



## **The business firm model of party organisation: Cases from Spain and Italy**

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**Abstract.** Discussion of new forms of party organisation have largely focused on the ways in which institutionalised parties have adapted to pressures towards ‘catch-all’ or ‘electoral-professional’ behaviour. This article examines the ways in which new parties respond to these pressures. A model of the ‘party as business firm’ is generated from rational choice assumptions and it is suggested that such a model can emerge when new party systems are created in advanced societies. Two cases of political parties which resemble the business firm model in important ways are analysed in order to gauge the consequences of this type of party organisation: UCD in Spain and Forza Italia in Italy. On the basis of this analysis it is argued that business firm parties are likely to be electorally unstable and politically incoherent, and also prone to serving particularistic interests.

### **Introduction**

In recent years, a great deal has been written on various features of what is broadly termed ‘party change’. This field of study examines the emergence of new pressures facing established political parties, and the types of organisational changes with which parties adapt to these pressures. Party change, from this perspective, acts on an established party system with an in-built tendency towards continuity, and much of the empirical work within this field has focused on the dozen or so European democracies with an uninterrupted post-war tradition of more or less stable party competition. Relatively little has been written on the effects of changing forms of party organisation and competition on recently created political parties.

Political parties which lack the organisational inertia which comes with a long history are particularly susceptible to changing forms of party competition. The impact of these changes on democratic governance can be far-reaching. This is particularly important for the party systems constructed in the new democracies emerging in Southern and Eastern Europe, where parties are unlikely to have progressed very far towards institutionalisation. The same point can be made for the new party systems emerging as a result of the collapse or radical transformation of existing democratic party systems

– Italy in the 1990s and France in the late 1950s are the obvious examples of this phenomenon in post-war European history. In this study we will examine the cases of two new political parties which have taken on to a greater or lesser degree the model of party organisation which we will refer to here as the business firm model. The parties examined in this article, whilst very different, have a number of distinguishing features which provide interesting insights into the effects of changing models of party organisation on new party systems.

### **The party as business firm: Party organisation and the electoral-professional model**

Political parties have often been analysed in terms of ideal-type conceptions of their function, organisation and behaviour. The pioneers of party theory produced a series of classic definitions which still today dominate discussion of political parties: mass parties and cadre parties (Duverger 1954), parties of individual representation and parties of social integration (Neumann 1955), the emergence of the much discussed catch-all party (Kirchheimer 1966). The importance of these models cannot be limited to their unquestionable influence on scholars researching political parties; it also extends to influence over party builders themselves.<sup>1</sup>

Amongst more recent contributions, Panebianco (1988) identified a further type: the electoral-professional party, which he contrasted with the mass-bureaucratic party. The electoral-professional party has much in common with the catch-all party, in that it shares the features of de-ideologisation, weak electoral links, and centralisation of power around the party leadership (discussion of this latter problem, of course, dates back to Michels 1962). But Panebianco also introduced a new element (1988: 262–274): the ‘professionalisation’ of party organisations, by which he meant the increasing dependence of party politicians on outsiders with particular technical expertise (obvious examples of which are marketing consultants and opinion pollsters). The low levels of institutionalisation inherent in electoral-professional parties led Panebianco to conclude that this tendency is likely to provoke political ‘turbulence’, as parties become incapable of binding electors to collective projects and electors themselves become confused by the ambiguous and unstable behaviour of the de-ideologised parties.

This ‘nightmare scenario’ is not yet upon us, for as Panebianco was at pains to point out, the electoral-professional party, like the catch-all party, is an ideal type, and real political parties can be located on a continuum which runs from the ‘pure’ mass bureaucratic to the ‘pure’ electoral-professional. Parties are involved in gradual processes of change, and are inevitably bound

by their histories. A cursory glance at Britain's parties would appear to confirm this: the British Labour party, despite the elements of 'electoral-professionalism' introduced in recent years, retains important features of the party of mass integration; the Conservatives, beyond their undoubted successes in harnessing public relations expertise to their central organisation, are tightly bound to a sub-culture which would appear unlikely to disappear overnight (notwithstanding their recent electoral slump). Historic political parties, whilst responding to the opportunities and constraints of modern electoral competition, remain rooted to their original identities, and are unlikely to jeopardise their electoral and social foundations for unpredictable short-term gains.

There are, however, exceptions to this optimistic picture of the stability of European party systems. New party systems, founded in quite different socio-economic circumstances to those in the rest of Europe, have emerged in the new democracies of Greece, Portugal and Spain in the last twenty years. Moreover, crises in 'old' democracies such as Italy have led to party system transformation and the foundation of completely new political parties. In all these cases, new political parties, lacking the long histories of most of their European counterparts, have taken on central roles in democratic party competition and governance. The high levels of socio-economic development of these states mean that these new parties have been subject to strong pressures towards electoral-professionalism in the same way as established parties. However new parties lack the institutional inertia which can mitigate the effect of these pressures. The low levels of institutionalisation of new parties have important implications. First, in poorly institutionalised parties there are few constraints on party leaders' ability to follow the electoral-professional model; in the absence of the kinds of organisational rigidities characteristic of highly institutionalised parties their leaderships have much greater freedom of manoeuvre. Second, poorly institutionalised parties lack the kind of guarantees of participation and electoral support which established parties generally enjoy, suggesting that the failure of the electoral-professional model to bring sufficient political benefits could have disastrous consequences for parties' ability to function. For the relatively new party Systems in Greece, Spain, Portugal and now Italy, the advance of the electoral-professional model of party organisation presents particular problems.

There is, however, another element to this which raises interesting questions about the relationship between political science and political practice. The elaboration of the classical ideal types of party organisation was a largely inductive process. Duverger, for instance, made clear that the point of departure of his classic text was the lack of political party theory and the need to establish a preliminary theoretical framework on the basis of empirical

observation (1954: xv–xix). Certainly, empirical observation appears to have preceded theoretical elaboration in subsequent studies identifying the catch-all or electoral-professional models. But these models have also provided encouragement for the growing profile of deductive approaches to the study of political party behaviour. The electoral-professional party, in contrast to the mass party, can be readily explained by rational choice accounts of intra-party organisation and inter-party competition, and such accounts have become increasingly influential in recent years.<sup>2</sup>

The most radical example of this is an article by Schlesinger published in 1984. In this article, Schlesinger takes the application of rational choice theory to political parties to its logical consequences, by arguing that this theory provides ‘a general framework for the study of parties, one which is used by most students of parties, if not self-consciously in a systematic matter, then as a set of implicit assumptions’ (1984: 373). The aim is to make this framework explicit. Party competition – the electoral side of party action – has been extensively studied by rational choice theorists following the pioneering example of Downs (1957), and Schlesinger takes Downs’s positive theory of party competition as his starting point. Parties, rather than integrating mass collective identities into the democratic system, aim only to achieve political office, and, in the celebrated phrase, ‘formulate policies in order to win elections rather than win elections in order to formulate policies’ (Downs 1957: 28). More original is Schlesinger’s attempt to extend the rational choice account to the behaviour of party leaders and members through an uncompromising application of Mancur Olson’s well-known ‘by-product’ theory (Olson 1965). Since politicians have the sole aim of achieving political office, than parties must satisfy this pursuit of political power in order to maintain participation. The ‘self-interest axiom’ necessarily leads parties to maximise their electoral support in order to provide their members with opportunities for political office.

This theoretical framework can offer a parsimonious explanation of the move towards the electoral-professional model of party organisation. The increasing heterogeneity of European electorates has undermined ideologically charged appeals to entrenched subcultures, and pushed parties towards catch-all strategies of electoral mobilisation. This would account for a number of the features of electoral-professional parties, in particular the reduction of ideological baggage, the weakening of ties with the core electoral constituency, and the loss of influence of grass-roots members and concomitant centralisation of power around party leaders. Another important development, the extension of mass communications (particularly television) to every corner of society, has underpinned these changes, by permitting parties to mobilise support around party and leadership images carefully prepared by public relations

consultants and media experts. Policy positions are elaborated by reference to opinion polling which sounds the electorate's views on contentious issues and provides information on those policy proposals most likely to attract the target electorate. The party's election campaign uses standard marketing and advertising procedures in order to 'sell a product' (political representatives arguing for public policies) as an enterprise would use them to sell private consumer goods.

