to another" (Amyot, 154). However, Amyot maintains that Italian state autonomy is a manifestation of the *inability* of political elites to act in the interest of a specific social class due to the manner in which they interact with the constraints imposed on the state by institutional structures (Amyot, 154). As a result, the state seems to function from a position of interests and biases formed by the action and interaction of its institutions rather than one which is fluid and consistent with capital or the electorate which supports the governing party.

This section has addressed literature which is used in Chapter Three to illuminate the role of the Italian state and the interplay of Italian politics in the

formulation of legislation. In the following section, the literature provides much less comprehensive guidance. The usefulness of industry analysis is deepened through a political economy approach by drawing on the main themes of analysis and delineating their application to the Italian case.

(iii) Political Economy and Communications Industry Analysis

A political economy analysis of the Berlusconi Phenomenon requires that an investigation of broadcasting policy formulation be coupled with an examination of the Italian communications industry. However, the concerns expressed here go beyond the simple curiosity in discovering why Berlusconi has become *the* Italian media magnate. This essay is designed to clarify, from the information available and through structuration, why the activities of Fininvest (within the industrial and political context) led it to dominate the sector. By drawing on the central themes (while problematizing specific elements) from the work of Graham Murdock as well as Jeremy Tunstall, communications industry analysis allows us to understand the role of policy as well as corporate competition in the development of the Italian broadcasting sector.

Research conducted by Murdock has drawn attention to the context of concentration of media ownership at the end of the 1980s and outlined the possible consequences for the range and direction of cultural production. He has argued that there are two central factors which brought about the 1980s wave of mergers and acquisitions: technological innovation and privatization (Murdock

1990, 4). Critical political economy requires moving beyond seeing these developments as events in and of themselves (as "factors" of an equation) and towards understanding technological development and policy decisions as the result of the evolving relationships between the institutions and players of communications industries, the high technology industries and the proponents of the state. To further the point, the analysis in Chapter Four reveals that neither of these play a major role in the Italian case. This element demonstrates not only that Italy is somewhat of an anomaly among the countries of the West, but also that sound industry analysis requires moving beyond certain general assertions of the causes of change to industrial structures.

However, Murdock's work also creates room for cogent political economy analysis of the Italian case. I draw on the two main theoretical validations for studying media ownership which offer insight into the relations between structure, culture, and agency. First, Murdock argues that we need to look at the types of conglomerates which are engaged in the communications industry, whether they be media conglomerates, multi-media conglomerates or otherwise. In this case, the consideration of the main origins of Fininvest's revenue and the arrangement of the production of its main products allows analysis to see more clearly the industrial processes and relationships which led to success. This leads directly to the second area which should be considered during industry analysis: the type of ownership of a conglomerate (Murdock 1990, 7-12). An investigation of the development of Fininvest needs to take into consideration

Berlusconi's role as the corporation's sole owner. This aspect needs to be assessed because of the importance which has been attributed to the level of control *Sua Emittenza* exercises within the company as well as the personal relationships and connections which have been attributed to his success. Moreover, it works well with the tool of structuration by forcing issues of agency to be addressed.

This essay also incorporates several points suggested by Jeremy Tunstall. Tunstall advocates a "macroindustrial" approach to media research. He argues that if more researchers would adopt a media industry perspective they would come to recognize that media organizations (a) have unique structures and hierarchies, (b) are becoming globalized in ownership and product, and (c) national (and local) differences will continue to persist and will justify comparative research (Tunstall 1990, 163-166).

Tunstall's approach is problematic for critical political economy because it has the tendency to focus research on media institutions, rather than the relationships and processes of change which need be addressed. However, I argue that one central idea may be drawn from the approach to further political economy analysis. Tunstall maintains that research should distinguish between more financially stable "cash-flow" media such as television and daily newspapers, and the more volatile "one-off" media such as movie theaters and recorded music (Tunstall 1990, 176). This distinction alone may enlighten us to the motivations and strategies taken by the players in Italian television

broadcasting; moreover, it is important for understanding the implications of television programming requirements (one-off products) in light of the costs of production.

In this section I have presented the argument that, although the approaches of Murdock and Tunstall present problematic issues in their approach to the communications industries, the main themes of analysis incorporate well into critical political economy for sound analysis of the Berlusconi Phenomenon. In the following section I delineate the parameters for analysis of the implications of the RAI-Fininvest duopoly for democracy.

(iv) Political Economy and Democratic Communications

One of two goals in this research endeavor is to evaluate the implications of the concentration of ownership of the media industries in Italy, particularly under Fininvest, for democracy. Research into the relationship between democracy and the communications system had generally focused on issues of access to and diversity of information and opinion on political issues. The underlying assumption of much of this research is the liberal free press theory that the media function as the "Fourth Estate," or watchdog on the actions of political representatives and the functionaries of the state (Garnham, 39). Furthermore, the approach also generally assumes that the media are the forum which citizens use to debate and decide on political issues. In other words, the media function as a form of "public sphere" (Garnham, 37-46; Mancini, 138)

which enables a representative democracy to function on large scale. Arguing that television is integral to the Italian public sphere, the approach taken here assesses the impact of Fininvest for the availability and diversity of information on the Italian television networks, thereby providing some insight into the possible implications of the changes for democracy.

Defining Democracy

The first step in determining the implications of a media system for democracy is determining the criteria of evaluation. The first, in this case, is a definition of representative democracy. I turn first to *Webster's Third New International Dictionary*, which defines it as:

a form of government in which the supreme power is vested in the people and exercised by them indirectly through a system of representation and delegated authority in which the people choose their officials and representatives at periodically held free elections (600).

Democracy, in this case, which is defined as the ability to elect representatives, mentions nothing of the responsibility of those representatives during their tenure, nor how the people would be able to determine whether a representative has adequately represented them. Furthermore, the definition assumes the existence of a system of communication.

This thesis is not intended as a forum in which to propose or prescribe a new system of democracy. As a researcher concerned with the communications industries and the power of the state, *my definition of democracy includes a*

guarantee that the state, government, or private institution may not obstruct the citizen's ability to make political choices through the electoral system by restricting the information available to them. Of what value could the "supreme power" be if the citizen is given limited choices instead of being presented with a diversity of options from which to choose? In order to address this question, the evaluation of the implications of the Berlusconi Phenomenon for democracy focuses not only on how the media system has been changed, but also on how it is relevant to the civic process.

In order to arrive at an understanding of how the media are relevant to the civic process in Italy, I turned first to the work of Nicholas Garnham who explains and critiques the notion of the "Public Sphere" as articulated by Jurgen Habermas. Habermas argues that the public sphere, which consisted of a network of institutions available to civil society such as newspapers, debating societies, libraries, universities and museums, developed with the rise of competitive market capitalism (Garnham, 40). The key characteristics of the public sphere were its independence from the power of the church and the state, and its openness to all citizens (Garnham, 40). Habermas argued that the public sphere allowed the space for a rational and universalistic politics based on evidence rather than the play of power and concerned primarily with the public good rather than private interest (Garnham, 41). In conclusion, however, Habermas points to the rise in monopoly capitalism, the unequal distribution of

wealth, and the consequent rise of the cost of entry into the public sphere to explain its demise (Garnham, 41).

One of the main criticisms of the notion of the public sphere addresses Habermas' belief in its universality. Habermas seems to ignore the historical reality of class divisions and class politics during the rise of competitive market capitalism, as well as the systematic exclusion of women from the political process. In other words, the public sphere was most likely only open to bourgeois males, thereby excluding the majority of the population (Garnham, 43). A second criticism leveled at the public sphere theory is the unrealistic assumption that all of its participants possessed complete knowledge and engaged in all debates. The assumption leaves little room for the differences in education and knowledge, or the social role and power of specialization and expertise (Garnham, 44).

Although the Habermasian notion of a public sphere refers to a historical moment, scholars continue to use the term to advance the concept as an abstract area which is both public and political. However, there is little consensus on a precise definition of its structure and location (Mosco, 4: 58). For the purposes of this essay I advance a notion of the a public sphere which falls in line with the definition chosen by Paolo Mancini:

With this term we refer to communicative exchanges and relations which focus on subjects of public interest, in which the institutions of political power and the institutions of the mass media mainly, but not solely, interact with each other (Mancini 1991, 138).

The key term of this definition is "subjects of public interest," which I understand as information on the political actors, events, and choices of the nation. I draw on this definition to define the public sphere as the area where information of a public concern is made available to the citizenry. Using this conceptual base, the political economy analysis of the Berlusconi Phenomenon places television within the context of all of the media which constitute the Italian public sphere. Moreover, it evaluates how changes to the structure and content of television have influenced the Italian public sphere. Combining these concerns permits research to perform an evaluation of the possible changes in the availability and diversity of information in Italian television broadcasting, and provide a more accurate and fair the assessment of the implications of Berlusconi's rise to power for the democratic process.

This approach is designed to place the concerns of political economy and democratic communications in context. The information available for research into the changes which have occurred to the Italian broadcasting poses limits. Although there are quantitative analyses of the changes to the amount of information available to Italians through broadcasting, qualitative measures are less comprehensive. Therefore, a political economy analysis of the implications of the RAI-Fininvest duopoly needs to address which theoretical concepts about the public sphere may be applied to conduct a cogent examination of the evolving structure of Italian television broadcasting. In other words, I seek to delineate the quantitative and qualitative changes which can be evaluated to

understand what the implications of the formation to the Italian duopoly broadcasting system are for the functioning of democracy in light of the information available.

(v) Chapter Summary

Political economy research, which is centrally concerned with power over human organization and material resources, is an effective tool for understanding the origins and implications of the Berlusconi Phenomenon. However, it has been criticized for overemphasizing the importance of structures and deriving deterministic, mechanistic, or essentialist conclusions from its research. Drawing from the work of Vincent Mosco, the approach adopted for this essay minimizes these tendencies by integrating a realist, inclusive and critical epistemology which accepts the partial nature of knowledge and concentrates on the study of processes and fluid relationships as the entry points of analysis. The stance therefore defines political economy as the study of the relationships of power which mutually constitute the production, distribution, and consumption of resources.

For analysis of the Berlusconi Phenomenon, the tool of structuration is employed within the framework of mutual constitution. From this position, structuration balances the importance of structures and the role of human agency. This is achieved with the theoretical stance that institutions both constrict and enable action yet, through action, institutions themselves are

modified thereby changing the relationship with the agents which have interacted with the institution. This approach apportions fluidity to structures and relevance to action which allows research to understand first, how and why relationships of power mutually constitute one another and second, their implications.

In the form described above, the theory of political economy utilized in this essay provides the intellectual stance needed to understand the exigencies of the Italian case. By focusing research concerns on the relationships among people and institutions we may understand how certain interactions led Berlusconi to become the leader of Italian private broadcasting, as well as the implications of the new structural forms on the Italian political and economic landscapes which have emerged along with the development of Fininvest.

In order to achieve a cogent examination of the Italian case, this essay incorporates concepts from the three fields which are engaged through critical political economy to untangle the Berlusconi Phenomenon. The first area of analysis, conducted in Chapter Three, unweaves the web of policy legislation and decisions which underlie the development of private broadcasting. To achieve this, state theory drawn from David Held and Grant Amyot is incorporated into the political economy approach in order to understand the historically-rooted relationships among Italian state elites and their constituency groups. The central tenet built into the analysis holds that the Italian state is relatively autonomous from capital in different degrees from one policy area to

another. Moreover, political parties in government tend to act in ways discontinuous with the interests of their supporters due to the lethargy of state action brought about by the particular form of interaction among political elites and state institutions.

The second field of examination, conducted in Chapter Four, engages issues in corporate action and the competitive environment of private television broadcasting in Italy in order to delineate the reasons why Berlusconi has become *Sua Emittenza*. In this area, political economy incorporates the themes for industry analysis proposed by Graham Murdock and Jeremy Tunstall. From Murdock I draw the suggestion that research focus on the structure of the corporations involved in the communications industries, as well as relationships of control generated by the type of ownership of a media company. Tunstall's proposition that research should examine the nature of the revenue sources of media industries is also incorporated into this approach to the Berlusconi Phenomenon in order to highlight the relations between media companies and finance.

The third realm of analysis, conducted in Chapter Five, integrates the concepts of democratic communications into the political economy analysis in order to decipher the potential implications of the establishment of the RAI-Fininvest television broadcasting duopoly for Italian democracy. The chapter evaluates the implications of the changes in the availability and diversity of information in Italy due to the changes in the broadcasting sector. For this

analysis, several concepts accompany political economy. First, a definition of democracy which includes a guarantee that the state, government, or private institution may not obstruct the citizen's ability to choose representatives through the electoral system by restricting the information available to them. Upon this I build a concept of an area where information of public interest is made available from Nicholas Garnham's analysis and critique of the Habermasian notion of the public sphere. I modify this notion with the definition of the public sphere forwarded by Paolo Mancini, which sees it as an the area where communication of information in the public interest takes place through the interaction of political and media institutions. Arguing that television constitutes a significant aspect of the public sphere, the chapter places these concepts within political economy to examine the implications of changes to the sector. Finally, the approach heeds the caution forwarded by political economists by recognizing the problems posed by the limited amount of quantitative and qualitative information available for analysis.

The conceptual constructs and theoretical tools proposed in this chapter rest on the foundation of this inquiry into the origins and implications of the formation of the RAI-Fininvest broadcasting duopoly in Italy. The project utilizes a theory of political economy which considers the process of mutual constitution central to the understanding of power relations among human and material resources. The analytical tool of structuration is employed within this framework to decipher the path of Italian broadcasting policy, the development of the

Fininvest television networks, and the implications of these changes for the functioning of democracy. By examining these focal points, this approach, engaged in the chapters following, illuminates the items of concern and the positions of power which have direct and indirect implications for the lives of Italians.

CHAPTER THREE

The Political Economy of Italian Television Broadcasting Policy Formulation

This chapter focuses on the political economy of communications policy in Italy by outlining the political and economic connections, pressures and intersections which have played a role in the historical development and implementation of the country's television broadcasting regulatory system. It analyzes the complexity of Italian broadcasting policy development and implementation by moving beyond a simple and potentially deterministic examination of the relationship between the Italian state and the business elite to an inquiry concerned with the relationships among Italian state institutions, political parties, economic institutions, business elites, the Roman Catholic Church, the Mafia(s), and a factionalized electorate. The objective of the chapter is to understand how, and most importantly, to what ends the Italian state negotiated political and economic pressures during the formation and implementation of its television broadcasting policies. The collateral purpose of the inquiry is to form an analytical base from which to probe into the conditions which enabled the Berlusconi Phenomenon in the chapters which follow.

The chapter is divided into three sections. Section (i) discusses the power and autonomy of the Italian state in order to provide the necessary context to a political economy analysis of state activity. Section (ii) outlines the institutional framework pertinent to the Italian television broadcasting sector. Section (iii) analyzes the intentions as well as the effectiveness of Italian broadcasting policies by tracing the historical trajectory of television broadcasting policy.

(i) State Theory and Italian State Power

Chapter Two discussed the main issues addressed by Amyot in his analysis of the Italian state. This section discusses his analysis in depth in order to clarify how the "relatively autonomous" position of the Italian state has played a role in broadcasting policy formulation. The central tenet of Amyot's argument holds that the state exercises different levels of autonomy in different policy areas. Moreover, this is a manifestation of constraints imposed on political action due to the very form of political interaction within the state's institutional structures (Amyot, 154). As a result, the state functions from a position of interests which is inconsistent with the electorate who support the governing political parties.

This condition can be identified in several areas. For instance, the Bank of Italy tends to promote the long-term accumulation of capital, while in the area of state procurement one finds rampant corruption and influence-peddling. In areas of social policy, the state seems to exercise autonomy in order to maintain the support of the subordinate classes. However, Amyot maintains that Italian state autonomy is a manifestation of the *inability* of political elites to act in the interest of a specific social class due to the manner in which they interact with the constraints imposed on the state by institutional structures (Amyot, 154).

As a result, the state seems to function from a position of interests and biases formed by the action and interaction of its institutions rather than one which is fluid and consistent with capital or the electorate which supports the

governing party. Amyot explains how this has been expressed in the area of industrial policy as an example:

This "imbedded autonomy" has imparted to the state's action a bias against the mix of policies which have come to be described as "Fordist": measures to sustain mass purchasing power and working-class incomes, from a comprehensive welfare state to support for collective bargaining that limits competition based on lower wages. These policies were adopted, in varying degrees, by most advanced capitalist states during the long post-war boom. The Italian state's anti-Fordist bias coincided with the interests of the dominant fraction of capital in the immediate post-war period. From 1962 to approximately 1980, on the other hand, it was in conflict with the bloc of capital which supported Fordist measures and was making a bid for leadership. In the 1980s, however, major segments had abandoned Fordist strategies in favour of "post-Fordist" innovations, including more flexible production runs and a greater reliance on export markets, and the balance of class forces had shifted against the workers. Once again, state policy became more consistent with the longer-term interest of the dominant fractions of capital (Amyot, 154-155).

The Italian state's autonomy from capital has grown mainly from historical political and cultural developments which have rendered it difficult for capital to establish a solid hegemony in civil society that was consistent with its interests. From the late nineteenth century, when Italian capital grew under the protection of the state, there were challenges from both Catholic and Marxist subcultures, both of which did not share its commitment to liberalism (Amyot, 155). This was further exacerbated by the "pre-modern" world-view which was present in the political culture of Southern Italy (Amyot, 155).

The importance of these cultural developments is reflected in the factors which have been attributed to the success of the Christian Democrats (DC) who maintained power as the leading Italian political party from 1945 - 1992. The

Party's appeal was born not only out of its entrenchment in the Catholic subculture, but also its firm stance against Communism, which attracted a relatively conservative electorate. However, the DC's long tenure in power was due to its use of the state apparatus to construct bases of support, rather than relying solely on the power of ideological concerns in civil society. The DC's exploitation of the state to conduct a "politics of support"³ rather than a "politics of power" involved actions such as the formation of strong, organic links with the petty bourgeoisie, as well as the skillful use of patronage appointments within the Italian government and state institutions (Amyot, 156-157).

The DC's use of state apparatus to form links to the petty bourgeoisie took several forms. One common method was the channeling of state aid to industry organizations which were also politically tied to the DC. The case of the peasant organization, *Coltivatori Diretti*, which also forms a faction of the Party, is often used as a paradigmatic example. It is also well known that a large measure of support was maintained through the toleration of tax evasion (as well as the resistance of proposed laws for more effective tax collection systems) from the self-employed middle class. Furthermore, links were formed with the state bureaucracy through the appointment of a large number of people, mainly from the regions of the South (which remain perpetually plagued by high unemployment levels), to positions within state institutions on the condition of continued electoral support (Amyot, 156).

³ The politics of support, was practiced by the liberal governments after unification (and has been identified as a factor in the rise of fascism) as well as Mussolini's fascist regime.

The DC maintained power through the politics of support within Parliament by allowing its government coalition partners to share in the spoils of power. Called *lotizzazione*, the process involves the apportionment of important directorial positions within ministries and state industry among the parties in the governing coalitions so that the benefits which could be accrued through the control of enormous state institutions were made available in exchange for continued parliamentary cooperation⁴. The process may seem insignificant until one understands the size and scope of Italian state involvement in the economy. In 1988, in addition to state ownership of 80% of the banking sector, the three state holding firms, *L'Istituto per la Ricostruzione Industriale* (IRI) — The Institute for Industrial Reconstruction — *L'Ente Nazionale Idrocarburico* (ENI) — National Body for Hydrocarbons — and *L'Ente Finanziatori Industria Manifatturiera* (EFIM) — Body for Manufacturing Industry Finance — together owned almost 35% of net sales of the 1640 largest Italian firms (Amyot, 157). With these resources at hand, the patronage process involves the apportionment of the managerial appointments to the individual firms and banks through extensive rounds of negotiations by the leaders of the parties allied with the DC in the governing coalition (Amyot, 157).

Through the complex system which constitutes the long-standing Italian tradition of practicing the politics of support, the DC maintained the state's

⁴ Using the term "parliamentary cooperation" may seem somewhat of an oxymoron in the Italian case. However, a government coalition partner may express support under the pressure of a confidence vote, rather than continually toeing the party line. In other words, power is maintained through continual and elaborate negotiation, rather than subordination and control.

imbedded autonomy. Due to the fragile nature of the extensive process of negotiation involved in the *lottizzazione* of state institutions, the managers of state-owned companies became immovable, and knowing so, would ignore the directives from the government's ministries and holding companies (Amyot, 157). The unnecessary expansion of the bureaucracy, along with the inadequate revenue caused by unofficially-sanctioned tax evasion, continually placed the government in a fiscal position which made it difficult for it to enact policies which were necessarily congruent with the needs of capital. In other words, by using unofficial, rather than constitutionally-sanctioned methods of appeasing the demands of the factions which make up Italy's layered society, the participants of the many Italian governments have developed practices within the institutional framework that have eroded its *ability* to formulate and implement policy. However, to the public this condition may appear outside the context of the historical process which created it. Therefore, although there is broad consensus among the population for the need for reform, the political parties themselves have reduced the perception of their *responsibility* for the lethargic pace of parliamentary action.

This section discussed the form of political actions and interaction within Italian state structures. This interplay proves central to the analysis of the direction of broadcasting policy. The following section delineates the institutions which are central to understanding policy in the Italian case in order to complete the realm of information necessary for the analysis conducted in section (iii).

(II) The Italian Institutional Framework

This section outlines the public institutions which constitute the Italian broadcasting sector in a manner which is true to the nature of the system. It delineates not only the acronyms and structure of the institutions which comprise the sector, but also the political institution which has played a substantial role in the development of Italian broadcasting policy: the Italian Constitution of 28 December 1947.

Although the Italian state has held a statutory monopoly on radio frequencies since 1910 (Barile & Rao, 261), radio broadcasting as we understand it today did not begin until 1924 when Mussolini's fascist government issued *Unione Radio Italiana* (URI) — Italian Radio Union — the sole license for broadcasting (Grandi, 164). The situation soon changed when, two years later, the government sought on to "normalize" mass communications by taking control of the most influential newspapers and replacing URI with *Ente Italiana dell'Audizioni Radio* (EIAR) — Italian Radio Audition Corporation — in 1926 (Grandi, 164). Through the 1930s and most of W.W.II, EIAR programming was tightly controlled by the Fascist government as a strategic element in its mass communications policy (Barendt, 24; Grandi, 164). In 1944, after the Liberation of Italy, the broadcasting monopoly was vested in *Radio Audizioni Italia* (RAI) — Italy Radio Audition — which is formally incorporated, although the majority of its shares are owned by IRI (Barendt, 24; Barile & Rao, 262), which was established in 1933 by the Fascist regime (Furlong, 46). The same broadcasting

company was renamed *RAI-Radiotelevisione Italiana* in 1954, and began its television broadcasts in 1954 (Barendt, 24; Barile & Rao, 262). A second national network, RAI-2, began transmission in 1961 and the third, RAI-3, at the end of the 1970s. Together with the original station, RAI-1, the trio is owned by the mother company and remains Italy's public broadcasting corporation to the present day.

In theory, government control of RAI was loosened in 1947 when a parliamentary commission was established to ensure the public broadcaster's political independence. However, it remained under direct government control much like its predecessors because of the Commission's lack of executive powers (Barendt, 24). In essence, public radio and television broadcasting was placed firmly in the control of the governing DC party in the immediate W.W.II period. It is interesting to note that although the *Ministero delle poste* — Ministry of Posts — is ultimately responsible for the conduct of RAI, IRI is beholden to the *Ministero di partecipazione statale* — Ministry of State Participation (Furlong, 100).

