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THE OTHER SIDE OF THE MOON
Political Private Donations in Italy in the Last 30 years: the financial appeal of parties between structural changes and personalisation dynamics

PhD Thesis

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List of Abbreviations:

Names and labels of Political Parties analysed

ADP = Movimento per l'Autonomia Democratici Progressisti

CCD = Centro Cristiano Democratico

DC = Democrazia Cristiana

FDI = Fratelli d'Italia

FI = Forza Italia

FV = Federazioni dei Verdi

IDV = Italia dei Valori

LMP = Lista Marco Pannella

LN = Lega Nord

LR = Movimento per la Democrazia - La Rete

M5S = Movimento 5 stelle

MCS = Movimento dei Cristiano Sociali

MSI = Movimento Sociale Italiano

PCI = Partito Comunista Italiano

PD = Partito Democratico

PDL = Popolo delle Libertà

PDS = Partito Democratico della Sinistra

PLI =Partito Liberale Italiano

PPI = Partito Popolare Italiano

PR = Partito Radicale

PRC = Partito della Rifondazione Comunista

PRI = Partito Repubblicano Italiano

PS = Patto Segni

PSDI = Partito Socialista Democratico Italiano

PSI = Partito Socialista Italiano

SC = Scelta Civica

SVP = Südtiroler Volkspartei

UDC = Unione di Centro

UV = Union Vaildotaine

Introduction

The Other Side of the Moon: the informative power of private political financing

Indubitably, important shifts in the way politics works have occurred in the last 50 years. The consequent transformation of important long-lasting relations between citizens and the state has defined new roles and attitudes of both private citizens and public actors. The hollowing of traditional cleavages and the behaviour of citizens in the political arena, as well as the ways in which they seek representation, has defined new interactions between the civil society and the political parties that represent their interests. Nonetheless, political parties have remained the most powerful collective actors because of their direct access to public office through democratic elections.

However, among western democracies, political parties now are facing critical challenges that affect their organizational nature and their representational role as legitimised political actors (Ignazi 2014). From the organisational perspective, as a collective body, the political party has suffered a dramatic shift from the mass party model to the diffuse cartel party model (Katz and Mair 1995). In many contemporary democracies, the dependence of political parties on state subsidies has corresponded to their progressive detachment from the roots of civil society. In addition, in the context of the globalized world, national politics have created fragmented societies that have increased their demands on the political system. With regard to representational dynamics, both citizens and parties have adopted new electoral strategies by emphasising the image of party leaders or the intensive use of media to disseminate political messages. Consequently, such images have been promoted as voters' shortcuts, which has led to the progressive personalisation of politics, thus undermining the role of the political party as a collective actor (Garzia 2014). Similarly, the interests system, which represents the various interest groups in a society, has become increasingly differentiated and fragmented in many countries (Lizzi and Pritioni 2017), leading to narrower representation with specific policy aims that challenge the role of political parties in the articulation of citizens' demands.

Overall, the traditional political collective actors represented by political parties are losing their role as intermediaries that channel societal demands. This declining trend raises fundamental questions in democratic systems concerning the way political conflict should be managed when traditional intermediaries do not reflect the current environment.

The study of political financing brings a different perspective to analysing the contemporary dynamics of the contemporary challenges to political parties. If political finance is understood as integral with the broader political system, investigating the relations of political parties to their funding has the potential to contribute to understanding the distribution of political power and identifying the aims of parties that are increasingly oriented to a market economy of electoral competition (Scarrow 2004).

Most comparative studies of political finance have focused on differences that emerge from the adoption of various legal regulations among democratic countries. The knowledge of the variety of political financing systems is fundamental in understanding macro phenomena such as the increase in public state funding. However, only a few studies have examined the micro-dynamics of the role of private money in politics. Moreover, the investigation of micro-dynamics often involves country-based research (see Ewing and Issacharoff 2006). As long as political finance is a dependent phenomenon defined by the political party system and political competition, the influence of country-based factors cannot be neglected.

The Italian case is particularly interesting considering that important political changes in recent decades have significantly modified the party system in the country. Furthermore, there is a lack of knowledge regarding private political financing because of the predominant role of public subsidies in ensuring the survival of political parties. The study of private financing in a political system where public funding is predominant could be considered a fruitless exercise. However, the need to prove the informative power of private party revenues is amplified by the need to fill the gap in this knowledge before the private system of political financing is introduced at national level as in Law n.13/14, which will come into effect in 2017. Information regarding private financing trends during a significant period could shed light on not only the strategies used by political parties and donors to create political connections but also the changes in the representation of the interests system in political financing activities.

Although the dynamics of corruption are intrinsic in Italian politics, they are not evident in the official data; consequently, the magnitude of this phenomenon is underestimated. Nonetheless, the analysis of official data, which are far from exhaustive, could contribute to the systematic identification of general financial trends by providing the opportunity to focus on the relations at stake among actors rather than on the magnitude of private financing.

This dissertation is organised as follows. Chapter 1 presents a discussion of the comparative debate concerning the challenges of political parties as representative actors in western democracies that face new organizational dynamics and representational strategies. Because the electoral moment is a principal democratic advantage, the increasing costs of political competition have made the fundamental role of money an agent in shaping the democratic process. Political financial regimes in established democracies vary according to sources of income, areas of spending permitted and transparency rules. A particular emphasis is put on the risks connected to private money and the need to fill the gap in the knowledge concerning such risks.

Chapter 2 reviews the comparative research on private political financing. The need to expand the cross-national research requires studies that provide in-depth knowledge on single country-specific trends. The Italian case study was selected to fill the gap in empirical research concerning the dynamics of private political financing, particularly in the light of the troubling history of the Italian political financing regime. The general theoretical approach of this dissertation and the hypotheses regarding the trends in the private financing of political parties as collective actors are described in this chapter.

Chapter 3 examines the role of political parties as collective political actors. Their private revenues are analysed in a significant period that includes different structural changes occurred from 1987 to 2013. The emphasis is on the connections established between the party system and the interests system through financial donations. In recent decades, the Italian interests system has followed a fragmented and differentiated trend, that should be reflected in the financial donations. In Italy, lobbying activities are not regulated, and formal contacts between political actors and interest groups, that is, formal collaborations regulated by party statutes, are not present. A different approach to studying party–group relationships focuses on the effects of financial support on political competition. The main aim of this chapter is to examine and compare the capability of Italian political parties to connect with the interest groups represented in the society at a specific time. By using the cartel party model, I expect to find distant relationships among parties and groups and a weakening of the overall capacity of parties to connect with the increasingly differentiated environment.

In Chapter 4, the changing representational dynamics in the relevance of the personalisation in politics will be discussed. The analysis of the private money collected by candidates, rather than political parties, will reveal different trends. The findings will show that the progressive personalisation of politics is reflected in financing dynamics, and external donors are increasingly attracted by single politicians rather than the parties they represent.

The last empirical chapter, Chapter 5, will investigate the donor's perspective and the reasons that donors prefer one political actor to another. The structural and personal characteristics of political parties and candidates, respectively, will be taken into account to determine the variations in private revenues. In addition, a preliminary categorisation of the financing appeal of political actors will be developed.

The data collection includes 1,680 cases that represent unique private financial donations. The construction of three different sets of data on political parties, political candidates and a combination of the two will allow for a systematic analysis of the private revenues of Italian political parties. The findings will contribute to previous research that has compared the financing of political parties.

Chapter 1:

Challenges and Perspectives in the Study of Political Financing

Transformations concerning political parties represent a dominant field of study in contemporary political science. The hollowing of the mass party model has raised numerous questions regarding the development and future of political representation. The aim of this chapter is to present the current debate on party organisation from a different perspective: political financing. From this angle, political changes should be reflected in the financing model that a party chooses to adopt. Theoretical approaches, as well as international empirical dimensions used to analyse political financial regimes, are also discussed.

1.1 The Contemporary Party Model and Representational Dynamics

Two basic assumptions apply to democratic societies: first, that elected politicians should pursue the public interest, and second, that citizens should be guaranteed inclusive participation (Melchionda 1997). On the one hand, inclusion and the right of opposition are the main defining features of the level of democratisation (Dahl 1971). On the other hand, modern democracy is largely based on two factors: *representation*, understood as meaning 'acting in the interest of the represented, in a manner responsive to them' (Pitkin 1967: 209), and the existence of repeated, transparent elections to guarantee the legitimacy of the elected representatives. Political parties, as collective actors, play a fundamental role representing the civil society cleavages by competing with each other in democratic elections (see Dahl 1971, Schattschneider 1942, Lipset and Rokkan 1967).

However, societies are drastically changing, and now face challenges that undermine the traditional actors in political competition. Political parties are in decline, with party membership decreasing rapidly almost everywhere in established democracies (Mair and Van Biezen 2001, Scarrow 2002). Increasingly few citizens choose to identify themselves and their interests with these parties (Dalton 2002), and the overall trust in political parties and their political skills has considerably decreased (Pharr, Putnam, and Dalton, 2000).

As Ignazi (1996) noted, the party decline concerns the *mass party model*, which is defined by a common shared ideology, a high level of participation by members and funding by members' contributions. Many studies have argued that this party model has failed to meet the demands of the new Western publics, namely, to articulate and aggregate interests (see Lawson 1980). Others have claimed that the positive results achieved by the mass party model, in terms of integration and welfare policies, led citizens to perceive this type of organisation as obsolete (see Franklin et al. 1992). Changes in the structure and ideological dimensions of parties initially appear to have arisen in the 1960s. The catch-all party (Kirchheimer 1966) evolved into the cartel party (Katz and Mair 1995), and parties have now reached the point of being defined as public utilities (Van Biezen 2004). The changes of definition over time encapsulate the theoretical and organisational changes that have occurred, giving life to the idea that parties are historical beings (Mair and Mudde 1998).

The ideological profiles of citizens, and the way they participate in political life, are also changing. In the political science literature, decline in cleavage voting (Lipset and Rokkan, 1967) has been explained via two different, but complementary, perspectives: the sociological and the political.

The *sociological perspective* looks from the bottom up, and refers to the general changes in society. It correlates the decline of cleavage voting with four factors, as follows: rising living standards (Kitschelt 1994); the rise of alternative social bases of interests (Dunleavy and Husbands 1985); the expansion of mass higher education, with the consequent social mobility undermining class solidarity and leading to a more individualistic and instrumental view (Franklin 1985); and the relevance of new political values arising from economic changes (Inglehart 1990).

The *political perspective* refers to the specific changes that occur in politics, and emphasises the role of political elites and organisations in politicising every single issue, including class (Sartori 1969). Thus, party positions also create class allegiances (Przeworski 1985), and changes in position contribute to changes in class voting.

Class cleavage and the degree of polarisation of political competition influence each other. From the political perspective, as Sartori (1976) claimed, polarisation of political competition influences decidability by increasing choices for the electorate; it also influences government stability by making it more difficult to aggregate the different demands. However, the absence of extreme left and right parties engenders a centripetal competition that seeks voters at the centre of the ideological spectrum. Changes in electoral campaigns and positioning issues accompany the change of party structure; the effect is a 'strategic move to the centre of the ideological spectrum by a vote-seeking party' (Evans and Norris 1999: 94). Issue-based competition can be defined as intra-party competition, in which issues should dominate the party political discourse (Carmines and Stimson 1986). From a sociological perspective, as Green-Pedersen (2007) stated, issue-based competition arises from the decline of social-structural voting and from the increasing volatility in voting choice (Mair 2002).

Irrespective of the theoretical perspective we adopt, this scenario implies the progressive departure of parties and politicians from the traditional cleavages of civil society. It manifests itself in the trend towards convergent policy agendas and no-conflict electoral campaigns, and by the increasing number of policy choices for which other levels of governance are accountable from the national perspective.

The transformations described above are all well aligned with the catch-all party model. Kirchheimer (1966) was the first to analyse the decline in policy differences among Western political parties. From the point that the decline began, parties have sought political support from right across the electorate, rather than attempting to appeal to a particular ideological, class-based view. In addition, system-level trends, such as the increasing importance of the middle class and the rise of new forms of mass media, have weakened the old party links with civil society. The subsequent emergence of the cartel-party model (Katz and Mair 1995) shows that parties no longer require strong contacts with civil society or its intermediaries, and that state funding for parties plays a role. In contrast with the strategic evolution of parties, Kitschelt (2000) stressed the role of external causes in the ideological convergence of rival parties, such as the sophistication of the electorate, who can now reward or punish parties by strategic vote-switching. Scholars may diverge in their theoretical approaches, but all agree that political parties are becoming progressively distant from civil society.

Irrespective of whether the cartel party model successfully describes some of the dynamics extant in our societies, the theoretical argument around it usually emphasises government, rather than representation (Enroth 2015). Mass party organisation has waned, and the traditional form of political representation has faded away. Indeed, many studies have found that membership of political parties, trade unions and religious organisations is declining almost everywhere in Western democracies. This has led to a more individualised form of politics and a subsequent dramatic change in the representational model (among others, Van Biezen and Poguntke 2014). On the one hand, traditional parties are becoming electoral brands, useful for single politicians, leaders first, to organise and structure their political competition. On the other hand, citizens' disaffection with traditional political actors increases the role of personalities and individual characteristics as a heuristic to form their political opinions. From this perspective, the personalisation of politics can be considered as a phenomenon that has saved political parties from complete defeat.

The mass party model has ended. Citizens now behave differently in the political arena, as they search for representation. New interactions have developed between civil societies, originators of demands and the parties, intermediary executors of the people's will. In this scenario, interest groups operate independently of political parties, and offer an alternative to the process of intermediation provided by traditional parties. Thus, the articulation of demand increasingly becomes the province of interest organisations (Katz and Mair 1995, Mair 2013, Schmitter 2001, Van Biezen and Poguntke 2014).

Nonetheless, political parties remain the most powerful political actors, with their direct access to public office. Despite evidence of their decline, they play an important connecting role between the state and the citizens. The role of political parties as principal and legitimate competitors for public office has not been undermined, and their capacity to aggregate different demands is still important. They remain at the core of the democratic system and central to an understanding of the way the system works.

1.2 Political Money, Why Does it Matter?

The transformations described above challenge the stability of political parties as collective actors. However, the roles that they play in a democratic society can still be defined as fundamental. Key (1942) described the roles of parties in a tripartite framework: *party in the electorate*, which explains the role of linking individuals to the democratic process via various forms of incentives and participation; *party as organisation*, which concerns activities such as recruiting the political leadership, training political elites, articulating political demands and aggregating political interests; and *party in government*, or all the activities that are linked to the exercise of power. To meet the aims of this project, I focus on the party as organisation, which allows me to consider the central role of parties in the articulation and aggregation of interests (Almond et al. 1993, Budge et al. 1987). At the centre of the analysis is the dimension of the organisational power of parties, which explains organisational functions and activities in terms of alliances and power conflicts among those actors who are part of the organisation (Panebianco 1988:11). Panebianco argued that the organisational aspect of a party is influenced by two fundamental factors: first, the *organisational history*, which goes from the initial imprinting of a new organisation and provides the legacy for the subsequent transformation, and second, the set of *relationships with the environment*, which define the degree of autonomy reached by the party (Panebianco 1988).

As to their organisational life, parties must face areas of uncertainty that should be taken under control in order to avoid organisational unpredictability. These are as follows: know-how, relationships with the environment, internal communication, formal rules, recruitment and financing. The latter constitutes a crucial resource for external donors, and can be used to maintain a certain degree of control over parties (Panebianco 1988). As Raniolo stated, in politics the mobilisation of resources is not a neutral issue or a simple technical element. It is rather an expression of instrumental, situational and axiological rationality (Raniolo 2013:75). Thus, resources - financial, staff, or the type of organisation - can be regarded as party legacies, and contribute to determining their development.

Of course, the level of institutionalisation influences the degree of unpredictability. Indeed, *institutionalisation* means the progressive autonomy of a party from external pressure, together with a high level of control over the areas of uncertainty. Therefore, is easy to imagine that a party that is deeply institutionalised would be more autonomous and independent in its choices - even its financial choices - than a party that is highly dependent on its external environment.

Turning to the specific issue of political financing, Melchionda (1997) stated that *political finance* concerns the way political actors acquire and spend money, as well as the influence that donors exercise over political actors. Pinto-Duschinky (2002) noted that political financing is normally understood as 'money for electioneering', but it also covers other activities, such as the maintenance of permanent offices, polls, policy research, political education, public campaigns and the mobilisation of voters. However, the actual centrality of the electoral moment is recognised.

As Alexander stated: 'politics is big business and has become a major industry' (Alexander 1992: 78), thus the central role of financing is self-evident. The mass party usually emphasised the role of participation as the major resource against the big money coming from businesses and special interests, but, with the crisis of this type of organisation, things may have changed, and parties may require other sources of income in order to be competitive on the political scene. Alexander (1989) believed that money is an element of political power because it buys what is not, or cannot be, volunteered.

Politics is increasingly costly. At the foundations of the increase of expenses in politics we can identify three different processes: the intensification of the electoral competition; the introduction of new technologies; and the need for greater professionalisation and more staff (Farrell 2006, Melchionda 1997). The process of progressive commodification of politics and the increasing relevance of party financing are consequences of phenomena that were first identified by Kirchheimer (1966), as follows: the decline of social roots and an ideological basis; less importance of members; more influence of leaders and professionals; sclerosis of party systems; and programmatic flattening. Those features imply a progressive departure of parties from civil society and its lines of conflict. They also favour a shift from labour-intensive to capital-intensive campaigns, due to the decrease in voluntary work and the new technologies employed (Norris 2000, Sorauf 1988). As Melchionda stated, in such a situation, corporations and interest groups could not influence policy-making as usual, via lobbying activities directed towards legislative assemblies, leaving the control of the electoral scene to the major parties. Instead, they could attempt to directly interfere with the electoral process by choosing candidates with the aid of funding (Melchionda 1997:173).

Nassmacher (2009) contested the widespread claim of a costs explosion in politics. His view was that increasing party spending is primarily driven by the growing supply of money in politics. Therefore, the spring that triggered the mechanism of public funding in many countries was the will to establish an autonomous party system. State subsidies can be viewed as parties' direct answer to the transformation of the political role of interest groups, together with the decline of the traditional organisation of parties (Melchionda 1997). Therefore, state funding has generally been understood as a solution to corruption (Nassmacher 2003, Pierre and Svåsand 1992).

Indeed, public state-financing could regulate and limit the private money (external to the public sphere) that circulates around parties: contribution limits can be introduced, with the aim of preventing the exchange of favours in elections, while expenditure limits aim to prevent parties and candidates from buying elections (Van Biezen 2010). In other words, expenditures influence the external process (relationships between actors), while incomes have far more influence on the internal political process (within the same political actor).

Nevertheless, public funding could be insufficient for party subsistence, and political actors could easily be persuaded to use illicit, or illegal, practices to meet their financial needs. Thus, the warning concerning the risk of private money in politics should always be considered: money distorts political equality because greater financial means will lead to greater political influence (Fischer and Eisenstadt 2004). Therefore, the increase in public funding is thus an ineffective means for party reliance on illicit sources (Nassmacher 2009). Indeed, public financing systems often supplement, rather than substitute, clientelistic forms of financing (Zovatto 2003:99). As Melchionda noted, the moral thinking about political money usually perceives financial exchanges as a form of corruption. However, money is not the object or the subject of political power, it is only its intermediary (Melchionda 1997: 9).

To sum up, political money constitutes an important resource for political actors facing increasing, and expensive, political competition, but, despite the efforts of public intervention, money, particularly private money, could form the basis of inequalities, distortions and disproportion in representation and illicit attitudes. Taking political financing as a crucial resource for the health of the party system and recognising the predominant role of public support, this project will attempt to cover the knowledge gap regarding the private side of party revenues. An analysis of the financial processes also allows an improved understanding of how representative governments work because 'the process of political finance constitutes one set of mechanisms through which political representation is achieved' (Heard 1960:12).