The analogy is deliberate and significant. In his article, Schlesinger asserts that 'Olson has given us a theory that allows us to apply the same assumptions, perspectives, and logic we commonly apply to private goods-producing organisations to organisations which produce collective benefits' (1984: 385). Of course, this approach is not completely new: both Weber (1948) and Schumpeter (1976) saw political parties as serving the more or less private interests of *political entrepreneurs*; party leaders whose aim was to occupy positions of public office for the trappings and prestige they provided.<sup>3</sup> The theory of the political entrepreneur offers a solution to the free-rider problem inherent in public good-producing organisations like political parties; the entrepreneur offers to coordinate and lead the latent group in return for an element of private 'profit' (the prestige and material advantages of public office).<sup>4</sup> The party, instead of being a voluntary organisation with essentially social objectives, becomes a kind of 'business firm', in which the public goods produced are incidental to the real objectives of those leading it; in Olson's terminology, policy is a 'byproduct'.

This raises two questions, one of which is difficult to answer at the stage, and the other which the rest of this paper will attempt to address. The first is the interaction between the deductive theory emerging from the work of scholars such as Schlesinger and the political practice of those building or leading political parties. In the absence of extensive studies on the contacts between politicians and academics or specialists in organisational behaviour we will limit ourselves to suggesting the possibility (though not the probability) of theoretical models of party organisation influencing the decisions party leaders make. The second question concerns the practical consequences of what can tentatively be described as the 'business firm' model of party behaviour.<sup>5</sup> In particular we would like to address the implications for party politics of the electoral-professional model of party organisation when it is taken to its logical conclusion. What follows is a necessarily brief analysis of two cases of new political parties whose creation owed much to the activities of political 'entrepreneurs', and whose structures reflected important features of the electoral-professional or business firm model discussed above. The two cases are very different, and we do not claim that both parties approximate the model to the same degree. However we do suggest that the comparison

provides an insight into the possible consequences of new forms of party organisation.

### **‘La empresa de Adolfo Suárez’:<sup>6</sup> The UCD in post-Franco Spain**

The creation and collapse of the Unión de Centro Democrático (UCD) in the Spanish transition to democracy is a remarkable case of a new party failing to survive into maturity. On another level it is an interesting example of a party failing to survive the demise of its founding leader, Adolfo Suárez, Prime Minister of Spain from 1976–81, and the man most credited with the success of Spain’s process of democratisation after Franco’s death. At the risk of simplifying a complex chain of events,<sup>7</sup> it is worth briefly examining the UCD’s trajectory in the framework of the business firm model of party organisation.

*The genetic model.* UCD did not emerge as the political expression of any identified social group, although the electorate it came to represent did have some common features.<sup>8</sup> It emerged instead as a result of Adolfo Suárez’s need to establish a political vehicle to continue his premiership after he had called democratic elections (the first in over 40 years) to be held in June 1977. In order to maintain power,<sup>9</sup> Suárez needed to recruit able individuals as parliamentary candidates, and to co-opt possible rivals for his target electorate. He did this by forming a coalition with small Liberal, Christian Democrat and Social Democrat groups associated with the moderate opposition to Franco, and groups of reformist functionaries from the *Movimiento* (the Francoist single party). The creation of a coalition of such diverse ideological backgrounds was made possible by two unifying factors: broad agreement over the need to support Suárez’s transition strategy, and, crucially, the extraordinarily powerful position in which Suárez found himself. Suárez’s unrivalled popularity in the 1976–77 period – stemming from his achievement in pulling Spain out of a political crisis and creating the conditions for a negotiated democratisation – made him a formidable electoral asset, and he was able to offer access to public policy influence in return for political support. Moreover, Suárez’s control over an unreformed state apparatus brought overwhelming electoral advantages: unlimited access to state television, an incipient territorial structure through his contacts in the *Movimiento*, easy access to campaign funding, and exclusive use of the opinion polling expertise in the state public opinion research institute (the Centro de Investigaciones Sociológicas). As Prime Minister, Suárez had almost exclusive control over these resources.

UCD's organisational development was closely conditioned by these circumstances. The very first organisational 'event' in the party's history – the drawing up of candidate lists for the 1977 elections – was closely controlled by Suárez's circle, and the participating groups were in no position to contest this. The election campaign which led to UCD's victory (a few seats short of an absolute majority) was centred around Suárez's leadership image, emphasising his youthful looks as well as his project of political reform. Suárez's skilful use of television (he had been director general of Spanish television) was a key part of this campaign strategy. Ideological slogans were carefully avoided, and the campaign discourse focused on the need to integrate all sectors of society into a new political system. It is apparent, therefore, that from the beginning UCD was, in a number of key respects, an electoral-professional party.

The organisational development of the party in its initial phase confirmed this tendency. The formal coalition of parties was quickly dissolved and a unitary party structure was imposed. Unsurprisingly, this aroused suspicion and discontent amongst the ideological factions, but again, the absence of any viable political alternative or *exit option* (Hirschman 1970) to Suárez's leadership precluded serious internal opposition. A highly centralised party organisation emerged, with authority emanating from the presidency through the secretary general (appointed by the president), and no formal recognition of the party's heterogeneous origins. The party executive was elected through a majority list system (easily controlled by the president), and in any case was rarely consulted. The territorial structure of the party was under firm central control, and provincial offices were largely controlled by Suárez allies from the old *Movimiento*. This centralisation of power around the leaders' office extended to a 'consultative' role in the drawing up of candidate lists, giving the leader the potential to control the composition of the parliamentary party. The evidence pointing to a highly centralised 'presidentialist' party was overwhelming.

Other features of the electoral-professional party were present. Although a 'membership drive' was announced, it was followed through only half-heartedly, and although UCD's official membership figures compared favourably with other Spanish parties, by European standards membership was extraordinarily low (70,000 in 1979; 150,001 in 1981).<sup>10</sup> This indicates that the party could certainly not be described as a mass party, and suggests an extremely superficial penetration into civil society; the implication for leadership domination should be evident enough. Another important feature of the mass-bureaucratic party was absent; although reliable figures on the structure and size of UCD's extra-parliamentary central office are hard to come by, all the evidence points to it being relatively small,<sup>11</sup> and largely loyal to the party

leadership rather than to any putative mass base. The leadership's freedom of manoeuvre over electoral strategy was protected by the refusal to commit UCD to any firm ideological positions; the party's ideological documents were a largely meaningless jumble of 'warm words', which failed to address the potential contradictions between Christian Democrats, Liberals and Social Democrats (see UCD 1978a,b; García San Miguel 1981). One source close to the president argued that 'ideologies are synthetic creations. They close out options. We want to be open and see no reason why we need an ideology. (...) The party is where its voters are'.<sup>12</sup> In the 1979 election, UCD confirmed its dominant position with a largely vacuous message based on valence issues (see UCD 1979), and an appeal to voters' suspicion of the still formally Marxist Socialist Party (PSOE). 'Modern' American-style campaign techniques were employed, using publicity agencies and media consultants, and instead of political rallies, UCD organised youth and children's festivals and concerts with pop musicians (García Morillo 1979). The professionalisation of campaign decision-making was total, and traditional campaigning rituals such as canvassing and public meetings were largely shunned. The superficial adherence of UCD voters to the party can be seen in both the large number of 'undecided' voters who eventually voted for UCD, the very low levels of voter identification with UCD throughout its history, and the low levels of support for UCD between elections revealed by opinion polls and other survey research (Barnes et al. 1981, 1985).

The UCD had a great deal many more electoral-professional features than mass-bureaucratic ones (although to an extent this could be seen as inevitable for a party at this stage of its development). Moreover, the political successes the party achieved in its short history should not be underestimated: as well as being the plurality party in two legislative elections and the first local elections in the new democracy, the rapid and relatively trouble-free consolidation of this democracy owed a great deal to the skilful way in which UCD fulfilled its pivotal role in the transition process. However the period after 1979 saw the party decline into internal chaos and disintegration, and the process can give interesting insights into the implications of the electoral-professional or 'business firm' party model.