Although this situation has been modified, it remains the base of the structure of public broadcasting in Italy. The central reason for this rests in the provisions of the Italian Constitution which have provided the basis for the establishment of the public broadcasting monopoly in the immediate post-war period. Moreover, the constitutional provisions have provided the rationale for most *de jure* broadcasting policy legislated by the government as well as *de*

facto policy imposed by the judgments of the Constitutional Court. The key sections of the Constitution are Articles 21, 41 and 43. Article 21(1) states that “everyone has the right to express himself verbally, in writing, and by any other means” (Barendt, 25). Article 41 provides for the “freedom of economic enterprise to be conducted in conformity with social utility and in such a way as to not damage security, liberty, and human dignity” (Barendt, 25). Lastly, Article 43 grants the state the right, through “legislation to reserve (or expropriate subject to compensation) for the state businesses which are concerned with vital public service, or are natural monopolies, and which are of pre-eminent public interest” (Barendt, 25).

(iii) The Political Economy of Broadcasting Policy Formulation

This section chronologically traces the development of Italian broadcasting policy, incorporating the effects of the “politics of support” outlined in Chapter Two with the Italian institutional and legal foundations described in section (i) of this chapter. The approach provides the means to untangle the threads woven by broadcasting history and identify the source of the knots which have directed the process of policy formulation.

As was indicated in section (ii) above, by the time the first television signals were broadcast over the Italian airwaves, control of RAI was placed firmly in the hands of the DC. Having established its stronghold as the leading coalition partner in government right from the 1948 elections, the Party also

controlled the *Ministero delle poste*. After the introduction of RAI television in the 1950s many members of the business elite turned to the ministry in their attempts to obtain private broadcasting licenses. However, the successive ministers of Posts refused to entertain the notion that any such private broadcasting licenses could be issued. Eventually, challenges to the public broadcasting monopoly emerged from within RAI, the purveyors of capital, as well as parliament. This circle of conflict resulted in a broadcasting policy path punctuated by 13 crucial Constitutional Court decisions, three broadcasting laws, and two parliamentary decrees.

The first such point in the history of Italian broadcasting policy took place in 1960 with the first Constitutional Court broadcasting ruling. In decision 59 of 1960, in which the legitimacy of the public broadcasting monopoly was challenged, the Court ruled in favour of the state on the basis of Article 43 of the Constitution (Barendt, 25). With RAI broadcasting on two national networks, RAI-1 and RAI-2, the Court's decision was based on the view that due to the shortage of frequencies, broadcasting was a natural monopoly. It also stated that public broadcasting was the best method to ensure that all important political and social groups had access to the airwaves. Moreover, the Constitutional Court denied the proponents of private broadcasting any rights under Articles 21 and 41 (Barendt, 25).

This was followed by Constitutional Court decision 81 of 1963, which established the basis on which citizens should pay RAI's license fee. However,

the major Italian policy developments which shattered the public broadcasting monopoly did not take place until nearly fifteen years later.

It is important to recognize that the Italian situation was a culmination of the social turmoil which is representative of the historical era. In the immediate post-W.W.II period, Italy was considered poor by European standards, yet the country emerged from the 1960s as prosperous as the European economic leaders of France, Germany and the United Kingdom. With this newly-gained material wealth, Italian politics in the 1960s and early 1970s in particular were characterized by the emergence of new social movements, continual strife between labour organizations and capital, the increasing strength of the Italian communist party, as well as the beginning of an unrelenting economic crisis dubbed stagflation⁵. Surrounded by political turmoil, companies in the private sector began to take advantage of the gaps caused by the divergences and struggles among the Italian political factions.

in the early 1970s, several entrepreneurs entered into the business of radio and television (Faenza, 404), establishing illegal broadcasting stations all over the country. For example, in 1970, Danilo Dolci began radio transmissions in the Belice Valley of western Sicily (Giacalone, 3). Although his pirate radio station was short-lived, having been forced to cease and desist transmission soon after he began broadcasting, the first illegal television station emerged

⁵ Stagflation means that a country's economy is contemporaneously inflating and stagnating so that while consumer and industrial prices may be increasing, growth in real Gross National Product and employment levels may be slow or nil such that unemployment will remain high while real wages slowly decline (Heilbroner & Thurow, 142).

soon afterward. In 1971, the first real challenge to the public broadcasting monopoly over television was launched with Peppo Sacchi's Telebiella (Giacalone, 3). Sacchi's strategy, which eventually proved to loosen the earth in the eventual erosion of the state's broadcasting monopoly, was to transmit Telebiella via cable rather than over the airwaves. Moreover, the only fee asked of his subscribers was the amount it would cost to have the cable brought to their doorstep (Giacalone, 3).

Serious government resistance to his Sacchi's operation began in 1972 when a national monopoly on cable installation was awarded to the *Societa' italiana per l'esercizio telefonico* (SIP) — Italian telephone company (Giacalone, 3). When Sacchi continued to ignore the state's cable installation monopoly, the government understood the threat that was posed to RAI's monopoly, and the Minister of Posts, Giovanni Gioia, responded with an assault on his activities through Parliament (Giacalone, 4). Soon afterward, the defendants of the RAI met with some success when, in January of 1973, Telebiella was forced to cease transmission. However, this ascendancy would prove to be short-lived. While the government focused their efforts on Telebiella, the brothers Leo and Guelfo Marcucci had set up relay transmitters in Northern Italy in a plan to broadcast RTSI, a TV station in the Italian canton of Switzerland, and Tele Capodistria (from Capodistria⁶) across the country as veritable networks (Monteleone, 387).

⁶ Capodistria is the Italian name for the peninsula of Istria, which is found on the North-eastern coast of the Adriatic Sea in Croatia (which was once part of Yugoslavia), a few kilometers South of the Italian city of Trieste. Istria came under Italian possession through the 1919 Signing of the peace treaty with Austria at St. Germain-en-Laye, but was then ceded to Yugoslavia through the

Their business was also perceived as a threat to the public broadcaster when many Italians turned to the foreign stations during the 1974 World Cup soccer games which were broadcast from Germany in colour when RAI was still transmitting in black-and-white (Monteleone, 387).

It soon became clear from the government's strategy that broadcasting policy would be the red herring that epitomized Italy's non-government, and lead the sector into a state of chaos and lawlessness. Gioia's attack met with resistance from members of the *Partito socialista italiano* (PSI) — Italian Socialist Party — such as Bettino Craxi and Enrico Manco, as well as the leader of the *Partito repubblicano italiano*⁷ (PRI) — Italian Republican Party, Ugo La Malfa. In fact, the resistance was so strong that La Malfa withdrew the support of the PRI on 28 May 1973 which caused the government to fall (Giacalone, 4; Monteleone, 386). Although Gioia's successor, Giovanni Togni, managed to order the dismantling of the Marcucci brothers' operation, political strife within parliament over regulation soon led to government inaction. As a result, succeeding policy directions were forced onto the government by Constitutional Court decisions 225 and 226 of 1974. These decisions were crucial in several respects. Above and beyond their content, the cases marked the beginning of the era of "government by judges" (Monteleone, 386, 436) which constituted a noticeable power shift from the Italian Parliament to the judiciary in terms of broadcasting

1947 *Paris Peace Treaty* and the 1954 *Partition Agreement* between Italy and Yugoslavia (Kinder & Hilgemann, 72, 133, 231).

⁷ The PRI has been a constant component of the governing coalition in the post-war period, and have generally maintained a clear line on central issues of policy control (Furlong, 169).

legislation (Roppo & Zaccaria, 4). The Court assumed a dominant role in the area largely because of the opportunity afforded to it by continual government inaction during the 1970s and 1980s. From the Chamber of Deputies,⁸ however, the Court's actions were perceived as an infringement on the power of Parliament. Consequently, broadcasting legislation would become a site of struggle in two respects: first, regulation of the sector would become an area in which the government and the judiciary would express and negotiate the shifting levels of institutional power; second the members of Italy's coalition governments would use the actions of the Constitutional Court as a pawn in the complex interplay of party politics within parliament.

The Court's new-found power is clearly expressed in the content of its decisions. In the 1974 decisions it stated that television broadcast via the airwaves was still legitimate as a public monopoly for two reasons: first, there was a great possibility for concentration of ownership due to the high costs of entry into the business; second, television broadcasting was justifiably reserved for a public institution because of its role (drawing on the provisions of Article 43 of the Constitution) as an essential service in a democratic society (Barendt, 25). It also stated that, as an essential service, television broadcasting should represent a plurality of voices and therefore be under the control of parliament rather than under that of one party. Furthermore, rules should be included to guarantee the access of significant political and social groups to the public

⁸ The Chamber of Deputies is the lower of Italy's two houses of Parliament. The upper house is the Senate.

broadcaster (Barendt, 25). The Court's decision also included the statement that the amount of advertising sold by the public broadcaster should be limited, so as not to impinge on the source of income of the press (Giacalone, 6). However, the Court added that broadcasting via cable did not pose a threat in terms of concentration of ownership, and was therefore permissible, and compatible with a public broadcasting monopoly over the airwaves (Giacalone, 5). Moreover, in a second challenge to Parliament's power, the Court ruled that the state broadcasting monopoly was only limited to the hertzian bandwidth reserved for Italy. In its opinion, the banning of RTSI and Telecapodistria effectively constituted banning the "free circulation of ideas" thereby compromising an essential part of democratic life (Monteleone, 387). Finally, the Court stated that a broadcast law would have to be legislated within two years otherwise all current legislation would become invalid (Barendt, 25).

In retrospect, the basis for some aspects of the Constitutional Court's decisions was questionable, if not clearly inaccurate and would later emerge as the issue which, once debunked, would catapult Italy into the development of a mixed media system. The Court had based its statement that broadcasting over the airwaves was justifiably held by the government as a scarce resource on the technical information it received from the *Consiglio superiore tecnico delle Poste e delle Telecomunicazione* — Superior Technical Council for Posts and Telecommunications. The Consiglio had informed the Constitutional Court that it was technically impossible to maintain more than three or four television

broadcasters in the bandwidth available over the airwaves (Giacalone, 5). This information, which would normally be questioned by even the most casual observer (who upon turning on their television at home might notice that the producer of the technology seemed to believe it was capable of receiving a minimum of a dozen channels), was taken as fact. This *imbroglio*⁹ by members of the Consiglio, most likely due to political pressure from within the Ministry, would only temporarily stop the oncoming tide of private broadcasting and return to haunt RAI in the Constitutional Court decisions of 1976, which I shall discuss below.

In the interim the government, forced to act by the Constitutional Court, worked with relative speed. Nine months after the Court's decisions Parliament enacted the New Regulations Governing Radio and Television Broadcasting with Law 103 of 14 April 1975. The law, which still provides much of the basis for broadcasting regulation today under Law 223 of 1990, appeased the demands of the Court. However, it also contained measures which resisted the Court's policy path by seeking to entrench RAI's broadcasting monopoly. It did so with two provisions; one being explicit, the other a carefully designed attack on the Court's allowance of cable broadcasting.

Article 1 of Law 103 sought to maintain RAI's monopoly with a clear outline of the state's legitimating concerns:

Broadcasting is an essential public service; it serves a superior general interest, for it is aimed to broaden the participation of citizens and to foster the social and cultural growth of the country.

⁹ A word which of late is in frequent usage during discussions of Italian politics, meaning cheat, swindle, trick, or fraud.

The service, therefore, is reserved to the state (Mazzoleni 1991, 215).

The Article further stated that the public broadcasting license could only be issued to a publicly owned corporation. While the justification for these provisions was easily maintained with the belief that hertzian broadcasting channels are an extremely limited resource, the government could not stem private television from expanding through cable on the same grounds and developed a solution which has halted its development to this day (Giacalone, 4). Law 103, in a clear departure from Constitutional Court decision 226, restricted cable television to a single channel system. Furthermore, the television stations could not install the service in more than forty thousand households (Grandi, 165; Mazzoleni 1991, 215-216). Although approximately thirty licenses were issued following the enactment of the law, the provisions made cable broadcasting an unprofitable endeavor (Mazzoleni 1991, 216). As one observer notes, a simple analogy exposes the ludicrous nature of the provision:

It is like stating that for every electrical outlet that we have at home there must be a separate electrical generating plant. If you have ten electrical outlets at home arrange for service from ten electrical plants and pay ten electricity bills. If you have ten telephones arrange ten different telephone lines and pay ten telephone bills. Are there ten television broadcasters via cable? Fine, have ten cable lines installed in your home (Translated from: Giacalone, 4).

Aside from fending off the development of private broadcasting, Law 103 established a number of important provisions which changed the way the public broadcaster itself was to be regulated. The Law responded to the Constitutional

Court's request for greater pluralism within the system by also stating (in Article 1) that the public broadcaster was to provide independence, fairness and openness to the various political, social and cultural forces present in Italian society (Mazzoleni 1991, 215).

It backed this statement with a traditionally Italian interpretation of pluralism by increasing the power of the Parliamentary Commission already in place. This provision effectively increased the plurality of political representatives which controlled RAI, thereby opening the governing of RAI to another Italian tradition, *lottizzazione* (Giacalone, 8). The Parliamentary Commission was expanded to include forty members of Parliament from all political parties, proportional to their electoral strength (Grandi, 164; Mazzoleni 1991, 215). The Commission's tasks include: drawing up guidelines for the implementation of principles stated in Article 1; the statement of general requirements for advertising (for consumer protection); the supervision of audience research; and the direct control of political party broadcasts (Mazzoleni 1991, 215). The Commission is also responsible for appointing the sixteen-member board of the Administrative Council which governs the public broadcaster (Barendt, 25; Grandi, 165; Mazzoleni 1991, 216).

Although there are further provisions in Law 103 for the decentralization of control within RAI to the regional councils (Grandi, 165), the new regulatory structure left control of the corporation to be divided among the governing coalition parties. It is known that, at the time, the two principal parties of the

CHAPTER SIX

Conclusions, Options and Future Prospects for the Italian Case

governing coalition, the DC and the PSI agreed privately to share control of public broadcaster. The agreement allotted effective control of RAI-1 and a radio channel to the DC, and RAI-2 and two radio channels to the PSI (Barendt, 26).

Other provisions of Law 103 of 1975 include the description of the *canone* (license fee) which to this day provides most of RAI's funding. It also established the ceiling on commercial advertising to be sold by RAI at five per cent of total radio and television airtime so as not to infringe on the advertising revenue of the press. It also required that a Parliamentary "Committee of Vigilance" decide annually on the total amount of advertising revenue that RAI could earn. Finally, the Law provided for the establishment of a third regional channel, RAI-3, which began broadcasting in 1979, and now covers over 60 per cent of the national territory (Barendt, 26; Giacalone, 26; Grandi, 165; Mazzoleni 1991, 223).

Despite the comprehensive and explicit statement of RAI's monopoly status, private interests saw in the tumultuous political climate (that had become increasingly violent) the opportunity to push on with private broadcasting efforts (Giacalone, 18). Consequently, by the beginning of 1976 there were already five hundred local radio stations across the country (Grandi, 165). Moreover, the founders of private television stations via cable realized that transmission of their signals over the airwaves provided a much more cost-effective and therefore profitable method of expanding and exploiting local advertising markets (Monteleone, 388 & 429). Therefore, despite the rulings of the Constitutional Court and new regulations for broadcasting established by Law

103 of 1975, many entrepreneurs transferred their cable broadcasts to the airwaves between 1974 and 1976. Some notable illegal operations were Firenze Libera, Telesuperba, Qui Modena and Savona TV (Monteleone, 388). The legal operations established during the era were Telemontecarlo (an Italian language station based in the Principality of Monte Carlo) which began transmission in August of 1974, and Silvio Berlusconi's first foray into the media, Telemilano, broadcast via cable from September of the same year (Monteleone, 388).

The illegal operations managed to survive mainly because the government was distracted by the deep political conflict of the era. When Law 103 of 1975 passed through Italy's two houses of Parliament, the DC was the principal parties of the governing coalition. However, the mid-1970s were marked by unprecedented *Partito comunista italiana* (PCI) — Italian Communist Party — support, which was accompanied by terrorist violence and corporate sabotage largely blamed on, or claimed by, the left wing terrorist group the *Brigate Rosse*¹⁰ — Red Brigades (Furlong, 197). The electoral results of the DC, the PSI and the PCI both before and during the period illustrate the point. In the 1958 elections the DC obtained 42.3 per cent of the vote, the PSI 14.2, and the PCI 22.7. In the 1968 elections these numbers had changed to 39.1 per cent, 14.5 and 26.9 respectively. By the 1976 elections the balance had shifted considerably with support at 38.7 per cent, 9.6 and 34.4 for the same three

¹⁰ The sporadic violence of the *Brigate Rosse* was apparently motivated by its desire to sabotage the foundations of capital and the center-right political parties. However, there was suspicion that some episodes of corporate sabotage may have been planned by the proponents of capital themselves as a ploy to turn public opinion in their favour.

parties. In twenty years, the center-right alliance of the DC and the PSI¹¹ went from having an electoral lead of 33.8 per cent in 1958, to 26.7 in 1968, to 13.9 in 1976 (*all statistics*: Furlong, 147). Clearly, with nine to ten parties in parliament, a left wing coalition government was increasingly possible. For the center-left and its constituents, the prospect of a PCI-led government (which under the leadership of Enrico Berlinguer subscribed to the communist model of the Union of Soviet Socialist Republics (USSR)) meant more than just a few years in the role of the Parliamentary opposition. The possibility of the nationalization of all industry and the banishment of religion by a victorious PCI would mean the complete erosion of its electoral base. The reaction of the DC was, for the most part, within the parameters of the Italian political tradition and clearly an exercise in the politics of support. Although the PCI was never allocated a ministerial post, concessions were made to them such as the plans for the establishment of RAI-3, which was to be placed under its control.

This heated political conflict was also reflected in the reaction of RAI and its governors to the onslaught of private broadcasting. The political response was unusual, creating unexpected divisions, factions and alliances. The DC's members were divided over the issue of private broadcasting, regardless of what was actually being broadcast on their part. A large faction saw private broadcasting as an attack on the influence of RAI, and therefore on the influence

¹¹ Italian governing coalitions normally included from three to five parties. During the late 1970s five party coalitions emerged in order to maintain a majority over the left wing parties in Parliament. In this section the statistics of the three parties suffice to illustrate the point. For a complete breakdown of Italian electoral results in the 1946-87 period see Furlong, *Modern Italy*, p. 147.

of the DC, at a moment when they needed to fend off the PCI's growing popularity (Giacalone, 18). However, the PCI also was vehemently against private broadcasting initiatives for two reasons. First, it was interested in strengthening the role of RAI because of its growing influence in RAI's governance that accompanied the implementation of the pluralistic regulatory body and the establishment of RAI-3. Second, it wanted to maintain RAI's dominance so that when it did come to power it would not face resistance from the private networks (Giacalone, 18-21). The PSI, on the other hand, took a completely different stance, mainly because of the growing cooperation between the DC and the PCI over RAI. Already in control of RAI-2 (despite the fact that it held under 10 per cent of the vote at the time), the PSI saw the DC's concessions to the PCI as a weakening of their own position of influence within the organization. Moreover, it recognized that the emergence of private broadcasters would play a role in the erosion of the new-found DC-PCI cooperation because of its coincidental aim at one of the main nodes of the collaboration — RAI. Within this context the PSI, under the leadership of Bettino Craxi, chose to maintain its presence in RAI and foster the development of a private broadcasting sector (Giacalone, 18-24).

However, the nature of Italian political conflict, coupled with the threatening force of private industry, led RAI to bring about the next landmark broadcasting policy direction later that year despite its efforts. In 1976, RAI brought the illegal private broadcasters to the Constitutional Court but it was not

prepared for the Court's decision. When the Court once again sought to justify the maintenance of the public broadcasting monopoly on the basis of the scarcity of available hertzian frequencies, it suddenly found that the *Consiglio superiore tecnico delle poste e delle telecomunicazioni* had changed its tune. In two short years the technology had improved considerably; not only could it now support more than three channels, but the television sets of the nation were also prepared to receive these new gifts of technology without modification. In fact, they had been doing so for over a year (Giacalone, 10). Perhaps a judge at the Constitutional Court had taken a second look at his television, but it is more likely that the scientists at the Consiglio were no longer blind from the directorship of the DC.

As a result, in decision 202 of 1976, the Constitutional Court ruled that "on the basis of both present technological knowledge and practical activity of several local broadcasting stations, it is realistic to rule against the concept of the scarcity of television and radio channels available at the local level" (Grandi, 166). Furthermore, because of the low costs of establishing a local television broadcasting station, there was no threat of an oligopoly forming in the sector. Therefore, local broadcasting should no longer be reserved for the state (Barendt, 26; Giacalone, 10; Grandi, 166; Mazzoleni 1991, 217). In effect, local broadcasting had been legalized and posed no threat of interference to RAI on the local level. The Court added that the national monopoly was justifiably maintained because the high costs of entry into the sector on such a large scale

posed the threat of the development of an oligopoly and therefore the concentration of the control of information (Barendt, 26; Giacalone, 10). Finally, the Court developed guidelines for Parliament to follow which included the provision of anti-trust laws in the legislation of new broadcasting rules for the private sector (Grandi, 166).

However, the parties would prove unable to legislate a new broadcasting act for another fifteen years. In the meantime, chaos ensued as the 360 private television stations and over 3000 radio stations that were established by 1977 were operating with neither a plan for frequency allocation, nor any regulations concerning their programming content and diversity, as well as the amount of advertising broadcast (Barendt, 26). The notable broadcasters established by this time (which would later emerge as major players in the sector) were Quinta Rete, set up by the Rusconi publishing firm, and Antenna Nord, Tivu Malta born of a deal between Bruno Tassan Din of the Rizzoli-Corriere della Sera group (RCS), and Dom Mintoff of the Maltese government (Monteleone, 391).

In 1977, the year in which RAI finally began broadcasting in color (Monteleone, 398), the Constitutional Court was called upon once again to make a broadcasting policy decision. In this case, however, at issue was the access of political groups to the media during the abortion referendum (Barendt, 156). Under the provisions of Article 6 of Law 103 of 1975, the Parliamentary Commission which is responsible for the appointing managerial posts in RAI also allocates time for party broadcasts during election and referendum

campaigns (Barendt, 180). In decision 139 of 1977, the Constitutional Court held that the claims by the Radical Party and promoters of the referendum of their right to participate in political discussion programs were irrelevant because they had not formally asked for access under Article 6 (Barendt, 156). It is important to note that, in practice, the Parliamentary Commission influences the content of these programs because it exercises a great deal of control over their directors. Moreover, challenges to the decisions of the Parliamentary Commission concerning the allocation of time for party broadcasts and participation in political discussion programs have never met with success (Barendt, 180).

While debate in Parliament over the enactment of a new broadcast act continually floundered in a mire of collapsed governments and shifting alliances, the Constitutional Court once again took to the formulation of broadcasting policy. In 1981, the Court was called upon to decide on RAI's allegation that the *de facto* national television network, *Primarete indipendente* (PIN), set up by the RCS (from its original Antenna Nord, Tivu Malta station) constituted an infringement on RAI's national monopoly. The public broadcaster's actions against RCS seem to have been promoted by its plan for a national news service program, *Contatto*, which RAI viewed as a significant threat to its monopoly position (Barendt, 127; Monteleone 431). In decision 148 of 1981, the Court reaffirmed RAI's national broadcasting monopoly, but solely due to the fact that Parliament had not enacted a new broadcast act which, as stated in decision 202 of 1976, was to include anti-trust provisions in order to prevent the

formation of broadcasting oligopolies (Barendt, 27, 78). The judgment marked a shift in the opinion of the Court with its statement that pluralism in a mix of public and private national networks could be ensured with proper regulation (Barile & Rao, 263). However, the judgment provided an interesting gap in its provision for preventing private national television networks which led to their development much sooner than the Constitutional Court expected. The decision specifically banned electronic link-ups between stations in order to prevent simultaneous transmission of programs across the nation. The players in private broadcasting at the time soon realized that in doing so, the Court left open the possibility of simultaneous national transmission through the distribution of pre-recorded videocassettes by a mother station to its affiliates (Mazzoleni 1991, 217). Although this method of creating *de facto* national television networks made national news broadcasts impossible because they usually involve live transmission, it allowed the synchronization of the broadcast of most other program genres.