1.3 Political Financing Regimes and Regulations

When attempting to understand the dynamics related to private political money, the regulatory regimes governing political financing cannot be omitted from consideration. As I mentioned previously, the effort to avoid the temptation of illegal practices led many countries to introduce some form of public funding (see Koß 2011, Pinto-Duschinsky 2002, Scarrow 2007).

In previously published comparative studies, three different regulatory trajectories concerning political finance may commonly be distinguished: the *laissez-faire* way, where state intervention, as well as public financial help, is very limited; the private funding model, in which political actors can rely primarily or exclusively on private money; and the public funding alternative, where state subsidies are vital for the subsistence of parties and/or candidates (see Ewing and Issacharoff 2006). According to Ewing and Issacharoff, 'the financing questions cannot be addressed independently of the constitutional conventions of the country, the nature of the political parties in the country, and the means of access to publications and media in any given nation' (Ewing and Issacharoff 2006: 2). For example, if we examine the fundamental historical vision behind state organisation and political party regimes in the United States (US) and the United Kingdom (UK), in the former country they are considered to be highly attracted by the concept of liberty, whereas in the latter country, they are more concerned with having solid societal bases as a party's grassroots, for example, as for the Labour party with the unions. Therefore, the political and societal arrangements in those countries, despite their numerous similarities, should be considered different. Funding regime is a dependent variable, a combination of casual factors that are also related to party competition and a sub-group of the institutional regimes (Koß 2011).

Despite the differences and meanings that a political financing regime assumes in a specific country, the empirical evidence suggests that, from a regulatory perspective, there has been a convergence of party-funding regimes: 83 of 143 countries ranked as free have introduced a form of state subsidy for political parties and/or political candidates (see Koß 2011, Nassmacher 2006). The political financing regime is usually defined by three different dimensions: the source of income, the areas of spending that are permitted or limited, and disclosure and transparency rules and controls (see Casas-Zamora 2005, Kaiser 2002, Koß 2011, Nassmacher 2006).

Table 1.1 shows a brief comparison of the financing regimes in Europe and the Americas, and all three main dimensions are reported. The complete absence of direct state funds (DSF) is more widespread among the American countries (in 13 of 34 countries), see, for example, Bolivia, Jamaica and Venezuela, while in Europe a completely private form of political financing is recognised only in Belarus, Malta and Switzerland, that is, three of 44 countries.

Many countries in Europe provide DSF on a regular basis, such as Ireland, Iceland, Denmark, Sweden, Norway, Finland, Romania and Russia; in the Americas, this is applicable only to Brazil, Peru, Barbados, Guatemala and the Dominican Republic. The most widespread financing regime is one that provides subsidies for both the regular activities of political parties and electoral

Tab. 1.1- Political Financing Regimes in Europe and Americas (% of countries)

	Europe	Americas
Source:		
Direct State Funding		
Regularly	40.9	17.6
Regularly + Election	47.7	26.5
Only Election	4.5	17.6
No	**6.8**	38.2
Indirect State Funding		
Tax reliefs	50.0	50.0
Media access/subsidies	77.3	61.8
Limitation:		
Expenditure Political Parties	47.7	26.5
Expenditure Candidates	65.9	32.4
Control:		
Reporting		
by Political Parties	93.2	55.9
by Candidates	77.3	52.9
Publicity	93.2	52.9
N. of countries	44	34

Source: International IDEA's Political Finance Database 2012 (www.idea.int/political-finance). Author's elaboration.

Note: First column list the three main dimensions to define a political financing regime. Second and third columns show the percentage of countries in Europe and Americas having the correspondent arrangement.

expenses. This is true in Europe, where it applies to almost half of the countries (for example, in Germany, Spain, France and the UK, where only the opposition party receives DSF), and in the Americas, where more than 26% of the countries are included (for example, Argentina, Chile and Mexico). DSF are provided only for election reimbursements in Canada, the US (only for presidential elections and only in the case that a presidential candidate refuses to collect private donations), Monaco and Italy. Of course, the criteria to be met in order to access the public

subsidies can differentiate among states: they usually consider the public support of a political actor, in terms of the number of parliamentary seats attained, the proportion of electoral support or both, but they can also be based on the ability of a political party/candidate to raise private-voluntary money, such as with the matching funds mechanism in Germany or the US.
Indirect state financing relates to all the money that is not directly provided by the State, but via other mechanisms, such as tax reliefs, free media access, publication support or free travel, which correspond to less income for the state. These types of financial help are fairly common among all democracies, being provided in half of the countries in Europe and the Americas, guaranteeing tax reliefs for private donors and providing free access to the media, particularly access to TV and advertising.

The idea behind the introduction of limitations in the amount to be received or expended is to avoid the influence of private donors on the one hand, and to guarantee fair competition on the other. However, while limits on political parties and/or candidates appear to be a fairly normal habit among European countries, in half of these countries parties and candidates are constrained in their expenditures, they are less frequently applied in the Americas, where only 26.5% of countries limit the expenditure of political parties.

The control mechanisms adopted to regulate the income and expenditure of political actors are considerably widespread across the countries analysed. Assessments made by different political/independent agencies – courts, committees and ministers - are largely considered useful in order to introduce some form of accountability to the system (see O'Donnell 1996). European countries strive to be stricter in this respect. Almost all of the political parties must report their financial accounts, with the exception of Belarus, Monaco, and Switzerland, but this is required in only half of the countries in the Americas; candidates in 53% of countries in the Americas do not provide financial reports, 77% of countries in Europe provide such reports – the exceptions are the Czech Republic, Monaco, the Netherlands, Norway, Spain, Sweden and Switzerland. Publication of party/candidate reports is common among European countries, while, again, this is required in only half of American countries. However, even if public support of political competition has reached a large scale, differences emerge among countries and the analysis of a specific financial regime should focus on in-depth research into the dynamics involved.

1.4 Theoretical Perspectives on Private Money

The financing of political parties has always attracted attention from social scientists. Ostrogorski, Weber, Michels, Duverger, Neumann and Kirchheimer all recognised the way parties acquire and spend money as an important variable in understanding their organisation and behaviour (for a review see Melchionda 1997), but the recent predominance of state-funding, at least in the European context, has reduced the amount of attention that is paid to the different monetary sources.

Typically, political finance refers to campaign finance in the US, while, in the EU, it refers to the funding of political parties (Melchionda 1997: 48). However, the lines are blurring in terms of the political market. Nevertheless, political finance is usually an under-theorised aspect of political life (Scarrow 2004). As Von Biezen (2010) noted, the nature of political financing regimes is contingent upon various structural and institutional factors, such as the level of democratisation, economic development, the presence of political scandals and recognised corruption, types of party organisation and the electoral system. However, all these factors usually explain very little of the existing variation. According to Melchionda (1997), there are two extreme models of private political financing: one in which a single big external donor has the power, and one in which there are numerous small contributions and the power is in the hands of those who control the fundraising process. The sources of political money are important to understand different aspects of a political system, such as interest representation, power distribution, decision-making processes, electoral procedures, the party system and political communication.

Nassmacher (2009) believed that different *sources of income* are divided between grassroots revenues (membership fees or liberal donations from members); plutocratic funding (large donations from firms, corporations or important businessmen); and public funding (direct or indirect financial funds from the state). In addition, it is common to differentiate between *private self-financing* and *private external financing* (Von Beyme 1985). The first category includes membership fees, parliamentary benefits, investments, incomes from events and festivals and transfers from side businesses and organisations. The latter refers to donations from external individuals or corporations, kickbacks, illegal transfers from public businesses and indirect state help (Melchionda 1997).

Once the source of money has been defined, we can turn to the definition of the strength of the financial relationship. According to Melchionda (1997), the *intensity* of a donation can be understood as the influence of a donor over the political actor. We can distinguish between *weak,* or soft, financing, which refers to contributions to political parties that are made by elected politicians, forms of subscriptions and indirect state funds, and *strong*, or hard, financing, which refers to patrimonial donations from party or members, consistent external donors and direct state funds. Considering the intensity and level of party institutionalisation, it is possible to identify four financing models: *liberal* (low party institutionalisation and low intensity); *plutocratic* (low institutionalisation, but high intensity); *social-democratic* (high institutionalisation, but low intensity); and *partitocratic* (high institutionalisation and high intensity).

In addition, McMenamin (2013) stated that money can talk, and that the language of money is either pragmatic or ideological. He believed that *pragmatic money* usually corresponds to interested money, while *ideological money* usually promotes the public good (McMenamin 2012). He also considered the structure of the economic system: in a liberal economy, it is easier to find more pragmatic money, while in a co-ordinated economy more ideological money is usually prevalent. Italy has a mixed type of economy (Iversen 2005, Soskice 1999). As McMenamin noted, legal instruments, such as 'disclosure and public financing are likely to marginalise business financing of parties in co-ordinated economies, but not always' (McMenamin, 2013: 139).

Examining the theoretical perspective we may adopt to investigate political financing, Nassmacher (2009) stated that the party organisational perspective focuses on the effects of party funding on party system and organisation. However, due to the discretionary power of parties in deciding their political financing rules, I invert the causal factors, thereby investigating the political financing system as a phenomenon that is dependent on party organisational models and the party system.

Therefore, relying on a new institutionalism perspective, we can approach the study of political finance from three different and complementary angles. The first of these, *rational choice institutionalism*, views actors as embedded in relationships that are considered to be useful in maximising their preferences following a cost-benefit calculation, also accounting for environmental constraints. The second, *historical institutionalism*, focuses on the path-dependence of institutional and organisational changes, and parties are viewed as historical beings. Last, but not least, *normative institutionalism* emphasises the fact that individual actors and organisations are embedded in a normative environment that provides rules for the appropriate way of action (for a review see March and Oslen 1984, Koß 2011).

These three perspectives can be taken together to provide a more comprehensive understanding of political finance. Actors, be they parties, politicians or donors, can be considered to act according to a rational logic in an environment in which relationships are established, maintained or dismissed on the basis of a perceived advantage. At the same time, parties as organisations are considered to be historical beings, and their evolution follows an historical path determined by both internal constraints, such as previous choices, and external pressures. Political actors are also embedded in a normative environment, political finance in a democratic system, which provide a specific logic of appropriateness necessary to be considered a legitimate player (disclosure rules and transparency, limits of expenditure for electoral campaigns, limits to single donations, etc.).

Hopkin (2004) adopted a political economy perspective, whereby the unit of analysis is the individual, and the political behaviour is assumed to be rational, instrumental and self-interested. According to his perspective, in order to face the spread of disinterested volunteers, parties will tend to adopt different organisational strategies that correspond to four main organisational party models, as follows: the *clientelistic mass party*, state resources are exploited by the party in power to distribute selective incentives; the *externally financed elite party*, where the political elite strive to attract the bulk of the donations and keep the political power in their hands; the *self-financed elite party*, in which notables and businessmen run their own political campaigns without the need to seek external contributions; and the *cartel party*, where the funds provided by the public source of political financing keep parties safe and provides their subsistence at large. Irrespective of whether Hopkin's approach contributes to a theoretical explanation of the changes occurring to the party model, it does not consider the influence of external pressures and does not provide a comprehensive understanding.

We must also consider party goals in order to understand the primary will of parties. Party goals can be divided between an *office-seeking party*, when the party tends to maximise its control over political office benefits, a *policy-seeking party*, for which the determinant is its impact on public policy, and a *vote-seeking party*, when the primary goal is to obtain greater electoral support and the control of government (Strøm and Müllers 1999). Party goals can change from time to time, they are contingent and are affected by the electoral system. In a first-past-the-post system, a party will tend to adopt a vote-seeking perspective, due to the power of the electoral moment in determining the ruling party, while in a proportional system, parties prefer an office-seeking strategy, due to the presence of more veto points.

According to Scarrow (2004), an accepted idea among scholars of political finance is that the finance regulations and reforms reflect the interests of the party in power. Therefore, a *revenue-maximising party* will be interested in increasing its income even beyond what is strictly required, while an *electoral-economy party*'s perspective will lead to a focus on short-term electoral success as its primary aim, and will subsequently pay more attention to public opinion.

Beyond the theoretical framework of party funding, empirical research has generally been focused on three different aspects of the effects that a specific financing regime can have, as follows: effects on party system fragmentation and petrification (Booth and Robbins 2010, Pierre et al. 2000, Scarrow 2006); effects on high volatility and a membership decrease (Casas-Zamora 2006, Whitely 2011); and effects on organisational development (Casal Bértoa and Spirova 2013, Nassmacher 2009, Van Biezen 2003). However, findings gleaned using the aforementioned approaches have been contested in several studies (see, for example, Pierre et al. 2000): 'party finances do not explain why party systems are as they are, nor their variance across the world' (Sartori 1976:95). Thus, party finance should be considered as a dependent phenomenon, rather than as an explanatory variable for a party system. Inverting the explanatory factors, by explaining financing dynamics using institutional, organisational and party-based dimensions could provide a different insight in this contested field.

Chapter 2:

Private Political Financing: Between Regulations and In-depth Research

A lack of knowledge is recognised in the study of private money in politics in both comparative perspective and country-based research. In this chapter, I present the state-of-the-art findings in this field, using the regulatory framework and the international debate. An in-depth analysis is required to understand dynamics; therefore, the case of Italy is presented from this perspective. The political changes that have occurred there in recent decades emphasise the transformations that have spread across many developed countries. Processes of progressive detachment from civil society, as well as increasing personalisation in political competition, can be analysed via the flow of money collected by political parties, enabling us to better understand the changing representational role of political actors.

2.1 A Comparative Overview of Private Political Financing

2.1.1 – The Regulatory Framework

The questions regarding the role of private money in politics that arose in Chapter 1 should be addressed from a comparative perspective, ensuring that they consider specific country-based dynamics. Unfortunately, scientific knowledge in this field is limited, primarily as a result of difficulties related to the availability of data and to transparency rules. Therefore, with regard to the public funding regimes of political actors, the study of the private financing of politics and political competition is generally based on regulations (see Koß 2011, Nassmacher 2009, Melchionda 1997).

Table 2.1 presents an overview of the regulation of private financing in different democracies, which have been selected to provide cases of different political financing regimes (see Koß 2011).

Tab. 2.1- Regulation on Private Political Financing in Different Democratic Countries

	Bans				Limits		Control
	Corporate	Unions	Foreign Interests	Anonymous	to Political Parties	to Candidates	Report of Donors ID
Canada	YES (only individuals allowed)	YES	YES	NO (up to 20 $)	Donor's limit= 1,500 $ per year	Donor's limit= 1,500$ per year	YES if > 200$
France	YES	YES	YES	YES	Donor's limit= 7,500 euros per year	Donor's limit= 4,600 euros per year	YES
Germany	NO*	NO	NO (but limited)	NO (up to 500 euros)	NO	NO	YES if > 500 euros (disclosure applies if > 10,000 euros)
Italy *(up to 2017)*	NO**	NO	NO	NO (up to 5,000 euros)	NO	NO	YES, disclosure applies if > 5,000 euros
Spain	YES	NO	NO	YES	YES	NO	YES
Sweden	NO	NO	YES	NO (but they lose public help)	NO	NO	YES if above the threshold
Switzerland	NO	NO	NO	NO	NO	NO	/
United Kingdom	NO	NO	YES	NO (up to 500£)	NO	NO	YES, disclose if > 5,000 pounds
United States	YES (only through PACs)	YES	YES	NO	Donor's limit set each year	Donor's limit set each year	YES for PACs and Party Committees (Individuals if > 200$)

Source: International IDEA's Political Finance Database 2012 (www.idea.int/political-finance). Author's elaboration.

Note: First column shows the name of the country considered. Variables referring to bans report the precence of a specific ban for corporate donations, contributions from unions, donations from abroad and anonymus donantions. The existence of determinanted limits for donantions to political parties and candidates are showed in columns 6 and 7. The last column reports the control over the identity of donors and if/when they should be reported or disclosed.

* = bans applie to donations from companies if the direct partecipation of the State exceed 25%.
** = bans applie to donations from campanies if the direct partecipation of the State exceed 20%.

Canada, the US and the UK are based on low-value public funding, while France, Germany, Italy[1], Spain and Sweden provide high-value subsidies. Switzerland represents a completely private model.

In the comparative study of private funding regulations, we can recognise three main dimensions that help to qualify different regimes, as follows: the presence of forbidden donations, particularly those coming from corporate businesses, unions, foreign interests and anonymous donors; limitations, which are applied to preserve fair competition among political parties and candidates and to avoid external influences, if applied to a donor's ability to contribute; and the existence of mechanisms of control and accountability that correspond to the political actors' obligation to report their revenues and to disclose the identity of donors.

Corporate bans are in force in France and Spain, where no exceptions are allowed. In Canada, donations from corporate businesses are also forbidden; Canadian regulations allow only donations from Canadian individuals. In the US regime, corporate bans are also in effect, but businesses and companies can contribute to political competition via Political Action Committees (PACs). These PACs represent a collector of private donations, and are created *ad hoc* and independently in order to more or less directly support a candidate, a group of candidates or a specific political party's campaign (see Green 2006, Melchionda 1997).

In Germany and Italy, bans on corporate donations apply only if the direct participation of the state in a company exceeds 25% or 20% of the shares. The remainder of the countries listed do not enforce specific bans on businesses' liberal contributions. Unions are not allowed to donate in France, Canada and the US, while no specific ban applies in the other countries considered.

Contributions from foreign interests, such as foreign companies, businesses, unions, or organisations, are the most restricted; in Canada, the US, France, Sweden and the UK, they are completely forbidden, and although Germany permits them, it is with limitations. Anonymous donations are also largely not permitted. However, Canada allows them up to 20 dollars, Germany and the UK set the limit at €500 or £500 and Italy accepts anonymous donations of up to €5,000.

[1] The Italian regulation for public and private political financing is considered valid up to 2017. Law n.13/2014 established a new political financial regime that should be effective from 2017. This excludes any form of direct state funds and will be based exclusively on private donations with tax reliefs for donors. The data and analysis used in this project refer to the previous financial regime.

In France and Spain, anonymous donations are completely forbidden. Sweden allows them, but the political actors receiving these donations will lose their right to admission for public help.

Most of the countries do not limit the extent to which political actors may receive private contributions, or the capacity of donors; this applies to Germany, Italy, Spain (limited only to political parties, not candidates), Sweden, Switzerland and the UK. In Canada, France and the US, donors' limits are set at specific thresholds for both political parties and candidates.
With the exception of Switzerland, which has not established particular regulations, all the countries have some form of control regarding the reporting and disclosure of donors, sometimes with a threshold to be met (as in Canada, Germany, Italy, Sweden and the UK). The system of matching funds, in which public funds are also provided in accordance with the capacity of political actors to raise private support, constitutes an incentive to report income, so this mechanism is generally understood to favour transparency, as is observed in Germany. The variety of rules and practices, even in private financing regulations, has informed us that in-depth analysis that goes beyond the regulatory surface is required in order to understand the connections of interests at stake and the representational value of private contributions.

2.1.2 – Empirical Studies of Private Financing

A different categorisation, which combines private and public sources of money, defines four main groups of countries on the basis of the threshold of income, where a significant source is equal to 25% or more of a party's income (Koß 2011). In Germany, the Netherlands, Spain, Italy and France both public and private sources of money appear to be significant. The UK, Switzerland, Canada, the US, Australia and Ireland are characterised by significant private sources, but little or no public support. In contrast, insignificant private sources, but very important public funding, characterise Sweden, Denmark, Finland, Norway, Austria, Belgium and Israel. A lack of both public and private-legal funding appears to be an old-fashioned system; it was usual in France up to 1988, and in Italy up to 1974, due to a deep-rooted system of black and illegal funds.

However, 'the introduction of public subsidies did not mean that other sources of income lost all significance' (Pierre et al. 2000:22); they soon regained their importance after an initial decrease.

Therefore, it is fundamental that the role of private money in politics is not neglected, even in the case of a high dependency of political actors on public funding.