*Crisis and collapse of the business firm model.* This process of disintegration is particularly interesting as it involved internal conflict over party models, in which different ideal types of party organisation were, implicitly or explicitly, the focus of internal conflict. Certainly ideological differences and even incompatibilities were at the heart of the disputes, but it was the absence of consensus over organisational rules that made these differences insurmountable.<sup>13</sup> The crisis emerged initially as a result of Suárez's series



of political successes grinding to a halt after the negotiation of Basque and Catalan Statutes of Autonomy in the summer of 1979. Suárez's government quickly came under political pressure in the face of an aggravation of the economic crisis and the intensification of political violence in the Basque Country. The government was criticised from all angles for its failure to respond to this crisis, and Suárez himself was attacked for appearing to have run out of ideas. This raises an interesting point worth exploring. Given the 'business firm' party's lack of ideological orientation and its eagerness to attract superficial support from broad sectors of society, there is a risk that such a party can have difficulty in setting coherent objectives for political action, particularly if it has government responsibilities. In the same way as UCD had been able to win credit from the bulk of the electorate (even those who voted for other parties) for its successful management of the transition process, the post-1979 political crisis left UCD with very few committed supporters. As the political debate moved from very general issues of democracy and the reform of the state, on which consensus was relatively easy to reach, to divisive issues of economic policy, administrative reorganisation and social reform, UCD found itself incapable of sustaining a coherent political line. On each of these issues, a coherent policy choice ran the risk of alienating some sector of its support: either the lower-middle salaried class or the business sector over fiscal and monetary policy; either the Castillian centre or the state periphery over regional devolution; either the secular urban classes or the Catholic heartlands over social reform. UCD's inability to make clear political choices created the worst of both worlds – all sectors of its electorate were disillusioned by its refusal to provide a political lead.

The business firm ideal of a lightweight organisation with the sole basic function of mobilising short-term support at election time compounded the problems emerging from the lack of a clear political line. The failure of the party organisation to act as a 'transmission belt' meant that no effort was made to explain or justify party positions amongst voters through an active membership, nor did the party establish channels through which voter discontent could be expressed. In Hirschman's terms, the party made the exercise of *voice* prior to *exit* a costly choice for voters to make, encouraging voters to show their disapproval by deserting the party at election time. Of course, it is in the nature of the business firm model that a greater proportion of the party's electorate would be sufficiently mobile (in the absence of strong party identification) to exercise the exit option than would be the case in a mass-bureaucratic party, making short-term political failures potentially fatal to the party's hopes of survival. Whilst the responsiveness of older, institutionalised parties to their electors should not be exaggerated, and the difficulties in establishing a core electorate early in a party's history are recognised, UCD's

difficulties in setting the process of institutionalisation in motion undoubtedly exacerbated the effects of its post-1979 crisis.

But perhaps one of the most curious features of the crisis of the business firm model in the case of UCD is the conflict over party models which found its expression in the creation of the *critical movement* of internal opposition in 1980–81. This movement was in large part an expression of political and ideological discontent, as it grouped together the more conservative sectors of the party (particularly the Christian Democrats and Liberals) against the more centrist sectors supporting Adolfo Suárez. On the surface, therefore, it could be interpreted as the kind of ideological battle present in any number of parties, even those showing strong mass-bureaucratic tendencies. What distinguishes this internal conflict is the emphasis placed on party organisation, and the normative tones which the debate took on. Statements made by a number of critics suggest that their positions were strongly influenced by ideal types of party organisation which they regarded as desirable, either through contact with academic works on political parties, or more often through their observations on the way parties organised in established Western European democracies. Incipient parties made great efforts to achieve international recognition as the formal representatives of particular ideological positions in Spain, and faction leaders in UCD had close contacts with the Christian Democrat and Liberal Internationals. The party politics of European neighbours exerted significant influence, in part because the stable democracies in Germany and France were an example that democrats in Spain were keen to follow, but also because ‘sister parties’ in these countries were eager to establish good relations with new parties in Spain, and offered practical help on party building. An example of this is the financial and other help given by the German CDU to Spanish Christian Democrats through the Konrad Adenauer Foundation.<sup>14</sup> Whether or not for this reason, one Christian Democrat described the organisational debate as follows:

People in the party began to say that this was not the way to organise a modern political party, and it was not the way to respond to other parties which were organising themselves in line with organisational models of the major European political parties. Our model was basically that of the major Western Christian Democratic parties, which, in modern times, have become modern ‘popular’ parties, open to broad sectors of society.<sup>15</sup>

The same respondent explicitly interpreted UCD’s structures in reference to Duverger’s model of the cadre party.

The critics’ first target was the allegedly arbitrary exercise of power by the party leader, and the leader’s neglect of the party membership; an appeal

was made for internal democracy in the position document published before the 2nd party congress in January 1981.<sup>16</sup> In a sense what the critics argued for was a degree of bureaucratisation in the sense of rigorous respect for the structure of authority laid down in a set of reformed party statutes, the existing *presidentialist* statutes having generally been overridden by the overwhelming authority of the party leader himself. The critics demanded that UCD should acquire an autonomous existence beyond the requirements of the party leader, and identified the centralisation of party power around the leader as a source of fragility:

The personalistic approach in the statutes has two risks: 1. it hinders the UCD's institutionalisation; to expect the party to revolve around the leader and his circumstances is to condition the UCD's survival to the leader's political fortunes (...); 2. it is a risk for the leader himself, as it makes him responsible for the positive and negative results of all the decisions taken.<sup>17</sup>

What the critics saw as the unpredictable and incoherent line taken by Suárez could be overcome by tying UCD to both an explicit ideological position and a set of concrete social interests. These demands could evidently not be met within the electoral-professional model of party organisation.

However the critics were not arguing for a mass-bureaucratic party as such. The ultimate aim was for UCD to identify a coherent social base (a conservative one, in their preference) and for its policy decisions to respond to the expressed needs of that social base. This position was necessarily inimical to the catch-all electoral strategy followed by Suárez. But the means of achieving this link with the conservative social base was not the establishment of a mass membership party of the traditional kind. Instead the critics hoped to bind UCD to particular interest groups representative of this social base. As one advocate of this position explained,

Our party should penetrate into society, absorbing and allowing itself to be absorbed by the powerful social network which defends legitimate interests and professes beliefs which are compatible with the way of life that UCD wishes to promote (...). In this way, the party will acquire solid roots in society, and become aware of the concerns and problems, interests and demands of that society. (...) In the same way in which the Socialist Party could not turn its back on its affiliated Trade Union in formulating an economic policy, we cannot decide our policy on education without consulting parent-teacher associations, nor can we decide our economic policy without consulting the business community (Herrero de Miñón 1982).<sup>18</sup>

Herrero's proposal would integrate conservative interest groups such as the business association CEOE and the conservative Catholic parent-teachers association movement into the party's structures, binding party policy to the demands of these groups. Although the electoral-professional model provides for some relationship with interest groups – largely with the objective of securing party finance – the critical project had the opposite aim of reducing the party's electoral room for manoeuvre and strengthening links with a sector of the party's electorate. This model has been described by Richard Gunther (1986) as the *holding-company* model – the party simply serves as the parliamentary vehicle of a federation of more or less compatible interest groups, coordinating campaigning strategies in line with the interest groups' policy demands.

The debate over organisational models is particularly interesting because it highlights the differing views on the importance of professional technical expertise in determining party strategy. A key element in the critical project was the creation of what became known as the 'natural majority' – a broad political alliance between all the groups to the right of the PSOE (essentially UCD and AP). The problem with such an alliance was that the reactionary image of AP was likely to alienate a large number of centrist UCD voters, and was highly unlikely to produce a 'majority' of any kind. Extensive data on the preferences of the Spanish electorate were available to the UCD leadership through their control over the Centro de Investigaciones Sociológicas, and therefore the potentially damaging electoral consequences of the 'natural majority' were well-known. For this reason, a Suárez advisor wrote in the press that

paradoxically the real interests of conservative sectors of Spanish society will not be best defended by a more conservative UCD. (...) Pushing UCD into profoundly conservative positions means leaving too large a political space open to the Socialists, who have adopted a very intelligent strategy consisting of moderating their political message (Gámir 1981).

The electoral opportunity structure in Spain at this time, as in 1977–79, rewarded broad, centre-oriented parties. For all UCD's weaknesses, it still appeared the most appropriate vehicle through which the Spanish right could defend its positions. In spite of the evidence, however, UCD conservatives pushed for, and eventually achieved, the creation of a broadly conservative force capable of dominating the political space to the right of the PSOE. After losing the 1982, 1986, 1989 and 1993 elections, this force, renamed as the Popular Party (PP) in 1989, has recently become the largest Spanish party (by a margin of 1.4% and 15 seats) in the 1996 elections. That this party took so long to recapture the position held by UCD in 1977 and 1979,

and that even now its parliamentary representation is only sufficient to form an uncomfortable (non-formalized) coalition government, suggests that the critics and their external supporters made a serious strategic error.