In the interim of the Constitutional Court's decisions of 1976, 1977 and 1981, the private television broadcasting sector had changed radically. While the 1976 decision reflected the reality that private broadcasters had begun transmitting over the airwaves, the 1981 decision addressed the fact that real challenges had emerged to RAI's monopoly through massive investment in the private sector. For example, in advertising revenue (the sole source of revenue in private sector television), private television broadcasters saw an increase

from 1.9 billion lire in 1976, to 26 billion lire by 1978, to 256 billion lire in 1981 (Mazzoleni 1991, 225). Although this advertising revenue was distributed among the hundreds of local stations, several major players had emerged by the early 1980s.

While the late 1970s were characterized by chaos, the early 1980s were an era of consolidation of the Italian private television broadcasting sector into the hands of one company, Berlusconi's Fininvest. In 1980 Berlusconi renamed Telemilano and expanded the operation through a system of 11 affiliates broadcasting synchronized pre-recorded videocassettes across 11 of 20 Italian regions to create the Canale 5 network (Barendt, 27; Monteleone, 430). By 1982 RCS had asked for and received bankruptcy protection from the courts as a result of the involvement of Bruno Tassan Din and Angelo Rizzoli in the P2¹² affair, and ceased transmission as a result. In the same year Rusconi, which had expanded Quinta Rete into the Italia 1 network, sold its operations to Berlusconi. Furthermore, the large and well-known publishing firm, Mondadori, had also established a national network, Retequattro, in the form of a separate corporation (through the merger of its own eight-station broadcaster Telemilano with 15 others) which it owned in partnership with the companies Perrone, which held 25 per cent, and Caracciolo, holding 11 per cent. Finally, 28 station national network, Euro TV, was formed from the merger of RTO and Radiovideo, two

¹² P2 is an abbreviation for the *Propaganda 2* Masonic lodge. From investigations which started in the late 1970s it was discovered that the organization had become involved in illegal activities and the coordination of state power, financial investments and industrial activities to the benefit of its members and the P2's leader during the era, Licio Gelli (De Angeli, 615-619).

advertising agencies (Monteleone, 438-439).

In 1983, despite the seemingly ceaseless expansion of the advertising sector, Retequattro's losses amounted to 25 billion lire which, when added to its 106 billion lire in third-party debt and 14 billion lire of debt to Mondadori, sent the mother company reeling from shock. As a result, in August of 1984 Mondadori salvaged its other operations from the crushing effect of its two-year losses of approximately 200 billion lire when it sold Retequattro to Fininvest (Monteleone, 441-442).

Berlusconi's growth within five years to consolidate ownership of three of the private national networks, Canale 5, Retequattro, and Italia 1, was perceived by many within the government, the judiciary and the public broadcaster as a clear threat to RAI and pluralism in the broadcasting system. On 16 October 1984, several Italian magistrates decided to take action and forced Fininvest to cease broadcasting in the regions of Latium, Piedmont and Abruzzi (Monteleone, 455; Roppo & Zaccaria, 8). In a retaliatory move designed to garner public support, Berlusconi ceased all Fininvest network broadcasts which, by that time, were on par with RAI in attracting over 40 per cent of the national weekly television audience (Monteleone, 445; Roppo & Zaccaria, 8).

Although the DC were clearly against the further development and consolidation of the private broadcasting industry, the government was then led by the first PSI Prime Minister, Bettino Craxi, whose outlook was consistent with the party's historically firm support of the development of private broadcasting

alongside RAI as a method of strengthening its political position. Therefore in December of 1984, after some intense lobbying led by Berlusconi, Craxi used Parliamentary Decree no. 694 of 20 October 1984 — dubbed the “Berlusconi Decree” by the opposition — to legalize all private television stations and *de facto* networks existing on 1 October 1984 (Barendt, 217; Grandi 166; Mazzoleni 1991, 217). The Craxi government was forced to reiterate the decree as no. 802 of 6 December 1984 when it was deemed unconstitutional (by the parliamentary committee charged with scrutinizing laws for their constitutionality), but the original action succeeded in bringing Fininvest’s three networks back on the air before the end of October (Roppo & Zaccaria, 8).

Obviously framed to ensure the survival of the Fininvest networks, the central elements of the decree were: the official recognition of the Italian broadcasting system as a “mixed” public and private system; permission for private broadcasters to transmit nationally through the synchronization of pre-recorded videocassettes; the requirement that 25 per cent of all feature films and TV series broadcast must originate from one of the European Economic Community nations; advertising must not exceed 16 per cent of weekly broadcast time and 20 per cent of each hour (Grandi, 166).

Several observers have attributed the parliamentary decree, which subsequently passed into law in February of 1985 (as Law no. 10), to the well-known and long-standing friendship between Berlusconi and Craxi. While this is certainly a factor of influence worthy of mention, the simple equation that the

friendship between the respective power brokers is the primary cause of the imposition of the parliamentary decree is much too deterministic. As I mentioned earlier, the PSI have historically favored the development of private broadcasting in order to undermine the DC domination of RAI as well as the growing DC - PCI cooperation. Additionally, the PSI felt that support of private sector broadcasting would allow them to gain greater levels of exposure across the entire broadcasting spectrum, rather than on RAI-2 alone (Giacalone, 22). Placed in the context of an inter-institutional power-play, Craxi's actions have been attributed to the growing resistance to the model of "government by the judiciary" which had characterized broadcast law since the Constitutional Court's decision of 1974 (Giacalone, 20). Therefore, a more complex analysis highlights that, while Berlusconi's political connection may have given him greater access to dialogue with a seat of power within the Italian government, the PSI viewed their cooperation with private sector interests as an essential element in their strategy to gain key positions of support within industry and resist the growing role of the judiciary in the formulation of law.

It soon became apparent that the PSI's strategy had been somewhat successful when the Constitutional Court delayed hearing a number of references from magistrates on the legality of the temporary law of 1985 and the constitutionality of the public monopoly (Barendt, 27). The case the Constitutional Court heard in 1985 involved a stipulation in the parliamentary decree that all advertising be eliminated from foreign broadcasts relayed in Italy

(from, for example, Telemontecarlo), which the Court deemed unconstitutional in decision 231 (Barendt, 195). Also in that year, Berlusconi obtained a reversal from the Tribunal of Rome on its order for Fininvest to cease broadcasting in three regions; the same decision which had prompted the parliamentary decree the year before (Mazzoleni 1991, 218). In 1986, a decision of the Tribunal of Turin, which ordered Fininvest to cease broadcasting in Piedmont, prompted Craxi to reassert the position of Parliament in the formation of broadcast law with this statement:

It is up to Parliament to define the organic regulation of the broadcasting system, on the basis of its own decisions, having the constitution as its sole limitation, without having other organs of power of the state exert new pressures in an attempt to supplant the province of Parliament (*translated from*: Monteleone, 457).

Although the decision of the Turinese judge would be reversed on the basis of the Constitutional Court's 1976 decision, the position of the PSI on judicial power had become quite clear. The governing parties, however, were unable to bring draft legislation to the floor of Parliament through 1986 and, as a result, when Law 10 of 1985 lapsed later that year, broadcasting once again fell into a state of anarchy (Mazzoleni 1991, 218).

The end of temporary regulation of the broadcasting industry was also accompanied by the end of Craxi's tenure as Prime Minister and, despite the gains made by the PSI in their desire to reduce the power of the judiciary, guidance of broadcasting legislation again became the domain of the Constitutional Court. In 1987 the Court was called on to determine the

constitutionality of Article 6 of Law 103 of 1975 in a case brought forward by two political groups which had been forced by the Parliamentary Commission to change the content of their political programming before transmission. In decision 194 of 1987 it ruled, as it had in 1977, that the argument was inadmissible because the real issue was whether content control by the Commission was legitimate (Barendt, 156).

In 1988 the Constitutional Court was called upon once more to determine the legitimacy of the *canone* and in decision 535 reaffirmed that it is an *imposta* — duty — justifiably imposed by the legislature on anyone who owns a radio or television (Barendt, 72). However, a second decision regarding broadcasting was made in the same year which gave a positive direction to broadcasting policy formulation. Although a broadcast law was in the process of being drafted and negotiated by then Minister of Posts and member of PRI Oscar Mammi', the Court had been called on to make a decision on the validity of RAI's national broadcasting monopoly yet again. In fact, Mammi's draft bill may have actually become law had the case not reached the Constitutional Court. With a strong private television broadcasting sector flourishing, the parties which had traditionally attempted to block legislation, such as the PSI and some centrist members of the DC, were now ready to pass a broadcast law. However, the left wing of the DC and the PCI, who traditionally sought to draft legislation which would have stunted the growth of private broadcasting in favour of the public monopoly, blocked the progress of any future legislation in the hopes of a

favorable Constitutional Court decision (Monteleone, 471).

Therefore, when the Constitutional Court handed down decision 826 of 1988, many were surprised that it had ostensibly decided *not* to decide. Instead, it made two key moves: it renewed order by placing Law 10 of 1985 in force and, it stated that if it were called upon again, the Court would rule that Law 10 was unconstitutional on the basis that it lacked provisions to ensure adequate pluralism as well as limits on concentration of ownership (Barendt, 27; Giacalone, 36; Monteleone, 472; Roppo & Zaccaria, 10). In essence, the Court entered the political fray, calling on Parliament to pass an adequate broadcast law by using the threat of abolishing the existing one, much as it had done in 1974. Parliament, as it had also done in the 1970s, took to the task of formulating an adequate broadcasting law which would be resistant to the analyses of the Constitutional Court.

In the interim, the Constitutional Court remained active in other aspects of broadcast policy. In decision 219 of 1989, the Court again ruled that the *canone* was constitutionally legitimate. In 1990, the Court resolved controversial interpretations of decision 202 of 1976 to state that under the, constitution companies held *un vero e proprio diritto* — a full and legal right — to broadcast at the local level. However, it expanded on this to state that, although it would not rule on the constitutionality of the administrative steps which were necessary to close down an illegal broadcaster, broadcast companies did not hold any legal rights which could be asserted before the courts. Furthermore, the Court

stated that there were no rights to exploit a public good, the airwaves, because they are a limited resource (Barendt, 79).

The long and difficult parliamentary process which finally gave Italy a comprehensive broadcasting act, Law 223 of 1990, known as the *Legge Mammi'* — Mammi' Law — (after the Minister of Posts at the time) was characterized by forced compromises brought about by the demands of the Constitutional Court. In essence, it reflected the concerns about, as well as the sanctioning of specific elements of the broadcasting sector at the time (Roppo & Zaccaria, 13).

There are several characteristics of the television industry which are particularly relevant. In 1990, the private broadcasters held a total of 700 local TV stations and 11 TV networks in competition with RAI's three national networks (Mazzoleni 1992, 141). In addition to Berlusconi's Canale 5, Retequattro and Italia 1, the networks Italia 7, Cinquestelle, Rete A, Odeon TV, Retemia, Videomusic, Junior TV and the previously-mentioned Telemontecarlo had become available in most Italian regions (Mazzoleni 1992, 133). In addition to these, the Pay TV service Tele+, which presently offers the three channels Tele+1, Tele+2 and Tele+3, was awaiting broadcast licenses from the Ministry of Posts (Mazzoleni 1992, 139).

Examining audience shares, cross-media ownership and advertising revenue reveals the distinguishing features of the sector. In 1989 47 per cent of the Italian TV audience tuned into the RAI networks, while another 40 per cent watched the Fininvest channels, leaving 13 per cent to the eight remaining

networks (Tunstall & Palmer, 164). At prime time audience figures for 1990 show the public broadcaster obtaining 52 per cent, Fininvest 36.3 per cent, and the minor networks 11.7 per cent (Mazzoleni 1992, 141). In terms of cross-media ownership, the main concerns at the time involved Berlusconi's 82 per cent ownership share of the influential conservative daily Milan newspaper // *Giornale*, and his nearly-successful 1989 take-over bid of the enormous Mondadori firm, which would have placed the Roman daily *La Repubblica* (politically, Italy's most influential newspaper) under his control as well (Tunstall & Palmer, 165-167). In the advertising sector, Berlusconi's had also taken a leading position as the single largest controller of Italian press and TV advertising (a 32 per cent share) through his ad agency Publitalia as well as his other press holdings (Tunstall & Palmer, 170). In fact, through Publitalia Berlusconi controlled 70 per cent of the TV advertising market, bringing over 2,250 billion lire to the three Fininvest networks, and a further 124 billion lire to Italia 7, Tele Capodistria and Junior TV in 1990 alone (Giacalone, 98; Tunstall & Palmer, 171).

The Mammi' law, made up of 41 Articles and somewhat congruent with European Union (EU) directive 89/552, is based on the general principles outlined in Article 1:

1. The broadcast of radio and television programming, through any and all technical means, is of preeminent public interest.
2. The pluralism, objectivity, completeness and impartiality of information, access to a diversity of opinion, political, social, cultural and religious inclinations, and the respect of liberty and the rights guaranteed by the Constitution, represent the fundamental principles of the broadcasting system, which is realized through the

competition of public and private subjects under the direction of this law (*translated from: Roppo & Zaccaria, 19*).

From the outset, the law, which recognizes the "preeminent public interest" of broadcasting, makes clear its recognition of both the Constitutional Court directives, and the reality of a fully developed, mixed broadcasting system. In essence, the legislation was the legalization of the reality of Italian broadcasting and a necessary submission to the power of the Constitutional Court. However, several provisions, which go beyond technical detail of practice and procedure, constituted real changes to the broadcasting system.

Article 5 finally allowed private broadcasters to use technical link-ups to broadcast nation-wide (Mazzoleni, 131; Roppo & Zaccaria, 51,89). Article 6 established the *Garante per la radiodiffusione e l'editoria* — Guarantor for Broadcasting and Publishing — an organization of members nominated by the President of the Republic from a proposal formulated by the Presidents of the Senate and the Chamber of Deputies. The law requires that the members of the *Garante* must be or have been members of the Constitutional Court, university professors from the disciplines of law, business or economics, as well as recognized experts in the field of mass communications (Roppo & Zaccaria, 92). Charged with ensuring the principles enshrined in Article 1, the *Garante* is given a central role in the enforcement of the broadcast law. Some of its most important duties are to maintain a National Register of Broadcasting Organizations and, as the agency of surveillance of the broadcasting system, it has full legal right to inspect the accounts and documentation of all private

broadcasters (Roppo & Zaccaria, 91-95).

Article 8 of the law regulates advertising. Aside from Section 1, which regulates the content of advertising, the Article outlines the provisions of EC directive 89/552 for advertising. Among its conditions, the directive limits the insertion of advertising to natural breaks during films, bans the advertising of cigarettes and regulates the advertisement of alcoholic beverages. Article 8 of the Mammi' law also limits advertising on the public networks to four per cent of weekly broadcast time and 12 per cent of every hour, whereas private national broadcasters may insert advertising breaks in 15 per cent of daily broadcasts and up to 18 per cent of each hour. Local television stations are permitted to insert advertising in 20 per cent of each hour of programming, but only up to 15 per cent of daily broadcast time. The provisions of the Article are designed to maintain a plurality of voices over the airwaves by favouring local broadcasters over national networks in the advertising quotas, and stating explicitly that programming content and scheduling may not be influenced by sponsors. All of the provisions of Article 8 are to be enforced by the *Garante* (Roppo & Zaccaria, 160-171).

Article 15 regulates cross-media ownership, thereby impacting directly on the Fininvest holdings when the law was passed. There are several significant provisions within the Article:

- Anyone owning more than 16 per cent of the total national daily newspaper circulation may not hold a license for a national television network;

- anyone owning between 8 and 16 per cent of the total national daily newspaper circulation may hold the license to only one national television network;
- anyone owning less than 8 per cent of the total national daily newspaper circulation may hold the licenses for two national networks.
- No one person or corporation may hold title to more than 25 per cent of all planned national networks, or three of twelve.
- No one person or corporation may own or control, directly or indirectly, more than 20 per cent of the nation's mass communications resources, or more than 25 per cent if the mass communications holdings provide more than two-thirds of said person's total revenues.
- No one person or corporation may own or control, directly or indirectly, advertising agencies which sell advertising for more than three national television networks, or two national networks and three local television stations, or one national network and six local stations.

The provisions of the broadcast law are important because they imposed regulation on ownership patterns and programming content where they did not previously exist, effectively taming the sector's unruly development patterns. Moreover, the inauguration of the *Garante* brings the realization that prior to the law, the state lacked an effective means of monitoring activity in the sector at all, and was therefore forced into reactive, rather than proactive measures. In effect, the formulation of the broadcast law itself can be said to have been a reactive

measure: a reaction to the Constitutional Court, to the unreconcilable positions of center-right and center-left components of the governing coalitions, and to the rapid growth of the broadcasting industry with the enormous wealth of Fininvest, and Berlusconi, at its helm

However, this is not to suggest that any of the many Italian governments have lost their autonomy to the Court or the proponents of capital due to factors entirely beyond their control. It would be more accurate to suggest that the governing parties have been a significant part of the process which led to a reduction of parliamentary autonomy. The continual trend within the many governments which failed to generate a broadcast law between 1976 and 1990 was massive dissension against all the proposals forwarded in Parliament. The effect was to create a power vacuum which the Constitutional Court soon occupied. With continued "non-government" in Parliament, the Court held the reins of broadcast policy until the forcefulness of the Craxi government and the growing power of Fininvest began to expose the limits of the institution's power. Forced to choose but clearly aware of its limits, the Court forced Parliament to legislate, as it had tried to do when it was originally handed the reins of power in the early 1970s.

As the product of such a convoluted political economy, the law has two contradictory tendencies: some provisions work to strengthen the position of local broadcasters in the attempt to ensure plurality, while other provisions entrench the RAI-Fininvest duopoly (Roppo & Zaccaria, 320-340). In essence,

the law reinforced the status quo by introducing a merely adequate number of provisions to satisfy the Court's request for anti-trust regulations designed to advance a plurality of voices on the country's televisions. The protests in Parliament by opposition member Professor Franco Bassanini and Professor Leopoldo Elia of the DC (a former chairman of the Constitutional Court) that, on the basis of the decisions of the Court the law is illegitimate and unconstitutional have also reflected its inadequacy (Barile & Rao, 275). However, aside from one minor revision, it stands unchanged, despite some central issues being put in a referendum to the Italian people.

In August of 1992 the three Fininvest networks, the three RAI networks, Telemontecarlo, Rete A and Videomusic, obtain broadcast licenses for the first time (Monteleone, 529). The three pay networks are said to require further study. In decision 420 of December 1994, only days before the fall of the Berlusconi government, the Constitutional Court proposes several amendments to Article 15 of the Mammì law, only they are put to a popular referendum.

In June of 1995 three of the broadcast law's provisions were put to popular referendum along with nine other questions, which dealt with issues such as the structures of unions and state policy on government contracts. The first (number 10 of 12 total) broadcast reform referendum question addressed a provision of Article 15, and asked whether ownership of national television networks should be limited to one, from the Mammì law's three. The second (number 11), addressed Article 6 of the broadcast law, and sought to eliminate

all advertising breaks during films, operas, musicals or plays broadcast on television. The third (number 12) also addressed Article 15, and sought to ban allowing an advertising concessionaire to sell advertising for three national networks, including those with which it is affiliated in any way (Co, 1). Each of these reform questions was voted down, and Berlusconi held his ownership position.

The referendums were surrounded by a great amount of controversy both during the campaigns and after the results. Overall, they provide an excellent measure for determining the impact that the changes to the communications sector have had on the democratic process. I will broach this issue, along with the questions surrounding Berlusconi's election in 1994 and tenure as a Member of Parliament at the time of the referendums, in Chapters Five and Six.

The main purpose of this chapter has been to provide a comprehensive backdrop to the legal and institutional framework which is part of the Berlusconi Phenomenon. While I have paused to draw conclusions about why policy had or had not been implemented, the main goal has been to place the information on broadcast policy in a context of knowledge which may be used to fully understand why Berlusconi has risen to such a position of power, and then question the implications of this for democratic communications in Italy. In the following chapter I will discuss the evolution of public and private broadcasting in Italy, integrating issues from this chapter into a discussion of the sector from an industry perspective.

CHAPTER FOUR

Berlusconi and the Emergence of Private Broadcasting in Italy

This chapter places the Berlusconi Phenomenon within the outline of Italy's institutional and policy developments in order to illuminate the factors which both constrained and enabled the growth and conglomeration of Berlusconi's communications-related holdings. Working through the tool of structuration afforded by Vincent Mosco's theory of political economy (outlined in Chapter Two), it explores several concerns about Italian broadcasting: on the general level, who was involved in the development of private broadcasting and what interests were served; the central question, however, is why did Berlusconi rise to be *Sua Emittenza* as opposed to one or more of the many players in the Italian communications industries. The purpose of the research is first, to expose the structures and actions which have shaped the creation of Italy's uniquely configured broadcasting sector and second, to present the detail necessary to explore the implications of the changes to the sector for democratic communications, which are discussed in Chapter Five

Divided into three sections, this chapter is organized both chronologically and thematically by industrial structures, institutional and policy influences, and the activities of Berlusconi and his corporations. Section (i) describes the origins of public television broadcasting in Italy. To do so, the policy issues discussed in Chapter Three are brought into an outline of the development of the physical broadcasting infrastructure and the programming trends of RAI. Section (ii) merges the discussion of the development of RAI with the emergence of private broadcasting. It details the implications of corporate strategy and structural

conditions in advertising and television programming, with particular emphasis on Berlusconi's activities in order to clarify the circumstances which led to his success. It also discusses the political connections and influences among the proponents of capital and the Italian state which have influenced the path of Italian broadcasting development. In essence, the section outlines how the interpolation of structure and agency led Berlusconi into the dominance of private television broadcasting. Section (iii) places Berlusconi's activities in the context of European and global trends in media ownership.

(i) The Origins and Development of Public Broadcasting

Italian private broadcasting emerged within the economic infrastructure and cultural context of public broadcasting. In order to illuminate the structural and institutional elements which influenced development in the private sector, a clear picture of the economic and cultural scope of the broadcasting system is necessary for analysis. Therefore, this section outlines elements of the development of RAI from the founding of Italian television until the era when private initiatives began to challenge the public broadcasting monopoly.

Although there had been some experimentation with imported television broadcasting technology in the 1930s, Italy did not undertake the planning and implementation of television broadcasting until after W.W.II (Monteleone, 261-271). Testing of television broadcasting technology resumed in 1949 with the first transmission from a studio in Turin on 11 September using equipment

imported from the United States (Monteleone, 272). After the research organs of the Ministry of Posts experimented with the various television standards, the government chose to adopt the European standard of the 625 line screen (Monteleone, 273). Testing continued in these years, and even included the first news broadcast in 1952, until RAI officially began regular transmission on 1 January 1954 over 80,000 square kilometers of Northern Italy. The broadcast area, which originally encompassed roughly 43 per cent of the national population (20 million people), was quickly expanded so that the entire peninsula, Sicily and Sardinia were integrated into the system by 1956 (Monteleone, 272).