With regard to empirical findings at the international level, the majority of the studies on the role of private money in politics have been conducted in the United States; a greater number of publications have focused on the impact, mechanisms of contributions and regulations, as well as influence on politicians, in this country than in any other nation (see Currinder 2009, Briffault 1999, Melchionda 1997 and Scarrow 2007 for general references). This is due to highly developed private party-financing, the only regime applicable for candidates at federal and state level, and the low value attributed to public support, which is only permitted in presidential campaigns if the candidate refuses external funding. For historical reasons, and as a result of cultural attitudes, that is, an emphasis on freedom, the US usually attributes great value to the role of private money. In addition, lobby activities inside Congress are highly regulated and accepted. Last, but not least, data on private financing are usually available to the public in a very short time.

The evidence from US studies has emphasised the risk of political leverage connected to private contributions: politicians appear to be more accountable to their financial constituencies than to their electoral constituencies (Chappell 1981); larger contributions are usually translated into greater political pressure, via lobbying activities (Ansolabehere et al. 2002, Wright 1990); individual donors appear to pay more attention to a candidate's ideological position (Ensley 2009); and incumbent politicians are sometimes considered to be at an advantage when it comes to fundraising (Esterling 2007), while at other times they are not (Brunell 2005), depending on the level of competition.

In the UK, the Political Parties, Elections and Referendums Act 2000 has been regulating party spending and obligations to report since 1998. As previously noted, disclosure of the identity of donors is only required if the donation is above the threshold of £5,000 pounds, but a different analysis has emerged since this transparency measure was adopted. For example, Ewing (2006) listed the high-value donations to each party from 2001–2004, and found that the Conservatives are losing their exclusive access to corporate donations, with corporations becoming increasingly attracted to new Labour positions, while the Labour Party appears to have preserved its privileged connections with the unions. In addition, recent decades have witnessed a continuing growth in large donations made by wealthy individuals, but which are no longer directed exclusively towards the Conservative Party (Fischer 1997). The Conservatives remain the preferred option for corporate donors, while Labour still attracts numerous small-value contributions, but the lines are blurring. Fischer identified two principal developments in UK political campaigns: the re-emergence of large contributions and a diffuse commercial approach to fundraising, via the organisation of high-profile party dinners or *ad hoc* clubs, spread across the country (Fischer 1997). However, a more recent analysis of British private political money suggested that although the bulk of the income of political parties is from donations, appeals and fundraising activities, this is not sufficient for the parties' subsistence because the value of donations is decreasing due to limits and disclosure rules that emphasise the 'publicity-shy' nature of donors (Pattie and Johnston 2016).

In Japan, the public funding regime of political actors has become more comprehensive since 1994, before which time other forms of public support were effective in official elections, but were only directed towards candidates. However, a comparison of the sources of income of members of National Diet makes clear the fundamental role that private money, company donations first, still plays (Ejima 2006).

In Brazil, where a public funding regime exists, with regular subsidies to political parties together with a high perceived level of corruption, studies have focused their attention on the political responsiveness to private money. Using contributions to a federal deputy as a proxy for political connections, the findings have shown that politicians may support policy changes that favour their donors' interests (Cleassens et al. 2008).

Comparative analyses of private political money are difficult to find (see McMenamin 2013, Goerres and Höpner 2014), due to a lack of data and in-depth country knowledge. Donation strategies adopted by donors, or the fundraising capacity of political parties, vary with respect to political system, political culture and production regime. Therefore, it is fundamental to have a clear picture of a country before comparing it to others. Country-based studies, particularly where there is a lack of knowledge resulting from a shift towards the public side of funding, are necessary. Thus, the aim of this project was to fill the existing gap in Italy, where the lack of knowledge of private funding is well recognised, but is considered irrelevant, due to the predominant role of state funds and widespread corruption practices. However, despite the lack of relevance, the possibility of in-depth research is made possible as a result of the availability of data.

2.2 The Dynamics of Italian Political Financing

2.2.1 – The Public Financing Regime: A Troubling History

The history of Italian political financing is fairly recent compared to the long traditions of UK and US politics. However, Italy has one of the most discussed and troubled stories regarding the relationship between money and politics. Between 1948, just after the establishment of the post-war democratic regime, and 1974, the year of the introduction of a public financing regime with high state subsidies, no regulations were in place. The use of the pre-war system of political finance continued: a private system of multiple channels of contribution that were unregulated and made by membership subscriptions (particularly in the golden era of the mass-party model), contributions from private organisations, a party's economic activities and investments and donations from 'friendly' organisations, such as unions and Catholic associations, or ancillary associations, as well as donations from abroad (see Rhodes 1997). During the 1960s, the two major parties were financed by 'black funds' coming from foreign interests; the Christian Democratic Party (DC) received great support from the US government and private contributions made by entrepreneurs, while the Italian Communist Party (PCI) gained money from import/export companies connected to the USSR.

In 1973, a corruption system consisting of bribes, *tangenti*, circulating between the Unione Petrolifera (the major oil company) and the governing parties to exert an influence on energy policies, the so-called oil scandal, revealed a complex mechanism of favouring and political leverage that also involved the national energy company –ENEL. Consequently, it was publicly necessary to explain the role of money in Italian politics. In order to pursue this aim, at least in a broad sense, a regime of public funding of political parties was first introduced in Italy in 1974 (law 195/74) with the approval of all the major parties. This law established a double channel of contribution to parties: one for campaign expenses and one for ordinary activities. The legislation also included provisions that forbade donations by state-owned firms, companies and semi-public bodies, banning every company with a public shareholding of at least 20% of corporate capital from donating to parties (Nassmacher 2003). The remaining private financing was liberalised, and not subjected to any bans or restrictions. With the introduction of law 659/81 came the obligation to produce joint statements for private donations. All contributions of more than 5 million lire (around €3000 at that time) must be reported to the lower Chamber in Parliament, and the donor's identity must be disclosed; both the benefiting party/candidate and the donor must annually declare to the Chamber of Deputies the amount contributed in order to guarantee transparency.

Notwithstanding, the aim of public funding as a way to contrast the private 'big money', and shielding the party system from external and interested influences, appears to have failed in Italy. In fact, between the 1970s and the 1980s, the growth of the public sector led to a competition between private and public companies for the exercise of influence on the political system (Vannucci 2011), and to the concurrent reinforcement of parties for the control of the public sector by the direct entrance of trusted people inside them – so-called occult professionalism (Panebianco 1988), a form of patronage.

The 1980s and the early 1990s were characterised by political scandals and judicial inquiries related to the illicit financing of politics, not only in Italy, but also in Spain, France, Germany, the UK and Belgium. Nonetheless, the systematic, well-structured and widespread system of corruption in Italy, better known as *Tangentopoli*, assumed further emphasis for the greater proportion of state and government representatives involved. According to one estimate, between 1979 and 1987, Italian parties received an average of at least 3.400 billion lire per year (around US$ 2.6 billion) from illegal funding activities, which is equal to approximately 75% of the total public fund guaranteed through the State provisions, and at least 10 times the total official income of all the parties combined (Bardi and Morlino 1994:260, Nassmacher 2003, Rhodes 1997). Scandals revealed a system of kickbacks, bribes and black funds that had been created to influence public contracts where 'public and private enterprises were manipulated by political parties via close clientelistic relations' (Rhodes 1997:57). During those years, political parties used patronage as a reward for political support through pork-barrel and corruption activities (Kopecky and Scherlis 2008).
According to Pujas and Rhodes (1999), the expansion of corrupt forms of political finance is linked to a particular opportunity structure, rather than to cultural predisposition. The emergence of scandals, and the consequent publicity, has been substantially driven by the competitive mobilisation of actors in the judiciary, politics and the media. Others have held the view that political corruption, at least in the electoral arena, is related to increasing costs in political competition and the declining membership that began in the 1970s (Della Porta 2004, Weyland 1998). Corruption may also be related to the growing public support for political parties. Indeed, there is a diffuse perception among citizens that 'the more dependent parties are on the state, the more they are involved with the state and with pork-barrel practices' (Casal Bértoa et al. 2014: 366).

Irrespective of the reason, after the corruption scandals of the early 1990s, and the consequent disaffection of citizens towards political parties, a referendum abolished public funding, even if only in terms of general support for ordinary activities. In fact, law 515/93 confirmed public help for parties, in the form of reimbursement for the expenses incurred during electoral campaigns. In addition to this renewed public support, a form of ordinary contribution was re-introduced between 1997 and 1999; with law 2/97, all taxpayers may give a part of their income tax to the political system as a whole, to a maximum of 110 billion lire. Between 1997 and 2002, the amount of the fund for reimbursement for electoral expenses increased approximately two-fold, reaching 201 billion lire in 2002. As noted by political and legal scholars, reimbursement became a distinguished form of ordinary contribution between 1999 and 2013, thus payments were divided throughout the full life of a parliament and were distributed every year (see Pacini 2009).

The fund has been reduced since 2006, and, with law 13/2014, the public funding system has been converted to a form of private funding, and should become effective in 2017. This introduces incentives for taxpayers who decide to donate to parties, so reducing income for the state, and keeps liberal contributions free, when parties should be able to rely only on private financing and their ability to attract external support.

2.2.2 – Italian Parties' Over-Dependency on the State

As mentioned previously, the organizational life of any political party requires massive investments and it is likely that any reduction of internal sources of financing (subscriptions, fees, donations, voluntary work) reinforces the need to stick with insufficient resources, an organisational apparatus that involves high fixed-costs (Vannucci 2011:380). At the end of the 1980s, the amount of party income that came from state help was 34% of the total, while the membership fees contributed 49%. We may expect things to have changed. As Ignazi and Pizzimenti (2011) reported, in the period from the early 1990s to the early 2000s, membership fees constituted around 15% of the total income, while public subsidies contributed 65–70%. In some cases, such as for the leftist party Partito Democratico della Sinistra (PDS) and then Democratici di Sinistra (DS), private funding reached 25%. Thus, the increasing reliance of parties on state funding appears to have been confirmed, at least until the early 2000s (Bardi, Ignazi, Massari 2007).

Before attempting to describe the change that occurred in the private sources of party financing, it is better to understand the magnitude of the phenomenon and to examine the official sources of income declared by the Italian political actors. In official party reports, three main sources of income are usually listed: state funds (divided between electoral expenses and ordinary activities), private sources (membership fees, members' free contributions and external contributions) and bonuses or subscriptions coming from the activities of MPs or elected representatives. Table 2.2 shows the distribution of the total income of parties, listed from right to left, among the different sources. The data refer to party headquarters, since data for party sub-units are often unavailable. Membership subscriptions are considered to be voluntary, and so are a type of private source, as are MPs' donations. Therefore, for the purpose of this project, it is important to differentiate between internal sources of private financing, that is, those coming from elected representatives, members' contributions and subscriptions, and external sources of private money, namely, the donations made by companies or individuals not directly related to the party's organisation. The years reported in the table have been selected for two main reasons: first, they represent critical years in Italian political history, and second, they are general election years. Donations tend to be particularly numerous in election years; therefore, the selection of such years should provide better evidence (Goerres and Höpner 2014). In addition, 1987 was the year of the last general election before the Tangentopoli scandal, and the last parliament of the so-called First Republic was created; 1994 represents a complete different scenario, following the redefinition of the party system; and 2013 is the last election year available, and represents an undefined political scenario in which it was very difficult to form a government.

The official accounts show that the two main parties ideologically competing on the political stage in 1987, the Democrazia Cristiana (DC) and Partito Comunista Italiano (PCI), were different in many aspects: the DC had different sources of financing, private sources (14% of its total revenues) and state help (76%), while the PCI, also dependent on state support (24%), was still more reliant on membership fees (58%) as a classical mass-integration party. The PCI also reported the highest income in 1987. With the partial exception of the Italian Socialist Party (PSI), the other political actors, such as the PRI, PLI, PSDI and MSI[2], were basically highly dependent on public support; over 50% of their revenues came from state funding for election expenses or for ordinary activities.

Figures from 1994 show a different scenario as a consequence of changes that occurred in the preceding years, such as political scandals, a consequent redefinition of the party system and a new,

[2] For the complete list of parties see List of Abbreviations.

more majoritarian, electoral law. DC was no longer the major and predominant party that it had been, and a number of small Catholic parties (CCD, PPI, PS, AD, LR, CS, etc.) saw the light as a result of its demise, forming a real galaxy constantly on the move (see Pizzimenti 2007). These new parties were also suffering from the fragmentation of party politics in terms of financing. The abolition of the ordinary fund for the activities of parties had a great impact on their reports, but

Tab. 2.2 - Distribution of Total Income of Italian Parties for Different Sources (adjusted 2014 Euro)

			Private Donations		
1987	**Total Revenues**	**State subsidies (%)**	**Member Subscriptions (%)**	**Internal (%)**	**External (%)**
MSI	12,206,304	78.7	0.0	0.0	21.3
PLI	7,999,025	68.8	0.9	0.0	**30.3**
DC	52,879,559	75.5	10.3	0.0	14.2
PRI	10,897,147	68.9	4.4	0.0	**26.7**
PR	11,724,827	41.9	21.0	9.8	27.2
PSI	40,086,149	40.3	40.2	0.5	19.0
PSDI	10,163,701	64.1	9.4	0.0	**26.4**
PCI	134,526,488	23.6	57.9	17.1	1.3
1994					
MSI-AN	18,662,188	87.5	2.1	6.3	4.1
LN	16,856,638	57.4	11.0	28.8	2.8
PRI	,435,389	63.8	18.3	16.1	1.8
FI	32,073,650	85.7	1.3	0.0	**12.9**
CCD	6,988,518	0.0	0.1	91.6	8.2
PPI	13,639,106	90.2	9.1	0.3	0.4
Patto Segni	5,746,407	84.6	0.1	0.0	**15.3**
PDS	32,666,822	67.0	0.0	33.0	0.1
PRC	12,709,678	52.6	1.4	46.0	0.0
2013					
LN	9,804,882	67.1	6.9	23.8	2.2
PDL	31,072,281	74.3	0.0	23.9	1.8
UDC	6,184,609	76.1	0.4	1.5	**22.0**
SC	4,600,509	46.5	0.0	32.4	**21.1**
PD	33,190,700	75.1	3.4	20.7	0.8

Source: Treasury of Chamber of Deputies, Gazzetta Ufficiale (n.107/89 - n.277/99) and Parties' websites. Author's elaboration.

Note: First column shows the label of parties. Second column reports the total amount of money collected by parties. The last four columns show the distribution of the total revenue among State subsidies and private sources (divided in annual membership subscriptions, Internal -members' liberal contributions and MPs benefits -) and external donations.

not as one would expect. The new law on the topic (law 515/93) provided for a large contribution from the state to the campaign expenses of parties (around 115 billion lire in 1994, compared to 113 billion lire in 1987). For all the parties considered, those coming from a great past and those that were completely new, such as Forza Italia (FI) with its leader Silvio Berlusconi, the bulk of their income came from state subsidies. The CCD was an ally of the centre-right coalition and received electoral funds from the main FI party, which were counted as internal private donations in the party's report. Even the PRC, coming from the PCI tradition, was now in the hands of the state, in terms of refunds and bonuses for its MPs, saw its membership collapse, as was the case with the other competitors. The Lega Nord (LN), which came from a tradition of conflict based on the territorial belonging of its members and leaders, was seriously competing to be elected in Parliament and form the government for the first time and its revenues revealed a semi-classical structure mass-model, inspired by a high percentage of income that came from members' contributions and fees. PDS membership subscriptions were equal to 0 because they were entirely accounted for by its sub-units. PRC subscriptions were also very low, due to a subscription over multiple years, accounted for by dividing the amount across several different annual reports.

In 2013, the pattern of dependence of parties on public state funds was confirmed. In accordance with the cartelisation hypothesis, all the parties appeared to be highly reliant on state help for their subsistence, and increasingly less on members' contributions. Irrespective of the consolidation of the new financing system, which provides only a fund for electoral expenses, the predominance of the state in party survival has not at all been eroded.

Usually, those parties that rely more on membership fees and internal donations need less help from external donors, and *vice versa*. Over time, it is possible to describe several trends in party financing: party revenues are decreasing, the share of revenue coming from membership fees is constantly decreasing, the share of internal revenues - a form of indirect public help that comes from MPs' benefits (Bolleyer et al. 2013) – appears to have stabilised, direct state help has become the dominant source of income and the share of external revenues appears to have significantly decreased. The overall contribution made by external revenues to the total income, for all parties considered, reached 11% in 1987, 7% in 1994 and 4% in 2013. Examining the share of private sources with regard to parties' revenues, and its decreasing trend in different years, this particular voice does not appear to be fundamental in the annual reports. However, even if we are talking of a small section of the entire report, this does not mean that it is useless in completing the entire picture. From the perspective adopted in this paper, the external sources of political financing may play an important role in the way parties react to different sectors, and their demands, present in a society, because those contributions represent a risk of uncertainty for the party organisation (Panebianco 1988).

In addition, we are witnessing a changing environment: as previously stated, membership is decreasing, public financing has been reduced and should quickly be replaced by a private system in Italy, and the rules of the game - electoral laws- also appear to be ready for modification. This scenario opens up questions regarding the strategy that parties will undertake in order to react to these new challenges (Cox 1997, Scarrow 2006), also accounting for the predominant role of the electoral moment and the dominance of the party in public office (Van Biezen 2000, Bardi, Ignazi, Massari 2007).

2.3 Research Hypothesis on Private Party Financing

Variation in time can indicate that changes that occur inside the party system are reflected in the dynamics of political financing. In addition, in the evidence provided in this chapter, the role of private money as a secondary source of a party's subsistence, with no capacity to produce leverage in the political system, appears to have been misunderstood. However, we should look at these figures as being only the surface of a deep-rooted and complex phenomenon.

As stated in the previous chapter, I adopted a new institutionalist perspective. This is considered to be a comprehensive theoretical background that is capable of simultaneously considering different factors, such as party goals, polarisation of political competition, institutionalisation of parties, electoral system and actors' interests, while providing a comprehensive understanding of the causal direction between party organisational model and private political financing.

It is very important to bear in mind that this theoretical perspective of party financing is considered to be closely connected to transformations of contemporary democracy, where the representational role of parties is being undermined by new actors while new models of political competition are emerging. Therefore, from a *bottom-up perspective* we should be interested in identifying who is supporting parties with financial help, and their network of relationships, while from a *top-down perspective* we should note parties' organisational evolution and the way they seek legitimation in a personalised contest.

From my perspective, the study of private party financing should reflect political changes and new dynamics in political competition. Indeed, I assume the model of private political financing to be dependent, rather than a causal determinant, of widespread political processes, such as the progressive departure of political parties from civil society grassroots and the personalisation of politics that increasingly define contemporary political competition. In accordance with this perspective, party funding regimes are indicators of political and societal trends, rather than their cause (Schleth 1973).

According to the cartel party model, we know that political parties are distancing themselves from their civil society roots and their party involvement, in terms of both labour and resources. This process leads parties to increasingly rely on public funding (Katz and Mair 1995). However, in such a situation, external financing powers could become more influential, rather than weaker, particularly when trust in political actors declines and external donations flow, in terms of number and/or entity. In agreement with Melchionda (1997), I will focus on the *political use of money*, which can be defined as the political money necessary to the politics of conflict and necessary to political actors in order to acquire power.

Comparative research has suggested that private sources of money should not be neglected in political science, because they can represent strategic instruments for external donors to directly influence policy choices and politicians' attitudes. Therefore, I want to shed light on the private sources of party revenues, in order to determine the possible impact of firms, organisations and interests representatives on party subsistence and their trends in time. If parties, as I assume, are historical beings carrying an inheritance from the past, is important to identify the financing relationships that might have linked parties to private actors. This is also fundamental to understanding how representation is changing for parties, and to avoiding the *'tyranny of money'* in politics, which compromises the principle of equality (Raskin and Bonifaz 1994). In addition, the lack of scientific knowledge of external sources of party financing is recognised in all major democracies. There is a need for cross national research that should focus on the characteristics and motives of political donors (Scarrow 2007).