*Party models and party collapse.* The failure to find common ground between the advocates of the two differing conceptions of what kind of party UCD should be brought effective party action to a halt, and pushed UCD into an accelerated process of decomposition. The collapse of the party was not the result of the flaws of any one model, but the consequence of conflict arising from the failure to agree over a party model, which exacerbated underlying ideological tensions. Two sets of conclusions are suggested by this analysis. First of all, the UCD's collapse, although it cannot be accounted for solely in terms of the business firm or electoral-professional model of party organisation, does indicate certain risks involved in applying this model to the reality of party politics. The weakening of electoral links inherent in this approach renders parties extraordinarily vulnerable to the consequences of short-term political failures, whether or not these failures are due to internal conflict. By refusing to establish and protect a core electorate, business firm parties deny themselves the cushion of loyal voters which can help parties survive periods of crisis.<sup>19</sup> Similarly, the UCD's experience suggests that deideologisation, if taken too far, can disorient an organisation rendering coherent collective action impossible. The strengthening of leadership authority makes parties dependent on the abilities and successes of their leaders; in cases of leadership failure, the absence of a mass base to pressurise the leader for change, or even to force the leader's substitution, denies parties a useful safety valve. Finally, it indicates that party finances dependent on *ad hoc* contributions from varied interest groups can be an unstable form of finance; ultimately the business sectors who had backed UCD in 1977 and 1979 withdrew their support in protest at Suárez's refusal to follow their instructions on economic policy, and these sectors' support of the critical movement was a fundamental cause of the party's internal conflict leading to its disintegration.

Second, the case of the UCD's collapse provides interesting evidence on the validity of competing theoretical models of party behaviour. The behaviour of UCD leaders, for various reasons, simply did not correspond to the 'self-interest axiom' suggested by rational choice theorists as the basis for the explanation of party behaviour. Critics such as Oscar Alzaga and Miguel Herrero pushed for, and eventually achieved, a reorganisation of the Spanish centre-right which excluded the interests they defended from public policy influence for 14 years. On an individual level, very few of the UCD critics (and none of their leaders) will benefit, in terms of power positions, from the right's recent electoral victory; ironically, two of the most significant ex-UCD figures

in the PP were Suárez supporters in 1980–82.<sup>20</sup> Adolfo Suárez's departure from UCD in July 1982 to form his own party (the CDS) is equally difficult to fathom in terms of the self-interest axiom – by leaving UCD he effectively guaranteed its dissolution, yet the CDS aimed to perform a function practically indistinguishable from that performed by UCD. Again, Suárez remained excluded from political power for the rest of his career. These decisions, as Richard Gunther has pointed out, can only be interpreted as the subordination of vote maximisation and office-seeking to other political objectives, such as ideological self-definition and freedom of political expression, objectives which rational choice theories of party organisation have tended to ignore (Gunther 1989). This suggests that in real politics the business firm model – whose effectiveness in securing internal cohesion depends on party members behaving as Downsian power-seekers – could exacerbate internal conflict rather than subduing it.

### **The business firm as party: Berlusconi's Forza Italia**

The case of Forza Italia is probably the most extreme example to date of a new political party organising as a business firm (Diamanti 1995; Panebianco 1995). In Forza Italia the distinctions between analogy and reality are blurred: the 'political entrepreneur' in question is in fact a businessman, and the organisation of the party is largely conditioned by the prior existence of a business firm. Yet the importance of Forza Italia in the present Italian party system suggests that its peculiar characteristics should not be dismissed as an aberration. What follows is a preliminary attempt to analyse the implications of this phenomenon in the light of the preceding discussion on party models and the experience of the Spanish UCD.

*The genetic model.* It is not our intention here to provide a systematic comparison between UCD and Forza Italia (FI), and it is important to recognise that they emerged in quite different political circumstances. The collapse of the Italian 'First Republic', whilst providing opportunities for extensive changes in the Italian party system and allowing the entry of new political actors, did not leave a political vacuum comparable to that left by Franco's death. The continuous period of albeit at times unstable democracy in post-war Italy means that a number of political routines and norms have been established that the changes of the 1990s are unlikely to alter. However, the contexts in which UCD and FI emerge do have some interesting features in common (Pasquino 1995).

Whilst Suárez and the UCD attempted to provide a way for the support-base of Francoism to hold on to power by democratic means after the collapse

of a discredited dictatorship, Berlusconi and FI emerged as a way of ensuring that the Italian left was not the immediate beneficiary of the collapse of the Christian Democrat-Socialist alliance which had ensured basic continuity in Italian government since the 1960s. In this sense both parties had to navigate a delicate balance between continuity and reform. The *mani pulite* investigations in Italy discredited the parties representing the status quo, leaving a large number of conservative, or at least anti-communist, voters in a state of confusion.<sup>21</sup> The Northern League,<sup>22</sup> and to an extent the neo-/post-fascist MSI (in the process of becoming Alleanza Nazionale),<sup>23</sup> benefitted from this, but neither appeared capable of hegemonising the political space left empty by the demise of the DC and PSI. Both the League and the hard right were, essentially, anti-system parties unlikely to attract those sectors of the DC-PSI electorate who were afraid of radical change and political instability (Morlino 1996: 9).

Berlusconi's emergence as a 'political entrepreneur' can be explained in part by this political opportunity structure highly favourable to a new, but basically conservative, political party, untainted by involvement in the *pentapartito* system, which could offer political change and renewal with reassurances that existing privileges would be protected. At the same time, these conditions did not 'cause' the creation of Forza Italia: Berlusconi's entry into politics was also an intentional act responding to powerful private motives. The construction of his business empire Fininvest, and in particular his dominance of commercial television through Mediaset, had been achieved in part through effective use of high level political contacts, such as his close friendship with Bettino Craxi (McCarthy 1996). The collapse of the political order dominated by Craxi's PSI and the DC left Berlusconi politically exposed at a time when he faced a serious debt crisis, and there was a risk that a left-wing government would take steps to reduce his near-monopolistic control of commercial television. Hence, originally FI was little more than a personal instrument, created for this specific private purpose: to win the elections in order to prevent a hostile left from jeopardising Berlusconi's own economic empire.<sup>24</sup>

Not unlike Suárez, Berlusconi took steps to legitimise his political project, as well as coopting potential rivals, by integrating other groups on the centre and right into a broad, although anomalous coalition: in the south together with Alleanza Nazionale (AN), FI formed the Good Government Alliance (*Polo del Buon Governo*); in the north, together with the Northern League, it created the Freedom Alliance (*Polo delle Libertà*). Both alliances owed more to each participant's strategic advantages than their ideological proximity or even compatibility (Di Virgilio 1994: 509). The *Polo* also integrated conservative Christian Democrats (the CCD), Liberals (UdC) and libertarian

radicals (Riformatori, the former Radical Party). Cooperation between these extremely heterogeneous groups was facilitated by the dominant position held by Berlusconi in the political game. This dominant position was due to his possessing important political resources characteristic of the leadership of the business firm party: personal popularity, organisational advantages, and crucially, access to unlimited professional expertise in mass communications.

At its origins, Forza Italia, the pivotal force of the *Polo*, brings together with remarkable clarity the characteristics of the party model which has been described here as the business firm party. Although the Forza Italia project formally began in the autumn of 1993 with the establishment across the national territory of around 4000 Forza Italia 'Clubs', aimed at mobilising public opinion in favour of a vaguely neo-liberal project (Paolucci & Barbesino 1994; Farrell 1995), the real creation of the party came with the calling of general elections for the end of March 1994. In a fashion not dissimilar to the creation of UCD, the emergence of FI as a political force came with the selection of parliamentary candidates able to stand in the elections as representatives of the Berlusconi project. The fundamental nature of FI as an 'electoral machine' (Diamanti 1995: 75) is indicated by the blatant marginalisation of the clubs from the real centres of power in FI as soon as the electoral campaign was over, and the lack of interest shown by Berlusconi in promoting membership participation thereafter. On the contrary, in order to preserve the leader's freedom of manoeuvre. Berlusconi's circle quickly elaborated a strategy aimed at preventing any participatory drive or the constitution of a responsive, bottom-up structure.