With the country experiencing the post-war economic boom, the Italian government's program of rapid expansion of television was well received by the population. In 1954 there were little more than 88,000 private *abbonati* (subscribers, or people who actually paid the *canone*). The numbers quickly grew to more than 300,000 in 1956, 600,000 in 1957, and over 4 million by 1963.

Table 1: Italian television *abbonati* in amount and per cent increase 1954 - 1963 (Monteleone, 292).

Year	Number of <i>abbonati</i>	per cent increase
1954	88,118	—
1955	178,793	102.90
1956	366,151	104.79
1957	673,080	83.82
1958	1,096,185	62.86
1959	1,571,572	43.46
1960	2,123,545	35.04
1961	2,761,738	30.05
1962	3,457,262	25.18
1963	4,284,889	23.94

However, these numbers more accurately reflect the size of the Italian television audience when combined with the 78,000 cafes and public locales that also had televisions in 1957 (Monteleone, 277). A study conducted in the winter of 1955 found that 370,000 people watched television in their own homes on a daily basis, another 1 million people watched television in the house of a friend or relative two or three times a week, and a further 3.2 million watched television in public locales more than twice a week (Monteleone, 283).

In Italy, as in most countries, the rapid expansion of television came at the cost of a rapid decline in attendance at cinemas and theaters. Between 1950 and 1955, theater attendance dropped by over 4 million tickets annually (Monteleone, 281). In the country's cinemas, ticket sales dropped by more than 29 million between 1955 and 1956 alone (Monteleone, 284). Moreover, this was achieved with the broadcast of only one television channel, RAI-1. RAI-2 only began broadcasts in 1961, and RAI-3 was inaugurated in 1979, well after the private broadcasters had entered the market.

In the 1960s, RAI saw continued expansion of its audience size, its broadcast hours, and its main sources of funding: the *canone* and advertising. By the early 1970s, when private initiatives emerged, RAI had over 10 million *abbonati* (Mazzoleni 1992, 126). The average audience for the evening newscast on RAI-1, called Tg1 (*Telegiornale* meaning tele-news), grew from 6.1 million in 1961 (the first year audience numbers were recorded) to 8.8 million in

1966, 14.4 million in 1971 and an incredible 20.3 million in 1976 (Valtroni, 258-261). In that same year, when the Constitutional Court abolished the public monopoly on local broadcasting, RAI earned revenue of 71 billion lire from television advertising, and 194.9 billion lire directly from the *abbonamenti* (Giacalone, 95; Mazzoleni 1991, 225). Both culturally and economically, RAI television had become an integral part of Italian life.

(ii) Berlusconi and the Emergence of Italian Private Broadcasting

This section examines corporate strategy and structural developments in advertising, TV programming, as well as political connections in order to understand the why and how of the Berlusconi Phenomenon. However, it begins by explaining what exactly, the "phenomenon" is that everyone is so concerned with.

THE BERLUSCONI PHENOMENON

The so-called phenomenon is the story of a man who became one of Italy's most wealthy and powerful men. This sub-section recounts how Berlusconi earned most of his money in several large upscale suburban condominium developments in the 1960s, then made a well-executed entry into television broadcasting in the late 1970s. It follows with a description of how, by the mid-1980s, his organization had swallowed many independent broadcasters and all of the major players through several rounds of intense competition in

which Fininvest managed to remain financially healthy (while the competitors fell into dire straits) because of the revenues generated by the company's advertising sales engine, Publitalia, which led the massive expansion of the Italian television advertising industry.

At age 25, after graduating from university in 1961 with a law degree, Berlusconi built the beginnings of his economic empire through projects undertaken in the construction industry. The first of these was in Milan where, in partnership with Pietro Canali who was already in the business, he built a small apartment complex through his company, Cantieri Riuniti Milanesi (Ruggeri & Guarino, 37). Soon afterward he created another company, Edilnord, and began his first famous construction project: a luxurious residential development in the outskirts of Milan called "Milano 2" which, by the mid-seventies, would house nearly 10,000 residents. This, apparently, was the project with which Berlusconi joined the big players of the construction industry. Soon after its completion he started another large residential development called "Milano 3" and a commercial development called "Il Girasole," both of which were on the outskirts of Milan as well.

Berlusconi's first foray into television broadcasting began in 1974 with the establishment of Telemilano, which transmitted to the residents of Milano 2 via cable. The cable project originated in the desire to avoid the necessity for each and every unit of the complex to have their own rooftop antenna. The practice, which still exists today because of the scarcity of cable operations in Italy,

becomes aesthetically displeasing when the rooftop of each building is covered in twenty or more TV antennas. For Berlusconi, this was unacceptable for a "luxurious" residential complex. In order to avoid the antenna dilemma he designed a system similar to the Community Antenna Television (CATV) model developed in the United States, and commissioned Siemens to construct a master antenna from which it was possible to deliver television signals to all of the dwellings in the complex through coaxial cable (De Santis & Ferrigolo, 492).

Telemilano was simply an extra channel added to RAI incoming signals when cable operations were legalized with Constitutional Court decisions 225 and 226 of 1974. Originally the station broadcast the day's news at noon and seven in the evening, as well as some films. Within a couple of years Berlusconi purchased a stock of films and began transmitting them on a regular basis (De Santis & Ferrigolo, 493).

Berlusconi's beginnings in broadcasting may seem somewhat unimpressive. However, within ten years he would be *Sua Emittenza*, owning three of Italy's private TV networks (which attracted 40 per cent of the national audience), and a 55 per cent share of the entire television advertising market. This dominant position finds its origins in the transfer of Telemilano to broadcasting via the airwaves in 1978, a year after three other major players, Rusconi, Rizzoli and Mondadori, had entered the market.

In 1979, Berlusconi created the companies Reteitalia, to purchase and distribute programming, and Publitalia, an advertising concessionaire. He also

established the central holding company, Fininvest and Cofint, the Fininvest subsidiary which would handle all investments in television. By the end of that same year Berlusconi's five local area TV stations in the North began synchronized transmission to appear as the Canale 5 network, and his five stations in the Latium region transmitted simultaneously as the Rete 10 network.

In the meantime, *Sua Emittenza* continued to purchase smaller, faltering TV stations so that by 1980 all of his proprietary and affiliated TV stations formed the Canale 5 network. Furthermore, through dealings with the Italian firm Titanus (in 1979) and the American companies MGM and 20th Century Fox (which remained skeptical of Fininvest's future up to this point and therefore programs sold only to RAI) he accumulated over 6000 hours of programming. By 1981 the American TV networks also saw the growth of Fininvest as a positive sign for the market. In that year Berlusconi negotiated contracts with ABC, CBS and NBC to purchase programming, and bought 64 episodes of *Dallas* from Lorimar Telepictures after RAI refused to renew the program for a second season. Unfortunately for RAI, *Dallas* would prove to be one of Canale 5's most successful programs and become part of the identity of the network.

In 1981 Berlusconi founded VideoTime, the company which would handle all of Fininvest's in-house productions. In the meantime Berlusconi announced the launch of the Italia 1 network made up of the six stations it owned and 17 affiliates, with Publikompass as its advertising concessionaire. The large

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PRECISIONSM RESOLUTION TARGETS

publisher Mondadori also entered the scene with Retequattro, which consisted of three proprietary stations and 18 affiliates.

In the following year Rusconi found itself approaching bankruptcy and chose to sell before the situation sent the company into bankruptcy. Paying out 30 billion lire, Berlusconi won out Mondadori for the purchase of the Italia 1 network, effectively obtaining control of one-third of the country's broadcasting resources. Publikompass, however, decided to sell its programming library of 500 titles to Mondadori for 35 billion lire (De Santis & Ferrigolo, 500).

In the meantime, the Fininvest group made several key strategic moves. Publitalia adopted aggressive "American-style" sales and marketing methods as of yet unseen in Italy, which quickly proved successful (Monteleone, 433). In the first three years of operation, revenues increased from 12.5 billion lire to over 200 billion, reflecting an advertising market share rise from 3.9 per cent to 26.5 per cent (Giacalone, 99; Mazzoleni 1991, 226).

Several events and problems with the operations of Fininvest's competitors placed Berlusconi's operation into an even stronger position. RCS, which pulled out of broadcasting by selling its Canale 56 operations to Fininvest in 1982 (Ruggeri & Guarino, 178), failed because of three main obstacles: first, it had made a poor evaluation of the emerging private broadcasting sector, not having understood that it was an industry which sold advertising rather than programming; second, its loss in the Constitutional Court case launched by RAI shattered its plan to broadcast news beyond the local level, ostensibly ending

its long-term plans for growth; third, the scandals of the "Propaganda 2" Masonic lodge, which involved almost all of the RCS management, almost ruined the company (Monteleone, 431-432).

Therefore, by 1983 Berlusconi's well-positioned broadcasting operation became a large, powerful, and dominant enterprise. With the addition of a second network, Publitalia's advertising revenues jumped to 870 billion lire, which equates to a 170 per cent increase in real (after accounting for inflation) revenue from the previous year, and a 40 per cent share of the TV advertising market (Giacalone, 94, 99; Mazzoleni 1991, 226). In the same year, Canale 5's ratings surpassed those of RAI-1 for the first time in history, with the channels obtaining 8.1 million and 7.3 million spectators respectively over one evening's programming (Monteleone, 445). In the same year the two Fininvest networks sold television advertising spots to political parties, making an enormous profit.

In 1984, Mondadori found itself in trouble from nearly 200 billion lire in financial losses. These were mainly due to the scope of the investments it had made in broadcasting and an insufficient advertising market share. Publitalia, which became the single most dominant player in Italian television advertising, took on an aggressive price-cutting strategy until Mondadori was in a state of crisis (Ruggeri & Guarino, 180). After months of failed negotiations, the only viable purchaser remaining was Berlusconi. In an incredible plot twist, Berlusconi, in the process of purchasing the Retequattro network and the entire library of programs owned Mondadori, became the company's savior, helping it

to repay the hundreds of billions of lire in debt, and granting its publications 25 billion lire in free advertising time on the Fininvest networks (Monteleone, 441).

The end of 1984 marked the beginning of the entrenchment of the structure of the Italian broadcasting sector as a duopoly controlled by the state and Berlusconi. The parliamentary decree no. 694 of October 1984, and its subsequent passing into law in February of 1985, essentially sanctioned the oligopolistic arrangement and gave Fininvest free reign over private sector television. Publitalia's advertising revenues continued to rise, reaching 1 trillion lire in 1985, and surpassing 2 trillion in 1988 (Giacalone, 98). Furthermore, its control over the industry expanded as it handled the advertising sales for the newly established networks Italia 7, Junior TV and Tele+2 (previously Telecapodistria). By 1991 Publitalia held firm control as Italy's single largest advertising agency, controlling 60 per cent of the entire TV advertising market, and 31.3 per cent of the entire nation's advertising sales, which amounts to 2.7 trillion lire, or roughly C\$2.5 billion at 1991 exchange rates.

During the period from 1984 to 1994, Berlusconi also expanded his holdings in other communications companies, as well as in other sectors of the economy. For instance, in 1984 other Fininvest holdings included a significant share of the influential daily newspaper *Il Giornale*, a 52 per cent share of the weekly TV publication *Sorrisi e Canzoni TV* (which soon became the highest circulation publication in the country), as well as controlling shares of the insurance companies Mediolandum and Mediolandum Vita. In total the Fininvest

group employed 3,530 people, 1,987 of whom worked in the television-related companies, and reported sales of 1190 billion lire with a net profit of 93 billion lire (Gerbi, 605).

In the following years Berlusconi maintained ownership and control of the three television networks, entrenching his hold on 40 per cent of the national TV audience and 60 per cent of the entire television advertising market (through Publitalia). Fininvest's holdings also expanded to include a supermarket chain, Standa, the AC Milan soccer team, holdings in cinema theaters as well as film and television production, travel agencies and, by the end of the 1980s, a significant share of Mondadori. In fact, the list of holdings is so extensive that it exceeded 168 in 1992.

If we are to return to the original question posed at the beginning of this chapter, why has Berlusconi come to control the Italian broadcasting industry, we must examine the circumstances, structures, events, and actions which occurred during the crucial years of 1979 to 1985 in the formation of the Italian broadcasting system. Rather than recount the history of the era chronologically, several areas may be examined to create a useful and comprehensible account of the key areas of activity which constitute the Berlusconi Phenomenon. Following a brief discussion of some structural considerations, this section examines the areas of advertising, programming strategies, and political connections to illustrate the case and place the era in context. Through analysis,

it discerns how Berlusconi's success is the outcome of the well-planned use of new "American" models of corporate organization, strategy and management in broadcasting to exploit the potential of the television advertising sector during compatible and broad-reaching changes in the entire Italian economy while attempts at regulation floundered until the Fininvest television networks were dominant and well-entrenched.

STRUCTURAL CONCERNS

The high cost of entry into broadcasting is fairly obvious to even the most casual observer. The cost of the hardware necessary to establish one television station alone is enormous. According to a 1980 report from the British magazine *The Economist*, "for a non-ramshackle private station the start-up costs (cameras, studios, technicians and so on) are put at a minimum of 2 billion-3 billion [lire] (US\$3-4M)" (*Economist* 1980, 71). However, investing the minimum amount of funds necessary would leave a broadcaster few guarantees of success when direct competitors could invest far greater amounts of capital. Berlusconi, for instance, had infused 12 billion lire (US\$14M) in Telelmi-lano by 1980 alone (*Economist* 1980, 71). Yet, it was estimated that only 200 billion lire (US\$240M) had been invested in the 500 Italian private television operations that were in existence by the end of same year (*Economist* 1980, 71).

New television broadcasting operations also require large investments in programming, and in 1970s Italy there were very few domestic television and

film productions available to private industry. As in most other nations of the world, the private broadcasters were forced to turn to the international markets to buy programming, which was mostly American. This activity also required enormous amounts of capital; in 1980 a professional broadcasting operation was estimated to need at least 1 billion lire a year to survive (*Economist* 1980, 71). Although the money was to be recouped through the sale of broadcast time to advertisers, the operation would have to have the capital available for investment well before any of the revenue could be realized.

In light of these requirements, the field of competitors in Italian broadcasting began to thin as larger players established themselves in the industry. As the Constitutional Court had predicted, the capital requirements for expansion of television broadcasting would become major factors blocking the path of development. By the 1980s, the nature of the competition had claimed many victims. Of the 700 stations that were in operation in 1978, no more than 300 remained that offered regular broadcasting services (*Economist* 1980, 71). In the same few years, the four major broadcasting companies that emerged had adapted themselves to the requirements of the industry.

RCS, which published Italy's highest circulation daily newspaper *Corriere della Sera* and had established the *de facto* network PIN, had set up operations for the purchase as well as the production of programming, which was distributed through two advertising concessionaires, CTA and GRT. Mondadori, also a publishing group, operated the advertising concern GPE, which handled

all advertising for its newly formed network, Retequattro. It also owned Telemond, which it used to buy and distribute programmes, as well as run the eight stations in which Mondadori had a direct interest. However, Rusconi, which was yet another publishing firm, relied on GPE to provide advertising for its network, Italia 1 (*Economist* 1980, 71). As was mentioned earlier, Berlusconi's Canale 5 network was backed by the advertising concessionaire Publitalia, while the role of Reteitalia was to purchase and distribute programming, and VideoTime to produce new programming (Monteleone, 430).

With the development of these four major players, structural changes had taken place within the broadcasting sector. First, and most obviously, multi-regional and national networks had been established which linked stations together through the simultaneous transmission of pre-recorded videotapes, despite the fact that these were clearly illegal. Second, the creation of national networks was accompanied by the development of an "agency system" in which an advertising concessionaire owned by the broadcaster would sell the advertising time for the entire grouping of stations which constituted a network, along with the promise that it be linked to specific programming, thereby offering advertisers a national audience (Monteleone; 420-438; *Economist* 1980, 71). The only broadcaster which had not engaged in this practice was Rusconi.

This arrangement of private broadcasting would prove to be short-lived. By August of 1984, RCS had closed its operations and sold its stations to Berlusconi. Soon afterward, both Rusconi and Mondadori sold their operations

to Fininvest as well. Several key factors in this turn of events emerge under analysis: the successful strategies of the Berlusconi group, poor judgment on the part of his competitors, extraneous circumstances which led to the demise of the Rusconi group, and a failure rate linked to poor programming decisions.

ADVERTISING: THE SOURCE OF REVENUE

As with all commercial media, private television operations in Italy were forced to turn to advertising in order to earn sufficient revenue from which they could generate a profit from their operations. In North America, commercial television had normalized audiences to the daily assault of audiovisual advertising early in the history of the medium. Most of Europe, however, had operated television within the public service model such that advertising was minimal, or even non-existent. With the emergence of private operators in Italy, the ability to sell advertising space was obviously the decisive factor in the survival of the new stations. However, because of the history of European television systems and the character of the Italian system, the development of the television broadcasting sector followed a rather interesting course. Moreover, the dominance of Publitalia figures prominently within that course of development. In order to clarify the importance of Publitalia and its industrial context, this sub-section runs from the specific to the general. First, it highlights the extraordinary character of the growth in television advertising investments by outlining how the explanation for the advertising expansion does *not* clarify why

Berlusconi was successful. Second, it outlines the industry strategies which placed Fininvest's advertising concessionaire in a dominant position.

The structural underpinnings of the Publitalia advertising expansion allow us to understand why television, and specifically Berlusconi, led the way. Stated simply, the hypothesis is as follows: Through the 1970s and 1980s, the structure of the Italian economy was in a continual process of change towards a system which resembles the American economic model, led by the entrenchment of American producers in the Italian marketplace. Berlusconi modeled the development of his broadcasting system after American networks, and concentrated on selling audiences to advertisers. This approach was unique in the Italian system. Moreover, it merged a model which would easily synergize with the emerging form of the Italian economy. With the adoption of American sales techniques by Publitalia, the circle was complete: American-style TV networks using American sales techniques to sell advertising to, for the most part, American producers who were using American models to succeed in the Italian market. In all aspects however, the Italian flavor and appeal certainly remained.

To elaborate on these points, this discussion must turn first to the character of advertising industry growth to demonstrate the centrality of the activities of Publitalia for growth in the entire advertising industry. In Italy, the form of public broadcasting was a key structural factor in the growth of the advertising industry. RAI, unlike many other European public broadcasters, sold

advertising time for revenue in addition to charging users of the system the *canone*. This is significant for two reasons: first, it made television advertising an integral part of the Italian economy before private broadcasters moved into the sector, thereby priming advertisers for more extensive use of the medium. In a sense, it initiated the commodification of the audience for the purposes of advertising; second, although RAI could sell advertising, it was limited to selling a total of 5 per cent of its broadcast time while private broadcasters, who were operating devoid of any regulating legislation for a decade, had no limits. Therefore, while Italian business practices and attitudes towards television advertising had been shaped to a large extent by the activities of RAI (guided in its actions by public policy), the field was left open to exploitation.

The mid-to-late 1970s, characterized by the chaotic growth of television broadcasters, was also a time of expansion for the advertising industry. In 1976 total Italian advertising investments were 475.7 billion lire, of which RAI sold 15 per cent, and the private broadcasters 0.4 per cent. By 1980 Italian advertising investments had risen to 1,226.2 billion lire with RAI selling 14.4 per cent, and private broadcasters 11.7 per cent (Mazzoleni 1991, 225).

Table 2: Advertising Investments in Italy in per cent shares per medium and totals in billions lire, current values, 1976-1980 (Mazzoleni 1991, 225).

Media	1976	1977	1978	1979	1980
Newspapers	32.4	32.3	31.5	30.3	27.1
Periodicals	31.8	30.1	29.6	31.0	31.4
Televisions (all)	15.4	18.0	19.6	21.4	26.1
Televisions (private)	0.4	2.4	3.8	6.7	11.7
Radio (all)	8.5	8.4	8.8	7.5	6.7
Film	3.9	3.3	2.8	2.4	1.9
Posters	8.0	7.9	7.7	7.4	6.8
Total expenditures	475.7	582.5	687.5	884.2	1,226.2

The private broadcasters also took full advantage of their unregulated position, and inserted as much advertising time as they possibly could without losing their audience. Compared to the public broadcaster's 5 per cent quota, the private broadcasters made extensive use of the broadcast hours to exploit the advertising market. For instance, in 1979 35 per cent (21 minutes per hour) of each hour of peak time programmes were interrupted by commercials on TVR Palermo, while two big Roman stations averaged 30 per cent (18 minutes per hour) each (*Economist* 1980, 71).

In this context, two key issues need be explored: why did the advertising industry expand at the rate that it did, and how did Berlusconi's Publitalia manage to gain control over 60 per cent of Italy's consolidated television advertising revenue? The answer to the first question is actually quite difficult to establish, and is more closely related to the success of Publitalia than one would tend to believe.

As one observer of the Italian case has noted, the image which summarizes the development of the Italian advertising industry in the 1980s is that of a cork being removed, not by an anonymous hand, but by Berlusconi (Cesarini, 265). Revenue from advertising doubled twice in the years between 1979 and 1985, with television swallowing more than 50 per cent (Cesarini, 268). One would imagine from this exponential growth that there must have been an equally rampant growth in other sectors of the economy from which these new funds emerge. One might also theorize that the TV advertising

revenue grew at the expense of the print media. However, when we look to the figures which might prove these theories, the links are difficult to establish.

Table 3: Advertising, GDP & consumption figures in Italy, 1960-1985, in billions lire, 1970 values. Per capita consumption figures in full amount (Bassalone & Guglielmi, 75-89).

YEAR	Total Advertising Expenditures	Gross Domestic Product	Total Private Consumption	Per Capita Consumption
1960	145.4	38,083	21,467	427,000
1961	159.4	39,055	23,071	456,000
1962	173.3	41,478	24,719	486,000
1963	210.9	43,806	26,937	526,000
1964	211.4	46,030	27,862	539,000
1965	202.3	46,802	28,911	566,000
1966	233.9	49,285	31,024	592,000
1967	216.7	52,823	33,200	630,000
1968	273.6	56,280	34,862	667,000
1969	283.4	59,712	37,137	696,000
1970	284.2	62,883	39,840	742,000
1971	278.8	63,916	41,001	759,000
1972	269.6	66,963	42,399	779,000
1973	269.1	70,001	44,848	818,000
1974	235.4	73,825	46,020	834,000
1975	210.2	70,861	45,395	818,000
1976	218.8	75,011	46,976	843,000
1977	227.2	76,435	48,071	859,000
1978	237.2	78,488	49,513	882,000
1979	256.4	82,337	52,129	926,000
1980	294.3	86,568	54,368	963,000
1981	320.1	88,678	54,653	967,000
1982	350.7	86,379	54,841	966,000
1983	364.2	86,038	54,950	966,000
1984	405.2	87,248	55,149	966,000
1985	469.5	89,341	56,362	966,000

Placing Italy's advertising investments at the value of the lira in 1970, in order to account for inflation, confirms the real growth of the industry. In these terms, advertising investments grew 322 per cent between 1960 and 1985.

Furthermore, the figures show a significant increase in the pace of growth after

1976, the year in which the number of private television stations expanded exponentially. However, this growth inexplicably outstripped that of the Gross Domestic Product (GDP). With the lire adjusted to 1970 values in order to account for inflation, the economy grew 247 per cent in real terms between 1960 and 1985. Moreover, the GDP figures show mild recessions in the years 1974 and 1975, and well as between 1981 and 1983; the same years advertising revenues skyrocketed. The figures for total private consumption reflect the same reality, growing 262 per cent in real terms 1960 and 1985. Consumption per capita grew somewhat less in the same years, at an increase of 230 per cent. The figures clearly show that there is a loose relationship between the expansion of advertising expenditures and economic growth in the short term. Moreover, there are traceable variations in advertising expenditure in the years following a drop in total consumption, but only in the *rate of growth*. In the long term the relationship falters. The tables do not show why advertising expenditures fell in the early 1970s and then climbed exponentially in the years after 1976.