The political financial system and the predominance of direct state funding have left only a small space for the analysis of private revenues, but the importance of this phenomenon appears to have been acknowledged: 'there is the likelihood that politicians who need money to help them win may pay disproportionate attention to the opinions and wishes of their major funders' (Scarrow 2007:207). The saliency of this topic arises from the fact that representation is changing for parties,

while parties are considered to be increasingly less responsible for the collective will. In addition, the effort to connect studies on political financing to the process of personalisation of politics is one of the challenges of this project; few studies have been conducted from this perspective. I wish to examine how different actors react to the same environmental and political constraints, evaluating variation within the same political structure.
Therefore, an examination of the private source of political money should allow us to better understand the political changes occurring in contemporary democracies, particularly those linked to the transformation of the political representation expressed by political actors, and exemplified via the progressive personalisation of politics and the modified connective capability with their environment.

In the cartel party model, the conflicting charge of political competition decreases. If we attempt to translate this phenomenon inside political financing, we should see that donations become increasingly transversal and donors hedge between the dominant political actors. Furthermore, the progressive personalisation of politics should also be reflected in the dynamics of political financing with external donors becoming increasingly attracted by single politicians, rather than their collective organisation, with an implicit transformation of the representational role of parties.

I will focus on the private donations declared by both political parties and their candidates in different electoral years in order to determine whether the attention paid by donors to political actors has changed during the substantial transformation of party competition, and whether there is a trend towards the personalisation of political financing that increases the attention paid by external donors to individual candidates as collective actors, at the expense of party organisation. The examination of private sources of money from this perspective, even where public funding is predominant, helps us to clarify the processes identified above. Therefore, the private political financing model should have changed in recent decades, according to the progressive personalisation of politics and the changing party organisational strategy.

First, I will investigate how the connective capability of parties has changed. *Connective capability* can be defined as an indicator of the network of relationships surrounding, and created by, a political party. Considering private financing, connective capability is identified by the number of donations a party has received, the qualitative variation of donors (how many specific interests they represent) and the entity of private money collected by a political actor. Therefore, my *first hypothesis* is that if

parties are detaching themselves from their civil society roots, moving towards a cartel party model that emphasises their dependence on state funding, then the relationships with their private donors should be increasingly weak and differentiated, such that party connective capability decreases.
In contrast, *personalisation* can be understood as 'the notion that individual political actors have become more prominent at the expense of parties and collective identities' (Karvonen, 2010:4). Examining the financing issue, the degree of personalisation can be identified as the proportion of private money directed to individual politicians compared with the proportion of money that goes to their political parties. Therefore, my *second hypothesis* is that if personalisation is something that has contributed to shaping the contemporary political competition and environment, then I should also find evidence of it in financing dynamics. This means that external donors should be increasingly attracted by single politicians, rather than by collective political actors, which parties are.

The answers to these questions provide a different insight with regard to contemporary democratic politics and define the relationships at stake between the various actors involved, such as political parties, politicians and interest groups. A study such as this can contribute to defining the financial appeal of political actors, helping us to understand the determinants of such appeal and the dynamics of private financing that lie beneath the surface.

Chapter 3:

The Connective Capability of Italian Political Parties

According to the cartel party theory, political parties that rely principally on State financing tend to weaken their relationship with civil society and to lose support from their grassroots. The Italian case seems to fit the first part of this claim: Italian political parties are strongly dependent on public financing. The connections with civil society and interests groups will be analysed in this chapter using data concerning the private revenues of political parties. Findings based on this source of data can be controversial but are still informative. Interest groups can be considered intermediaries of civil society interests, and the contemporary research on party-group relationships has been taken into account. Results from the analysis of private financing support recent empirical findings on party-group relations.

3.1 Linking Political Parties to Interest Groups

The study of private political money usually places emphasis on the donor's motivation and looks at the consequences of electoral contributions in terms of how they influence policy making or electoral results. As noted in the previous chapters, this project adopted the party perspective with the aim of understanding if the structural changes that occurred in the last decades have modified the capacity of political parties to connect with civil society and, if so, how parties have reacted. For this reason, the literature on party-group studies cannot be ignored. Linking donors to interest groups constitutes an essential part in the financing relations with political parties: they represent a theoretical shortcut to understanding donors' major concerns, allowing us to see the connection at stake, and, from the party perspective, the network of relations they have with different interests present in civil society.

It is not easy to define what an interest group is. In the literature we can find different and overlapping definitions that link the concept of interest group to the concept of party. As stated by Baumgartner and Leech (1998), the lack of a common definition has hindered the accumulation of knowledge in this field of studies. In order to avoid confusion, an influential and broader definition is the one that describes interest groups as an association of individuals or a corporate body, usually formally organized, that attempts to influence public policy, providing institutional linkage between the State and the major interests in a given society (Thomas and Hrebenar 1999:114; Wilson 1990).

In this work, an even border definition has been adopted in order to include single corporations and firms, as well as individuals working in a specific economic activity. Literature considered in the second chapter provides evidence of the increasing attention paid by scholars to the role of money –especially Big Money- in politics and the importance of taking into consideration the financing connections with firms and corporations with political actors: 'parties and firms are the collective actors of capitalism and representative democracy' (Schattschneider 1942:1). Especially in liberal democracies, political parties and interest groups are among the most important institutions that define the character of the political system, and serve as the principal links between the citizens and their government (Thomas 2001).

The interest group is different from the political party for three main reasons: (1) the major goal of a political party is to win formal control of government to implement its program, whereas an interest group does not wish to win formal control of government but simply desires to influence public policy in its areas of concern; (2) parties have an avowedly public purpose as broad coalitions that facilitate compromise and governance in a society as a whole, whereas interest groups have narrow concerns that focus and aggregate their members' interests and articulate them to government; and (3) parties run candidates in elections, whereas interest groups do not (Schattschneider 1960; Almond and Powell 1966; Duverger 1972). Usually, the stress of the difference is put on the responsiveness that political parties have in electoral competitions.

Usually, parties rely on interest groups to provide votes from particular constituencies, monetary support and organizational assistance, while interest groups try to find alliances for legislation and policy rewards. The influence of organized interests in the policy-making process can be divided into three main categories (Mattina 2011): they can purchase votes with campaign contributions; they can mobilize constituencies or report constituency preferences to the legislator: articulation of demands; or, most commonly, they provide information or subsidize those in office: expertise.

For many scholars, groups provide a mechanism through which citizens who have a shared attitude or a shared interest can come together and transform their collective resources into political action (Thomas, 2001). For this reason, the interest group, as a secondary association, contributes to the political intermediation (Van Deth 1997; Gunther et al. 2007). As Bellucci et al. (2007) pointed out, in political commitment, unions and professional associations are far more effective in acting as political intermediates. Secondary associations based on traditional cleavages still have higher capacities to encapsulate segments of the electorate than any other civic groups. In the political system, social cleavages are usually articulated through and with the help of intermediary organizations (Easton 1965). As Aarts (1995) showed, the increase in material wealth has made material inequalities less important, and the rise of new mass media has challenged the role of social organizations, especially the role of political parties as gatekeepers. However, even if the political linkages have declined as a consequence of long-term developments, there is no evidence for a general decline in individual linkages to intermediary systems. Instead, more and more people seem to regard themselves to be represented more by interest groups then by political parties (see Wessels 1997). The presence of organized interest groups can, thus, be seen as a contribution to the democratic process but can also represent a threat to it (Dahl 1961; Pizzorno 1980); what matters is the relevance they have in a society and their capacity to influence the policy-making process.

To be representative, an interest group should be embedded in a political system as an external intermediary actor supported by the legitimation of its identity in the system. The access of organized interests to the political system is subject to the social reputation of the group; its membership; and the presence of authoritative representatives, expertise and systemic factors, such as institutional constraints, traditions of policy making and political system features (Morlino 1998). These factors contribute to shaping the basic distinction between insider and outsider groups: the former are those groups recognized as political interlocutors by the political system; the latter usually act outside the institutions and through indirect lobbying (Grant 2005).
The main literature on interest group studies proposes different categorization based on the nature and or the aims a group pursues. Classical categorization divides groups into special interest groups, public interest groups, and promotional groups (see Schattschneider 1960; Salisbury 1975; Berry 1977). The same categories have been used by many scholars, with some variation. For instance, sectional or economic, including business and professional associations, trade unions; promotional, including cultural, scientific or issue-based associations; and institutional, including universities, churches, bureaucracies, local institutions (Mattina 2011). Schlozman (2010) identified six macro-categories of groups that describe the American *pressure system*: economic organizations, labour unions, identity groups, public interest groups, state and local government and other organizations. A more recent categorization, defined by Binderkrantz (2012), is based on '*reasonable categories'* to

look at the relevance of a group on the political scene, and identifies five macro-categories: labour unions, business groups, groups of institutions and authorities, other economic sectional groups and public interest groups.

Looking at the more general perspectives, research in this field has usually followed three different approaches: the corporatist, the pluralist and the elitist (Yishai 1991). In the U.S. literature, the pluralist and neo-pluralist approaches have attracted a lot of attention since the beginning of group studies (see Bentley 1908; Truman 1951). This school thought that no particular interest groups dominate in specific policy arenas but, rather, there is a plurality of actors competing or co-operating with each other (see Berry 1984; Bosso 1987). This perspective was in contrast with the elitist one that believed that special interests were dominating in specific policy arenas (Olson 1965; Lowi 1969).

On the contrary, European scholars were much more attracted by corporatist and neo-corporatist perspectives, due to the rise of social pacts among European countries in the 1970s (see Lehmbruch and Schmitter 1982; Crouch 1993). According to Wessels (1996), organized business tends to be more powerful in countries with a corporatist tradition, such as Northern Europe countries, Germany, Austria and Netherlands. In Italy the organized business sector looks differentiated and with low pressure power. The same pattern is recognizable for trade unions, which are powerful in corporatist countries and highly fragmented elsewhere, as in Italy, France and Spain.

Despite the dominant theoretical perspective adopted in the past, interest group studies seem now to converge (Mahoney and Baumgartner 2008). European scholars were usually deeply rooted in policy system dynamics, while U.S. scholars were more concerned about lobbying activities. Currently, both seem to focus on the impact of government structures on the development of national interest systems. However, the aforementioned studies considered political parties and interest groups as two autonomous actors, focusing on one side or another, or considered them as alternative intermediates (Dalton 2002), emphasizing their functional differences (Bayers et al. 2008) or their connection with governing parties, not with political parties in general.

Political parties and interest groups are intricately and inextricably related: they co-evolve; monitor each other; contribute to shaping political identities; and form societal and political networks between them (Heany 2010).

Several scholars have tried to assess the importance and the relationships among lobbies, interest groups and political parties, considering their roles for the articulation of specific interests (Baumgartener and Leech 1998; Lehmbruch 1977; Schattschneider 1948), but many of these studies lack the ability to connect the three actors with each other. In recent years, after the downfall of the corporatist model, more attention has been put on the political parties' side and scholars are increasingly attracted to this topic (see for instance, Allern 2010, and the special issue of *Party Politics*, 2012, 18(7)). From the party's perspective, scholars usually emphasize the incentives and strategies of political parties to explain party-group interactions (see Allern 2010; Allern and Bale 2012; Schwartz 2005; Verge 2003).

In his comparative research, Thomas (2001) has found that the variation in party-group relationships in different political systems can be explained by structural factors such as the presence of strong ideologies that increase the power of the interactions; strong parties, which can favour particular groups; and a strong party system, in terms of discipline, that can control the agenda.

The relations among political parties and interest groups vary across time and context. In the literature, until the end of the 1990s, five types of party-group relations have been recognized: pluralist; (neo)corporatist; partisan, when the party dominate over the groups; responsible party, when access is not based on party alliances; and determinant, used more by American scholars (Thomas 2001).

The bulk of the—so far—small amount of literature that does not consider groups and political parties as two autonomous actors focuses on party-group competition and its consequences (see Thomas 2001). I agree with those who think that we need a more systematic view of the relationships between political parties and interest groups because these two actors can shape the nature of contemporary democracy (Allern and Bale 2012).

3.2 The Italian research on parties and groups

Many studies concerning the relationship between political parties and groups are designed on country-based studies. This is due to the ontological nature of the actors under scrutiny: they are deeply rooted in the social and political history of a given nation and the established cleavage structure that composes it (Lipset and Rokkan 1967).

Recently, scholars have moved toward supra-national bodies, such as the European Union, that guarantee structural and legal instruments for lobbying activity. However, empirical findings show that both Members of European Parliament (MEPs) and interest groups are still more in contact with their national level organizations then with European ones, so the national level of study can still be considered an important preliminary focus (see Rasmussen 2012; Wessels et al. 1996).

The relationship between political parties and interest groups in Italy has been the focus of important research concerning the power relations between political actors (see LaPalombara 1964) and their roles during the construction of democracy (Morlino 1991), emphasizing the subordinated position of organized interests in relation to political parties.

For instance, as Morlino (1991) pointed out, the way political parties and interest group interactions can be defined from the parties' perspective is in terms of domination, occupancy, symbiosis, neutrality or direct access. These classifications are made on the power relations that political parties exercise over interest groups, with particular attention to the overlapping leadership and/or political autonomy from the post-war period until the early 1970s. Results from a historical perspective show that during the consolidation of the Italian democratic regime, the principal party that dominated the Italian political scene for almost fifty years— the Christian Democracy (DC)—maintained strong relations with the agricultural sector—Confagricoltura and Coldiretti represented the landowners and the small farmers, respectively—through a domination model. Confagrucoltura and Coldiretti provided consistent electoral support and were often rewarded with elective chairs in Parliament for their members, while DC retained its unquestionable role in policy formation. Confartigianto, the artisan sector; Confcommercio, representing the service industries; and Associazioni Cristiane Lavoratori Italiani (ACLI), for the Catholic workers, had strong and continuous ties with DC too, but they were weaker than those of the agricultural sector. The relationships of DC with the most important and organized business association, Confindustria, were better characterized by moments of symbiosis, when the policy aims converged, or neutrality. Often their policy aims diverged, especially during the nationalization of many economic sectors in the late 1950s; other times they converged, but the relationship was intermittent and more based on pragmatic/rational choices. On the contrary, Confindustria was closely connected with the Partito Liberale Italiano (PLI). Their relationship was often based on *parentela*—kinship—practices and reciprocal rewards: electoral support for the party and direct access to the policy arena through the election of the organization's members on the party's list. At the other end of the political spectrum, the left party, PCI, was strongly connected with the trade unions through a domination model, especially in the leadership overlap, until the 1960s. After that decade, a redefinition of the relations occurred and the workers' organization became more autonomous. The Communist party also received electoral support and resources from the artisan sector through Confederazione Nazionale dell'Artigianato (CNA); the agricultural sector, Confcoltivatori; and the service industries, Confesercenti.

From a broader perspective, especially in the south of Europe—Italy and Greece—until the 1980s party-group relations were described as clientelistic and particularistic for the dominant position of parties and the close relation that emerged between political actors and interest groups. After economic, social and political changes, during the 1990s a wide disentanglement occurred: alternating governments facilitate a degree of distancing on the part of organized interests. Interests needed, from there, to maintain a distance as well as to cultivate good relations with more than one party (Lanza and Lavdas 2000).

Using a similar party-based approach, Costantelos (2001) described party-interest group relationships using the categories of LaPalombara (1964) to emphasize the practices of clientelism and *parentela* between Italian parties and organized groups up until the 1990s. After the corruption earthquake in the Italian political arena, known as *Tangentopoli*, interest groups have sought to maintain public postures of partisan impartiality, keeping their roles to providing technical information, especially with technical governments (Ferrante 1998). The disentanglement between groups and parties that led to a more autonomous, non-dominated interest system did not start after *Tangentopoli*, but at least 20 years earlier, when it was becoming evident that political parties were losing their capacity to be strongly rooted in society (Lizzi 2011). However, 'Tangetopoli and European integration have profoundly weakened the dominant role and gate-keeping function of Italian political parties' (Costantelos 2001: 136).

The clientelistic practices had contributed to keeping the representation of interest groups in Italy fragmented (Mattina 2011), encouraging particularistic relationships rather than organized ones. Lanzalaco (1993) argued about the Italian system of interest group and party relations as an 'oligopolistic pluralism' where some specific interests, even if highly fragmented, are constantly privileged in their access to the political arena.

From the 1990s, Italian scholars of interest groups started to shift their attention to an in-depth understanding of the evolutionary trends, focusing on unions or entrepreneurial associations (see Lanzalaco 1990; Mattina 1991); or to the policy aims and policy achievements of organized interest, producing sectional analysis on the policy-making process (see Capano et al. 2014; Lizzi 2011). This focused perspective has produced a variety of studies and sectional knowledge mainly related to specific policy arenas.

In recent times, according to general trends in interest-group studies, Italian scholars are turning to consider both actors at the same time, developing theories and research with a broader aim, like the mapping of the Italian interest system or its trends during the last decades (see Lizzi and Pritoni 2017).

Findings using this perspective indicate, for instance, that there is a growing number of actors entering the political arena due to the weakening of political parties as gate-keepers (see Koff and Koff 2000; Lanza and Lavdas 2000); as in other systems, the Italian interest system seems biased in favour of economic groups (see Lizzi and Pritoni 2017); and there is a growing fragmentation of interests that can influence the chance of groups to be effective (see Carrieri 2009; Capano et al. 2014; Pritoni 2015).

The evidence provided by the aforementioned studies suggests pursuing a direction of study that considers political parties and groups not as autonomous actors of democratic life but as interrelated organizations. The perspective adopted here relates recent empirical findings with the research on private financing in order to provide a different point of view in party-group studies, especially in a political context where there is no regulation on group activities and financing can be considered one of the few empirical proofs of links between these two actors.

As far as political financing is concerned, in the Italian case, changes brought about by Law 3/2014 require adaptation. The new financing system should be effective from 2017 and exclusively based on voluntary donations. How political parties will react, and the strategies they will undertake, also depends on the state of connections at stake and the trends generated in the last decades.

3.3 Theoretical perspective on party-group relations and hypothesis

This project aimed to add knowledge on private political financing studies from the party perspective. Transformations in the last decades have profoundly changed the way political actors interact with each other and with their societal roots, as well as the way they look for representation. One important dimension to be considered is the pattern of relationships established between political parties and different interest groups and how they have been modified, because these contribute to shaping the way a democracy works. Usually, party-group relations can be studied through an analysis of formal contacts, such as recognized relationships written in party statutes, overlapping organizational structures; or informal connections that are not officially reported (see Allern 2010).

Relationships include a connotation of interactions and contacts (Lawson and Merkl 1988). Yishai

(2001) identified three basic relationships between political parties and civil associations: ideological overlap, party use of social organizations to provide social services, and economic support.
The two basic dimensions of the relationship between political parties and organized interests we should pay attention to are closeness and range (Duverger 1972). Closeness can be considered as a continuum from loose cooperation, such as contacts limited to party financing, to organizational integration, as in the case of collective membership (Von Beyme 1985); while the range of relationships combines a quantitative aspect—the total number of organizations in contact with a party—and a qualitative aspect, the variety of political groups included (Allern 2010).
From a (soft) rational choice institutionalist perspective, Allern (2010) adopted a cost-benefit model to explain the strategic choice that can lead parties to increase or to weaken the linkages with specific organizations. We should expect that an office-seeking party, more concerned with gaining votes in order to maintain its position, would prefer to have weak relations with a wide range of associations, while an ideologically based party, more focused on its program coherence, would prefer closer relations with only one or few organizations. Allern (2010) also considered the alternative hypothesis that calls historical and normative institutionalism into question. According to the these perspectives, we should find that political parties that have a long tradition of relationships with particular interest groups or organizations would keep that habit and maintain strong linkages with a few organized actors, or, from the normative point of view, the institutionalized party would weaken previous relationships in an effort to loosen ties with different organizations.
These kinds of studies should also consider the social, economic and political factors that can influence relationships, such as the presence or absence of cultural pluralism, the presence of strong cleavages, the economic and social structure, parliamentary assets versus division of power, whether it is a federalist or unitary state, the size of state funding, the kind of electoral system and the national political culture with regard to institutions (Allern and Bale 2012).