Forza Italia's original statutes consisted of just 19 articles, and were immediately 'suspended' for three years, leaving the organisation under the untrammelled control of its leader (Poli 1997: 83). Just to make sure, a formal separation of grass-roots activists from the leadership was established. The party was structured into two separate, largely non-communicating parts: the political movement and the clubs movement (a move equivalent to a traditional party separating local sections from the rest of the organisation). From the very beginning, contacts between the two structures were extremely difficult, mediated as they were by the clubs' supervising body, ANFI (*Associazione Nazionale dei Clubs di Forza Italia*), whose top executives had been personally appointed by Berlusconi, rather than elected by the clubs themselves. The ANFI Coordinator's membership of the Executive Committee of the political movement was the only instance of formal contact between the two structures. But since ANFI's Coordinator was a top manager of the Fininvest group, it could hardly have been expected that he be more responsive to the clubs than to the party leader, who had personally appointed (and later discharged) him, and who happened also to be his employer. Moreover, and



not by chance, the clubs were not even mentioned in the party statute, while within ANFI no representative mechanisms were prospected: clubs had no power over their territorial coordinators, who are mostly Programma Italia agents (see below) nominated by Berlusconi. The clubs' tasks were initially vague and unstructured, and they were certainly not expected to perform the political and social functions of the classical territorial units of mass membership parties. On the contrary, after the 1994 elections their activities subsided, membership figures declined, and their network became virtually irrelevant to the life of the political movement.

Forza Italia's genetic model also reveals another characteristic trait of the business firm party: a high degree of centralisation of power around the party leader. The original statutes provided for a very simplified structure centred around the Members' Assembly, which would formulate policies and elect a kind of executive committee, the Council of the Presidency (Comitato di Presidenza). The name suggests a group of advisors to the party leader, rather than an arena for collective decision-making. Despite having been announced by the constitutive act, the special regulations which should have shaped the organisation by configuring its internal functions and defining the competences of party bodies were never issued, and the party's normative density and complexity therefore remained very low. The Assembly never gathered, and the Council of the Presidency, instead of being elected, was initially entirely coopted by Berlusconi, who filled it with people from his entourage (lawyers and managers from Fininvest), adding a couple of external academics or otherwise well known personalities, mainly to convey the impression that the party was not totally dominated by Berlusconi's 'clan' (see Gilioli 1994). Nevertheless, even this very small body did not formally meet on more than a handful of occasions, indicating that decision-making and strategy elaboration were taking place outside official party channels. Indeed, Berlusconi's mansion in Arcore, near Milan, as well as, later on, his Rome apartment, were the nerve centres of the organisation. Here, informal meetings were called by Berlusconi as President of FI, which were hardly distinguishable from those he would call as President of Fininvest.

The organisational confusion between Fininvest and Forza Italia characteristic of the party's genetic model was the key to its internal dynamic. Party strategy was elaborated by an 'inner circle' of Berlusconi's closest collaborators and friends, a group held together by admiration and loyalty towards Berlusconi, and accustomed to working under his leadership: the two Vice-Presidents of Fininvest, the President of Publitalia, a number of Fininvest managers, and a Mediaset TV celebrity. The strategies elaborated within this leading group were in turn implemented by three different sub-groups of Fininvest managers. Forza Italia's political marketing, a fundamental element

in determining party strategy, was carried out by Diakron, an opinion polling agency set up by two former Fininvest managers and staffed by Fininvest employees who had been working in the field of marketing research. Programma Italia (a branch of Fininvest dealing with mutual funds), was charged with setting up the network of Forza Italia Clubs, using its extensive nationwide sales network. ANFI, charged with coordinating the activities of the Clubs, was founded in November 1993 by the former manager director of Fininvest France. Finally, Publitalia 80, the branch of Fininvest specialised in commercial advertising, directed the process of candidate recruitment and selection by mobilising the network of commercial contacts they had created in over ten years of business activity.

Several of the Fininvest managers 'loaned' in this way to the party-electoral committee during the 1994 electoral campaign were to remain in FI, forming the backbone of an extremely centralised and non-bureaucratic, 'slim' organisation. This was actively enhanced by the initial refusal to issue membership cards or call a party conference. 'Territorial coordination' continued to be carried out in a centralised fashion by the 20 Regional Coordinators named by the leadership, largely Publitalia managers who had been responsible for the creation of Forza Italia (essentially the process of candidate selection) in the various Italian regions prior to the 1994 elections. The national headquarters of the political movement were staffed by less than thirty employees, working under the direction of the national organisational coordinator, a figure not provided for in the statute, and unlikely to exercise any authority. Decisions were taken within the restricted circle of Berlusconi's 'friends'. All the evidence points towards FI being a centralised, leader-dominated, firm-centred political organisation at its origin, a model described by the first party organisational coordinator, Cesare Previti, as a 'partito leggero' ('light party').

*Winning votes: The political message and the electoral base.* As far as de-ideologisation is concerned, FI differs from UCD in a number of key respects. First of all, perhaps because of the contrasting political context of FI's creation, there was little attempt by Berlusconi to win over moderate left-wing voters. Rather than a strictly catch-all, non-ideological strategy, FI started by fostering the formation of a moderate coalition of liberal personalities from the world of business, journalism, and the liberal professions in order to attract centre-right voters, and put a halt to the dissolution process affecting the right, which would have secured the electoral victory of the '(ex)-communists'. Indeed, FI was initially set up not as a new party, but as a pressure group aimed at sponsoring the selection and the electoral campaign of a team of neo-liberal candidates, which would be offered as a 'package'

to politicians of the centre who had survived the corruption inquiries, much as any other financial or advertising package would be offered to Fininvest clients. After a series of hectic negotiation rounds between December 1993 and the beginning of January 1994, the agreement with the centre failed to take place (Di Virgilio 1994: 504–511). Only at this point did Berlusconi decide to ‘take to the field’ in person, at the head of the FI candidates and clubs: the party was founded on 18 January 1994, 60 days before the elections (Revelli 1994: 667).

During the first phase of candidate selection for the neo-liberal project,<sup>25</sup> Giuliano Urbani, a political scientist at the Bocconi University in Milan, elaborated the program, which was circulated among entrepreneurial and intellectual circles, and finally published in the form of an Appeal (‘In Search of Good Government: Appeal for the Creation of a Winning Italy’). Its catchwords were those of new right liberalism, with talk of slimming down the role of the state, measures to encourage private enterprise, and tax cuts. However, no group of functionaries or beneficiaries of state largesse were identified as targets for spending cuts, and indeed Berlusconi soon claimed to have found a previously undiscovered ‘trick’ which permitted taxes to be cut, the deficit to be reduced and spending commitments to be maintained. In fact, FI defined itself rather more in negative terms, as an anti-communist movement, identifying the post-communist PDS as its chief political opponent. To this extent, an appeal to the Catholic commonplaces of family life confirmed that the target electorate was the space to the right of the PDS.<sup>26</sup>

Nevertheless, once the decision to ‘take the field’ had been taken, FI’s campaign strategy in the 1994 election became generally extraordinarily consistent with the electoral-professional model of party behaviour. The name itself (Forza Italia means ‘come on Italy’), a chant previously available to anyone cheering on the Italian national football team, was shamelessly appropriated as the exclusive property of a political candidate. The attempt was to associate Berlusconi with a kind of patriotism which in Italy has often been most evident in the successes of Italy’s football team, an association helped by Berlusconi’s position as chairman of AC Milan. In similar style, he refers to his party as *gli azzurri* (‘the blues’: the name given to the Italian national football team). Given the enormous popularity of football in Italy, this was a conscious attempt to present FI as the party of the whole nation, rather than of any particular social class or grouping. Similarly, Berlusconi was at pains to portray himself as a representative of ‘il nuovo’ (Farrell 1995) – a new man untainted by the corruption and inefficiency of past governments. Criticisms of his way of operating were rebutted as belonging to ‘old ways of doing politics’; the evident differences in style between the dynamic if unsophisticated entrepreneur and the Machiavellian manoeuvrings of the existing political

class were constantly emphasised.<sup>27</sup> The electoral programme, presented to the public during a Convention in Rome on February 6 1994, was articulated as a kind of neutral shopping list of solutions to practical problems, rather than a political manifesto.