In light of these figures, the massive expansion of Italy's consolidated advertising investments has been traced to structural changes in the shape of the economy, rather than simply change in its size. In fact, five changes have been identified which relate to the expansion advertising expenditures. First, the actual number of companies had more than doubled in Italy in the 1970s from 242,000 in 1971 to over 521,000 in 1981, an increase of over 200 per cent,

which was reflected in an increase in the diversity of products, and therefore advertisers present in the marketplace. Second is the real increase in per capita consumption power, which gave consumers more choice in the purchasing of both essential and non-essential goods. Third is the Italian "commercial revolution". During the 1970s and 1980s, high volume retail distributors entered the market and began to push out the smaller stores which made up Italy's traditional economy. Fourth was the new importance of brand names in many product categories, which grew along with the expansion of large retail outlets. Finally, the development of private television and specialized monthly magazines provided new methods for producers to communicate with their target market (Falabrino, 301-302). In summary, advertising grew in importance because producers were faced with a much more complex society, where both production and consumption had become more diverse. In order to maintain their market shares, they had to ensure that they maintained contact with their main consumers, called the "target market." Advertising through television and specialized periodicals provided the means for this communication.

However, this theory leaves a question in mind: if the funds which drove the expansion of advertising investments did not come from an equally great growth in national production and consumption, where, exactly did the money come from? A quick glance at a comparison of advertising investments across all media reveals that the simple hypothesis that the expansion of advertising on television came from a depletion in other media is not necessarily true. Although

Table 4: Italy, advertising investments excluding production costs, in current lire, indexed to 1970 = 100. Figures rounded to to whole numbers. Source: Il Millimetro (Martellini, 14).

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
Daily Newspapers	100	103	104	115	134	150	193	235	275	334	416	545	663	813
Periodicals	100	99	110	137	137	133	163	189	222	295	414	497	565	602
Television:	100	103	104	139	169	191	219	313	410	567	959	1459	2279	3567
Radio	100	106	118	142	147	171	185	223	279	300	371	408	490	543
Cinema	100	100	100	100	93	102	109	114	112	124	135	118	94	71
Outdoor Advertising	100	105	110	119	129	157	181	219	257	314	398	500	586	748
Total Advertising Investments	100	101	107	127	138	149	176	218	262	332	460	601	774	1000

the print media may have suffered losses in market share, their total revenues from advertising expanded during the same years as the TV boom. Furthermore, if we examine the differences in the rates of growth between 1970 to 1975, 1976 to 1980 and 1981 to 1983 it seems dubious that the print media would have seen as great a growth in revenue had it not been for the expansion of advertising expenditures in television. The two tenable hypotheses of the new-found source of advertising funds are that (a) the existing advertisers expanded the amount of advertising investments made, (b) more companies began to advertise, or (c) a combination of both. The data on advertising for 1983 shows that 72 per cent of the entire advertising national expenditure came from the 500 largest advertisers, while over 95 per cent came from the top 3000 advertisers. The remaining 5 per cent was divided among 7000 advertisers (Bassalone & Gugliemi, 94). This confirms that the majority of advertising investments which fueled the boom were spent by large corporations as stated in hypothesis (a).

These issues and data bring the discussion back to the second question: why did Publitalia manage to gain control over 60 per cent of Italy's consolidated television advertising revenue original. This brings us back to the original hypothesis: that Berlusconi's success came as a result of the compatibility of the Fininvest strategies with the new needs of the producers and retailers in the Italian economy. One aspect of the answer to *why Berlusconi* lies within understanding how the specifics of these strategies worked to place Publitalia, rather than any other company, in a dominant position in the advertising

industry. The discussion elaborates on two key aspects of this below: how Berlusconi's adoption of the American model was elaborated through Publitalia in advertising; and (in the section which follows), how the adoption of the American network system was elaborated in programming strategies and the competition between the networks in the early 1980s.

In the examination of how the activities of the "motore Publitalia" helped to constitute its leadership in the Italian advertising industry, three strategies are prevalent in its growth and entrenchment. These are mainly areas of change in the sense that, as advertising sales strategies, they differ from those which had been used by RAI for decades, and are identified generally as American sales techniques. On a general plane, they consist of packaging television advertising time in a form attractive and useful to the advertiser (Pilati 1992, 233). While this may seem an obvious step for the viability of a commercial activity, it was the complete opposite of the attitude used by the Società Italiana Pubblicità Per Azioni (SIPRA), RAI's advertising sales concessionaire, which generally saw the sale of advertising as a privilege granted to the client (Pilati 1990, 562).

The first change in sales procedure was that the main clientele were no longer advertising agencies, but the producers themselves (Pilati 1990, 563). With this change, advertising time became something sold directly to the offices of the producer, rather than through the recommendation of a communications consultant. On the one hand this opened Publitalia's market to include

companies which had previously not advertised. On the other hand it gave more opportunities to sell advertising time to existing clientele (Pilati 1990, 563).

The second change was in the sales technique itself. Publitalia jolted the market when it ended the era of fixed pricing and volume discounts and brought in personalized discounts, and incentives such as granting one, two or even three additional advertising spots for every one paid advertisement in order to attract the client. Other unheard-of strategies included audience rating guarantees, such that an advertisement would be repeated free of charge if the program shown along with the paid spot did not achieve the ratings promised by Publitalia. Yet another approach based a portion of payment for the advertisement on sales targets was established through a contract between Publitalia and the client. Overall, Publitalia's strategy was to turn advertising time into a marketing tool by packaging the product in a way that provided concrete results, as well as providing advice on how to do so (Pilati 1990, 564).

The third change Publitalia brought to TV advertising was in the organization of the concessionaire. Berlusconi deviated from the traditional model, which used agents which were paid on a commission basis, and opted for an organization of marketing experts paid by salary, with incentives and bonuses based on sales objectives (Pilati 1990, 564).

In summary, Berlusconi's approach with Publitalia was to hire people with knowledge of the marketing needs of business to go directly to producers with an advertising product re-packaged in a form that accommodated their needs.

The approach eliminated the commission of the advertising agency (generally 15 per cent) and made the use of the medium for marketing more attractive than it had ever been before. Being the first to use this approach, Publitalia's assault on the market proved highly successful. In the first three years of operation, sales rose from 12.5 billion lire in 1980, to 76.6 billion in 1981, to 200.9 billion in 1982, which corresponds to an increase from a 3.9 per cent to 26.5 per cent share of the entire television advertising market in those same years (Falabrino 1989, 237).

However, it is also important to note that Publitalia used these strategies in markedly different ways during its three different eras of its expansion, which correspond to phases of development in Italian broadcasting ownership. During the "years of the assault", 1980 to 1981, the company moved progressively from selling advertising to small industries up to medium-sized ones, which were previously excluded from TV advertising due to RAI's low quotas. Soon afterward Publitalia successfully established contracts with the large national advertisers, as demonstrated by the sales figures quoted above (Pilati 1990, 565).

During the second phase of expansion, which took place during the years 1982 to 1984, Publitalia was well established, and moved to compete for supremacy among the big players. In 1982 Rusconi's Italia 1 and Mondadori's Retequattro had officially become networks along-side Canale 5. With three major players in the market (Rizzoli having sold its stations to Berlusconi to save

itself), the main determinant of the financial bottom line was the companies' ability to gather advertising. Rusconi quickly ran into trouble when its advertising concessionaire Publikompass was unable to secure adequate advertising revenue to support its operations. Moreover, Rusconi found its reliance on an externally-owned advertising concessionaire a major disadvantage, being unable to respond to corporate cash-flow needs as quickly as more flexible internal arrangement *a la* Berlusconi or Mondadori (Pilati 1990, 565). Berlusconi quickly moved in on Rusconi's misfortune and purchased the network, resulting in four consequences for Publitalia: the doubling of advertising space it could sell; an expansion of the ways it could package advertising time; the possibility to segment its audience through its programming offerings, and therefore offer advertisers the opportunity to communicate to target markets; and its placement in direct competition with SIPRA as well as with Mondadori (Pilati 1990, 565).

From this position Berlusconi used Publitalia to execute a key move which undermined Mondadori, and catapulted the Fininvest operations into a comfortable position as RAI's competitor in a duopoly market. In 1984 Mondadori began to run into financial trouble from the relentless advertising sales competition with Fininvest, and its lack of a fixed station identity that brought in a clearly defined audience segment. In an attempt to save itself, Mondadori approached Fininvest to try to establish an armistice with a contract agreement relating to the 40 most important advertisers. According to several authors, Berlusconi tentatively accepted the offer, but asked for a week's time to consider

it, which he used to unscrupulously secure long-term contracts with all 40 of the advertisers in the proposed agreement, thereby leaving Mondadori empty-handed from the well-executed *imbroglio* (Falabrino 1990, 285).

In a position of dominance after the late-1984 purchase of the Mondadori network and its programming library, Publitalia's strategy changed to adapt to its new market position in three fundamental areas during its third phase of development, which began in 1986. First, it increased the value of advertising during day-time programming and simultaneously reduced the sales and therefore presence of advertising during prime-time. This made the entire programming day exploitable, rather than simply the prime viewing hours. Second, it began selling advertisers program sponsorship packages, more akin to the phenomena of product placement in North American programming. The practice, which often finds a sponsor's products almost omnipresent in game or talk shows, has become a major segment of Publitalia's activities today. Third, it sought continued expansion by becoming the concessionaire for the biggest of the minor networks, Italia 7, TV Capodistria and Junior TV, in the late 1980s (Pilati 1990, 567).

These three changes in strategic direction are accompanied by an agreement in 1986 between Publitalia and the advertiser's association, Utenti Pubblicitari Associati (UPA), to limit advertising to 16 per cent of broadcast time. Apparently, the agreement came at the request of members of UPA, who believed that the excessive amount of advertising spots distracted audience

attention to programming and, in the long term, reduced the value of the advertising itself. This agreement, along with the changes in strategic direction, brought an end to many of the earlier practices of Publitalia, such as audience rating guarantees, personalized price deals, and incentive schemes of granting the advertiser one free advertising spot for every paid spot (Pilati 1990, 566-567).

Looking to Publitalia's sales figures (see following page) is helpful to illustrate how corporate strategy has translated into financial gains which, in turn, have provided the base of support for the expansion and entrenchment of Fininvest's broadcasting operations. The evidence seems to illustrate that Berlusconi's Publitalia adopted the right strategies at the right time, and led the expansion of the TV advertising industry in Italy. Overall, several external factors, which effectively amount to good fortune for Berlusconi, aided his efforts. Certainly, none of this would have happened had there been strict regulation of the broadcasting industry through effective legislation in the first place. The changes to the structure of the Italian economy, which brought to Italy a new and diverse range of international brand-name consumer products along with the emergence of large retail chains, provided the conditions necessary for the expansion of national advertising services.

However, success in the private broadcasting sector required that a company have an audience present during its transmissions that it could sell to the advertisers. Berlusconi's success in the sale of advertising was directly

Table 5: The principle television operators in Italy and their advertising revenues, 1980-1990 in billions lire (Giacalone, 98-99).

Broadcaster/ Concessionaire	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
(A)Pubitalia (C5, I1, R4) Program Sponsorships	12.5	76.6	200.9	476.4	823 47	1053 99	1229 105	1513 180	1639 211	1718 240	1976 278
(B)Pubitalia (other) Italia 7								17	55.2	53	77
Tele+2 (Capodistria)								17	99.4	104.4	162.9
Junior TV									4.6	5.8	8.1
(C)Odeon TV								42	87	65	35
SIPRA (RAI)	148.1	215.2	283.7	362.8	440	586.2	676	740	909	990	1098
Program Sponsorships					5.2	23.3	37	20.6	37	46	55
Foreign TV (TMC-TCD)	27	14	7	9	7	5.1	30	40	30	54	101
Other TV (national ads)	61.5	83.4	146.1	199.6	130	80	90	70	50.3	63.1	71
(D)Other TV (local ads)	70	95	120	120	110	90	100	110	130	145	160
Total TV	319.1	484.2	757.7	1167.8	1562.2	1936.6	2267	2732	3172	3402.7	3898
% increase on prev. year		+51.7	+56.2	+54.1	+33.8	+24	+17.1	+20.5	+16.1	+7.2	+14.6
Total ads Index	100	151.7	237.4	366	489.6	606.9	710.6	856.2	994.3	1066.3	1221.6
Cost of living index	100	118.7	138.1	158.8	175.6	190.7	282.3	211.6	222.2	236.9	251.3

(A) Includes: Italia 1 from 1983; Rete4 from 15 September 84; Rete A until 1985. (B) Management of Italia 7 from October of 1987. With the Mammi' law Italia 7 and Junior TV could only be managed until 1992, while Capodistria which was renamed Tele+2 came under the control of a publicly issued company which also manages Tele+1 and Tele+3. (C) Odeon TV started broadcasting in 1987 and declared bankruptcy in 1990. (D) These are approximate values due to the impossibility of collecting exact figures from the myriad of local broadcasters.

related to his ability to obtain and broadcast programming which attracted audiences. In order to clarify the factors which constitute Berlusconi's success, an examination of the structures and strategies of television programming that played a part in the rise of Fininvest is also necessary.

TV PROGRAMMING: AUDIENCES, STRATEGIES AND INTERNATIONAL MARKETS

Berlusconi entered the broadcasting sector, it seems, understanding three crucial strategies to success: 1) the development of programming production would always remain weak without a structure able to capitalize on quality programming which could be sold; 2) the sale of advertising time could not be contracted to outside companies because they would gain control of the broadcasting operation; 3) the price of programming was so great that it would be necessary to sell national advertising space in order to earn adequate revenues (Monteleone, 433).

Additionally, *Sua Emittenza* entered the market having made several observations from the experience of local television operations in the first years of private broadcasting. The first and most important was that television was a "family media," and programming should reflect this. The practices of some local stations, such as showing a large amount of Japanese cartoons for children in the morning, or pornographic films late a night, would only serve to fragment their audience (Martini, 572). Instead, it was necessary to maintain a mass appeal in order to attract as large an audience as possible. Another lesson learned from local broadcasting was the popularity of the "people show," which

could be game shows or quiz shows which brought ordinary people onto the screen. They were also extremely profitable because of the facility with which a sponsor's product could be worked into the program (Martini, 574). Yet another observation made from local television broadcasting was the "provincialism of taste" in programming (Martini, 574). In other words, low budget films and shows actually did appeal to the Italian audience and should be exploited because of the low purchase costs. Finally, local broadcasting failed dismally in attracting audiences to its information programming. The television stations learned that it was best to avoid investment in information programming not only because of the high costs of production, but also because the strength of RAI's newscasts made it difficult to maintain an adequate audience size. Moreover, stepping into the political arena could prove to be far too unattractive to an audience that might be avoiding RAI to avert politics (Martini, 573-575).

However, these observations were not taken seriously by all of the major players in broadcasting, which would prove elemental to Berlusconi's success in the early 1980s. The first and most obvious victim of having broken the golden rules of Italian broadcasting was RCS with its network PIN. The main strategy taken by RCS was to make PIN into the "anti-RAI" network, which became its fatal political miscalculation for two reasons: its programming, which featured shows like "Il Playboy di Mezzanotte" (The Midnight Playboy) broke ranks with the family culture of the audience; its attempt to break RAI's monopoly on news programming met with a frontal attack from the public broadcaster which

succeeded in blocking RCS's efforts through Constitutional Court decision 148 of 1981, which prohibited RCS from using electronic link-ups between stations, and therefore from maintaining a live evening news broadcast (Martini, 577). These fundamental errors, when combined with involvement in the P2 scandal, nearly ruined the company in 1981, and it sold its broadcasting holdings to Berlusconi.

Canale 5 however, was conceived along completely different lines. Berlusconi, with the understanding that the main activity of the television network was selling audiences to advertisers, sought to use the broadcast time to provide investors a "secure, reliable and suitable territory to place their spots" (Fenati & Rizza, 156). This was achieved first, by avoiding direct competition with RAI in the sense that the Canale 5 network operated along completely different parameters. Berlusconi explicitly modeled the operation after the American networks, referring to them as an inspiration of the company "mission" (Fenati & Rizza, 155). The model adopted by RAI, along with most of the dominant public service networks in Europe expressed several specific features:

- the prevalence of in-house productions;
- many live broadcasts and journalistic productions;
- a large number of informational and cultural programmes such as documentaries and investigative reports;
- a limited number of films shown at peak viewing hours;
- a limited amount of drama produced in-house;

- limited use of films and telefilms overall in order to reduce purchasing costs;
- the minimal levels of layout and graphic special effects for station identification icons with an aim to form viewing habits through regular scheduling and identification with TV personalities (Pilati 1992, 239).

The stations therefore exhibited clear distinctions because of the low number of purchases, featured drama made especially for television which deviated from cinema standards, and the minimal use of daytime viewing hours. On the balance sheet, the model resulted in high structural costs due to the complete centralization of both equipment and personnel (Pilati *Ibid.*, 240).

Canale 5 followed a completely different model in order to gain audience attention. Its main features were:

- the use of expensive drama purchased on the international market, which gave the network a more American identity;
- the minimal presence of informational and journalistic products due to their high cost;
- the broadcast of low-cost drama to attract daytime viewers;
- production activity limited mainly to talk, game and, quiz shows;
- the heavy use of graphics to create the network identity and maintain viewer loyalty (Pilati 1992, 240-241).

The model created national recognition based on symbols and slogans and the broadcast of a large amount of foreign, mainly American programming. Although it was not very labour-intensive, it required large investments in high-tech

Table 6: Division of transmission hours on the RAI & Fininvest networks by type, % broadcast time, 1985 (Pilati 1990, 242).

Genres	RAI1	RAI2	RAI3	RAI Total	Canale 5	Italia 1	Rete 4	Fininvest Total
Film	8.52	12.91	12.64	11.20	21.92	15.90	24.42	20.70
TV fiction*	11.04	11.41	3.66	12.50	40.60	46.34	58.92	48.60
Cartoons	4.55	2.29	0.15	2.60	0.05	14.97	7.35	7.50
Quiz, games, variety	19.51	5.02	19.82	14.20	23.87	13.53	6.39	14.50
Concerts, ballet	1.50	1.00	3.99	2.00	-	-	-	-
Talks	0.06	1.41	2.69	1.20	-	-	-	-
Documentaries	6.94	2.16	7.77	5.40	1.31	-	0.50	0.60
Culture	5.85	16.97	4.34	9.60	-	-	-	-
Schools	2.19	2.70	10.25	4.40	-	-	-	-
News	21.01	15.19	7.35	15.60	8.47	2.33	1.98	4.20
Sport	7.83	11.05	20.35	12.30	3.78	6.92	0.43	3.70
Political Debates	0.73	1.00	-	0.60	-	-	-	-
Announcements	4.35	4.43	6.29	4.90	-	-	-	-
Advertising	5.10	3.84	0.53	3.50	**	**	**	**
Total hours	4940	4897	3386	13223	6478	6646	6561	19685

* Includes telefilms, series, mini-series and soaps; ** Advertising is included in the total hours of individual categories.

equipment and programming. Furthermore, its success was dependent on the existence of a purchase-led international programming market and an audience affinity for low-cost drama and talk shows (Pilati 1992, 241). A glance at the comparison of the type of transmission hours broadcast demonstrates how the different models would be expressed in the programming schedule (see previous page).

In hindsight it is obvious that Berlusconi planned the Fininvest model, which obviously worked along organizational lines diametrically opposed to RAI, well before launching the network. In the same year that Fininvest, Publitalia and Reteitalia were founded, Berlusconi concluded an astute deal in signing a 10 year contract with Titanus films through Reteitalia, which gave the Canale 5 network rights to over 400 films. This deal provided a significant base of programming which would attract sizable audiences. Near the end of 1980, he also signed contracts with ABC, NBC, and CBS for serial programming including the rights to extremely popular shows such as *Dallas* (which RAI canceled after its first season despite an average audience of over 14 million people) and *Dynasty* (*Economist* 1980, 71; Monteleone, 431; Ruggeri & Guarino, 118).

This aggressive and immodest approach to broadcasting gave Berlusconi the leading edge in Italian private broadcasting, placing Canale 5 at the forefront of the private networks right from the first published television ratings. In December of 1981 Canale 5 was reported to have had an average audience of

1,390,000 of a total of 5,047,000 for the private networks. Rusconi's soon to be named Italia 1 network was reportedly second with an average of 969,000 (De Santis & Ferrigolo, 498). This trend continued at a steady rate right through the purchases of Italia 1 and Retequattro, stabilizing in the late 1980s with the Fininvest networks attracting an average of 40 per cent of the audience.

Several features of Canale 5 have been identified as factors in the success of the network with Italian audiences. The central characteristics of the organizational model (outlined above) gave the network "the mission of marrying the industrial system with the world of the consumer" (Fenati & Rizza, 154). One method by which this was achieved was through schedule construction techniques which built up an audience of regular viewers at scheduled show times. This system, borrowed from the American networks, was used in conjunction with the other American features such as the euphoric tones, programming rhythms, the passion for serial programming, the glorification of the advertising break and the promotion of trendy products (Fenati & Rizza, 155). Another technique used was extensive self-promotion with recognizable icons which, when Berlusconi gained control of Italia 1 and Retequattro, was extended so that each network was promoted across the Fininvest broadcasting system. Overall, and in great contrast to the low-budget amateurism seen on most local television stations in Italy, Canale 5 was "packaged as escapist, extrovert, forceful, family-oriented and accessible" with a wide range of high-quality films, serials and soap operas for the most part unseen and unavailable on other

Italian networks (Fenati & Rizza, 156). Moreover, it proved to be the competitive edge over the modesty, hesitancy and strategic shortsightedness which handicapped the television efforts of Rizzoli, Rusconi, and Mondadori (Fenati & Rizza, 154).

The Fininvest broadcasting model provided the basis for success in Publitalia's sales efforts because it offered both the television audience and the advertiser a programming flow congruent with some specific needs. For the audience it was something new and exciting, providing a "haven where they could fulfil their desire for inexpensive escapism and dream of unrestrained consumption" (Fenati & Rizza, 156). For advertisers it provided a reliable territory in which they could try to stimulate that "unrestrained consumption." The acquisition of Italia 1 and Retequattro only allowed Berlusconi to expand this formula by providing the advertisers with more distinct market segments. Canale 5 remained the general "family-oriented" network while Italia 1 was designed to appeal to a youthful audience and Retequattro was oriented towards the female audience. In the end the formula lent Publitalia a competitive edge over other advertising concessionaires.

POLITICAL CONNECTIONS AND INFLUENCES

Berlusconi's activities and affiliations have long been shrouded in controversy and speculation which have led to the questioning of the legality of his financial foundations. While Berlusconi has demonstrated time and time

again the ease with which he is willing to use his resources unscrupulously, my objective is to determine the relevance of his political and criminal connections to the questions of why Berlusconi has come to dominate Italian broadcasting.