Looking at the private sources of party revenues also allows us to focus on the attention paid by specific interests to the party system as well as the ability of parties to attract different kinds of donors, within a (soft) rational choice perspective that considers relations to be embedded in a cost-benefit model where actors are involved with one another as long as the benefits are perceived to be more than the costs, or as long as they consider the relationship to be positive for their goals (Warner 2000; Allern et al. 2007).
Theoretically, interest groups are likely to donate money to political parties that they consider to

be better intermediaries for their interests in public offices. On the other side, political parties accept donations from those groups or interest representatives that they consider to be allies, ideologically or programmatically. The material perspective (Thomas 2001) of an exchange of resources between actors can be seen as a way to provide opportunities, more or less stable over time, for actors to create links for contacts with particular interest representatives. Financial support is thus a way to look indirectly at the relationship between political actors that implies both the interest groups' perspective—the attention they pay to different parties at the same time—and the party's perspective, including the range of their supporters and the kinds of links they have with civil society representatives.

The international literature on the topic, in relation to the cartel party model, suggests that there should be a wide range of networks with loose or weak relationships between political parties and interest groups, due to historical changes in party competition and the dominant role of public funding that contributed to creating cartels among political actors. Hence, my main general hypothesis is that parties are now interacting with different groups at the same time and that the strength of the relationships varies among different party organizations. Interest groups involved in party financing should tend to hedge among different political parties, trying to secure loose relations with a wide range of political representatives while appearing to be neutral actors. Over time, I should observe a progressive weaving among parties and groups that are no longer connected by an ideological convergence.

The focus of the analysis is on how the redefinition of party politics in Italy has changed the relevance of special interests in the financing party system. On one hand, the predominant role of state funding should have allowed parties to be more independent from strong specific interests; on the other hand, the need for parties to have different strongholds in civil society in a (kind of) majoritarian system should have led to an increase in the number of special interests involved, even with a less constraining power. Particular expectations about the findings concern the two actors separately. The aforementioned literature demonstrates that there is a representational bias in the interest system: the pressure system is, usually, biased in favour of business and professional interests due to their political power in specific policy arenas and the greater quantity of resources to spend (Scahttschneider 1960). Nevertheless, contemporary research has demonstrated that the system is increasingly diversifying. Therefore, we should expect that the variety of interest groups represented through financial donations to political parties should tend to increase over time, keeping stable the bias toward economic groups. In addition, as reported in the previous chapter,

we know that the Italian party system mainly depends on state funding, while private revenues are usually considered a residual—but still informative— category. Hence, the amount collected by political actors through private sources is expected to decrease, or remain permanently low over time. On the contrary, the number of donors reported by parties is expected to increase due to the increased presence of differentiated interests in society. However, the dynamics of private financing are expected to be influenced by historical trends. The Italian interest system has usually paid more attention to governing parties, thus, to parties from the centre of the political spectrum. Brand new parties or historical opposition parties should be in a relatively disadvantaged position.
The expectations listed above, according to the cartel-party theory, lead to the following hypothesis:

H1: Even if, over time, political parties increase their possibility to widen their financial connections with a larger variety of interest groups -due to the opportunity structure created by the increasing number of groups present-, the *connective capability* of the political party should decrease- due to the irrelevant role of private money and the rare need to create links with civil society representatives.

The index of *connective capability* has been calculated taking into account the ability of political actors to attract private donors (the number of donations declared) and the capacity to differentiate its financing population (the number of different specific interest groups represented). These two elements were multiplied with one another and then divided by the total connective possibility in any given year, which is equal to the total number of private contributions reported, multiplied by the total number of different interests represented in each year. The index created varies between 0 and 1 and should be useful to describe the range of financing networks a party is able to create within a society; theoretically speaking, 0 indicates an empty network, while 1 represents a complete network for a party, with all the interests present in financial political activities at a given time. The use of the concept of capability is particularly meaningful: it takes into account the *capacity* of a political actor, which is mainly due to structural and historical constraints; and the *ability* of the same actor, defined as a personal attitude, to improve a particular skill.[3]

[3] References here are from sport sciences and pedagogy studies where scientists usually differentiate between capacity and ability (see Schmidt and Wrisberg 2008). Among the social sciences, the term *capabilities* has been used to describe the set of structural and individual constraints that shape the personal, social and economic conditions in a given society (see Sen 1992).

3.4 Data

An analysis based only on formal documents does not take into account the importance of illicit transfers of money, but it is not possible to rely on what is hidden or not accessible to the empirical evaluation. One of the aims of this project was to test the information provided by official data from the annual declaration of parties and candidates about the private contributions received: see Law 659/81. According to the law, the amount of money must be reported by both the party/candidate and the donors and sent to the Chamber of Deputies each year by the end of March: they have to produce joint statements. The minimum sum to be reported has varied across time. At the beginning, it was ITL 5 million—around EU 3,000 in 2014. In 1993 it was the same, but with a revaluation on the basis of inflation (Law 515/93). In 2005 it was substantially increased to EU 50,000 (Law 273/2005) and then, finally, in 2013 it was reduced to EU 5,000 (Law 96/2012).

In order to cover a range of different years and to control the different structural constraints for party competition, I have decided to focus the analysis on three different electoral years related to four critical legislatures: the 10th, beginning in 1987, is the last complete legislature of the so-called First Republic, before the *Tangentopoli* scandal; the 12th, beginning in 1994, is the first legislature with a new electoral law and new political actors; and the 17th is the current legislature elected in 2013, in which we have experienced serious difficulties in creating a government coalition after the electoral success of the Five Star Movement.

As reported in the previous chapter, the proportion of private money circulating among political parties rarely exceeds 20% of the total income. Hence, working on electoral years should be better to achieve some kind of evidence due to the fact that donations tend to be particularly numerous during campaigns (see Goerres and Höpner, 2014). In addition, the election years selected meet the criteria set by law having the same disclosure threshold, so, once adjusted, they can be considered comparable.

The diachronic dimension adopted here allows comparisons over the last thirty years. The span of time seems to be sufficient to check for changes in trends and examine the evolution of the private financing system of political competition in Italy.

Each single donation has been recoded and every single donor—individual, company or association—has been coded after different cross-checks[4] for closeness to specific interest sectors using a classification system employed in contemporary comparative research (Binderkrantz 2012). For the Italian case, a mapping of interest groups active on the political scene has recently been completed, with particular attention to the policy-making dimension (Lizzi and Pritoni 2014). This map identified 168 groups divided into 5 main categories—labour unions, business groups, institutions and authorities, other economic sectional groups and public interest groups—composed in turn of 18 sub-categories. This categorization is sufficiently representative of all the groups that act in the various policy sectors and on which the attention of the media is focused. This categorization is sufficiently updated and has clear borders that capture the variety in the given political system (Lizzi and Pritoni 2014).[5]

The design of this project assumes that individuals, firms and corporations are representatives of specific interests linked to their main concerns. For this reason, by using the aforementioned categories, I considered interest groups and interest representatives as equivalent, as long as the definition of interest group has been used in a broader sense (see Schlozman 2010; Lizzi and Pritoni 2017). The following analyses are focused on the private donations declared by political parties in 1987, 1994 and 2013. Donations considered take into account only the party headquarters because most of the political parties declaring private contributions do not report sub-unit data. Only private donations equal to or above the defined threshold, that is, more than or equal to 5,000 Euros adjusted to inflation, have been scrutinised for a total of 486 different private donations declared. Twenty-two different political parties are in the dataset, which are only those reporting private financing. Donations in kind have been excluded, even when the value of the service provided was indicated. For instance, Publitalia '80 offered advertising services to all the parties competing in 1994. The cost of the service was completely discounted and was considered a covert form of party financing by the Court of Accounts. However, the high value of the donation for this service was not included in the analyses to avoid bias.

[4] To check the affiliation of donors, I used GuidaMonaci—Sistema Italia—that lists all the firms, companies and corporations working in Italy since 1870 (not every year). It is based on voluntary registration. Otherwise, I used newspapers, firms' websites and annual peak association conference reports.

[5] For the complete list of categories, sub-categories and Italian interest groups, see Appendix A.2

3.5 Results

In analysing the private revenues of political parties, a first important difference to be made regards the distribution between internal and external sources of private money. The former includes MP transfers to central political party headquarters; contributions from side businesses and associations; transfers from elected members of party at different institutional levels, such as regional or European, or funds transferred from other coalition parties. External private sources form the bulk of this project because they concern money coming from individuals, firms, corporations or associations not directly related to any particular party. The current law considers subsidies and reimbursements among political parties as private donations. In many cases, this money is transferred to the respective central body. The extent to which we should consider them as private donations is contested (see von Beyme 1993:177). The greater part of these subsidies is used as a source of party income (see Katz and Mair 1995). It is critical to differentiate between internal and external, especially if we want to add knowledge on the relationships between political actors and private donors.

Table 3.1 shows the distribution of the amount of private donations from internal and external sources, and the total amount of private money collected in each year. The number of private donations reported by the parties changed over the span of time under scrutiny: 83 private donations were declared in 1987 for 4 different parties; 245 private contributions appeared in 1994 for 12 different political actors; and 158 private donations were reported by 6 different parties in 2013. The overall amount collected by the represented parties peaked in 1994, with more than 37 million EU declared, but decreased to around 23 million EU in 2013. Looking at the distribution of the total amount of private donations, the proportion of internal sources seem to stable during the span of time considered, covering a small part of the total private revenues.

Assuming that private donations form a link between actors in order to create political alliances, the use of internal contributions is questionable. Therefore, the rest of the analysis is focused on external private political donations. Henceforward, if not specified otherwise, private donation or private money refers to external donations or money equivalents. Partito Comunista Italiano in 1987, Partito di Rifondazione Comunista (PRC) in 1994 and Movimento Cinque Stelle (M5S) in 2013 did not report private external donations at all. In particular, PCI was relying mostly on membership subscriptions and MP transfers, but no external donations equal to or above the threshold appeared in the declarations.

Tab. 3.1- Distrubution of Private Donations between Internal and External sources in Different ElectionYears

	(%) Internal	(%) External	Amount (adjusted to Euro 2014)	Number of Donations
1987	90.8	9.2	27,453,113	83
1994	87.4	12.6	37,602,612	245
2013	84.6	15.4	22,807,352	158
N	207	279	87,863,077	486

Source: Treasury of Chamber of Deputies. Author's elaboration.

Note: First column lists the election years considered. Second and third column show the proportion of private money from Internal sources and External ones. The total amount of private money reported is shown in the fourth colum. Last column reports the number of private donantions declared by Political Parties. Only donations equal or above the threshold of 5,000 Euros have been considered. Donations in kind have been excluded from the analysis.
*Chi-squared (year*source)=109.474; p.=0.000*

A summarized analysis of the dispersion of the amount of external donations is reported in Table 3.2. As mentioned in the previous chapter, the external money collected by political parties seems to be irrelevant in the party accounts: in only a few cases, it is above the 25% of total income, the threshold that Koß (2011) defined to identify a significant source of money. Nevertheless, this data can contribute to filling the gap of knowledge on private financing in Italy by adding a piece, even if a small one, to the entire financing puzzle. The amount of external donations does not seem to be normally distributed: the statistical mean is higher than the median in all the years considered, indicating skewedness toward the left. As expected, most of the contributions lie within the minimum range, fixed at 5,000 EU and 10,000 EU. Due to the high dispersion, using the average amount for comparison would be misleading. The amount donated, as well as being a useful proxy for donor influence on a political party, does not necessarily imply more sensitivity by the party towards a particular donor's interests. On the contrary, the number of donations is an important variable to scrutinize as far as a donation is understood as a means of creating connections.

Tab. 3.2- Dispersion of External Money in Different Election Years (amount adjusted at Euro 2014)

	Average Donation	Median	Standard Deviation	Number of Donations	Total Amount
1987	68,547	58,858.01	*56,134*	37	2,536,232.27
1994	48,173	24,345.07	*45,208*	98	4,720,901.23
2013	24,384	10,028	*30,993*	144	3,511,346.32
Total	38,597	20,056	43,262	279	10,768,479.82

Source: Treasury of Chamber of Deputies. Author's elaboration.

Note: First column lists the elction years considered. Second column reports the average donation per year. Third column shows the median value in each year. The standard deviation from the mean is reported in the fourth column. The number of external donations under analysis is reported in fifth column. In the last column the sum of the external donations is listed.

Table 3.3 shows the distribution of private donations in terms of the number and amount among the different party families, created on the basis of their party ideological placing (PIP).[6] The Left-Right distinction represents an important shortcut for identifying and differentiating parties. As Goerres and Höpner (2014:524) wrote, the 'Left-Right distinction originated in the conflict between labour and capital, and comparative policy research confirms that Left-Right governments differ with respect to (re-)distributive policies, in particular welfare policies' (see also, Huber and Stephens 2001; Budge et al. 2010).

As shown in Table 3.3, both the number of donations received and the amount collected by different party families follow the same trend: the centre of the political spectrum seemed to attract most of the private money in 1987 and 2013. Elections in 1994 favoured the parties from the right wing (Forza Italia [FI], Movimento Sociale Italiano [MSI] and Lega Nord [LN]).

[6] The variable, 'party ideological placement' (PIP), groups parties into extreme-right (Movimento Sociale Italiano [MSI]; LaDestra [LD]); right-wing (Centro Cristiano Democratico [CCD]: Forza Italia [FI]; Fratelli d'Italia [FdI]; Popolo della Libertà [PDL]; Lega Nord [LN]; Partito Liberale Italiano [PLI]; Alleanza Nazionale [AN]; Nuovo Centro Destra [NCD]); centre parties (Democrazia Cristiana [DC]; Partito Popolare Italiano [PPI]; Patto Segni [PS]; Scelta Civica [SC]; Unione di Centro [UDC]); left-wing parties (Verdi [FV]; La Rete LR; Partito Democratico [PD]; Partito Democratico della Sinistra [PDS]; Democratici di Sinistra [DS]; Partito Socialista [PSI]; Partito Socialista Democratico Italiano [PSDI]; Autonomia Democratici Progressiti [ADP]); and extreme-left parties (Partito Comunista Italiano [PCI]). The variable has been simplified into three classes—right-wing, centre and left-wing—to avoid empty cells. The PIP of political parties is based on the policy agenda of their electoral programmes (see Party Manifestoes Project, https://manifesto-project.wzb.eu/).
When not represented in tables, the PIP did not declare any private contributions.

This trend can be explained by the wind of change after the corruption scandal of the early 1990s and the subsequent redefinition of the party system with a new, more majoritarian, electoral law. Democrazia Cristiana (DC), dominant since the democratic consolidation, was completely defeated and divided between a number of small parties. Many DC members, according to their political preferences, moved themselves toward the new political formation of the centre-right—as Forza Italia (FI). Forza Italia and LN, seen as the likely winners, were new entries in 1994 and attracted most of the external contributions. An interesting trend regards the left-wing party family, which seems to be the disadvantaged one. In fact, parties from the left side of the political spectrum seem to have lost out to donors during the last thirty years.

Tab. 3.3- Distribution of Private Donations among Party Ideological Placement (PIP) in different Election Years (adjusted at Euro 2014)

	N	(%)N	Amount	(%)Amount
1987				
Right-wing	1	2.7	5,886	0.2
Centre	25	67.6	1,965,858	77.5
Left-wing	11	29.7	564,489	22.3
Total	37		2,536,232	
1994				
Right-wing	73	74.5	3,224,457	68.3
Centre	13	13.3	954,251	20.2
Left-wing	12	12.2	542,193	11.5
Total	98		4,720,901	
2013/14				
Right-wing	63	43.8	918,333	26.2
Centre	74	51.4	2,330,881	66.4
Left-wing	7	4.9	262,132	7.5
Total	144		3,511,346	
Overall				
Right-wing	137	49.1	4,148,676	38.5
Centre	112	40.1	5,250,990	48.8
Left-wing	30	10.8	1,368,814	12.7
Total	279		10,768,480	

Source: Treasury of Chamber of Deputies. Author's elaboration.

Note: First column list the election years considerd and the PIP. Second column shows the number of privated donations declared by parties. Third column report the proportion of the number of donations. Third column shows the amount collected by parties through private donations. The last column reports the proportion of the amount received according to the party PIP

*Chi-squared (year*PIP)=76.274; p.=0.000*

As noted in the second chapter, Italy does not apply specific bans to donations from corporate bodies. Bans apply only to companies in which the shareholdings of the State exceed 20%. The distribution of external contributions reported by political parties between individuals and corporate donors is reported in Table 3.4.

In 1987, corporate donors—firms, corporations and associations—account for almost all of the donations declared; only 5% of the contributions were made by individuals. A different situation is shown in 1994, where the proportion of corporate and individual contributions is completely balanced. However, if we look at data considering the party families, the right-wing presents a balanced distribution between individual and corporate donors, while the centre declared more individual donations—77% individuals and 23% corporate—and the left-wing attracted more corporate donors than individual ones—25% individuals and 75% corporate . In 2013, donations from corporate bodies accounted for more than 66% of the total number of private contributions. Right-wing and centre parties are in line with the overall trend of 2013, while left-wing parties—only the Partito Democratico (PD)—attracted much more attention from individuals: 71% of their donations came from individuals and 29% from corporate bodies.

Tab. 3.4 - Distribution of Number of Private Donation and Type of Donors in different Electoral Years (% of donations)

		(%) Individual	(%) Corporate	Total
1987				
	Right-wing	0.0	100.0	100 (n.1)
	Centre	4.0	96.0	100 (n.25)
	Left-wing	9.1	90.9	100 (n.11)
	Overall	5.4	94.6	100 (n.37)
1994				
	Right-wing	50.7	49.3	100 (n.73)
	Centre	76.9	23.1	100 (n.13)
	Left-wing	25.0	75.0	100 (n.12)
	Overall	51.0	49.0	100 (n.98)
2013				
	Right-wing	23.8	76.2	100 (n.63)
	Centre	37.8	66.2	100 (n.74)
	Left-wing	71.4	28.6	100 (n.7)
	Overall	33.3	66.7	100 (n.144)
Total (n)		100	179	279

Source: Treasury of Chamber of Deputies. Author's elaboration.

Note: First column lists the election years considered. Second column reports parties divided according to their PIP. Third and Foutrh columns show the proportion of private donations made by Individual contributors and Corporation/Businesses. Last column reports the total numebr of donations included in the analysis.

*Chi-squared (year*type of donor)=25.118; p.=0.000*

The distribution between individual and corporate donations also seems to be confirmed if we take into account the 10 largest donations that have been disclosed. Table 3.5 lists the 10 'Big Donors' in different election years. In 1987, the 10 largest donations were from corporate bodies to the previous—and subsequent—governing parties: DC and PSI. Most of the companies listed were related to the construction sector. In 1994, the 2 largest contributions were made by an entrepreneur close to the far right party, MSI. Other high-value contributions were made by businesses and individuals to the new competing parties of the right wing, FI and LN, and the centre, PS. Two foreign interests made large contribution during this electoral year: Borenka SA a business based in Switzerland, donated 150 million Lire to FI; and the International Fund for Animal Welfare, which donated 140 million Lire to the new Federazione dei Verdi (FV) in the left-wing family. Most of the high-value donations in 2013 were made by individuals and were entirely

Tab. 3.5 - List of 10 Big Donors for each Election Year (amount adjusted at Euro 2014)

	Donor's Name	Amount Donated	Receivent
1987			
	Fisvina srl	294,291	DC
	Impresa Costruzioni Malaturo	176.574	DC
	Impresa Costruzioni Malaturo	176.574	DC
	Consorzio Emiliano/Romagnolo Coop. Di Produzione e Lavoro	117.716	DC
	Impresa Pizzarotti & Co. Spa	117.716	DC
	Lodigiani Spa	117.716	DC
	SCI Spa - Costruzioni e Insediamenti Edilizi	117.716	DC
	So.Ge.Stra. Spa	117.716	DC
	SCI Spa - Costruzioni e Insediamenti Edilizi	117.716	PSI
	So.Ge.Stra. Spa	117.716	PSI
1994			
	Zamparini Maurizio	203,032	MSI
	Zamparini Maurizio	203,032	MSI
	Borenka s.a.	162,426	FI
	Fumagalli Maria Giulia (IMATEX)	162,426	FI
	Miroglio Spa	162,426	LN
	International Fund for Animal Welfare	136,016	FdV
	Abete Giancarlo	109,637	Patto Segni
	Agnelli Umberto	109,637	Patto Segni
	Bernardini Franco	109,637	Patto Segni
	Della Valle Diego	109,637	Patto Segni
2013			
	SIDAM srl	200,561	UDC
	Bertelli Patrizio (Prada)	100,281	PD
	Bondi Enrico (Parmalat)	100,281	SC
	Merloni Francesco	100,281	SC
	Caltagirone Alessandro	100,281	UDC
	Caltagirone Francesco	100,281	UDC
	Caltagirone Gaetano	100,281	UDC
	Caltagirone Gaetano	100,281	UDC
	Donati Spa	100,281	UDC
	Porto Torre Spa	100,281	UDC

Source: Treasury of Chamber of Deputies. Author's elaboration.