Moreover, a picture of FI electorate's socio-economic composition shows a striking lack of a dominant social type: the vote for FI has been cast by 'all kinds of people, no matter which age group or social condition. The average socio-economic profile of FI voters does not differ very much from the average profile of the whole electorate' (Mannheimer 1994: 35). Indeed, this profile can be regarded as its defining trait. As Ilvo Diamanti (1994: 666) has suggested, 'FI's specific identity lies in this 'average' character'. Accordingly, FI would represent 'average society (...) rooted in traditional values and institutions, like family, market and Church, and driven by a demand for 'law and order' and stability'. The predominant values and attitudes of FI voters resemble those of the population at large, albeit with some significant differences: higher support for territorial decentralisation, higher trust in the North of the country, stronger endorsement of private enterprise, very high trust in small businessmen and their capacities, and a very strong affection for, if not identification with, Berlusconi's TV channels. The lack of both an ideologically argued program and an identifiable social base indicates that the prevailing logic pursued by FI has been very much one of electoral competition, rather than of constituency representation (Kitschelt 1989).

Perhaps the most striking aspect of FI as an electoral-professional party was the unprecedented role of professional marketing experts in designing the party's political message. Here the ready availability of Fininvest specialists made professionalisation a relatively inexpensive and straightforward process. Moreover, Berlusconi's extra-political knowledge and resources were of crucial importance in the exploitation of the available opportunity structure: they allowed him to tailor his political project to appeal to specific targets, and market it successfully. The 'Forza Italia product' was indeed 'sold' with the aid of techniques usually adopted for the promotion of merchandises. Two subsidiaries of Fininvest, Diakron and Publitalia, performed the role reserved in traditional parties for party conferences and executive committees. Diakron provided Berlusconi with extensive opinion poll data on what kind of message could attract ex-DC/PSI voters, and all of FI's policy positions were elaborated on the basis of these data (Farrell 1995: 46–47). Far from using marketing techniques in order better to present party policy, in the case of FI party policy derived directly from market soundings (Revelli 1994: 669). Downs's famous statement that 'parties formulate policies in order to win elections rather than win elections in order to formulate policies' has rarely been a more accurate description of a party's behaviour.

In addition to the use of monitoring devices for internal strategic design, the employment of survey information in actual political communication indicates a highly professionalised and managerial approach to politics. Opinion polls have been strategically used as resources in bargaining with allies or in competing with rivals, insofar as they serve to attribute high levels of support which cannot be verified until the real poll takes place. The continuous publication and citation of opinion polls showing the astonishingly rapid rise and continuous upward trend of Berlusconi's popularity was functional to the need of visibility of an entirely new political force, but it also attracted more and more voters onto the virtual winner's side, with the typical band-wagon effect well known to marketing experts. Moreover, the high level of support for FI revealed by polls data was used in the infra-coalitional negotiations about the division of electoral districts. The virtual winner FI managed to place its candidates in some 35% of the electoral districts in the south (agreement with AN) and in 30% of the districts in the north (agreement with the Northern League) (Di Virgilio 1994: 522–525). Forza Italia's political marketing has made extensive use of focus groups, now well established as part of the electoral armoury of Anglo-Saxon political parties.<sup>28</sup> The issues raised in the groups were subsequently monitored by Diakron's opinion polls, allowing FI to update political strategies and shape issues more efficiently than its political rivals. Moreover, Focus Groups provided Diakron with samples of the language and way of thinking of ordinary people, which directly entered Berlusconi's communication strategy.

Another important element of professionalisation was, of course, the use of modern mass communications techniques, in particular television advertising and the manipulation of news services on Berlusconi's commercial television stations (Morlino 1996: 12). The extent of the political bias present on Fininvest channels was and still is remarkable by any standards, and has extended beyond the manipulation of political information to the recruitment of popular light entertainment figures to campaign for FI in their game shows. This use of television raises interesting points about party organisation.

First of all, as is well-known, the ability of television to project a charismatic leadership image cost effectively in the homes of the vast majority of electors reduces the need for a mass membership to canvass supporters with traditional labour-intensive methods. The effective internalisation of television broadcasting into the party structure itself takes this tendency a step further. In FI, the search for support was almost entirely carried out on televisions either owned by Berlusconi, or linked to Fininvest through business contracts. At the local level, a hundred local TV stations already connected to Fininvest were offered free programs in exchange for free time for political advertising. At the national level, FI spent 80% of its advertising budget on

the three Fininvest channels. The leader of the opposing coalition, Occhetto, received only 25% of the airtime dedicated to Berlusconi on the Fininvest channels. The importance of television is confirmed by the training Publitalia representatives gave to FI candidates. Potential candidates, generally young, professionally established and successful, and usually with little political experience, had to follow courses in speaking in front of TV cameras, and received written evaluations of their video performance and overall image.<sup>29</sup> In sum, Berlusconi's approach to politics has been entirely marketing driven: FI once again fits perfectly within the electoral-professional model, which suggests that these highly professionalised new techniques imported from business firms are becoming increasingly decisive in political competition.

Second, the ease with which television can manufacture a charismatic leadership image when the necessary expertise is available suggests that 'top-heavy' parties, consisting of little more than a parliamentary elite and a skeletal territorial structure, are becoming increasingly viable alternatives to mass membership parties (notwithstanding FI's eventual abandonment of the original 'partito leggero' model – see below). FI's links with the electorate and society are fragile and fluid, and dependent on the use of the mass media to an extent unprecedented in a Western democracy (Diamanti 1995: 75). Ownership of mass media, in its turn, increases the manipulative potential of communications experts (Statham 1996b: 91). FI's success is indeed mainly due to the expertise applied by Fininvest managers to the construction and diffusion of the image of their leader and employer (see Seisselberg 1996). Due to the control he could exercise on his networks, Berlusconi, unlike his competitors, was able to plan his own video appearances, and make use of all the sophisticated techniques available in his studios in order to achieve the best results. Berlusconi was presented as a 'natural leader', an individual who had achieved success as the carrier of special personal qualities, which were presented as the right ones to achieve the mission he had charged himself with, namely the fulfilment of a 'new Italian miracle'. With the consultancy of political and media experts and social scientists, Berlusconi combined the advantages of the business-firm party with those of charismatic authority: on one hand, he exploited his position of ownership to create the central nucleus of the party via cooptation of existing loyalties. On the other hand, he constructed a charismatic image, to extend the appeal of the party far beyond the firm's boundaries.

*Limits of the business firm model: Forza Italia after the 1996 elections.* The organisational characteristics of the Berlusconi project suggest that in its initial phase Forza Italia, rather than the party as business firm, was in fact the business firm masquerading as a party. The existence of a ready-made

and efficient network of representatives through Publitalia meant that FI had no pressing electoral need to establish any territorial structure autonomous of Fininvest, and indeed Berlusconi was extremely reluctant to countenance the creation of a structure which could acquire a life of its own, thus curbing his freedom of manoeuvre. In the first two years of FI's existence the party structure persisted unchanged, despite outside criticism and internal protests. Due to the astonishing success of the original organisational pattern, there was little incentive to change this structure of electoral committees centred around a powerful leader, working according to the business firm prototype.

The Forza Italia case therefore suggests that the pressures towards electoral-professional models of party organisation can, in exceptional circumstances, lead to political representation being taken on by organisations which bear little resemblance to political parties in the accepted sense. For example it has been argued that FI's organisational model was inspired 'by the power structure of a modern capitalist corporation' (Farrell 1995: 45–46). Whilst in the case of UCD the party's organisational structure clashed with some party members' visions of what a political party in a modern democracy should be, in the case of Forza Italia traditional democratic models of party organisation served as a 'counter-model'. The model adopted stemmed from a belief in the organisational superiority of the private business firm, which is reflected in turn in FI's emphasis on modern entrepreneurialism as an effective substitute for a discredited political class composed of professional politicians, academics and lawyers. The participatory functions of political parties, and their penetration into society, were rejected.

This aroused bitter discontent among those parliamentarians and activists who had entered the party on non-patrimonial grounds. But these 'outsiders' were denied effective voice within the party; the FI elite refused to negotiate party strategy, as this would suggest a move to more participatory procedures. The exit option was the only viable alternative to loyal behavior, in a context where no-one within the party had the organisational strength to challenge the leader and his circle. The limited membership (some 5000 membership cards issued during the 1994 campaign were subsequently cancelled) and absence of independent internal decision-making bodies made it impossible for those outside the corporate structure to exert any influence within the party. Critics argued in favour of decentralisation, a party conference, a comprehensive party statute, clear hierarchies and the 'de-fininvestisation' of FI. They argued that the party should acquire an autonomous existence from the leader and his business-firm, and identify social interests to be represented, in fruitful interaction with interest groups.