The first and perhaps most obvious issue is Berlusconi's connection to the former Prime Minister and member of the PSI Bettino Craxi. It is well known that the two have been, and still are good friends. The closeness of the friendship was clearly expressed in 1984 when Craxi became the godfather to Berlusconi's newborn daughter Barbara (Ruggeri & Guarino, 31). Later that year, when Craxi intervened to restore the presence of the Fininvest networks with a parliamentary decree, the opposition lamented it as the "Berlusconi Decree." It then became the "Berlusconi law" in early 1985. However, several difficulties arise with the hypothesis that Berlusconi's connection to Craxi is the root cause behind the maintenance of a regulatory climate favorable to the needs of Fininvest. First, the PSI pro-private broadcasting policy has its roots in the early 1970s (as I explained Chapter Three), yet Craxi's leadership of the party does not begin until the late 1970s. Secondly, it does not explain why the Decree was so quickly and easily passed into law in early 1985. Although Craxi was Prime Minister, the PSI had only obtained 11.4 per cent of the popular vote in the 1983 elections, while the DC was far ahead with 32.9 per cent (Furlong, 147). As I explained in Chapter 3, the Italian parliament is notoriously slow to pass much needed reforms of any kind due to the factionalism of the party system. To theorize that Craxi could have "pushed" the law into enactment

would be clearly inaccurate. Rather, to state that, although it is likely that Craxi tended to act as Berlusconi's personal lobbyist in Parliament, the approval of Law 10 of 1985 was more likely due to the belief by a majority of the members of parliament that the Fininvest Networks should remain in operation until an adequate broadcasting law could be negotiated. In other words, the Craxi connection is certainly significant, but not pivotal to the success of Fininvest in the expansion and consolidation of its broadcasting networks.

On a completely different level, some attention has been drawn to the possibility of Berlusconi's connections to organized crime in Italy. Since the early 1970s Berlusconi has been called in for questioning or been named in the involvement of activities under investigation in five separate cases which concerned organized crime (Gropello, 43-61) . Through these investigations (and by association), Berlusconi has been and is connected to figures who have been revealed to be involved in "obscure" financial activities involving Swiss banks and unknown investors, otherwise known as white collar crime. While these reports pose some serious questions, the central problem exists in the impossibility of assessing the significance and accuracy of reports of Berlusconi's involvement in "shady" financial activities. It is certain that he is somehow involved in the cobwebs of illegal business activities. It is also clear by the trials of 1995 through to the present that Berlusconi, and several employees of Fininvest, have been involved in tax evasion practices. However, it is also certain that the same could be said for millions of Italian citizens. The point is not

to diminish the significance of corruption trials related to Berlusconi, but to understand the cultural context of Italian business dealings. In the post W.W.II period, corrupt activities such as kickback schemes and bribery became commonplace in areas such as the construction industry, and most dealings which required government licensing.

From the issue of the Mafia connections I do draw one tenable hypothesis, however based on speculation, which relates to Berlusconi's success in broadcasting: Berlusconi's connections to organized crime may have provided Fininvest access to a source of funds without which his operation may have faltered, or remained much more weak, at the same time as the other players had run into financial difficulty. Without further evidence little else may be claimed. On a much more concrete level, I will turn my attention to influences outside of Italy which have had a role in the development of private broadcasting in Italy.

(iii) Berlusconi and the European Context

Beyond the internal market, the social, political and economic structures and activities which have mutually constituted the Berlusconi Phenomenon need be placed in the wider context of change within Europe. The question posed in this case is: are there any threads that bind Italy to Europe, or is Italy an exception within Europe? First and foremost, it must be stated that while Europe has spent the latter half of the 20th century working towards a "common market" it still is, for the most part, a conglomeration of more than a dozen national

markets each operating with its own internal logic and in its own language. In the years between 1976 and 1986 this was much more the case than it is today.

Therefore, despite the common themes of so-called deregulation, the development of new technologies, and common changes in media systems from purely public to mixed, early developments in each country have tended to follow unique paths. The fact that Great Britain and France maintain broadcast system standards which differ not only from each other, but from the standard used by both Germany and Italy is a case in point.

Overall, the Italian path of private broadcasting development is unique in Europe. First, because of the anarchy and "wild west" competitive environment which emerged as a result of the lack of a regulatory framework. Second, because it was the first country in which a mixed system emerged. Third, because of the formative path which the communications resources have followed. There are two main areas in which the shape of Italian broadcasting appears anomalous. The first anomaly is the extent to which television dominates the advertising sector. It is the only fully industrialized nation in which the print media take a smaller share of the market of advertising investments than television (Falabrino 1990, 286). Italy's ranking of television advertising is more akin to countries like Mexico, Brazil, Qatar, Hong Kong, and Jordan (Falabrino 1990, 286). In this sense, Italy is less European and less Western than one would expect. The second anomaly is that, although Italy's economy spends the eighth greatest amount in advertising investments in the entire world,

it ranks twentieth in per-capita advertising expenditures, and twenty-first in advertising expenditures as a percentage of GDP (Falabrino 1990, 286).

Table 7: International advertising expenditure by media, 1987, ranked by TV (per cent). Source: EAT (Maggiore, 103).

	Press	Television	Others
Portugal	29.9	53.6	16.5
Italy	39.8	50.9	9.3
Greece	39.3	48.9	11.8
Japan	48.0	45.3	6.7
Ireland	41.9	37.1	21.0
USA	53.7	34.1	12.2
UK	61.6	32.4	6.0
Spain	51.5	30.9	17.6
Austria	50.3	29.3	20.4
France	57.4	22.0	20.6
Belgium	68.1	14.0	17.8
Finland	85.1	11.7	3.2
Netherlands	76.5	11.1	12.4
Germany	81.4	10.2	8.4
Switzerland	80.2	6.5	13.3
Denmark	95.1	0.2	4.7
Norway	96.8	0.0	3.2
Sweden	95.7	0.0	4.3

The Italian private broadcasting system developed out of a political context unique to the European countries. Furthermore, although the advertising sector expanded rapidly with the development of private broadcasting, the Italian economic configuration remains unique in that the print media are relatively *under-exploited* as advertising media. However, the Berlusconi Phenomenon is also common to the European context. Every European country tends to have several "media moguls" which hold the country's communications sector in an oligopolistic arrangement (Tunstall & Palmer 1991). In general, the same could be said for the majority of Europe's industrial sectors. Overall, the concentration

of ownership is the common thread that binds Europe's, if not the world's economies. Therefore, in order to understand the threads that weave through trends of change in European broadcasting we would do better to look to the similarities in the overall changes to the different countries' economies. One such similarity is the Americanization of retailing and distribution systems, along with the expansion of international product brands. The origins of this change may be summarized, although somewhat simplistically, with the outline of several key historical events during the 20th century, and their consequences.

The "Americanization" of the European economies traces its short roots to the intervention of the United States in the European theater of war during W.W.II and the European reconstruction plans which followed. The execution of the Marshall Plan and the establishment of the World Bank and the International Monetary Fund gave companies from the United States a foothold in the European economies. Over the following decades the foothold developed into a stronghold in which the presence of American products led into the establishment of American-style production and distribution systems on European soil. By the 1980s, Europeans began to adopt American-style consumption patterns as well. This, as we have seen, provided the ideal climate in Italy for the development of an American-style television system. This brief account, which naturally excludes volumes of history, is to demonstrate that the Americanization of the Italian economic system was neither sudden nor

conspiratorial, but an outcome of complex events and structures which have shaped our lives in this century.

CONCLUSIONS

The history of the Berlusconi Phenomenon demonstrates the success of the Fininvest broadcasting formula in Italy in the early 1980s. However, the approach could not have met with such success were it not for the shape of the political, social, and economic developments of the era. In retrospect, the growth and dominance of Fininvest was part of a major change in the Italian economy, centered around the development of large scale distribution through large retail chains. It seems as no surprise that Berlusconi himself entered in into the field with the purchase of the department store chain Standa in the late 1980s, undoubtedly with the intention of providing producers with the opportunity for full scale synergy between their communications plan and the retail sale of their product.

Through this investigation, it has also become clear that Berlusconi did, in fact, understand his position within the existing political and economic structures, and sought to change them. This statement, from an interview with *Prima Comunicazione* provides resounding evidence of the case:

The Italian market offered a unique opportunity for demolishing the historical division separating companies from television advertising and we understood this before anybody else. Moreover, the world market made available to us a rich catalogue of films and television products acquired over a period of forty years. And we managed to cream it off at very low prices. It was in this way that we were able

to confront the RAI and we were able to do it because the giant was quietly dozing (Silj, 30).

This chapter has elucidated the characteristics of the Italian broadcasting environment which point to the explanations for the Berlusconi Phenomenon which, evidently, *Sua Emittenza* understood quite well. This, perhaps, was much less understood by those who provided the revenues which drove the "Phenomenon." When looking back through all the data involving consumption, production and advertising revenue, and reviewing the arguments which shape the tale of Berlusconi's success, I cannot resist the temptation to ask: in the Italian case, whose interests were served *but* Berlusconi's?

CHAPTER FIVE

The Implications of the RAI-Fininvest Duopoly for Democracy

In this chapter I seek to shed light on the consequences of the Berlusconi Phenomenon for democracy in Italy by examining the major changes to the Italian public sphere since the development of private television broadcasting. In principle, the question draws my attention because the concentration of a country's communications resources in the hands of one person is of public concern and should be assessed. However, the election of Berlusconi as the leader of his party *Forza Italia* to the Chamber of Deputies in 1994, and his subsequent but brief tenure as Prime Minister, makes the evaluation of the significance of his media ownership in his attainment of governmental power much more salient. However, parameters for analysis must be established concerning the public sphere and the significance of the evidence at hand.

In this essay the public sphere is defined as the area where information of public interest are made available to the citizenry in order to their facilitate political choices. Moreover, television is considered one of the important media which constitute this public sphere. On the one hand these parameters are established because the partial nature of the information available requires that analysis be conducted with particular caution. On the other hand, their establishment also facilitates research by allowing some worthy observations to be made about the significance of the changes which have occurred within the Italian broadcasting system.

This chapter argues that three changes in the Italian public sphere are observable, all of which are intertwined in their relation to the development of

private broadcasting: the first is the elevation of television's importance as a node where communication between the political parties and electorate takes place; the second is the adoption of "political marketing" techniques in Italian electoral campaigns; the third is the apparent quantitative expansion of the political information available to the citizen through the medium of television. While these changes have not been entirely positive, they may be an improvement over the previous broadcasting system. However, the dominance of Fininvest and the weaknesses of broadcasting policy seem to have given Berlusconi's *Forza Italia* a key electoral campaign advantage, even though his success is inextricably linked to political factors which emerged as a consequence of the fall of communism in Eastern Europe.

In order to accomplish a cogent evaluation of the role of private broadcasting within the changes of the public sphere, and its significance in light of Berlusconi's catapult into political power, this chapter is divided into three sections. Section (i) traces the significant changes and activities in the Italian communications sector from the mid-1980s to the present, emphasizing the television broadcasting system, in order to complete the historical account of Italian broadcasting necessary for this analysis. Section (ii) details the three major changes to the Italian public sphere, and evaluates their implications of them for democracy. Section (iii) evaluates the importance of the Fininvest holdings in conjunction with the historically-rooted political events which have been attributed to Berlusconi's victory at the polls on 27 March 1994.

(i) Developments in Italian Broadcasting Ownership

The notable characteristic of Italian television ownership after the consolidation of the three major private networks under the umbrella of Berlusconi's Fininvest is the relative calm. Gone are the advertising price and ratings wars which were part of the *Wild West* Italian market competition. From the mid-1980s on, the new Italian broadcasting duopoly settled into an entirely different competitive interplay between the three Fininvest networks and the three RAI networks. This change is exemplified most notably by the rapidity with which Berlusconi turned his attention, and therefore his new business endeavors, to other areas of Europe. With Law 10 of 1985 in place in early February, Berlusconi crossed the Alps and headed for Paris by early fall of the same year. After failed attempts at establishing partnerships with the Direct Broadcast Satellite (DBS) station TDF and the pay-TV channel Canal Plus, Berlusconi settled into an arrangement for a 40 per cent share and directorship role of the new French station La Cinq (De Santis & Ferrigolo, 503-504).

In the following year, as the government continued its perennial negotiations for a new broadcast law, Berlusconi's staff let it be known that even if the networks were allowed electronic interconnection, they would not be prepared to broadcast *il telegiornale* — a daily national news program. At the same time the new conservative Chirac government in France revoked La Cinq's broadcast license, forcing Berlusconi into a minimized role and 25 per cent ownership in order to acquire a new license (De Santis & Ferrigolo, 505).

In 1987 a series of deals brought more changes to the communications industry once again. Berlusconi became the *de facto* owner of the high circulation daily newspaper *Il Giornale* through a purchase of shares which brought his ownership of the company up to 70 per cent. He continued his pursue endeavors abroad with an accord for 45 per cent ownership of a cable television system in Munich, Germany. In the same few months the new network Odeon TV, controlled by the owner of Parmalat, Calisto Tanzi, rose from the ashes of the dissolved EuroTV network. The EuroTV stations, which refused to join Odeon TV, became part of the new station, Italia 7, a "syndication" network which ran programming and advertising furnished for it by Fininvest. Fininvest also entered into dealings with Telecapodistria to have Publitalia take over from RAI's SIPRA as its advertising concessionaire. In other Fininvest news, the weekly publication *Sorrisi e Canzoni TV* attained circulation figures of four and a half million copies (De Santis & Ferrigolo, 506).

In 1988 the Constitutional Court once again ordered Parliament to enact a broadcast law which would ensure adequate anti-trust laws and the plurality of voices within the broadcast system. Meanwhile the pace of Berlusconi's business endeavors showed no signs of respite. In 1989, Berlusconi entered into an agreement for 25 per cent ownership of a new Spanish television station called Telecinco (De Santis & Ferrigolo, 509-510). In the same few months, after the Espresso Publishing Group (which included 50 per cent ownership of the high circulation daily, *La Repubblica*) was sold to Mondadori, Berlusconi

acquired control of the group and became the company's president. However, in 1990 the judiciary intervened on the grounds of excessive concentration of ownership based on the terms of the press law and removed Berlusconi from the presidency of Mondadori. Soon afterward the management of Mondadori was entrusted to another Italian industrialist, Carlo De Benedetti, by the Administrative Council of the company (De Santis & Ferrigolo, 509-511).

The Mammi' broadcast law of 1990 finally set out legal provisions to regulate ownership in the broadcast sector. The most notable provisions for the shape of the communications industries was the prohibition of the ownership of a national daily newspaper along with the three television networks. This regulation certainly had an impact in the negotiations with De Benedetti for control of Mondadori, which were concluded in 1991. In the end the prolonged struggle for control caused problems in both corporations' cash flow and forced an end to the conflict which would also meet with the legal requirements of the Mammi' law. The arrangement divided up the resources of Mondadori, giving Berlusconi control over several periodicals such as the widely read news magazine *Panorama*, but excluded the daily newspaper *La Repubblica*. De Benedetti gained control of the latter and the widespread news magazine *L'Espresso*, as well as many other publishing interests in the vast company (*Economist* 1991).

The Mammi' law also forced Berlusconi to reduce his share to 10 per cent of the Tele+ networks, which he had helped establish in the late 1980s.

However, its most significant provision forced the private networks to begin broadcasting a daily news service. Furthermore, in 1992, when the services were to come on-air, the Fininvest networks were finally granted broadcast licenses under the provisions of the same law.

By far the most notable changes in the broadcasting industry since the Mondadori affair arose in 1995 after new regulations for broadcasting ownership were passed in 1994 under a decision of the Constitutional Court. In that year Berlusconi hatched a strategic move designed to reduce his share of the television industry for this first time since 1984, yet without reducing his measure of control. He sold a 20 per cent share of Mediaset, the company which, under Fininvest, controls the three television networks, the entire programming library of the company, and Publitalia. However, by selling a minority stake split among three investors (Germany's Kirch Group, South Africa's Richemont Group and Prince al-Waleed bin Talal of Saudi Arabia) rather than selling a bigger stake to the more intrusive Rupert Murdoch, Berlusconi reduced the power of the new owners (*Economist* 1995). Mediaset has 21 directors: two of them appointed by the Kirch group, one each by Mediaset's two other new shareholders. A further four directors will be appointed by the institutions which subscribe to the second tranche of the shares which Berlusconi plans to offer (*Economist* 1995). In all Berlusconi will still appoint 13 of the 21 directorships, and certainly remain the figurehead of the company.

(ii) Changes to the Italian Public Sphere

This section outlines the possible implications of the observable changes to the Italian public sphere as it is defined in this essay. The analysis of three areas of change (the importance of television, the emergence of political marketing, and the expansion of information programming) is conducted using the concepts and tools advanced in the political economy approach taken herein in order to retain the complex reality and interrelated nature of the formation and use of television as a mass communications media in the Italian context.

The first observable level of change within the public sphere is the growth in the centrality of television. In a country where newspaper readership is relatively low (compared to other countries in the West) television has truly become a central node of communication between the parties and electorate alongside the press. Evidence of this trend can be seen in several areas. On a general level, television has become pervasive in Italian society. The statistics on the *abbonamenti* paid to RAI show a steady rise from the 88,000 household license holders registered in 1954 to over 14,000,000 in 1984 (IRI 1984, 521). Moreover, it is known that television has made its way into 99 per cent of Italian households, the equivalent of 20,000,000, by 1985 (Brigida, 165; Maggiore, 12). Despite this, RAI has not registered an increase in the amount of *canone* fees paid since the early 1980s. Observers have attributed the anomaly in the trend to the rampant evasion of the *canone*, which has been estimated to be up to 25 per cent of all television owners.

Statistics on the use of television by the Italian audience show that by the early 1980s millions of viewers were tuning into the daily newscasts. According to the *Servizi Opinioni* of RAI more than 24 million spectators tuned into its newscasts every night (Mazzoleni 1992b, 55). Research on the private television broadcasters in the early 1980s reported that over 20 million viewers also watched private television broadcasts (Mazzoleni 1992b, 78). These numbers likely reflect an overlap of viewers between the public and private networks. Other studies reported a daily audience of 24 million of the RAI channels, and 2.3 million for the private stations in 1981. Nonetheless, the data does confirm that by the early to mid-1980s close to 70 per cent of the total Italian adult population turned to television on a daily basis as a source of information (Brigida, 161; Veltroni, 262).

This trend continued in the early 1990s when the Fininvest networks began broadcasting a daily news service. In 1992, when Italia 1 and Canale 5 had joined RAI with daily news broadcasts, the private networks attracted a greater proportion of the audience than ever before. On average, the Fininvest broadcasts attracted 30 per cent of the evening audience, which is equivalent to 7,000,000 of the 21,000,000 spectators who tuned in (Veltroni, 264).

When these numbers are compared to daily press circulation, they seem to indicate that television dominates as a source of information for Italians. However, a study conducted in the early 1980s suggests that the 6.75 million copies of the Italian daily press actually reach close to 17 million readers every

day (Mazzoleni 1992b, 79). This information, which would place the use of the press nearly on par with that of television, suggests that an evaluation of the role of the electronic medium in Italian society requires prudence. Therefore, rather than hail television as the predominant source of political information in the "new electronic age," television should be placed alongside the daily press in importance as an information source used by the Italian population. Overall, it seems evident that the RAI-Fininvest broadcasting duopoly has been integrated into the Italian public sphere beside the original sources of political information.

While audience ratings during news broadcasts give an indication of the importance of television, this type of statistic does not expose how television has become an incidental source of political information for the electorate. Simply put, the numbers do not measure the presence of political information which finds its way into other areas of the flow of television programming. Although extensive, reliable and complete studies on political information in all areas Italian television have not been conducted, the two other major changes to the public sphere demonstrate the shifting role of the medium during the consolidation of the RAI-Fininvest broadcasting duopoly.

The second alteration to the Italian public sphere which may be discerned came as a result of the political elite's adaptation to the new structure of the communications sector during the "Antenna Wars" of the late 1970s and early 1980s. This change is characterized by the widespread adoption of "political marketing" techniques in Italian electoral campaigns. This approach to the

political campaign involves the transfer of consumer product marketing strategies to the political realm so that individual politicians are "sold" to the electorate in the same manner as products are sold to consumers.

A central element to the new approach is the adoption of a "media logic" in the modes and methods of interaction with the media. The media logic is an acknowledgment of the limits of the language of the media, and more particularly television. The approach requires that politicians and political parties conform to the organizational and structural needs and constraints of a media institution in order to gain maximum exposure through the medium (Mazzoleni 1992b, 143). Dubbed "mediatizzazione" by Italian observers, its main components involve the *spettacolarizzazione* (spectacularization) and *personalizzazione* (personalization) of the campaign messages (Mazzoleni 1992b, 143). The *spettacolarizzazione* occurs with this approach because the politicians become full participants in turning the election campaign period into a spectacle, usually in the form of an emotional "horse race," for voters to watch as a form of entertainment. The *personalizzazione* occurs because the line of appeal relies heavily on creating an individual politician's image and look, designed to attract a voter on the basis of opinions on issues, rather than party ideology (Mazzoleni 1992b, 144).

These changes are significant for understanding the relationship between the emergence of private television and alterations to the Italian public sphere. First, because it constituted a departure from previous forms of political campaigning which were rooted in demonstrating the ideologies of the parties

and appealing to the voters on the basis of loyalty to a particular world-view. Second, and most importantly, because it was facilitated by the presence of private television.

Political marketing techniques tended to use the private networks not only because the form of programming on the private networks lent itself to the marketing strategy (the "spectacular" content helped attract audiences), but also because the private broadcasters made airtime available for the extensive use of the political advertising *spot* (aimed at an electoral *target market*) on which the new form of electoral campaigning relied heavily (Mazzoleni 1992b, 135-143).

1979 is the first electoral year in which this change becomes evident. With growing competition from the private networks, RAI's programming became obsessively pluralistic during that year's electoral campaigns by making a noticeably concerted attempt to give exposure to members of all political parties as often as possible. However, the structure of the public broadcaster's programmes pushed communication focused on the party rather than individual politician and his or her position on issues of the elections. As a result, a large number of individual politicians turned, independently, to the private television stations to air advertising which promoted their image outside of the party ideology (Mazzoleni 1992b, 135). The political advertisements aired during those years usually featured the candidate in any number of locations, such as with his family in his home, with people on the street, in a factory, or behind his office desk talking about his personal political position. The party symbols

usually did not appear until the final few seconds of the advertisement (Mazzoleni 1992b, 135).

This new approach quickly became the standard form of electoral campaigning. Expenditures for political advertising had already reached 1.5 billion lire in the 1980 administrative election campaigns (Mazzoleni 1992b, 135). This trend in political communication has become standard practice today (Mazzoleni 1992b, 135).

The move towards the use of political marketing techniques during elections marks an important change to the Italian public sphere. It integrated the Fininvest channels into the electoral campaigning, despite the fact that the networks did not have newscasts, with the extensive use of advertising (which was unavailable on the RAI networks due to regulation). In other words, the private networks provided an essential ingredient in the new political marketing mix by bringing television advertising space into the equation, thereby helping the practice to flourish.

The third area of change to the Italian public sphere is the apparent expansion of the amount of information programming available to the citizen through the medium of television. This has come through the presence of three new forms of programming on the private television networks: political advertising, politically-oriented programming such as debates and information shows during elections, and daily newscasts. Political advertising has been

discussed above, but commentary on its content resumes later in the chapter. The other forms of programming receive elaboration here.