Note: First Column show the election year considered. Second column lists the name of top-10 donors. Third column reports the amount for each donation. The last column show the receivent of the donation.

directed toward parties in the centre of the political spectrum: Scelta Civica (SC) and Unione di Centro (UDC). In the case of UDC, the party president, Pier Ferdinando Casini, is personally related to the entrepreneurial Caltagirone family, which provided any high-value donations to the party.

As Lizzi and Pritoni (2017) did for the media presence, the interest system represented through private political financing is shown in Table 3.6.

Tab. 3.6 - Interest System represented through Financial Donations to Political Parties 1987-2013 (%)

		(%) 1987	(%) 1994	(%) 2013	N.	Diff. 1987-2013 (%)
Business Groups	Entrepreneurs and artisan	26.5	69.7	56.5	140	(+) 25.5
	Commerce-Retailing		6.6	5.8	13	(-)
	Finance and insurance	2.9	3.9	4.3	10	(+) 1.4
Labour Unions	Workers' Confederations				0	
	Sectional unions				0	
Institutions and Authorities	Local Institutions			0.7	1	(+)
	Judiciary				0	
	Religious Institutions				0	
Other Sectional Groups	Agriculture		1.3	0.7	2	(-)
	Health	5.9	2.6	6.5	13	(+) 0.6
	Transport	2.9		3.6	6	(+) 0.7
	Energy		1.3	2.9	5	(+)
	Construction	61.8	9.2	13.8	47	(-) 48.0
	Education				0	
	Professional Orders			1.4	2	(+)
Public Interest Groups	Consumers				0	
	Civil Rights				0	
	Evironment		1.3		1	
Other		0	3.9	3.6	8	
Total		34	76	138	248	

Source: Treasury of Chamber of Deputies. Author's elaboration.

Note: First colum lists the 5 macro categories of interest groups. The second column lists sub-categories of interest groups. Third-fifth colunms show the proportion of donations made by each single group in 1987, 1994, and 2013. The sixth column reports the number of donations registred for sub-categories. The last column shows the variation between 1987 and 2013 in terms of percentage.

Donors, both individuals and companies, have been coded for their closeness to specific interests on the basis of the correspondence between their main activity and the categories used for groups. In 1987 only 2 out of 5 macro-categories are represented: Business Groups and Other Sectional Groups. In particular, the business sector was closed to the former governing parties: PLI, DC and PSI.[7] Democrazia Cristiana also had contact with the health sector, finance and transport, but the bulk (66.7%) of its private donations came from the construction sector. The same is true for PSI, which had financial links mainly with the construction sector (55.6% of its total number of donations).

In 1994, 3 out of 5 macro-categories of interests are listed. The right-wing parties were mainly connected to the business sector, but also to specific sectional representatives coming from the health sector, energy and construction. The centre parties benefited mostly (90%) from the business sector, but also reported contributions from the agricultural sector. The left-wing parties had a high number of financial contacts with business representatives, but also with construction and environmental groups.

The situation in 2013 represents 3 macro-categories, too, but with more internal differentiation. Right-wing parties received financial contributions from construction, health, agriculture, transport, energy, and professional orders. The centre, which attracted all of the Big Donors (see Table 3.5), had contacts with all the same interests listed for the right-wing, but also one contribution from the Italian Ambassador in Baghdad and three different contributions by Italia Futura, a public interest group think tank that combines the interests of various businessmen with the aim to improve the Italian political situation. The left-wing reported financial links only with business and energy groups.

Overall, the interest system represented through financial donations over 5,000 EU to political parties seems to change and become more differentiated in the last 30 years. Out of a total of 18 sub-categories, only 5 were represented in the 1987 scenario, 8 in 1994, and 11 in 2013. Variations in the proportion of donations from interests have been calculated between 1987 and 2013. When it was not possible to compare, a symbol (+ or -) indicating the trend between 1994 and 2013 or the appearance of a new group has been added. Almost all of the groups present in 1987 or later

[7] Specific Tables on the distribution of the number of donations declared by each single party can be found in Appendix 3.1.

increased their presence, with the exception of the commerce-retailing and agricultural sectors. The construction representatives, still present in 2013, have a considerably reduced share of relevance over the total private donors (-48%).

An important note must be added. Peak associations combine the interests of individuals, firms, companies and corporations working in same economic sector or activity. They usually pursue more collective policy aims and they act in the interest of their members, with a different degree of political pressure than a single individual. Peak associations have been coded in the same categories used before; however, they need specific considerations. In 1987, 4 donations from peak associations in the business and health sector—Confindustria and Federfarma—were counted, which corresponds to 11% of the total number of private contributions declared. In 1994, 4 out of 98 (8%) private contributions were made by peak associations such as Confindustria and Confagricoltura, while in 2013, only 4 out of 144 (4%) donations came from peak level associations, including Confindustria and Italia Futura.

The overall trend seems to suggest a decreasing commitment to party competition financing by peak associations and collective bodies.

Transformations of the Italian party system, as well as the political earthquake in the early 1990s, contributed to modifying the political competition among different actors. As I tried to show, the private financing system has also adapted to new political actors. In Table 3.7, an index of the *connective capability* of political parties is reported.

As said before, the overall number of special interests represented through financial support to political actors is increasing and becoming more differentiated. This should be understood as an openness to different demands in society. However, the connective capability of parties does not seem to confirm this impression: relatively speaking, considering the range of interests present for each single year, political parties have not increased their capability to connect with different societal interests. The relative index is often very low, with some exceptions: DC scored 0.7 in 1987, indicating a great capability to connect with a variety of interests. On the contrary, the best results achieved in the other years are lower: FI scored 0.45 in 1994 and SC scored 0.26 in 2013.

Further analyses are necessary to prove the efficacy of this index, but up to this point it seems to reject the hypothesis that a wider interest system participating in financial activities corresponds to a greater connective capability of the party system with regard to establishing connections. Parties seem to attract narrow and specific attention from specific interest representatives.

Tab. 3.7 - Connective Capability of Political Parties

	N. Private Donations	N. of Different Interests	Connective Capability
1987			
PLI	1	1	0,006
DC	24	5	**0,706**
PSI	7	2	0,082
PSDI	2	1	0,012
Total	34	5	
1994			
MSI-AN	10	2	0.035
LN	3	1	0,005
FI	42	6	**0.438**
CCD	1	1	0,002
PPI	2	2	0,007
PS	8	1	0,014
PSI	2	1	0,003
FV	1	1	0,002
PDS	1	1	0,002
ADP	2	1	0,003
Total	72	8	
2013			
FdI	10	2	0.015
LN	10	5	0.038
PDL-FI	38	7	0.200
UDC	24	6	0.108
SC	45	8	**0.270**
PD	6	2	0,008
Total	133	10	

Source: Treasury of Chamber of Deputies. Author's elaboration.

Note: First column list the political parties declaring private donation in each year. Second column shows the number of private contribution reported. Third column reports the number of different specific interet groups represented though donations. The last column shows values of the Connective Capability calcuted multipling the number of donations by the variety of donors over the total of number of donations multiplied by the total number of interest represented in each year.

3.6 Findings and open questions

This chapter had two important aims: to connect the literature on party-group relations with the private financing of parties, and to provide some evidence to fill the knowledge gap concerning the role of private money within Italian party politics. Assumptions made from the international literature look at political and societal actors as rational agents that are committed to each other as long as they perceive a benefit for their own interests. The material perspective adopted here—

that financial donations act as a channel for connecting the actors involved —has understood party-group relations from the same (soft-) rational model: a non-causal direction can be defined between actors—donors or parties—because they are embedded in a dyadic relation assumed to be rational but, at the same time, shaped by the same structural and historical constraints. The diachronic perspective adopted allows comparisons over time and describes trends related to party-group relations in the political financing framework.

This very first attempt to scratch the world of private political financing in Italy has demonstrated the informative capacity of a neglected source of data. From the analysis presented above, it is possible to see how the difference between internal and external sources of money have been modified from a balanced situation in which both sources were significant, to an imbalanced one, where the private money circulating between political actors comes mainly from external sources. This can be understood as a positive direction: if a party does not take or receive financial transfers from its MPs, maybe it has no more need to use this covert form of public support. On the other hand, if MPs do not transfer their bonuses to their central headquarters, they might use them for other purposes, for instance, for campaigning, autonomously from their party.

Looking at the differences among party formations, results show that both the centre and right-wing parties work to attract more money and donations than the left-wing ones. According to these first results, specific interests do not tend to hedge different party formations, as we would expect from the international research provided above; on the contrary, right-wing and centre parties keep their privileged positions in catching the attention of external donors. However, an interaction term immediately arises: parties in previous governmental positions seem to be favoured in attracting external financial support, and the time points here considered do not allow for appropriate controls. More data and specific research questions should be collected.

Contemporary research has demonstrated how the system of organized interest is usually biased in favour of economic groups that also seek to maintain privileged access in the case of big political changes or instability (see Berkhout and Lowery 2010; Schlozman 2010; Halpin and Jordan 2012; Binderkrantz et al. 2015). The pressure system is biased in favour of business and professional interests due to their political power in specific policy arenas and the greater quantity of resources to be spent (Scahttschneider 1960).

In the international literature on party-group relationships, business and unions are generally over-represented, provoking a bias in interest representation (Berkhout and Lowery 2010; Schlozman 2010; Halpin and Jordan 2012; Binderkrantz et al. 2015; Lizzi and Pritoni 2017). Results presented in this chapter are in line with the international findings, but, at least for political party financing, contributions from unions or union representatives seem to be completely missing, while the business sector is always the largest represented group.

The role of peak associations in party financing appears to be residual: fewer and fewer donations are being made by collective bodies. This apparent decrease in the will to donate as collective actors might be due to historical reasons: after the oil scandal in 1973, many businesses abandoned their national associations that acted as intermediaries in the business-party financial nexus (Rhodes 1997; Costantelos 2001). This trend, in which firms and corporations preferred to act alone instead of through collective bodies, has also been described abroad: 'in Australia and Canada, firms employ more individualistic and straightforward competitive strategies, and, consequently, collective representation tends to be weak' (McMenamin 2012:30). The oligopolistic pluralism characterizing the Italian interest system seems to be out-dated, at least with regard to financial support trends. Business and firms still constitute the predominant actors, but the rare collective activity is blurring their relevance in favour of more differentiated groups and individualistic strategies, in a more and more fragmented environment.

As far as financial connections are concerned, an overall trend toward a wider interest system has been recognized. This finding is perfectly in line with a recently completed diachronic map of the Italian interest system represented in the media (Lizzi and Pritoni 2017). More and more specific groups are entering the public sphere and are considered relevant in terms of media coverage. The same is true for financial links. In addition, the expanding network created by the links for connections provided by financial donations, and the decreasing amount collected by the whole party system, confirm the expectation related to the international cartel-party literature: wider connections with civil society representatives but weaker relationships.

The party connective capability index indicates a slightly different direction: there is an overall increase in the number, and type, of private actors' access to the political arena through financial donations, but the party capability to connect with them did not increase along the same path.

The increasing number of external actors, even in political financing, can be related to structural factors, such as the market liberalization and privatization that started in the 1990s, that contributed to create new special interests (Koff and Koff 2000; Fabbrini 2009); the increasing legislative activity after the redefinition of the political system in the early 1990s concerning various policy arenas (De Micheli and Verzichelli 2004; Borghetto and Visconti 2014), and, consequently, increased the attention of external agents; and, the increased government alternation in the so called Second Republic—since the early 1990s—that have influenced policy uncertainty (Cotta and Verzichelli 2007) creating an instable environment to be kept under continuous control by interest groups or interested representatives.

Political parties are generally considered to be adaptive organizations, and, consequently, able to adapt to structural and/or environmental changes. The results presented here seem to indicate a different direction. In the last 30 years, the dominance of state funding has compromised the connective capability of political parties to attract different segments of society. This is particularly true for the left-wing parties, but the entire party system is considered. In the near future, when law 3/2014 becomes effective and a private system of financing is established, parties will face new and important challenges, and will be obliged to recreate their societal nexus in order to survive.

Chapter 4:

The Donors' Dilemma – External Donations between Party Organisations and Candidates: Toward Personalisation in Political Financing

In this chapter, the debate concerning private political financing in the Italian political system is addressed by focusing on the donations made to political candidates. Although an increasing amount of political research assumes that politics is becoming personalised, few scholars have tried to connect it with the political financing literature. The results of an analysis of private donations to candidates could help to understand the connective capability of candidates in a system where interests are changing and donors are increasingly forced to choose between individual politicians and collective actors.

4.1 The Personalisation of Politics

Studies of the transformation of contemporary democracies necessarily include the changing nature of political parties as political actors that are privileged because of their direct access to public office, their capacity to aggregate the different interests in a society and their power to formulate answers to specific collective problems. In recent decades, political parties have tried to maintain their political relevance by adapting to the changing environment of globalisation, the de-ideologisation of civil society and the mediatisation of social life, all of which are trends that challenge the classical intermediary role of parties as principal political representatives. In addition, from the citizens' perspective, the predominance of public funding and the dependence of parties on state funding have contributed to eroding the image of collective political actors. Hence, political parties are increasingly perceived as committed to serving their own interests and to keeping their privileged position, rather than expressing political alternatives to face societal problems. However, even when a public funding system is predominant, political parties need to be supported by the civil society, and they have to form contacts with its representatives. In the previous chapter, the analysis of the private financing of parties in Italy in the last 30 years showed

how political actors—as collective bodies—have modified their capability to connect financially with an increasing range of interest representatives.
However, challenges to the role that parties play in a democratic society arise not only in a troubled external structure. A current trend that is recognised in many western democracies is the individualisation of political competitions, which leads political candidates, mainly party leaders, to play a dominant role during electoral campaigns and in a party's deliberative process. The personalisation of politics, as it is defined by scholars, calls into question the inner conflict of a party's organisation, as well as the ways in which citizens understand the party's role. On one hand, we still recognize that the political party is an important and indispensable collective actor; on the other hand, in forming their political opinions, citizens and the media are increasingly attracted by the personalities and characteristics of individual politicians.

The personalisation of politics is a multi-faceted concept, ranging from the increasing importance of the leadership of the party in office to the mediatisation of political communication and the growing relevance of candidates' personality for voters' electoral choices (Garzia 2014; Mazzoleni and Schulz 1999; Bennett 2012). A growing body of research has therefore focused on the many routes through which personalisation has permeated politics and its consequences for democratic regimes (see for a review Adam and Maier 2010).

The concept of the personalisation of politics was first suggested in the US to describe transformations in presidential campaigns, and it was later employed to understand the increasing reliance on leaders in party competitions (see McAllister 2007). The concept can be defined as 'the notion that individual political actors have become more prominent at the expense of parties and collective identities' (Karvonen 2010:4). Three driving forces sustain personalisation: changing political parties, the mediatisation of politics and voters' attitudes (Garzia 2014).

Regarding the first force, the hollowing of the mass-party model and the progressive 'de-ideologisation' of political competition has led to the detachment of parties from their historical roots in civil society. The traditional intermediary structures of political parties have lost their pivotal role, and their influence has been reduced, whereas the influence of party leaders has increased. Emphasis has been placed on the ways in which leaders are selected, particularly their empowerment in both parties and governments, which has resulted in the so-called 'presidentialization of parliamentary democracies' (see Poguntke and Webb 2005).

Regarding the role of the media, the mediatisation of social life (Lundby, 2009), which has been caused by the predominant role of new technologies and the traditional media in everyday activities, has modified the ways in which politicians communicate with their supporters. It has increased the amount of attention paid to candidates and their characteristics at the expense of ideas and programmes in favour of the progressive spread of candidate-centred campaigns (Wattenberg 1991). Wattenberg (1982) found that a negative relationship existed between media spending and party saliency, whereas there was a strong positive correlation between media expenditure and candidate salience. Politicians seem increasingly attracted by individualised campaigns and driven by incentives provided by the electoral system (Enli and Skogerbø 2013; Zittel and Gschwend 2008). In Italy, the personalisation of politics due to media attention is a phenomenon that has already captured the attention of political researchers. At the beginning of the 1990s, Pasquino argued that personalisation was rooted in the spectacularisation of politics (Pasquino 1990), and Mazzoleni (1990) related the increasing attention to the personal traits and professional skills of candidates in political communication to the de-ideologisation of political identity and parties' agendas.

Finally, the most intensely studied field of personalisation concerns elections and the ways in which candidates' personalities influence voting choices. Voters are no longer uniquely mobilised by long-term factors, such as the ideologies or group affiliations represented by party organisations. Even if partisanship is still considered a central determinant of the vote, it has been subject to a substantial redefinition (see Bartle and Bellucci 2009). Political psychologists have explored the ways in which voters are now mobilised by their own personal values (Bennett 2012) and the extent to which the personalisation of political choices increasingly depends on voters' personalities and on the convergence between the traits of both candidates and voters (Caprara 2007).

Institutional factors have also promoted the personalisation of a political system. The direct election of prime ministers and mayors, the level of intra-party competition (see Balmas and Sheafer 2010; Karvonen 2010) and the availability of a preference vote in proportional systems (Shugart, Valdini, and Suominen 2005) are all kinds of personalisation. The influence of the electoral system on the personalisation of politics is evident, but many authors have emphasised the variations in the degree of influence. For example, Cross and Young (2015) considered the factors that influence the degree of personalisation in Canadian general elections and found that in a single-member plurality electoral system such as the Canadian one, the stratarchical nature of party organisations with a decentralised candidate selection also influences the degree of personalisation in political campaigns. De Winter and Baudewyns (2015) pointed to the impact of party size, district magnitude and the degree of certainty of the outcome to explain the reasons that in Belgium, candidates run personalised campaigns in a party-centred context where the preference vote is infrequently used. Research in Italy has documented that the process of personalisation has involved national leaders rather than local candidates (D'Alimonte and Bartolini 1996; Maraffi 1997), municipal elections (Baldini and Legnante 2000), or pivotal regional elections (Chiaramonte and D'Alimonte 2000; Segatti 2003).

4.2 The Personalisation of Political Financing

As described above, studies of the personalisation of politics are usually related to the study of parties and governments, the media and mediatisation of political campaigns, and the electoral dynamics that emphasise or favour individual characteristics. By contrast, research on the influence of personalisation on the financial resources of parties is a relatively underdeveloped field of research, especially in Europe. This lack of attention is surprising because if personalisation is actually a widespread phenomenon, then it should affect parties' key activities, above all those directed at the acquisition of the means for performing their strategic actions, that is, the acquisition of financial resources.