If a change in organisational strategy did ultimately occur this was largely due to the series of political and electoral failures Forza Italia suffered

between late 1994 and 1996. The first and most obvious was the fall of the Berlusconi government in December 1994 after the Northern League abandoned the *Polo* and withdrew its parliamentary support. Although this event was not directly related to FI's organisational characteristics, the loss of government power and the passage of Forza Italia to parliamentary opposition favoured organisational change by allowing the party leadership to concentrate on party, rather than government, matters. More directly related to organisational concerns were the party's electoral failures. Forza Italia's poor results in the regional and local elections of April 1995 compounded the political failure of Berlusconi's exit from government, and demonstrated the limitations of the televisual leader-oriented strategy. Without a presence 'on the ground', Forza Italia was at a clear disadvantage in local politics, and the realisation of this led Berlusconi to embark on a process of reorganisation of the party's structure. This process, accelerated by the *Polo*'s defeat in the 1996 legislative elections, saw Forza Italia adopting, in a *sui generis* fashion, some of the more traditional characteristics of political parties, including a party Congress, held in April 1998.

The first attempt at organisational transformation, the establishment of a so-called 'partito dei militanti' (party of activists), revealed Berlusconi's recognition of the need for some kind of grassroots party base (Poli 1997: 94–100). The project envisaged the recruitment of 300,000 *promotori* ('promoters'), who would guarantee the party's presence in all the administrative units of the state down to communal level, and coordinate party fund-raising.<sup>30</sup> At the same time, the aspiration of the 'partito leggero' persisted, in that it was intended to avoid the emergence of an unwieldy bureaucratic territorial structure. Moreover, central control would be maintained: despite early suggestions of candidate selection through 'primaries' of FI sympathisers, the party's centralised structure was maintained through the expedient of party officials being nominated by their immediate hierarchical superiors, and the persistence of the dominant role enjoyed by the 20 regional coordinators. The hope was that the high level of commitment and activism of the 'promoters' would obviate the need for complex territorial structures and mass memberships. The hope was soon proved unrealistic, but it did suggest a move towards more traditional models of party organisation.

The most recent developments have pointed towards Forza Italia acquiring, at least superficially, some of the organisational features of traditional party models. In 1997, the leadership finally accepted that some kind of party membership base was required, launching a membership drive which resulted in an official figure of 140,000 members (Poli 1997: 106). There is good reason to believe that this figure is inflated: apart from traditional unreliability of official party membership figures, FI's lack of territorial structures to



coordinate such a drive and the high cost of joining (100,000 lire) suggest that such a figure may be optimistic. In any case, 140,000 members is a very low figure for a nationwide party in a country the size of Italy. The leadership's determination to maintain its control of the organisation is demonstrated by the decision to register party membership centrally rather than through the territorial subunits. The membership base has served to elect (through 117 provincial assemblies) half the delegates to the first national Congress, the other half consisting of 1372 elected representatives in the national and European parliaments and the regional and local councils. Whilst for the moment it is difficult to draw definitive conclusions about Forza Italia's organisational development, the Congress itself provides some indications of how far it has progressed away from the pure business firm model.

The timetable of the Congress is worthy of attention. The event opened on the afternoon of the 16th April 1998, with welcome speeches by local representatives and a major speech by the leader Berlusconi, setting the tone of the Congress. The Congress closed in the afternoon of the 18th April with a march of Forza Italia sympathisers ending in Piazza Duomo in the centre of Milan, where Berlusconi gave another keynote speech. In between only a day and a half was left for the debates on the Congress motions, where the official documents were all approved without serious discussion, and the elections to party offices were held. Although lack of debate, stage management and leadership domination of proceedings are characteristic of party conferences of most mainstream parties in Western democracies, the lack of time reserved for debate and speeches by grassroots representatives, and the opening and closing speeches by the leader, make Forza Italia's first Congress quite exceptional. Moreover, although there is nothing surprising in Berlusconi being elected 'by acclamation' without a real competition for the party presidency, the election of the Council for Presidency is worthy of attention. This body, in theory functionally equivalent to a mass party's executive committee, consists of 21 members, of which only six are elected by the Congress: nine are members by right, by virtue of their holding important elective posts or specific party responsibilities, and six are simply nominated by Berlusconi. Whilst it cannot be pretended that most mass parties are particularly democratic in their internal functioning, Forza Italia retains an exceptional level of leadership domination by any standards.

This necessarily cursory overview of Forza Italia's brief history suggests that in its present form it will have difficulty surviving any longer than its leader's interest in politics. To a much greater extent than UCD, FI's *raison d'être* is to support the political candidacy, and to a significant degree the private interests, of its leader. Whilst political parties founded on the basis of more or less charismatic leadership have on occasion survived the leader's

departure (a good example being the Gaullist party in France), for this to happen the leader must incarnate some broader political idea or social identity. Berlusconi, for all his ability to appeal to certain social groups, seems to represent the interests of his business empire rather than the interests of any broader social collective. Indeed it has been suggested that he has difficulty even in grasping the differences between a political system and the world of business (Panebianco 1995b). This is clearly not an adequate social base for the institutionalisation of a political party, and unless FI establishes some kind of independent presence capable of surviving a putative departure of Berlusconi from political life it is difficult to imagine it forming a durable part of a stable party system.

## Conclusion

The considerations outlined above are a preliminary examination of the consequences for democratic governance and party politics of what has been referred to as the business firm model of party organisation. Although the two parties examined here are very different, and the reasons for UCD's collapse go well beyond those features which approximate it to the business firm model, the comparison does, we believe, prove instructive. The most reliable conclusion that can be drawn is that the consequences of business firm types of party organisation are much more far-reaching in new parties lacking the organisational inertia to counteract pressures towards professionalisation. Although parties with the traditional characteristics of a mass membership and some form of extraparliamentary bureaucracy still dominate in Western Europe (notwithstanding changes in the roles of grassroots members and party bureaucrats; see Katz & Mair 1995), there is evidence to suggest that conditions in contemporary Western democracies are rather unfavourable to the establishment of traditional party forms 'from scratch'. If this is the case, then we are likely to witness the creation of more business firm parties, particularly if the Italian experience of party system upheaval is extended to other Western democracies. The two cases examined here provide the basis upon which to explore the implications of the business firm model and offer some tentative suggestions as to its consequences.

In broad terms, the business firm model tends to undermine the institutionalisation of parties and party systems, and evidently this is a more serious matter for newly created parties in new or rapidly changing democracies. Traditional mass parties have based their institutional solidity upon the bureaucratisation of their internal structures, which creates a body of party members with a vested interest in the party's survival, and the establishment of an 'electorate of belonging', a coherent social base which the party priv-

ileges in its political discourse and its impact on public policy, receiving in return a stable supply of electoral support (Panebianco 1988). Business firm parties enjoy neither of these sources of stability. Party bureaucracies are kept to a bare minimum, with technical tasks often 'contracted out' to external experts with no ties to the party. Grassroots membership is also limited, with a high proportion of party members being officeholders who see the party as a vehicle for acquiring political positions, rather than an end in itself. In the event of serious political setbacks such as the loss of government power, the business firm party can find itself reduced to a shell and unable to continue functioning, as was the case of the UCD in 1982. Moreover, the absence of a loyal core electorate makes such political setbacks far more likely. If a party's electoral strength is an expression of voters acting as 'consumers' rather than 'identifiers', short term political problems can result in hefty electoral losses, again as in the case of the UCD after 1979. Of course, such an outcome is not inevitable: a business firm party can enjoy continued successes in mobilising support. However, its continued electoral survival is less predictable than that of a traditional party with a well-defined 'hunting ground'. This is not only a problem for the business firm party itself, but also for the party system in general; party identification, like brand loyalty in the market for consumer goods, stabilises the party system and allows competition to take place without causing the immediate destruction of the losing parties (Hirschman 1970).