In purely quantitative terms, there has been an immense increase in the amount of information available to the citizenry through television. In 1970 RAI broadcast 1113 hours of information programming over its two networks operating at the time, excluding sports. In 1975 this had increased slightly with RAI broadcasting 1239 hours of information programming. That number rose steadily through the late 1970s to reach 2106 hours in 1980 (ISTAT 1970-1980). In 1985 (the first year for which there is complete and reliable data for the private networks), RAI broadcast 2061 hours of news, 85 hours of political debates and 712 hours of documentaries, taking up 21.6 per cent of the total broadcast time on the three networks. By contrast Fininvest networks broadcast 834 hours of news, no political debates and 118 hours of documentaries, taking up a total of 4.8 per cent of broadcast hours (Fenati & Rizza, 160). Information programming remained stable at around 2000 hours on the RAI networks until the late 1980s when the public broadcaster began transmitting closer to 3000 hours per year. The figures for 1989 show that the RAI networks broadcast 2850 hours of news, 85 hours of political debates and 1001 hours of documentaries which accounted for 22.3 per cent of broadcast time. The Fininvest networks still lagged behind, broadcasting 1441 hours of news, no political debates, and 103 hours of documentaries, to take up 7.5 per cent of its broadcast hours with information programming (Fenati & Rizza, 161). In 1993, after the enactment of

the Mammi' law, there was an enormous jump in the amount of information programming available to Italians. RAI broadcast 2968 hours of news, 59 hours of political debates and 1171 hours of documentaries, which accounted for 13 per cent of broadcast time. The Fininvest networks broadcast 5527 hours of news, no political debates and 47 hours of documentaries, thereby allotting 21.2 per cent of broadcast time to television programming (ISTAT 1993, 178 -184)

These figures demonstrate a notable expansion in the amount of informational programming available to Italian audiences. They demonstrate that although the Antenna Wars were fought on the grounds of entertainment programming, regulation has helped to bring Italians new sources of information on television which remain beyond government control. Overall, the structure of the system allows for a greater possibility of diverse political opinion to be present in the entire broadcasting system. However, the excessive concentration of control of the private television networks makes the probability for the presence of a broad range of political information questionable. Therefore, an evaluation of the quality of the changes to the public sphere under the RAI-Fininvest duopoly is necessary.

Pluralism or Oligarchy: Evaluating the Changes

On the whole, the changes to the Italian public sphere have been positive; it would be difficult to argue that the expansion of information available to the citizen/voter is a negative trait. The questions driving this essay require

that the alteration to the Italian public sphere be evaluated within the context of their occurrence: the dominance of Fininvest in the private broadcasting sector. Many of the modifications which have been detailed above could have occurred without the overarching presence of Berlusconi. With his presence having effectively limited the sources from which televised information emanates, the apparent changes to the public sphere exhibit unique characteristics. By examining the concerns and trends of programming content which have been reported by Italian observers it is clear that, although the Italian broadcasting system requires re-regulation (which is discussed in Chapter 6), the changes may presently offer a more diverse range of political information than was available under the RAI monopoly structure of the sector. Looking to information about the political control exercised over the RAI and Fininvest networks, as well as their performance during electoral periods, provides more insight.

The Italian information system has long been central to the politico-industrial establishment. The parties, particularly the DC, have sought to maintain control of public broadcasting because it was their main channel of communication, namely because it was the form of mass communication over which they could maintain fairly strict control. Overall, the political class has used three methods of controlling the media for its purposes: through the direct management of party newspapers; through the *lottizzazione* the directorships and editorial positions and of "independent" party newspapers and the RAI networks; the legislation (or non-legislation) of regulations for the

communications sector (Mazzoleni 1992b, 17). The owners of Italian industry have also sought to use the media to promote their interests on some level. The long history of media ownership by companies such as Fiat and the high concentration of ownership in the publishing sector demonstrate this. However, their methods and modes of control are much less transparent. Studies of the power of media owners within their organizations have stated conclusions which run from high to low levels of editorial control. In the case of Fininvest, it is well known that Berlusconi intervenes in editorial decisions when the subjects or people being discussed relate to strategic industrial or political concerns. With such a large number of corporate interests under the umbrella of Fininvest, one can only assume that intervention would occur fairly often. When the journalists of Fininvest turn to politics, one may assume that intervention may also occur. Yet, while it is difficult to know what has *not* been published by Berlusconi, the reports from several observers have revealed some of the workings of Fininvest. These are included below, where I discuss not only the problems and concerns with the RAI-Fininvest arrangement, but detail the observations of two studies of the content of Italian newscasts conducted during the elections of 1990 and 1994.

Changes to political communication and information programming such as political debates and interviews exhibit particular characteristics under the Italian system. Although RAI has been used in the interests of the DC, the PSI and later the PCI in the past, the duopoly structure has become of use to the entire party

spectrum as *the* medium for propagating party messages. As far as the RAI networks are concerned, access to the medium during elections is regulated to allow every party equal broadcast time. The result is 15 minute segments for each political party. While this may content the parties, observers insist that qualitatively, it is less than satisfactory for the viewer (Mazzoleni 1992b, 137). Party members also gain access to the public broadcaster through a series of shows which are based on the Tribune Politiche show, originally broadcast on 11 October 1960. The program, which inaugurated the use of television as a medium for electoral information in Italy, has many offshoots, such as Tribune Elettorali and Tribune Sindacali which are broadcast according to the prevailing political issues and events of the day. With the public broadcaster in effective control of one of the parties, the show allows some measure of a plurality of voices over the airwaves since it gives the government's opposition additional access to the medium. (Mazzoleni 1992b, 133). However these shows, which are organized in the form of a press conference, have been criticized for being too rigid and preventing the possibility for the development of in-depth political discussions (Fenati & Rizza, 179).

On the private networks the allotment of airtime has been based not only on the candidate's ability to pay for advertising time, but also according to who has done the adequate courting and flattery necessary to win Berlusconi's favor (Mazzoleni 1992b, 138). However, the Fininvest networks have received praise for the performance of their political issue programming during electoral

campaigns. The data on the allotment of broadcast hours did not reveal the number of shows present on the Fininvest networks which focused on political issues. For instance *Italia Domanda* — Italy Asks — broadcast on Retequattro (and later of Canale 5 as well), would bring in two politicians from different political parties to first, have them reveal their policy programmes and opinions, and then subject them to questioning by the audience. The show met with success because it made the politicians speak the language of ordinary people, and was a refreshing contrast to the exclusionary structure of the *Tribune Politiche* (Fenati & Rizza, 179).

However, some observers have commented that there is little difference in the political communication present on all the television networks. In the 1990s, political communication on both the public and the private networks has been said to be little oriented towards the problems, needs and questions of the electorate. Rather, the primary objective of television appearances seem to be to communicate with competing candidates and parties (Mazzoleni 1992b, 138). As a result, the televised debates, which often feature ideological diatribes and formulas for multi-party governments, are often characterized by "content overload" and convoluted arguments which may not be relevant to the electorate's main concerns. In contrast, the political advertising spots broadcast on the private networks tend to be devoid of "substance," which is mainly due to the nature of the medium as well as the television ad format. Obviously, in-depth arguments concerning public policy issues are difficult to elaborate within the

framework of a fifteen or thirty second advertisement (Mazzoleni 1992b, 138). Another type of political communication which has appeared on the private networks is the "informative fiction" program. Akin to the "info-mercials which pervade late-night television in North America, these programs are an extended advertisement, sponsored by a political party or several electoral candidates, which appear in the same format as real political debates or interviews (Mazzoleni 1992b, 138-139).

In one sense this opening up of advertising space to the political parties has brought more communication moments to the voter. Although they are issue- and-image-based campaigns which appeal to opinion-based voting rather than party loyalty, they do provide information about the various candidates which may otherwise be obscured or ignored when placed beside the voices of the larger parties. The main problem with the current arrangement is that funding and favoritism regulate access, rather than a coherent regulatory framework based on fairness.

The developments in news programming have been somewhat more positive. With the dissolution of the RAI monopoly over national news broadcasts in 1990, the Fininvest networks brought a fresh view of Italian politics when compared with the approaches of RAI-1, RAI-2 and RAI-3, despite being distorted by their ownership context. There are two studies of programming and politics which are useful. They are exercises in content analysis, which is often problematic because it does not explain the nature or tone of the relevant

communication moments. Nevertheless, the first provides an indication of the plurality of voices present on the RAI as well as the Fininvest networks by coupling the content analysis with discourse analysis.

The first study examined the three RAI news programs for 37 of 40 days of the 1990 administration elections. The research conducted on Tg1 (whose directorship which was controlled by the DC) had four main findings: (a) the PCI, although not part of the government, received as much attention as the DC governing partners, the PSI and the PRI; (b) the DC received the greatest amount of attention; (c) the proportion of attention given to the MSI was closer to that of the governing parties than those in the opposition; (d) the greens (*Verdi Sole che ride* and *Verdi Arcobaleno*) and Radicali/Antiproibizionisti (Radicals/Antiprohibitionists) and the Democrazia Proletaria (DP — Proletarian Democracy) received little attention (Bernelli, 464).

The discourse during the Tg1 broadcasts focused around three main themes: (a) the downfall of communism in Eastern Europe and the celebration of the DC victory over the communists in the elections of 18 April 1948; (b) a minimization of the gravity of the problem of organized crime and especially the murder of electoral candidates who have been discovered to have been cooperating with the Mafia; (c) the proposal to reduce the amount of time dedicated to political debates and interviews in an effort to temper attention to the political scandals of the party members (Bernelli, 465).

The results from RAI-2's newscast Tg2 (known to be controlled by the PSI) demonstrated substantially different results, with 5 main conclusions: (a) the DC remains the most represented party, but usually only through its two leaders, Andreotti and Forlani; (b) the PSI appears only slightly less often, but with the appearances of many party members; (c) the MSI attains the second-most appearances (to the PCI) for the parties in opposition; (d) the Liberal Party (PLI) is the only party in the government coalition aside from the PSI which is represented by a plurality of its politicians; (e) Russo Spena of the DP emerges as the only legitimate spokesperson of the opposition parties on the far left.

The research also identified four main threads of discourse present on Tg2: (a) the placement of the fight against illegal drug abuse at the forefront of the newscast and the full support for the legislation proposed by the PSI; (b) the presentation of the PSI leader Craxi as the best candidate for President of the Republic in a proposed new system which would elevate the importance of the presidency; (c) the defense of the DC from the attacks of the opposition (even though with a bit of embarrassment) and the simultaneous presentation of the PSI as the party without which governing would become impossible; (d) "allowing" the PSI to play the anti-racism card in the elections by supporting non-European immigrant issues (Bernelli, 476).

The content and discourse on the broadcasts of Tg3 (controlled by the PCI) are orientated towards the needs of its controlling party as well. In terms of content, four elements became evident: (a) the PCI is almost always represented

Table 8: Number of appearances of political party members on RAI's Tg1, Tg2 & Tg3 during the 1990 administration elections (Bernelli 464, 475, 486).

DC	20	20	28
PSI	20	19	26
PSDI	19	13	17
MSI	14	11	20
Verdi Sole che Ride	6	3	7
Radicali/Antipolizionisti	4	-	7

Table 9: Number of appearances of political leaders on RAI's Tg1, Tg2 & Tg3 during the 1990 administration elections (Bernelli 464, 475, 486).

Forlani (DC)	21	17	18
Craxi (PSI)	15	11	17
Acchetto (PCI)	15	14	19
Rauti (MSI)	10	7	14
Gava (DC)	9	-	2
Russo Spina (DP)	4	5	8
Martelli (PSI)	4	2	6
S. Fontana (DC)	3	-	-
"La Voce repubblicana"	-	-	6
Ronchi (Verdi Arc.)	-	-	3
Bassanini (Ind.)	-	-	2
Carla*	-	-	2
Intini*	-	-	2
Rutelli (Verdi Arc.)	-	-	2
Police (Verdi Arc.)	-	-	3

* Party affiliation unavailable.

by the party leader Occhetto; (b) Rauti, leader of the MSI, garners the most appearances for a leader in the opposition (aside from the PCI) because of his directed attack on DC member Gava; (c) Russo Spina, leader of the DP is the most-interviewed leader of a far left party; (d) the "League" parties of the North gain little representation as Northern League (LN) party leader Umberto Bossi makes an appearance only once (Bernelli, 486).

The discourse of the newscasts of Tg3 during the election campaign followed four main themes: (a) the placement of the problems of organized crime as the country's central problem, thereby allowing it to make a frontal attack on the DC by accusing Minister of the Interior Gava of being complicit with Mafia activities and paint the DC as the party of Mafia association; (b) the movement of issues within the PCI electoral campaign which are disliked by the PSI at a secondary level; (c) the support of the policy positions of Occhetto; (d) the expression of the party's desire to maintain strong links with the world of the proletariat (Bernelli, 486-487).

The results of this study on the content and discourse present on the RAI networks demonstrate the strong levels of control which the DC, PSI and PCI parties exercise over the RAI networks. It also demonstrates the lack of a plurality of political voices and opinion which, in theory, should be present (Bernelli, 488). While this arrangement constitutes an improvement over the days when there was only one RAI network under control of the DC, the development of private broadcasting presents another positive step. Although a

system characterized by the emergence of political spots, pseudo political debates and interviews which amount to being "politico-info-mercials," and political programming which features Berlusconi's political allies brings its own distorted perspective of national politics, the system is likely to bring more political voices into the public sphere than would otherwise gain access. This argument gains more strength with the arrival of daily newscasts on the Fininvest networks after 1990. However, the Fininvest arrangement also presents us with the problem that editorial control of the daily newscasts (along with other programming) may be directed or manipulated by Berlusconi for his own purposes. This problem is further exaggerated by the fact that Berlusconi alone controls as large a proportion of communications resources as the three separate parties which control(ed) RAI. In order to explore these concerns I turn my attention to the historical moment which prompted this research: Berlusconi's participation in the elections of 1994.

(iv) Berlusconi at the Polls

With Berlusconi's entry into politics in 1994, the RAI-Fininvest duopoly arrangement has been put to the test, mainly because of Berlusconi's refusal to sell off his media empire. In his judgment, resigning from the position of President of Fininvest, and claiming that he has made a blind trust arrangement with his media holdings (despite evidence to the contrary, e.g. his involvement in the sale of the 20 per cent stake of Mediaset) is quite enough (Stille, 29).

Conflict of interest issues aside (for the moment), the event provides the opportunity to examine the consequences of the development of the Italian television duopoly for democracy more closely. It also provides room for an elucidation of the main conditions of Berlusconi's success, without slipping into a mechanistic argument based in a hypodermic needle theory of media effects and an argument which equates media ownership with direct social control. I turn first to this issue, the factors behind Berlusconi's rise in politics, and then examine the role of the Fininvest media holdings in his campaign strategy in order to illuminate the implications of the system for democratic communications.

In order to understand the factors which mutually constituted Berlusconi's success in the elections of 1994 we need to look at three main areas: the conditions of Italian politics, the trends in political communication, and Berlusconi's campaign strategy and resources. Much like the conditions in broadcasting at the end of the 1970s, Italian politics held open a window of opportunity for a new political leader at the end of 1993. Since the end of W.W.II the DC had been propped up by the Italian economic elite, the bourgeoisie, as well as the Vatican mainly because of the threat of the success of the PCI.

The fall of the Berlin Wall marked the beginning of the end not only for the communist regimes of Eastern Europe, but also the very base of support of the DC when the PCI lost the support of a large sector of the Italian electorate. The electoral results of 1992 demonstrate this when compared with those of 1983 and 1987. In the 1983 parliamentary elections the PCI garnered 29.9 per

cent of the popular vote. This dropped somewhat to 26.6 per cent in 1987, and crashed to 16.1 per cent in 1992 (the PCI had split into the Democratic Party of the Left (PDS) and the Communist Refoundation (RC) (Furlong, 147). With the communist threat largely eliminated, the DC's base of support was no longer willing to tolerate the system of kickbacks, bribes, favoritism and nepotism which characterized the nodes of interaction between the political and the economic spheres of activity. Sensing this change, and the desire for a renewal of the system, the Magistrate Antonio Di Pietro began a series of investigations into corrupt activities among party members and businesses in Milan. The investigations, dubbed *Mani Pulite*, soon swept across the nation. They uncovered (to no-one's surprise) that the main proponents of Tangentopoli were members of Italy's long-standing political parties. The DC was not spared and many of its members were prosecuted. By the time the 1994 elections were called, the party itself had dissolved in its own mire of disgrace, leaving behind a literal vacuum in the center of the Italian political spectrum. Perceiving the vacuum, just as everyone else in the nation had (and wondered who would take over with the elimination of such a large percentage of the "governing class"), Berlusconi eventually decided to seize the moment and enter the political fray.

However, entering the political scene was certainly not enough on its own; Berlusconi had to convince voters that he was as grand a leader as he himself believed. By the early 1990s, electoral campaigning was heavily characterized more than ever by the strategies of political marketing which had

emerged at the beginning of the 1980s (Statera, 11). For Berlusconi, the situation provided the ideal conditions for an electoral campaign in which he could be marketed to the population as a fresh, clean leader that had a proven track record in business. It was ideal more so because the polls conducted by Berlusconi's own pollster, Gianni Pilo, revealed him to be perceived as a symbol of the new, as well as human, visible, available, loyal, yet decisive, tough and firm in his convictions (Statera, 13). With this favorable image in a favorable political climate, Berlusconi pooled his resources to launch a carefully crafted electoral campaign which, in the tradition of political marketing, placed the media at its center.

The main facets of Berlusconi's advantage were the availability not only of a large sector of "cooperative" media outlets, but also the availability of some of Italy's best marketing strategists (Statera, 12). Together, these were advantages far beyond the resources and knowledge of any of the competing parties who, in their aggressive opposition to his campaigning, only enhanced the performance of the political spectacle of *Sua En.ittenza* (Statera, 15). Through this political spectacle, Berlusconi convinced enough voters to bring *Forza Italia* into the Chamber of Deputies as the leading governing party in 1994 (Martini 1994, 357-362).

We may understand, at least partially, how Berlusconi's broadcasting resources were "used" during the elections by looking to research which examined the content of both RAI and Fininvest. The study, which examined five

the Fininvest networks, was based on the analysis of the amount of media exposure of the political parties. Exposure was calculated from the duration and number of the appearances of party politicians during February and March of 1994.

The study revealed several interesting findings. First, the party alliances received an almost equal percentage of total broadcast time on the RAI and Fininvest networks. The major difference was that RAI gave more exposure to the far left parties, while Fininvest allotted more time to the far right parties. Second, the Fininvest networks gave less attention to political voices aside from the major parties in the first half of the campaign period. Third, the Fininvest networks allotted almost equal time to the left wing alliance as it did to Berlusconi's right wing alliance until the last week of the campaign period, when the Forza Italia alliance received twice the exposure of the left. Fourth, although Forza Italia and the PDS received almost equal exposure on the RAI networks, on the Fininvest networks Forza Italia politicians garnered 3.5 hours more media exposure than the PDS, which came second. Fifth, Berlusconi received more media exposure than any other party leader, but only because of his exposure on the Fininvest networks outstripped that on the RAI networks by nearly four hours. However, the leader of the PDS received far more media exposure on the Fininvest networks than on the RAI channels as well.

The data on media exposure does reveal some interesting clues about the use of the media by Berlusconi and his campaign strategists. However, it

Table 10: Transmissions studied by "Mediamonitor" during the 1994 electoral campaign (Morcellini, 265).

<i>Program</i>	<i>Host</i>	<i>Network</i>	<i>Time Slot</i>	<i>Description</i>
<i>Al voto, al voto!</i>	L. Gruber	RAI-1	20:30	2 person debate
<i>Oltre le parole</i>	B. Vespa	RAI-1	12:10	Interview
<i>Mixer</i>	G. Minoli	RAI-2	variable	Interview
<i>Il Rosso e il nero</i>	M. Santoro	RAI-3	20:30	Public debate
<i>Milano, Italia</i>	E. Deaglio	RAI-3	22:45	Public debate
<i>Funari News</i>	G. Funari	Rete 4	18:00	Info. with guests
<i>Punto di Svolta</i>	G. Funari	Rete 4	19:30	Info. with guests
<i>10 domande a...</i>	E. Fede	Rete 4	15:30	Interview
<i>Braccio di ferro</i>	E. Mantana	Canale 5	22:30	2 person debate
<i>Elettorando</i>	M. Constanzo	Canale 5	variable	Interview
<i>Uno contro tutti</i>	M. Constanzo	Canale 5	23:15	Debate, guest
<i>O di qui o di là</i>	P. Bianco	Italia 1	22:30	Public debate

Table 11: Exposure on television of the party alliances on the RAI & Fininvest networks between 10 February and 25 March 1994. Time in seconds (Morcellini, 268).

<i>Coalition*</i>	<i>RAI</i>	<i>(%)</i>	<i>Fininvest</i>	<i>(%)</i>	<i>Total</i>	<i>(%)</i>
Progressisti	43,666	(37.4)	53,844	(37.7)	97,510	(37.3)
Patto/PPI	19,090	(16.4)	20,537	(14.1)	39,627	(15.1)
Polo Liberta' / Buongoverno	47,307	(40.5)	55,152	(38.0)	102,459	(39.1)
Riformatori/ Panella	5,253	(4.5)	14,946	(10.3)	20,199	(7.7)
Other	1,480	(1.2)	569	(0.4)	1,977	(0.8)
Total	116,724	(100)	145,048	(100)	261,772	(100)

Table 12: Exposure on television of the party alliances on the RAI & Fininvest networks during separate time periods in percent share of broadcast time (Morcellini, 272).

<i>Coalition*</i>		<i>10-23 February</i>	<i>24 February- 10 March</i>	<i>11-25 March</i>	<i>Period Total</i>
Progressisti	RAI	33.6	41.9	36.7	37.4
	Fininvest	31.4	41.6	42.1	37.7
Patto/PPI/ Laici	RAI	12.4	15.5	21.1	16.4
	Fininvest	14.6	17.7	13.0	14.1
Polo Liberta' / Buongoverno	RAI	45.3	40.2	36.4	40.5
	Fininvest	40.0	27.9	38.5	38.0
Lista Panella	RAI	9.1	1.5	3.1	4.5
	Fininvest	14.0	12.8	5.5	10.3
Other	RAI	0.0	0.9	2.7	1.4
	Fininvest	0.0	0.0	0.9	0.4

*Composition and position of party coalitions:

Progressisti: PDS, RC, Verdi, Rete, PSI, AD, Cristiano-Sociali, Independent Candidates, Progressisti (left coalition).

Patto/PPI: Patto per l'Italia, Partito Popolare, Other center (center coalition).

Polo Liberta' / Buongoverno: Forza Italia, Lega Nord, UDC, CCD, AN, Radicals in Forza Italia, other (center-right).

Riformatori / Panella & Lista Panella: actual party names (right coalition)

Other: Radicali, PSDI (mixed).

Table 13: Exposure of the party coalitions during two time periods in March, 1994 on the RAI & Fininvest television networks in per cent share of broadcast time (Morcellini, 273).

<i>Coalition*</i>	<i>11-25 March</i>		<i>21-25 March</i>	
	<i>RAI</i>	<i>Fininvest</i>	<i>RAI</i>	<i>Fininvest</i>
Progressisti	36.7	42.1	36.8	27.0
Patto/PPI	21.1	13.0	25.8	8.5
Polo Liberta'/ Buongoverno	36.4	38.5	33.2	54.4
Lista Panella	3.1	5.5	0.0	8.3
Others	2.7	0.9	4.2	1.8
Total	100	100	100	100

* For a description of the party coalitions, please see p.153.

Table 14: Exposure of the political parties on the RAI & Fininvest television networks. Time in seconds (Morcellini, 275).

<i>Party</i>	<i>RAI</i>	<i>Fininvest</i>	<i>Total</i>	<i>%</i>
Forza Italia	14,624	28,737	43,361	16.6
PDS	14,639	15,330	29,969	11.4
Lega Nord	12,457	13,762	26,219	10.0
PPI	10,468	13,976	24,462	9.3
Riformatori/Panella	5,253	14,946	20,199	7.7
AN	10,835	8,024	18,859	7.2
Patto Per L'Italia	7,437	6,561	13,998	5.3
AD	5,915	7,234	13,149	5.0
RC	3,850	9,216	13,021	5.0
Rete	4,406	8,256	12,671	4.8
Ind. Progressisti	7,659	3,345	11,004	4.2
Verdi	3,918	6,178	10,096	4.0
PSI	2,524	3,986	6,510	2.5
CCD	4,620	1,206	5,826	2.2
Radicali in Forza Italia	3,291	736	4,027	1.5
UDC	1,480	1,452	2,932	1.1
Soicaldemocrazia	1,408	569	1,977	0.8
Other Polo liberta'	0	1,235	1,235	0.5
Other polo centro	1,617	0	1,617	0.5
Cristiano-Sociali	800	290	1,090	0.4
TOTAL	116,742	145,048	261,772	100.0

Table 15: Exposure of the political party leaders on the RAI & Fininvest television networks. Time in seconds (Morcellini, 281).