As discussed in the previous chapters, in the Italian state financing system, where public subsidies represents the predominant share of parties' budgets—from 65% to 70% of parties' total financial resources (Ignazi and Pizzimenti 2011)—no systematic research has been carried out regarding the private sources of the income of political actors. The private funding of politics is no trivial matter: the proportion of the combined budgets of all parties accounted for by private donations from external sources varies on average between 5% and 20% of total annual financial flows.

The aim of this chapter is to gauge the extent of candidate financing and to assess the existence of a trend to the personalisation of political financing. I will explore the difference between centralised and de-centralised forms of personalisation (Balmas et al. 2014). Personalisation can take two different routes: through the centralisation of political power in the hands of a few leaders in government and within parties or through decentralisation, which involves the diffusion of power among individual politicians. This chapter will seek to determine whether in the Italian political financing context personalisation has developed among political actors generally regardless of political leaning, institutional constraints or the specific characteristics of candidates and whether the balance has actually tilted toward individual politicians away from political organisations.

A recent debate concerned the question of the number of politicians that benefit from personalisation. Many scholars have understood voters' decisions as influenced mainly by the image of party leaders (see Aart et al. 2011; Clarke et al. 2004), while others have emphasised the influence of the personalities of local politicians (see Caprara 2007; Marsh 2007; Mattes and Milazzo 2014). Therefore, personalisation can be viewed as involving a narrow set of politicians as party leaders or as a generalised attitude toward political preferences. Andweg and von Holsteyn (2011) differentiated between first-order personalisation, which concerns only political leaders, and second-order personalisation, in which the trend is extended to political candidates in general. Following the same line of thought, Kriesi (2012) defined the concentrated form of personalisation as mainly related to leaders and the generalised form of personalisation as involving an entire political class. Balmas et al. (2012) defined personalisation according to the shift of power between leaders and/or candidates. The centralised form of personalisation 'implies that power flows upward from the group—e.g. political party, cabinet- to a single leader—e.g. party leader, prime minister, president' (Balmas et al. 2012: 37). On the contrary, the decentralised form of personalisation 'means that power flows downward from the group to individual politicians who are not party or executive leaders—e.g. candidates, members of parliament, ministers' (Balmas et al. 2012: 37). Implicitly, these authors assumed that a pattern was developing in both kinds of personalisation at the expense of collective bodies such as parties and cabinets.

In order to estimate the extent of personalised campaigning in a political system, Zittel and Gschwend (2008) identified three distinct aspects that candidates could emphasise: campaign means, which focuses on the kind of communication with voters; the campaign agenda, which includes the prominence given to national campaign issues; and campaign organisation, which concerns whether a candidate can rely on his or her own organisation independently of national party resources, including financial resources. The latter aspect of political campaigning deserves attention. One way to assess whether candidates are gaining in prominence compared to their parties is to focus on the distribution of private revenues between individuals and collective actors. If individual politicians have become the preferred object of media attention, there is reason to believe that external donors might also try to curry the favour of candidates and to gain access to the political arena by financing individuals rather than party organisations, especially during election campaigns.

However, there is scant research in the case of Italy. Instead, most research has focused on the public sources of financing or the need to overhaul the entire system of state assistance (Teodori 1999). Only journalists' reports and one or two academic articles have examined the small-scale but influential aspects of private revenue (Virgilio 2013). The reason for this lack of knowledge is identified as the need to rely on official data. These data usually underestimate phenomena without providing real evidence for them. Previously, private financing was considered only one aspect of political campaigning and not the primary object of analysis. For instance, Perrotta (2001) investigated the financial reports of candidates in Naples during the national elections in 1994 and 1996. The main resources that a candidate could draw upon in order to compete were networks of personal relationships, party endorsement, visibility and money. Perrotta showed that the network of relationships enjoyed by a candidate was more important than the political party was. However, the increased power of candidates has not led to the weakening of parties. In Italy, political parties have retained an important role because they have the power to choose which candidates will run for election (Perrotta 2001). The same situation was confirmed in research on carried out by Legnante (2004). In interviews with MPs elected to parliament in 1996, Legnante found that the elements of a successful campaign appeared to be party and coalition endorsement as well as personal campaigning activities such as fundraising (Legnante 2004). Regarding the factors that might shape election results in Italy, incumbency seemed to be significant during the so-called First Republic—from 1948 to 1994—but it was limited to a small group of politicians who had strong clientelistic relations with their constituencies (Golden and Picci 2011).

4.3 Hypothesis and Data

The main aim of this chapter is to fill the gap in the knowledge about the private financing of political candidates in Italy during the last thirty years. According to the international literature on private political financing, some hypothesis can be asserted. As previously noted, changing campaign styles, the increasing use of media and new technologies, and the increasingly frequent demand for professional staff have increased the costs of politics (see Melchionda 1997). The increasing costs of campaign activities could be translated to the equivalent need for political actors to improve their financial sources, even private revenues. Consequently, the number of candidates reporting their private revenues should increase accordingly. In addition, the positions of left and right on the ideological spectrum can still be considered a relevant distinction and a fundamental heuristic in understanding political alternatives (Bobbio 1995; Millers and Shanks 1996). Therefore, regarding the financing data of parties, I expect to find differences in the distribution of the private money collected by candidates according to the ideological positioning of their parties. In addition, corporate donations, especially those by peak associations, should tend to decrease in relevance over time. As reported by McMenamin (2012), the collective representation of specific interests tends to be weak as long as firms prefer to employ individualistic strategies.

According to Lizzi and Pritoni (2017), the Italian interest system has expanded in the last thirty years, thus becoming fragmented and differentiated as an increasing variety of groups has appeared. Thus, as long as I assume that political financing reflects transformations that involve the political system, I should expect to find an increasing differentiation of the variety of interests represented in the financial donations to political candidates. Overall, considering that political donations are a financial connection translatable into political connections (Cleassens et al. 2008), the connective capability of political candidates is expected to increase over time. Based on the expectations discussed above, the first hypothesis is stated as follows:

H1: Over time, the connective capability of political candidates tends to increase because of the expanding interest system that is represented through financial donations and the amounts and number of private donations reported by candidates.

As discussed in Chapter 3, connective capability can be understood as the range of connections at stake in political financing. The index varies between 0 and 1, where, theoretically, 0 indicates an empty network, and 1 represents the complete network of a party with all interests active in the financial political dynamics at a given time.

When issues concerning candidates and electoral dynamics are taken into account, the problem related to the personalisation of politics needs to be addressed. Scholars have usually emphasised electoral competition, voting determinants and media attention in relation to personal characteristics. However, little attention has been paid to the dynamics in the personalisation of political financing. In order to explore the personalisation of political financing in Italy using data on private external contributions to political parties and candidates, I adopted the definition of personalisation used by Karvonen (2010), in which individuals have become more important at the expense of collective actors such as parties, which should also be evident in financing. Therefore, in the present study, the level of personalisation is defined as the share of external money that flows to candidates. Therefore, the second hypothesis is stated as follows:

H2: The relative sizes of external donations received by party organisations and individual politicians tend to change over time, and external donors are increasingly attracted to individual candidates rather than parties.

To assess personalisation in political financing, it should be examined not only in party leaders but also in many different politicians. As a result, personalisation should be decentralised, involving an increasing number of politicians who declare their personal private revenues.

To test H1 and H2, I used a dataset based on the private donations declared by candidates in the election years of 1987, 1994 and 2013. This dataset was used because it allowed for not only checking the variations in a significant span of time but also controlling the structural determinants that reflected the political changes that occurred in Italy in the last thirty years, such as the redefinition of the political party system after the corruption scandals of the early 1990s and the subsequent two changes to the electoral law. With regard to political parties, the threshold above which a private donation must be declared is 5,000 Euros, which the analysis also considers the minimum for candidates. The politicians included in the analysis belong to three different institutional levels: the national Chamber of Deputies, the national Senate and the European Parliament[8]. In order to achieve comparability with the parties' dataset, each single donation was re-coded according to the affiliation of donors to a particular interest group using Lizzi and Pritoni's (2014) categorisation of the Italian case (see Appendix 2). Donations in kind, even when the amount was indicated, were not included in the dataset[9].

[8] European elections were held in 1989, 1994 and 2014. In 1989, no donations were reported. Data for 2014 were combined with 2013 data to allow the comparison with the data for 1994.
[9] For the complete list of variables included, see Appendix 1.2

4.4 Results

Regarding the data presented in the previous chapter concerning private donations to political parties, I first distinguished different sources as either internal or external. In 1987, 1994 and 2013, 529 candidates in the national Lower House, the Senate and the European Parliament reported their private revenues above the threshold of 5,000 Euros; 961 donations were recorded. It is possible to distinguish three different sources of private money. Internal sources usually refer to the money transferred to a candidate from the party headquarters or to incumbents from their parliamentary group. External sources of revenue include the donations made by individuals, associations or firms that were neither affiliated with nor directly connected to any political actor. The electoral committee represented the last source coded. This source was usually generated by the candidate or by individuals that were committed to advocating a specific politician. The revenues from such sources were considered separately because only the total amount donated to a candidate was reported in the statements, not the single donors' names.

Table 4.1 shows the distribution of the amount of private donations among the three different sources. Between 1987 and 2013, the proportion of internal sources of private financing for candidates decreased drastically. In 1987, transfers from parties or parliamentary groups to candidates and incumbents comprised the majority of the private declarations by political actors (64.6%). In 1994 and 2013–2014, this percentage dropped to only 39.4% and 9.5%, respectively. This trend can be partially explained by the turnover among the MPs. During the so-called Italian First Republic, the political turnover and the governmental change were very low. Immediately following the Tangetopoli scandal, the turnover increased because of the judiciary inquiries that involved many Italian politicians (see Verzichelli 1994). This trend was confirmed by the results of the data analysis. The percentages of incumbents in the election years who reported private donations were 85% in 1987 and 19% in 1994. However, in 2013, more than one half of the incumbents reported private revenues (58%), but the number of internal private donations decreased. The provision of private funding to candidates by the electoral committee was an unusual finding. Nevertheless, the results showed a descending trend in the last thirty years. On the contrary, the proportion of external private revenues donated to finance political candidates increased dramatically from 19.3% in 1987 to 88.2% in 2013. The total number of contributions reported by candidates appeared stable, but the kinds of sources changed drastically over the study period[10].

The total number of external donations received by candidates was 574 and the amount was more than 9 million Euro. The total number of candidates who reported external donations was 237: 13 in 1987; 90 in 1994; 134 in 2013. According to the party ideological families, 128 candidates represented right-wing parties, 42 candidates represented centrist parties and 66 different candidates represented left-wing parties. Regarding the institutional level of competition, 133 candidates ran for a seat in the Chamber of Deputies, 57 ran for the Senate and 47 different candidates ran for the European Parliament.

Tab. 4.1 - Distribution of Private Donations to Candidates from different private Sources.

	(%) Internal	(%) Electoral Committee	(%) External	Amount (adjusted at Euro 2014)	Number of Donations
1987	64.6	16.1	19.3	5,202,076	297
1994	39.4	0.2	60.4	6,084,967	292
2013-2014	9.5	2.3	88.2	5,134,394	372
N	363	23	574	16,421,436	961

Source: Treasury of Chamber of Deputies. Author's elaboration.

Note: First column lists the election years considered. Second column shows the proportion of the amount of donations declared by candidates from internal sources. Third column reports the porportion from Electoral Committee. Fourth column shows the proportion of the amount of donations from external sources. Fifth column reports the total amount of private revenues declared by candidates. The last column shows the number of private donations in each year.

*Chi-squared (year*source)=473,262; p.=0.000*

10 Henceforward, only the private external donations are taken into account. If not specified, 'private' and 'external' are used synonymously.

Table 4.2 shows the distribution of the external private donations declared by candidates considering their affiliation to a specific party family (PIP)[11]. The number of external donations tended to increase over time. An increasing number of candidates declared private contributions, and the number donations to candidates increased. The amount donated also increased from 1 million Euros in 1987 (adjusted to Euros in 2014) to 4.5 million Euros in 2013–2014.

Regarding the political parties, the number of external donations in 1987 was very low. Only 30 different donations were above 5,000 Euros, which were mainly to the dominant centrist party, the DC. In open list proportional representation (OLPR), as in 1987, the possibility of expressing a preferential vote should favour candidates, thereby increasing the amount of attention paid by external donors. However, the low turnover rate typical of the First Republic probably increased the predictability of the elections results. In 1994, after the bribes scandal, the old political system collapsed. A new mixed member proportional representation system (MMPR) was introduced as in electoral law at the national level, and new actors entered the political arena. The right-wing candidates in parties such as FI, LN, and MSI attracted most of the attention of private donors (70% of the total number of donations in 1994), while the centre was no longer dominant, and left-wing candidates were in a disadvantaged position (see Chapter 3). In 2013–2014, an increasing number of candidates reported having received external donations. The results indicated that the right-wing candidates retained the attention of donors. Candidates at the centre of the political spectrum were disadvantaged, whereas candidates in left-wing parties—mainly the Partito Democratico (PD)—attracted the most attention by donors. These results contrast the findings of the previous analysis of party data, which showed that the left-wing family was the most disadvantaged.

[11] The variable, 'party ideological placement' (PIP), grouped parties into extreme right (Movimento Sociale Italiano [MSI]; LaDestra [LD]); right wing (Centro Cristiano Democratico [CCD]: Forza Italia [FI]; Fratelli d'Italia [FdI]; Popolo della Libertà [PDL]; Lega Nord [LN]; Partito Liberale Italiano [PLI]; Alleanza Nazionale [AN]; Nuovo Centro Destra [NCD]); centre parties (Democrazia Cristiana [DC]; Partito Popolare Italiano [PPI]; Patto Segni [PS]; Scelta Civica [SC]; Unione di Centro [UDC]); left-wing parties (Verdi [FV]; La Rete LR; Partito Democratico [PD]; Partito Democratico della Sinistra [PDS]; Democratici di Sinistra [DS]; Partito Socialista [PSI]; Partito Socialista Democratico Italiano [PSDI]; Autonomia Democratici Progressiti [ADP]); and extreme-left parties (Partito Comunista Italiano [PCI]). The variable was simplified into three classes—right wing, centre and left wing—to avoid empty cells. The PIP of political parties was based on the policy agenda of their electoral programmes (see Party Manifestoes Project, https://manifesto-project.wzb.eu/). When it is not represented in the tables, the PIP did not declare any private contributions.

Tab. 4.2 - Distribution of Candidates' Private Donations among PIP in different Election Years (adjusted at Euro 2014)

	N	(%)N	Amount	(%)Amount
1987				
Right-wing	2	6.7	51,119	5.1
Centre	24	80.0	805,331	80.2
Left-wing	4	13.3	148,322	14.8
Total	30		1,004,772	
1994				
Right-wing	143	69.1	2,658,090	72.3
Centre	45	21.7	766,731	20.9
Left-wing	19	9.2	250,24	6.8
Total	207		3,675,061	
2013/14				
Right-wing	148	43.9	2,020,793	44.7
Centre	25	7.4	376,891	8.3
Left-wing	164	48.7	2,118,482	46.9
Total	337		4,516,165	
Overall				
Right-wing	293	51.0	4,730,003	51.4
Centre	94	16.4	1,948,953	21.2
Left-wing	187	32.6	2,517,044	27.4
Total	574		9,196,000	

Source: Treasury of Chamber of Deputies. Author's elaboration.

Note: First column list the election years considerd and the PIP. Second column shows the number of private donations declared by candidates. Third column report the proportion of the number of donations. Third column shows the amount collected by candidates through private donations. The last column reports the proportion of the amount received according to the candidates' PIP.

*Chi-squared (year*PIP)=195.563; p.=0.000*

Regarding the type of donors that financed political candidates, Table 4.3 shows the distribution of the number of private donations by individual donors and corporate bodies declared by candidates. The results indicated that the distribution of external contributions was balanced in 1987, but only a few donations were recorded. The situation was also balanced in 1994, even though candidates at the right and the centre reported more donations from individuals than from corporate bodies. In 2013–2014, corporate donations increased across the political spectrum, especially to candidates in the left-wing parties. The presence of peak associations among private donors seem to run low also for candidates. Only 23% of the 30 total number donations reported by candidates in 1987 were made by peak associations such as Fedefarma. In 1994, only 11% of the contributions to candidates were from corporate bodies with collective policy aims, such as Confindustria and Confagricoltura. In 2013–2014, less than 5% of donations were made by peak associations, such as Federfarma, Federacciai and the trade union UIL. In addition, most of these donations were made by peak associations representing regional and urban bases to candidates in a specific constituency.

Tab. 4.3 - Distribution of Number of Private Donation and Type of Donors in different Electoral Years (% of donations)

		(%) Individual	(%) Corporate	Total
1987				
	Right-wing	50.0	50.0	100 (n.2)
	Centre	45.8	54.2	100 (n.24)
	Left-wing	25.0	75.0	100 (n.4)
	Overall	43.3	56.7	100 (n.30)
1994				
	Right-wing	51.0	49.0	100 (n.143)
	Centre	55.6	44.4	100 (n.45)
	Left-wing	47.4	52.6	100 (n.19)
	Overall	51.7	48.3	100 (n.207)
2013/14				
	Right-wing	30.4	69.6	100 (n.148)
	Centre	24.0	76.0	100 (n.25)
	Left-wing	26.8	73.2	100 (n.164)
	Overall	28.4	71.6	100 (n.337)
Total (n)		216	358	574

Source: Treasury of Chamber of Deputies. Author's elaboration.

Note: First column lists the electoral years considered. The second column lists the Ideological Placing of candidates according to their party. Third and Fourth column report the proportion of the number of donations made to candidates by Individual donors or Corporate donors. The last column shows the total number of donations.

*Chi-squared (year*type)=30.136; p.=0.000*

Regarding the connection between external donations and interest representatives, Table 4.4 shows the interest system represented through financial donations to political candidates in national and European elections[12]. According to these data, the interest system represented by financial donations became increasingly diversified in the study period.

Tab. 4.4 - Interest System represented through financial donations to Candidates 1987-2013 (%)

		(%) 1987	(%) 1994	(%) 2013/14	*N.*	Diff. 2013-1987 (%)
Business Groups	Entrepreneurs and artisan	37.5	63.2	52.0	219	(+) 14.5
	Commerce-Retailing	6.2	4.4	0.4	7	(-) 5.8
	Finance and insurance		7.0	10.0	35	(+) 3.0
Labour Unions	Workers' Confederations			1.8	5	(+)
	Sectional unions			0.4	1	(+)
Institutions and Authorities	Local Institutions		0.9	0.4	2	(-) 0.5
	Judiciary				0	
	Religious Institutions				0	
Other Sectional Groups	Agriculture		13.2	1.8	20	(-) 11.4
	Health	50.0	0.9	8.9	33	(+) 41.1
	Transport		0.9	2.2	7	(+) 1.3
	Energy		1.8	4.4	14	(+) 2.6
	Construction	6.2	4.4	13.7	43	(+) 7.5
	Education			0.4	1	(+)
	Professional Orders			0.7	2	(+)
Public Interest Groups	Consumers		0.9		1	(-)
	Civil Rights		0.9	0.4	2	(-) 0.5
	Evironment			0.4	1	(+)
Other		0	1.8	2.2	8	
Total		16	125	276	401	

Source: Treasury of Chamber of Deputies. Author's elaboration.

Note: First and second column lists the macro-categories and sub-categories of interests considered. Clumn three, four, and five show the percentage of donations corresponding to groups in each year. The sixth column reports the number of donors in each group. The last column shows the variation of interest representatives between 1987 and 2013.