The two cases examined here also offer insights into the role of 'political entrepreneurs' in business firm parties. The high levels of centralisation of control over resources characteristic of the business firm party place particular responsibility for the party's survival on the shoulders of its leader. One of the principal reasons for UCD's internal upheavals and electoral failures after 1979 was the decline of Adolfo Suárez as party leader. The initial creation of the party was strongly conditioned by the dominance of Suárez's leadership and his control of important organisational and political resources, and it was these resources which permitted him to construct a 'light party' despite the opposition of his internal rivals. Suárez loss of electoral popularity, and the end of the transition phase which had provided him with an exceptionally powerful tactical position, disturbed the balance of power inside the UCD and undermined the party's electoral support (Hopkin 1999, forthcoming). Forza Italia is similarly dependent on its founding leader. Although Berlusconi's success as a political leader is not only the result of his control over commercial television, it is legitimate to ask whether his leadership could survive the loss of his media interests; and if Berlusconi's leadership, for whatever reason, were to collapse, it is not clear what would hold Forza Italia together. It would be unwise to predict Forza Italia's imminent collapse, but there is

evidence that the party is as organisationally vulnerable as the UCD. If important components of a party system are heavily dependent on the individual decisions and fortunes of their leaders, then the 'turbulence' Panebianco envisaged as a result of electoral-professional modes of party organisation is likely to result.

The all-powerful leadership and imprecise social base of the business firm party also raises important questions about its role in making government policy. An important characteristic of the business firm party, present in both the cases examined here, is the absence of an official party ideology or coherent set of social relationships which can guide the organisation's involvement in policy-making. Both UCD and Forza Italia maintained a high degree of flexibility in their attitudes to important policy questions, with neither firm ideological commitments nor close links with particular sectors of civil society on which to base policy-making. Instead, policies and programmes were strongly influenced by the findings of public opinion polls and political 'market research'. Of course, traditional parties, to the extent that they have increasingly adopted 'catch-all' modes of electoral competition, also use political marketing; however, they are constrained by the formal need to respect their formal ideology in their dealings with the party grassroots and the 'electorate of belonging'. Business firm parties are much less constrained, and there is little to stop them varying their political message in accordance with the vagaries of public opinion.

The consequences of ideological indefinition have been quite different in the two cases studied here. For the UCD, the lack of specific policy objectives allowed Suárez to concentrate on building broad coalitions on the 'big' issues of the transition: the establishment of a new democratic political system and the elaboration of a new constitution. However, this approach could not be sustained for longer than the formal process of political transition, and the Suárez governments of 1979–80 quickly collapsed into internal contradiction as a result of a lack of policy direction. In Forza Italia, the absence of ideological or social commitments has had the opposite effect: they have allowed Berlusconi to use the party to achieve very narrow aims. In government, Forza Italia's positions on issues such as pensions reform and the regulation of television were not obviously distinguishable from the interests of the Fininvest business empire and its branches involved in financial services and the media. In opposition, the judicial investigations into Berlusconi's business activities have coincided with an increasing emphasis in Forza Italia's discourse on the need for reform of the Italian justice system, with the explicit aim of curbing the power of public prosecutors.

In short, the business firm party is unable to fulfill some of the key functions which we have come to expect of political parties in Western demo-

cracies. It undermines stable party competition, creating the potential for party system 'turbulence', and fails to provide voters with a political identity. It also accentuates the potential for party government to be subverted in favour of particularistic, and even individual, interests. The apparent ease with which the business firm model can take root in new or crisis-ridden party systems poses particular problems for states, such as those in Southern Europe, whose party tradition is either limited or under threat.

## Notes

1. Research by Richard Gunther of Ohio State University on party building in the Spanish transition revealed that many party leaders were familiar with the ideal types mentioned above, and that decisions over party organisation were sometimes justified in terms of them. Further research carried out by Hopkin confirmed that some Spanish party officials were familiar with the classic studies of political parties; one key UCD organiser had read Sartori's (then recent) *Parties and Party Systems*. See Gunther & Hopkin (forthcoming 1999).
2. For a critical overview of this influence, see Green & Shapiro (1994).
3. For a more recent reformulation, see Gaxie (1977), also Lacam (1988).
4. See Laver (1980). For a game theoretical formulation, see Colomer (1995).
5. This model implies two basic features: the creation of the party under the auspices of a political entrepreneur seeking a political vehicle for the promotion of a leadership challenge, and the application of electoral-professional techniques of campaigning and party management to the new organisation. The model is in part inspired by Diamanti (1995).
6. 'Adolfo Suárez's firm'. This is the title of a journalistic analysis of the UCD which emphasised the role of Suárez's political entrepreneurship in establishing the party and tailoring it to his own leadership requirements (Figuero 1981).
7. More detailed analyses of the UCD include Huneeus (1985), Gunther, Sani & Shabad (1986), Hopkin (forthcoming 1999), Gunther & Hopkin (forthcoming 1999).
8. It was broadly middle-class, Catholic and had largely accepted the Franco dictatorship: Linz et al. (1981).
9. It should be emphasised that Suárez's power-seeking behaviour does not necessarily follow from any implicit self-interest axiom: a convincing argument can be made for the public benefits (in terms of the stabilisation of the transition process) of Suárez remaining at the helm, and his behaviour undoubtedly responded to both types of motivations.
10. These figures should be taken as inflated; all Spanish parties exaggerated their membership in this period, and levels of activism were very low (Montero 1981).
11. Interview data suggests that the party employed no more than 200 full and part time officials, and the party apparatus was a far less weighty structure than that of UCD's main rivals the Socialists (PSOE).
12. Interview with a journalist and close advisor of Suárez carried out by Richard Gunther in 1978. We would like to thank Professor Gunther for making his interview data available; of course he is not responsible for any errors in our interpretation of the data.
13. See Gunther (1986). As Mario Caciagli has pointed out, ideological diversity similar to that of UCD has existed in other, more durable, political parties (1986: 275).

14. The Liberals also had a close relationship with the German Neumann Foundation (Gangas Peiró 1995: 83–84).
15. Interview with Oscar Alzaga, May 1992.
16. ‘El manifiesto de los 200’, reproduced in *Diario 16*, 22 December 1980.
17. From a newspaper article published by a group of critics under the name of ‘Blasco de Alagón’; ‘Sin vencedores ni vencidos’, *Diario 16*, 27 December 1980, p. 2.
18. The irony of this statement is that the Socialists, once in power, distanced themselves from their trade union base without suffering particularly high electoral costs.
19. For Hirschman (1970), this kind of loyalty is fundamental in allowing parties (or firms and other organisations) to recover from poor short-term performance; if all electors were to exercise the *exit* option, parties would collapse before they had a chance to make necessary political or organisational changes.
20. Rafael Arias Salgado and Rodolfo Martín Villa, both elected deputies for Madrid in high-profile positions on the party list (3 and 4 respectively).
21. On the impact of ‘clean hands’, see Waters (1994).
22. On the Leagues, see Diamanti (1993), Mannheim (1991).
23. On the transformation of the right, see Ignazi (1994a,b).
24. On the Italian media system, see Statham (1996a).
25. ‘Virtual candidates, for a virtual party, for an election not yet called’ (Di Virgilio 1994: 502).
26. Indeed, after the election, in an analysis of the vote, Mannheim (1994) points out that the self-location of FI voters on the left-right continuum is overwhelmingly on the right or centre-right. This would explain the configuration of vote transfers with respect to the 1992 election: at least one out of four voters of the two main governing parties in 1992 – DC and PSI – were drained away to FI in 1994, as were almost one out of three former Northern League voters. Hence, the vote to FI is interpreted as the effect of a major realignment of centre and right voters although it has also been argued that FI managed to attract a large number of left-wing voters (Ricolfi 1994: 618–621). See also Bobbio (1994).
27. This is also reflected in the choice of parliamentary candidates; see Verzichelli (1994), Mattina (1994).
28. With the purpose of monitoring political preferences, eight Focus Groups were created. They were composed by a representative sample of Italian citizens, who were asked to meet in a living room, where a psychologist, through the registration of their opinions, preferences, intentions and attitudes put together an accurate identikit of Italian electors. New Focus Groups were formed after the election. Alongside clubs, they are considered to be at the heart of FI electoral success. For an analysis of this technique, see Gamson (1992).
29. Of the 500 people who had been originally recruited and who attended the courses and talk show simulations at Diakron’s headquarters, more than half were found to be unsuitable because of their poor TV performance.
30. See ‘Forza Italia, politica e bilancio’, *La Repubblica*, 20 December 1995, p. 15. Also, Golia (1997, Chap. 2).

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