<i>Politician</i>	<i>RAI</i>	<i>Fininvest</i>	<i>Total</i>	<i>% Total</i>	<i># Appearances</i>
Berlusconi (FI)	3,236	16,951	20,187	7.7	13
Pannella (Panella)	4,277	13,168	17,445	6.7	12
Occhetto (PDS)	5,958	3,768	9,726	3.7	8
Fini (AN)	4,799	3,952	8,751	3.3	9
D'Alema (PDS)	2,362	6,111	8,473	3.2	5
Bossi (LN)	3,400	3,270	6,670	2.5	6
Buttiglione*	492	5,920	6,412	2.4	5
Martinazzoli (DC)	1,451	3,935	5,386	2.1	6
Spaventa (PDS)	2,873	2,415	5,288	2.0	4
Bertinotti (RC)	2,420	2,197	4,617	1.8	6
Orlando (Rete)	1,921	2,615	4,572	1.8	6
Segni*	2,367	2,167	4,534	1.7	5
Speroni (LN)	—	4,085	4,085	1.6	3
Ayala*	2,355	1,512	3,867	1.5	5
Martino*	2,822	955	3,777	1.4	4

*Party affiliation unavailable.

Table 16: Presence of politicians on RAI & Fininvest television networks compared, rank by total time (Morcellini, 283).

<i>Politician</i> <i>RAI Networks</i> <i>(Fininvest Rank)</i>	<i>Total #</i> <i>Appearances</i>	<i>Politician</i> <i>Fininvest Networks</i> <i>(RAI Rank)</i>	<i>Total #</i> <i>Appearances</i>
Occhetto (8)	5	Berlusconi (5)	9
Fini (6)	5	Pannella (3)	8
Pannella (2)	4	D'Alema (11)	3
Bossi (10)	3	Buttiglione (—)	4
Berlusconi (1)	4	Speroni (—)	3
Spaventa (13)	3	Fini (2)	4
Martino (—)	3	Martinazzoli (—)	4
Bindi (—)	2	Occhetto (1)	3
Bertinotti (15)	3	Del Turco (—)	4
Segni (—)	3	Bossi (4)	3
D'Alema (3)	2	Orlando (—)	3
Ayala (—)	3	Bordon (—)	3
Maroni (—)	2	Spaventa (6)	1
Pagliari (—)	3	Nappi (—)	1
Fumag. Carulli (—)	2	Bertinotti (9)	3

does not demonstrate the context of the politicians' television appearances. Furthermore, the study examines only a portion of programming which may include political communication or political information. It also does not include newscasts and advertising spots, not to mention reporting and advertising in the press. Therefore, the conclusions which can be drawn from this study remain somewhat superficial and tenuous. The one statement that can be forwarded is that the data suggests that Berlusconi made sure to maximize his exposure on his own networks.

It is also likely Berlusconi's media exposure through the networks and publications he owned was positive, especially due to the large measure of resistance to his entry into politics present in the reports of other media outlets (Statera, 14). Some inside reports confirms this. According to one journalist, Berlusconi gave the news directors of his three television networks and the editors of all of his publications these orders during a large meeting:

We have to sing in chorus about the topics that interest us ... we must respond to the artillery fire against us by concentrating all our artillery against them ... If those who attack us unjustly ... were assaulted simultaneously by all our media, the aggression would end (Stille, 29).

According to the story, when the highly respected journalist Montanelli, who edited Fininvest's *Il Giornale*, did not comply he was forced out of the newspaper through a series of public humiliations, and was openly criticized in Fininvest's newscasts for refusing to support the man who paid him (Stille, 29). In summary,

there is little doubt that Berlusconi exercises editorial control in the Fininvest empire.

The development of the RAI-Fininvest broadcasting duopoly has not necessarily been an entirely negative development for the Italian public sphere as it has been defined for the purposes of this essay. Unfortunately, the sources for research pose difficulties for reaching a definitive conclusion at this point. While it may be said the duopoly has brought Italian citizens a greater amount of information of public interest, the quality and diversity of that information is questionable. However, it can be said that both the RAI and the Fininvest networks have been operating under an unacceptable amount of control by their respective owners. In both cases the arrangement limits the access of the entire range of opinion, particularly during times of political and economic crises or scandals which, in the case of Italy, are constant. The lessons of the 1994 elections also demonstrate that the limits on concentration of ownership and government control of RAI set out by the Mammì law are inadequate if we are to expect open and fair communication through the medium of television in Italy.

The problems with the regulatory framework of the Italian broadcasting system were exacerbated and fully exposed when Berlusconi also gained control of RAI during his seven month term as Prime Minister. The referendums and 1995, and the elections in progress at the time of writing (April 1996) continue to demonstrate the inadequacy of the current regulatory framework. These developments are discussed in Chapter Six along with the regulatory

options for the Italian broadcasting to improve the functioning of the system for democracy.

CHAPTER SIX

Conclusions, Options and Future Prospects for the Italian Case

This chapter serves two functions. First, it draws together the argumentative threads which have woven this political economy analysis of the Berlusconi Phenomenon by pulling on the main observations, conclusions and concerns discussed in the preceding chapters. Second, it looks to the current developments in industry, politics and policy formulation to elaborate on the future prospects and policy alternatives for the Italian case.

The discussion is divided into four sections. Section (i) delineates the conclusions drawn from analysis. Section (ii) looks at current developments in the Italian broadcasting industry and politics. Section (iii) examines the broadcasting policy options available to Italian legislators, while section (iv) elaborates on the entire chapter to discuss the future of Italian television broadcasting in both industrial and democratic concerns.

(i) Conclusions

The theoretical parameters of critical political economy established for this research led analysis to explore the exigencies of the relationships between and among the institutions directly and indirectly involved in Italian television broadcasting. The concept of mutual constitution, drawn from in the work of Vincent Mosco, allowed this analysis incorporate information and generate conclusions which avoid the type of deterministic or essentialist explanations of the Berlusconi Phenomenon which pervade the mainstream media. Using the tool of structuration, analysis was enabled which found a “middle way” between

an emphasis on structure and agency, as well as theory and empirical research results. The combination of concepts and tools focused research on the key political and industrial processes and relations among the institutions of the state, the proponents of capital and the Italian citizenry which generated the paths of change evident in the structures and practices in politics and television broadcasting. Through these emphases, the analysis has been able to find answers to the questions: why is Berlusconi *Sua Emittenza*, and what are the possible implications of the RAI-Fininvest broadcasting duopoly? In order to achieve this, the results of research in three broad areas have been presented: policy formulation, private television industry origins and development, and past and present patterns of the availability and audience usage of information programming.

In the realm of policy, analysis described how the particular form of political interplay and negotiation within the state, which emerged due to national political pressures and factions (communism/iron curtain, the DC exercising the traditional system of *politics of support*, and sustained by the bourgeoisie, the Vatican, the Mafia, and proponents of capital) led to a relationship with the Constitutional Court best described as the *government by judges*. When the government formulated policy which was out of step with the technological and industrial realities of broadcasting, the Court's actions (declaring key provisions of legislation unconstitutional) stripped broadcasting policy of the government's strategy. The subsequent government inaction in

broadcasting policy led the industry into a *Wild West* competitive environment as more and more players entered the field.

The provisions of broadcasting policy still in place had specific important influences on the form of private television. First, being prohibited from using technology to make electronic link-ups between television stations gave the networks with advertising concessionaires an advantageous position over independent stations, eventually drawing them in. It also made it difficult and costly to broadcast daily news across the nation (aside from the fact that RAI defiantly defended its position as the sole national television news provider). The lack of regulation over advertising on the private networks added to the *Wild West* competitive climate, and brought Italian politics the opportunity to use political advertising spots. The policy void in programming on the private networks, combined with the entire mixture of regulatory inadequacy, helped shape a new Italian television environment characterized by more (and mostly foreign) entertainment programming and advertising than audiences had ever seen before. Finally, the lack of ownership limits also allowed the *Wild West* of private television to become the tightly controlled land of *Berlusconia*.

However, the emergence of the Berlusconian television environment was also a result of the particular form of industry competition, the Fininvest strategies and broad developments within the Italian economy. Several powerful players emerged within the first few years of legal local area private television, mainly due to the high costs of entry into broadcasting. Berlusconi's advantage

came from adopting the American network model in structure, management and sales strategies as well as the use of a large amount of programming purchased in international markets. A key aspect of the approach was the integration of the advertising concessionaire into the broadcasting corporation in order to maintain the control necessary to keep revenues flowing in tune with the needs of the broadcaster. The strategy met with success also because the era featured the growth of new consumer product distribution and retailing systems that would support and embrace the extensive use of television advertising. The main feature of these systems was the establishment of mass distribution networks set up to serve the new large retail outlets which began to dot the Italian landscape. These developments meant not only new advertisers, but also new confusion for the consumer because of the vast number of products available through the large new retail centres. This led producers to emphasize brands names in the hope of developing consumer brand loyalty, which requires significant use of mass communication media in the marketing mix. In other words, the American model of the television networks worked because the American models of retail distribution and marketing, which had been spreading across Western Europe, were becoming pervasive as well.

These changes were accompanied by the development of marketing techniques in politics (which had also been spreading across the West) which immediately took advantage of the new advertising space available on the private networks. The amount of political information available to Italians also

quantitatively expanded with the increase in programming dedicated to political issues and interviews on the private networks during the development of the RAI-Fininvest duopoly. Political programming on the Fininvest networks has received praise by some observers for their originality and issue coverage. Similar programming on RAI (broadcast during elections since 1960) has been criticized for being too rigid, and as a result not covering the issues important to citizens. Other commentators have argued that all televised political information programming is disappointing, whether broadcast over RAI or Fininvest. However, broadcast law also gives equal access to the public broadcaster for all registered political parties. While this increases the plurality of voices and the free flow of political information in the public sphere, some observers argue that the arrangement is inadequate for the needs of the citizenry because there are too many political parties (twenty-six to date).

Information programming (and by implication political information) has increased drastically with the Mammi` law's provision that private networks have daily news services. Audience ratings for news and political information programming has remained high, suggesting that it is a main source of information for a large segment of the adult population and therefore integral to the public sphere. However, Berlusconi's sole ownership of Fininvest has lead to problems with the diversity of information (all coming from one corporation) as well as the possible suppression of information. Although the partisan control of the three RAI networks provides biased television information programming, (a)

it is well-known by Italians that it is under party control; and (b) Berlusconi alone controls as much information programming and broadcast time as the three RAI networks combined; and (c) Berlusconi often claims that his media outlets maintain a neutral position. In terms of political information programming, the situation seems as though it may be better for Italians than the RAI monopoly which characterized the previous era. However, the major limitations posed by reliance on mainly quantitative research makes these conclusions tenuous.

Looking to Berlusconi's election in 1994 provides some insight into the possibility for information control, which goes against the definition of democratic communications proposed in this project. By placing his entry into politics in historical context (the fall of Eastern European communism, *Tangentopoli*, *Mani Pulite*, the dissolution of an entire political class, and the opportunity afforded by Berlusconi's favorable image for the historical moment) we may discern bias and control in his television networks and print media holdings. First, by personal accounts obtained by journalists and second, by the results of a study conducted during the elections of 1994 which demonstrate that, quantitatively, *Sua Emittenza* received more airtime than any other politician. However, it is important to note that the Fininvest networks also gave more airtime to Berlusconi's opponents than the RAI networks. Overall the information suggests that Berlusconi exercises considerable control over the information broadcast on his networks. This was undesirable when Berlusconi was an industrial leader. As a politician, and as Italy's Prime Minister in particular (which gave him

considerable control over RAI as well) the arrangement is unacceptable for the functioning of the democratic system.

(ii) Current Developments

Berlusconi has proven to be an astute business leader, as well as an effective political campaigner. Outside of the realm of marketing he has shown his fallibility, yet he still remains a significant political player. Moreover, the problems associated with the occupancy of some of the highest positions of power within industry, media operations and politics persist. In politics, *Sua Emittenza* fell into difficulties due to the obvious conflict of interest between his political position and his media ownership. This problem became exacerbated when he began to take control of RAI by appointing his loyal followers into directorial positions. Berlusconi also found that maintaining government coalitions was much more difficult than maintaining a public image. In December of 1994, when Umberto Bossi, leader of the *Lega Nord (Lega)* — Northern League — political party, refused to cooperate with Berlusconi unless the *Lega* was apportioned a greater position of power, the coalition collapsed, the government fell and Berlusconi resigned as Prime Minister.

Although Berlusconi survived the referendums on broadcasting law in June of 1995 with his economic empire intact, he too has met with the subpoenas of the *Mani Pulite* inquests and is presently involved in two separate trials for being complicit with the bribing Italian tax inspectors by Fininvest

executives in order to receive lenient audits. However, these trials should not be given more political importance than they deserve. Many foreign observers have declared the recent turn of events the "rise and fall" of Berlusconi. This characterization of the Berlusconi Phenomenon is inaccurate. Berlusconi has visited the stations of neither king nor prisoner in the castle of national political position and opinion; he is only an unusual member of Italy's new political elite who has had a significant role in the development of the private television industry. In the general elections presently underway (April 1996) *Forza Italia* is holding steady in the polls at 20 per cent. This places it on par with the other leading parties, the neo-fascist *Alliance Nazionale* (AN) — National Alliance — and the neo-communist PDS (Buongiorno, 42). Moreover, despite his political miscalculations and involvement in corruption trials, Berlusconi's personal popularity remains strong. In mid March of 1996 46 per cent of respondents in an Abacus-*Panorama* survey held "a lot or a fair amount of trust" for Berlusconi as a national leader (*Panorama* 21 March 1996, 23). This placed him on par with the current Prime Minister, Lamberto Dini (who has entered the elections with his own political party), Massimo D'Alema (PDS leader), Walter Veltroni (PCI leader). The only more trustworthy figures are Gianfranco Fini (AN leader) at 53 per cent and Antonio Di Pietro (who started the *Mani Pulite* inquests and is not running for election) at 78 per cent (*Panorama* 21 March 1996, 23). Public support for Berlusconi is well described in anecdotal fashion by the man himself: "Before I entered politics, when I used to appear in public everyone would

applaud; now half of them applaud and half of them boo" (Stille, 29). In other words, although Berlusconi's image has become less favorable when compared with the first few months of his entry into politics, he maintains strong support among the electorate.

Among the critics of *Sua Emittenza*, conflict of interests between his political position and his business endeavors remains salient. Berlusconi tries to combat this, insisting when interviewed. "I could never do anything in office that could possibly benefit myself or my company" (Stille, 29). He argues that he has given over control of Fininvest to his executives: "When I was in office, I detached myself from the day to day running of the company ... And even if I wanted to help my company, I couldn't. There are so many checks, decisions are taken collectively" (Stille, 29). In contrast, *Forza Italia's* activities seem to contradict these gracious statements. For example, during his term in office the party pushed for legislative amendments to the budget which would grant Fininvest a US\$400 million tax abatement for the networks and a further abatement for the company's shares in the pay-TV operations; the latter of these passed through parliament. Moreover, the party member who led the drive for the legislative amendments was Vittorio Dotti, head of *Forza Italia's* parliamentary group and Fininvest's chief corporate lawyer (Stille, 29).

In an attempt to reconcile the obvious contradictions between image and action, Berlusconi has stated that he will sell more of Mediaset in a stock flotation promised for on or before 24 June of this year, two months after the

elections (*Reuters* 21 February 1996). Yet, from the data collected by the University of Pavia's media "observatory" it seems as though *Sua Emittenza* is still using his networks as part of the political marketing mix. Between 21 February and 18 March of 1996 Berlusconi was present during broadcasts for three hours more than the next political candidate and was second only to Prime Minister Lamberto Dini on the RAI channels. Overall, Berlusconi received one hour more broadcast time than any other political candidate during the period (Brusadelli, 55).

(iii) Policy Options

These observations suggest that broadcasting policy still provides inadequate regulation of the television industry, particularly during electoral periods. On one level the system lacks the pluralism of political voices sought by the Constitutional Court. On another level, media practices within the RAI-Fininvest duopoly suggest that the stations are subject to the possible obstruction and manipulation of information and discourse by proponents of the government and capital in a manner which limits the independent operation of those institutions. The duopoly likely serves Italians better than the previous system, yet the present system is less than desirable. Moreover, as a public resource it should be regulated to serve the interest of the public rather than several hundred career politicians and an industrialist. It seems clear that the

current broadcasting policy arrangements are inadequate and new legislation needs to be enacted to improve the functioning of the system.

Many television broadcasting policy options have been proposed during the past twenty years, almost all of which were rejected because they "photographed" a *status quo* which was unacceptable to many politicians (Giacalone, 14). In the late 1970s suggestions were made to formulate antitrust legislation for the private networks and create a fourth RAI network to extend pluralism in the system. Later Ministers of Posts debated limiting private television network licenses to one per operator (Giacalone, 15-16). As private broadcasting continued to grow, policy discussions proposed limiting the ownership of private broadcasting licenses to two per corporation, banning advertising on RAI-3 (to draw in more viewers), and pushing for the creation of a private pay-TV channel without advertising to be run by a consortium of private broadcasters (Giacalone, 33-34). Only after the entrenchment of the RAI-Fininvest duopoly were anti-trust limits discussed in terms of the entire broadcasting resources available, and suggestions were made to limit private ownership to 25 per cent. Programming also became an issue and the allowance of electronic link-ups for national news services were debated, but only for the owner of two private networks. Initiatives were also made to guarantee RAI 50 per cent of the broadcasting resources. Like all other prior policy these options were rejected as well. Observers even went so far as to call this three-pronged suggestion for legislation an "anti-intelligence law" more than

an anti-trust law (Giacalone, 37). Finally, the Minister of Posts Mammi¹, who helped bring the current broadcasting law, had also proposed the "zero option" anti-trust provision which would not allow the owner of a television broadcasting outlet to own a daily newspaper as well. Curiously, it mentioned nothing of the ownership of periodicals (Giacalone, 38, 42).

None of the policy options proposed above proved satisfactory for Italy's members of parliament until the Constitutional Court once again forced politicians to formulate a new broadcasting law at the end of the 1980s. The options taken, however, reflect not the needs and concerns of the system, but the compromises that the political parties were willing to make. However, the central problem with the arrangements has not always been their potential effectiveness. Rather, debates have often faltered because of the implications which legislation might pose to the political parties. In this aspect, there are two sets of interests: the ability of the political parties to use the communications system to maintain links with the public and therefore maintain power; and the ability of the parties to use the public broadcaster in the web of the politics of support.

Recently, amendments to the Mammi¹ law were posed directly to the population and rejected in the referendums of June 1995, suggesting problems with the focus of the legislation itself. The options which have been made available to the voting population may be unconvincing because they take aim at the wrong areas in order to ensure plurality in the broadcasting system. Aside

from being a source of information, television is a source of entertainment. The Fininvest networks have brought Italians programming which is quite different (if distinctly American) from what is offered on the RAI channels. Legislation needs to address this. Analysts need also consider the possibility that solutions to the central problems of television broadcasting may not necessarily be found in restricting private ownership and advertising rules. Although allowing private companies to own and operate a maximum of two networks would help to ensure a greater plurality of voices, legislators need to relinquish RAI from government control so that public broadcasting may fulfil that mandate. The concept of public service in public broadcasting needs to be addressed, redefined, and brought to the center of the debate along with policy to ensure a varied competitive environment in private broadcasting. Moreover, the political parties need to understand that the public resource argument which is used to maintain RAI (as well as revenue from the *canone*) excludes the permission to use it as a method for the enhancement of their power. Only then will anti-trust provisions in the private sector be taken seriously by the citizenry.

Several policy directives could be designed to achieve this. First, the three RAI networks should remain under public control not only to ensure plurality, but also because audience figures suggest that they work well for Italians. The *canone* and the advertising restrictions posed for the public broadcaster should remain in place so that it retains its financial independence. However, new legislation needs to ensure arm's length control of the public

broadcasting operation by the government. This could be achieved by restricting the appointments made for positions in RAI by the Parliamentary Commission to only the Director of the entire corporation, who would be charged with ensuring that the public broadcaster fulfil its mandate. Although each of the RAI networks operate independently, opening up the directorship of each station to the commission would lead to *lotizzazione* of the positions among the party coalitions. While this may seem to restrict the representation of diverse political interests, it merely shifts the responsibility for those representations from parliament onto RAI. In this way, parliament may concern itself with representing the diverse needs of Italians in the legislation it passes rather than the image it projects.

Equal access legislation for both the public and private networks is good in practice and, despite its problems, should remain in place. In principle, neither RAI nor the government should be able to decide which voices should be suppressed. The complaint that equal access is problematic because the large number of parties restricts the amount of time available to each is not a television broadcasting concern. If Italian society is politically fragmented, then broadcasting should reflect its condition. The problems associated with political fragmentation and parliamentary inaction are a result of the way in which constitutional provisions have been debated, interpreted and enacted in the political realm. As such, narrowing the number of political parties (in the hope of increasing the depth of their arguments on the broadcasting system) present in

parliament is a matter for constitutional reform. Looking to current political discourse makes it clear that Italians understand this, only the shape of the reforms are matters for contention.

Finally broadcasting policy needs to include some measure of conflict of interest rules. In light of the Berlusconi Phenomenon, regulations must be in place which prevent any politician or political party from owning and controlling a broadcasting outlet. In the dual system, the plurality of voices and the unrestricted flow in information may come closer to reality by having a public broadcaster free from both political and commercial influence. The private operations, although dependent on advertising, form a pluralistic system by being diverse in ownership and independent of direct political influence as well.

(iv) Future Prospects

The intertwined relationships of power and influence among Italian institutions has created a uniquely Italian broadcasting system. Berlusconi's entrance into politics and the legitimacy of the RAI-Fininvest duopoly has been placed under increased scrutiny. From an industrial perspective, the arrangement remains strong, yet engaged in relatively little competition due to the excessive concentration of ownership. Under political economy analysis it is evident that to some extent it serves the Italian political and industrial oligarchy.

Italian broadcasting policy has put in place regulations which are inadequate and out-of-date for the realities of the RAI-Fininvest duopoly.

However, Italy is still in the midst of an intense political upheaval. In early 1996 hope for constitutional reform which would render the political system more effective was dashed when the coalitions collapsed once again and a new election was called. On 21 April Italians elected the first centre-left government in the history of the Italian Republic, even though *Forza Italia* received as much support as it did in 1994. This was due to the fact that Berlusconi's coalition partners gained less support than expected. The shape of the new government brings hope for positive changes in Italian politics, although the left-wing alliance is unproven in government. However, the continued strength of Berlusconi's position makes the likelihood for a serious rethinking of broadcasting policy difficult. This may change if Berlusconi resigns as the leader of *Forza Italia*, as has been suggested by his opponents and allies alike. Moreover, much needed constitutional reform remains one of the most salient issues in Italian politics and talks are planned to resume. In this sense, there is hope that effective constitutional reform will eventually reverberate into all areas of government policy, broadcasting included, bringing maturity, complexity and fairness to Italy's highly developed television system.

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