*Chi-squared (year*interest groups)=96.919; p.=0.000*

In 1987, only two of five macro-categories were represented. The DC candidates reported financial contacts with the business sector, commerce, the health sector and construction. The PSI candidates declared only two donations from the health sector. In 1994, four macro-categories and

[12] As in Chapter 3, both individual and corporate donors were coded to indicate their closeness or affiliation with a specific interest group. Tables showing specific candidates (grouped in parties) relationships with interest groups are provided in Appendix A3.2.

eleven sub-groups were listed. FI candidates reported financial donations from the business, agriculture, finance and construction sectors. The centrist candidates (CCD-PPI-PS) were financially related to the business agriculture sectors. The left-wing candidates (PSI, FV and PDS) were mainly related to the business, energy and construction sectors. In 2013–2014, all five macro-categories of interests and 15 of 18 sub-groups represented financial donations. The right-wing candidates received donations mainly from the business, finance, construction and health sectors. Candidates at the centre of the political spectrum reported few donations from the business and construction sectors. Left-wing candidates, who mainly represented the PD, declared financial contacts with 13 sub-groups of interest, mainly in the business, construction, finance and health sectors.

Regarding the political parties, the results showed a biased distribution favouring the relationship of candidates with the business sector and the increasing differentiation of the interest system. From the candidates' perspective, these trends tended to be prominent, especially in terms of the variety of interests represented.
Although the interest system represented by the financial donations to political candidates became increasingly differentiated, the connective capability of candidates and their political parties was stable during the study period. In the previous chapter, the connective capability was defined as the capacity and ability of political actors to relate to different segments of the interest system in a given year according to both the number of donations received and the variety of groups involved. The index varied between 0 and 1, where 0 corresponded to the theoretical absence of financial connections and 1 to the full capacity of a political actor to create financial contacts in a specific environment.

Table 4.5 shows the values of the connective capability of candidates grouped by party affiliation. The interest system represented through financial donations to candidates in 1987 was very small and poorly differentiated. Only 4 of 18 sub-categories were represented, and only 16 donations were declared by candidates in major parties. However, the results showed that DC candidates had the widest range of financial connections at stake in that year, scoring 0.8 on the capability index.

In 1994, the interest system defined by financial donations comprised 11 sub-categories. Unsurprisingly, the candidates in FI reported most of the donations, and they were connected to a variety of different interests, scoring 0.42 on the capability index. The results for 2013–2014 showed that interest system represented by the financial support of candidates continued to expand: 16 of 18 sub-categories were present. Candidates in the PD reported 133 donations from 13 different specific interests, which was the highest value of connective capability for that year (0.44). This result is relevant because, as shown in Chapter 3, all political parties from the left-wing were usually in a disadvantaged position in terms of private donations, while, on the contrary, the candidates in PD received the most donations.

Tab. 4.5 - Connective Capability of Political Candidates

	N. Private Donations	N. of Different Interests	Connective Capability
1987/89			
PLI	1	1	0.016
DC	13	4	**0.813**
PSI	2	1	0.031
MSI	1	1	0.016
Total	17	4	
1994			
MSI-AN	3	2	0.005
LN	6	2	0.010
FI	71	7	**0.426**
CCD	3	2	0.005
PPI	14	5	0.060
PS	4	3	0.010
PSI	2	2	0.003
FV	1	1	0.001
PDS	1	1	0.001
SVP	1	1	0.001
Total	106	11	
2013/14			
FdI	13	5	0.016
LN	4	3	0.003
PDL (FI+NCD)	86	9	0.196
UDC	6	4	0.006
SC	22	6	0.033
PD	132	13	**0.435**
Total	263	15	

Source: Treasury of Chamber of Deputies. Author's elaboration.

Note: First column shows the election years considered. Second column lists the name of parties for which candidates reported private contributions. Third column reports the numebr of private donations declared by candidates. Fourth column shows the number of different interest groups represented through financial donations to candidates. The last column reports the values scored by group of candidates for the Connective Capability index.

Regarding the hypothesis of personalisation in financing dynamics, Table 4.6 shows the allocation of external financial contributions to parties and candidates in different political formations in the years of the national and European elections. In 1987, the dominant role of the Christian Democratic Party (DC) was reflected in the amount of private money received. The DC received 94% of the €7.9 million received by the centrist parties. At this time, the parties were the main choices of donors; 90% of their money went to political organisations rather than to individual candidates. The exception was the right-wing Liberal Party (PLI), which received one donation to the party and one donation to a candidate. The only left-wing party to receive contributions in 1987–1989 was the Socialist Party (PSI), a partner in government coalitions since the early 1960s. The Communist Party (PCI) did not receive any external donations. In the last legislature of the traditional party system, which was characterised by a clear ideological juxtaposition, open list proportional representation (OLPR), and a low turnover of MPs, the scarcity of external donations was due to the availability to parties of sizable public subsidies and the transfer of money from parties to their own candidates. The latter practice reflected perceptions that MPs were in secure positions and did need of external money to secure their re-election.

Tab. 4.6 - Distribution of External Donations according to the Ideological leaning of Political Parties and Candidates during National Election and European Election Years (amount adjusted at EU 2014)

		Total External Revenues	(%) to Parties	(%) to Candidates
1987				
	Right-wing	57,005	10.3	89.7
	Centre	2,771,189	70.9	29.1
	Left-wing	712,811	79.2	20.8
		3,541,005	71.8	28.4
1994				
	Right-wing	5,882,547	54.8	45.2
	Centre	1,720,982	55.4	44.6
	Left-wing	792,433	68.4	31.6
		8,395,962	56.2	43.8
2013/14				
	Right-wing	2,939,126	31.2	68.8
	Centre	2,707,772	86.1	13.9
	Left-wing	2,380,614	11.0	**89.0**
		8,027,512	43.7	56.3
Overall				
	Right-wing	8,878,679	46.7	53.3
	Centre	7,199,943	72.9	27.1
	Left-wing	3,885,858	35.2	64.8
		19,964,480	53.9	46.1

Source: Treasury of Chamber of Deputies. Author's elaboration

Note: First column shows the electoral years considered. Second column shows the different political formation competing for national and european elections. Third column reports the sum of the amount of external money collected by both parties and candidates. Fourth and Fifth columns indicate the share of external money between party as organization and single candidates.

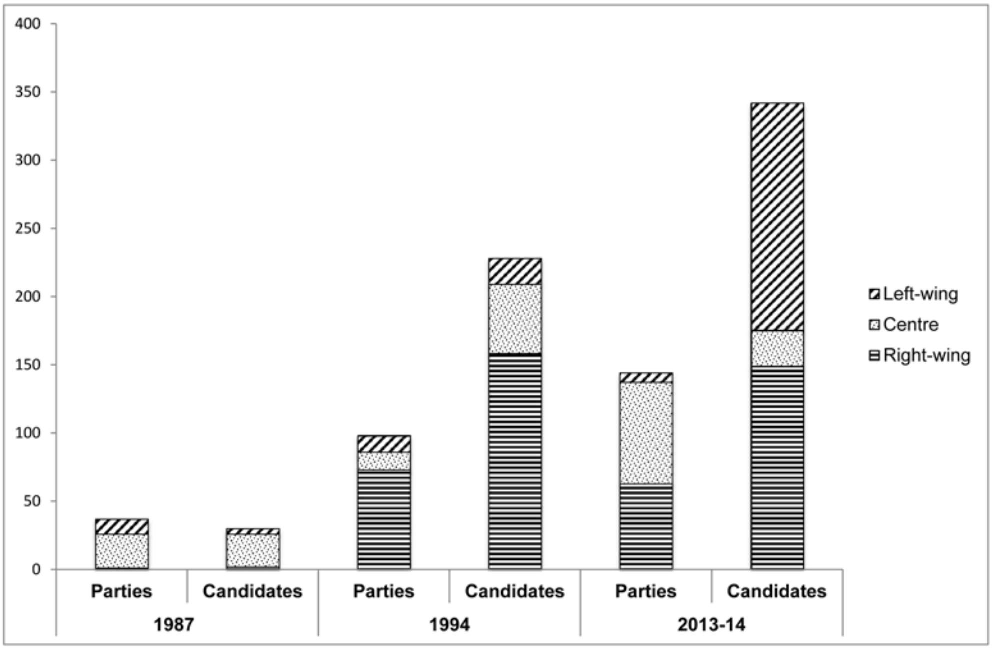
Following the scandals of the early 1990s, important changes took place. A new electoral system consisting of mixed members and the plurality rule (MMPR) was enacted (L. 276–277/93) in addition to a new system of party finance (L. 515/93), which abolished the state support of parties' ordinary activities but retained it during election campaigns. The restructuring of political parties followed, in which the main political parties dissolved, and new actors, such as Forza Italia (FI), entered Parliament. The old actors who resisted were forced to change their political positions radically, and the DC broke up into a number of small parties (Pizzimenti 2007) some of which moved in the direction of the centre-right and others in the direction of the centre-left. Reflecting the change in the international context, the PCI was divided between a minority of un-reconstructed communists in the Party of Communist Refoundation (PRC), and a majority of democrats in the Democratic Party of the Left (PDS).

In the 1994 election, the right-wing parties, including the new FI, LN, and a small party (the Christian Democratic Centre, CCD) all of which resulted from the DC diaspora, were the favourite recipients of external donations. They received four times as much as the left-wing parties. Again, in the case of the left-wing parties, the share of contributions received by the party organisation was higher than the share received by candidates, but reverse was the case of right-wing parties. This finding was probably influenced by the huge transformation in the party system mentioned above as well as the new campaign style adopted by FI, which, in order to highlight its difference from the old parties, emphasised the fact that its team of spokespersons consisted of successful businesspeople.

In 2013–2014, the distribution of private contributions made to the various political formations was balanced although the left-wing parties continued to lag behind. Most importantly, the share of donations to candidates varied substantially from 16.1% to the centre parties to 39.0% to the right-wing parties and an astonishing 88.7% to the Partito Democratico (PD), the only left-wing party to receive private donations to its own candidates. Overall, the results showed no significant increase in the amounts of the external donations made to parties and candidates between 1994 and 2013. However, although party organisations showed the decreasing capacity to raise money, candidates considerably improved their capacity to appeal to external donors, especially those on the left, which had been disadvantaged in the past.

The situation did not change if the number of external donors to parties and candidates, rather than the amounts declared, was considered. The results showed a clearly increasing trend in the number of candidate-centred contributions to all parties from 30 donations to candidates in 1987 to 207 in 1994 and 337 in 2013 (Figure 4.1).

Figure 4.1 - Distribution of Number of External Donations collected by Parties and Candidates



Source: Treasury of Chamber of Deputies. Author's elaboration
Note: The graph shows the number of private donations received in different years by party organisations and candidates divided in political formation.The total number of donations considered is 853. During 1987 parties reported 37 private donations over or equal to EU 5.000 while candidates 30. In 1994 the number of donations declared by parties is 98 and by candidates 207. In 2013 parties reported 144 private donations over the threshold while candidates 337.

If we assume that a donation helps to create a relationship between the donor and the political actor financed, then the higher the number of donations, the more significant the relationships are. This assumption is particularly true of the right-wing parties and the left-wing parties, whereas the results indicated that donors to the centrist parties has solid relationships with the party organisations rather than with the candidates.

As discussed above, regarding the sources of financing, the typology of external donors and their affiliations to interest groups showed a similar distribution among both parties and candidates: around 36% of the total number of external donations were from individuals, and around 64% were from corporations or associations. In the latter group, 66% of the interest groups represented by donors were in the business sector (finance and trade companies), around 29% were in sectors (the building, health, energy and infrastructure sectors), and around 2% were from among public interest groups (associations). Only candidates reported contributions from trade unions, which comprised 1.8% of the total number of donations reported. Although the composition of the interest groups was the same in relation to the parties and candidates, individual politicians became the preferred recipients of donations. They results showed that they received most of the donations.

The results discussed above support H2, showing an overall increase in the personalisation of political financing, especially in the centre and left-wing parties, where individual politicians not only became predominant in terms of the amount of private money collected but also in terms of the number of donations received.

4.5 Findings

The original dataset comprised of joint statements made by parties and candidates in Italy in key elections over the past thirty years was used to investigate an aspect of Italian politics that has received little attention in previous research. The data collection might have been limited by the extent of the data and the likelihood that they could not represent the entire world of political financing. Nevertheless, even if these data reflected only a fraction of the political reality, their analysis yielded insights into to the changing and personalised nature of political financing.

Fundraising is a crucial issue in political campaigns. It concerns the means by which contributions are collected by political actors, and the capacity of such donations to influence election results. In Italy, where parties have been predominantly financed by public sources, the enactment of law no. 13/2014, decrees that by 2017, all partied will be funded in accordance with a regime based on private finance, including substantial incentives for taxpayers. Consequently, it is expected that political actors will adjust their fundraising activities accordingly.

The aim of this chapter was to provide evidence of the changes that occurred in the private political financing of candidates at national and super-national levels in Italy during the last 30 years. The results of the data analysis showed an increasing trend of candidates to report private donations, in terms of number of donations and the amount received. This trend decreased significantly as the private money from internal sources, such as parliamentary groups, also decreased, which was related to the increasing turnover in parliamentary seats after the hollowing of the so-called First Republic. In consequence, the new style of political campaigning and the rising costs of political competition have led candidates to look for external financial supporters.

Similar to the results discussed in Chapter 3, the right-wing candidates attracted the most attention from donors during the 1994 election. The renewed party system and the relevance of new political actors encourage private contributors to look beyond the dominant party family created during the First Republic and directed by the DC. However, left-wing candidates and their parties were in a relatively disadvantaged position. In 2013, the private revenues of political candidates slightly differed. Candidates in right-wing parties were still able to attract the attention of donors but left-wing politicians increase in relevance. The index of the connective capability of candidates confirmed this impression. Right-wing candidates scored a medium value of connection between 1994 and 2013, while left-wing candidates hugely increased their capability to connect with different interests in 2013.

As expected, the interest system represented by the financial donations to political candidates was increasingly differentiated. However, the variety of interest representatives coded for the candidates was larger than the one for parties, which indicates that the candidates were able to form financial connections with interests beyond their own party. Thus, H1 regarding the increasing connective capability of political candidates, is accepted.

Because of the prominence of the party funding issue in political debate, it is essential to understand the characteristics and the possible trends in political finance, such as its progressive personalisation. This understanding has important implications for the changing models of representation, the role of donors and the connections between politicians and interest groups. Therefore, the analysis of the distribution of the amount and the number of donations reported by candidates and party organisations data revealed a progressive and decisive shift in donations to individual politicians. If personalisation is understood as the share of money collected by candidates, H2, regarding the progressive personalisation in political financing, is accepted, especially for left-wing positions.

The descriptive aim of this chapter was not to determine the reasons for this trend. The aim was to call attention to a neglected field in the research on personalisation. In fact, during the years included in the study period, party organisations lost ground in private financing, which was increasingly donated to individual candidates. Future research should address remaining questions concerning the motivations of donors and the influence of structural constraints, such as the electoral law. However, this chapter has provided initial insights into the system of private political financing in Italy by assessing the existence of personalisation in political funding and by examining the spread of personalisation among different groups of politicians.

Chapter 5

The Financial Appeal of Political Parties: Looking for the Determinants of Donors' Preferences

In this chapter the donors' perspective is adopted with the aim to identify some of the determinants that shape the financial dynamics related to the presence of private money in politics. The discussion of the comparative literature suggests that structural and individual features of political actors may lead to disproportionate attention from external donors, understood as rational agents. In addition, a categorization of the financial appeal of political actors is presented, helping us to define the trends in the Italian political financing system.

5.1 The Language of Money

The evidence provided so far contributes to describing how the financing dynamics of political actors have been modified in Italy in the last thirty years. Dramatic political changes, a growing system of interests represented through financial donations and the progressive personalisation of politics have contributed to shaping the ability of political parties to connect with external donors. The main aim of this dissertation is to demonstrate that even when the public funding of politics is predominant, an analysis of the sources of private money can be informative and should not be neglected.

My work focused on private money in election years in order to emphasize the process of fundraising that political actors need to activate in order to win elections. The changes in election styles have been comparatively addressed. During the pre-modern era, campaigns were usually carried out through constituency activities with little central coordination. In the modern era, from the late 1950s, the advent of mass media and the spread of TV coverage have favoured the centralized use of new technologies and a shift toward personalities. Post-modern campaigns, from the late 1980s, are characterized by a greater control of party leadership, professionalization, an emphasis on the central role of the party's image and the introduction of market research strategies

(Norris, 2000). As discussed in the first chapter, technology, technicians and new techniques have contributed to increasing the costs of political activities (Farrell 2006), increasing both the demand and the supply side of money (Nassmacher 2009).

The study of political financing has attracted a lot of attention from scholars in the past decades due primarily to the predominant role of public money in supporting party activities. Less has been done regarding private donations because of the difficulties of finding reliable data and the low relevance placed on party accounts. Nonetheless, the international literature suggests that private sources of money should not be neglected in political research because they can represent a strategic instrument for external donors to directly influence politics and politicians. Political financing, therefore, represents an under-theorized field (Scarrow 2004).

Political finance considers the way political actors acquire and spend money, as well as the influence of donors on political representatives (Melchionda 1997). Scholars usually agree that political finance regulations and reforms reflect the interests of the parties in power: a revenue-maximizing party is focused on increasing its revenues even beyond what is needed, while a party with an electoral-economy perspective pays more attention to the policy process according to public opinion demands (Scarrow 2004). In addition, the source of political money is important to understand different aspects of a political system, such as interests representation, power distribution, decision-making processes, electoral procedures, the party system and political communication (Melchionda 1997). Also, the motivations of external donors are fundamental to assess why a private actor would invest in a political actor, given that money distorts political equality and greater financial means, usually, lead to greater political influence (Fischer and Eisenstadt 2004).

Broadly speaking, there are two main reasons an external donor may choose to transfer money to a political actor's campaign: an influence motive or an electoral motive (Vanberg 2005). The influence, or service motive represents an exchange of favour between the donor, who pursues her own aims, and a political candidate, who might shift her policy positions in order to meet the specific demands of her financial base (see Ashworth 2005; Gorssman and Helpman 1996; Prat 2000). On the other hand, the electoral motive is simply related to the will of the donor to increase the chances that a political actor will win an election, without expecting any favour in return (see Baron 1994; Coate 2001). A scientific debate has grown concerning the way electoral contributions affect the behaviour of politicians and parties, and/or the outcomes of elections (see Vanberg 2005).

Ewing and Issacharoff (2006) used a comparative perspective to provide insight into a range of funding regimes. They addressed the question of how political parties should properly gather and spend financial resources in order to further their political goals. With regard to the correspondence between the goals of political actors and donors, Mueller (2003) showed that contributors usually give money to political actors that are close to their own interests, to those who are likely to change their position and to those who are expected to win a seat. A general model of how external donations can influence politics was tested by Grossman and Helpman (1994) and provided evidence that the party that is likely to win the majority of seats is better at meeting the expectations of special interests. Landfried (1992) emphasized how sometimes elected politicians are more accountable to their financial constituencies than to their voters. In this regard, Chappell (1981) noted that the public's perception is that there is a strong correlation between financial help and how political actors express their votes, even if this correlation is highly difficult to demonstrate. In the United States, lobbying activity is highly regulated and accepted. Private donors are able to gain access to [or influence in] the political arena because, as several empirical studies have shown, larger contributors also invest widely in lobbying activities (Wright 1990; Ansolabehere et al. 2002). Looking outside the US, McMenamin (2013) tried to answer why the business sector contributes to political parties in Australia, Canada and Germany, emphasizing the role of corruption. Similarly, Cleassens et al. (2008) found corruption in Brazilian politics, where campaign contributions made by firms were associated with subsequent firm-specific political favours.

From a general perspective, the language of money can be either pragmatic or ideological (McMenamin 2012). Pragmatic money is interested money, given to a political actor in order to achieve specific objectives, while ideological money is money that promotes the public good, supporting parties and candidates that are considered to be the best alternative to achieve collective results (McMenamin 2012). The general system of production of a society may shape the financial dynamics. Liberal economies usually promote pragmatic money, while coordinated economies usually promote ideological money (McMenamin 2012). Liberal markets usually adopt a majoritarian system leading to pragmatic strategies related to the probability of wholesale government changes, while coordinated economies usually adopt consensual institutions, leading to less dramatic political changes and more ideologically driven donations (McMenamin 2013).

From the donor's perspective, Goerres and Höpner (2014) argued that according to the power resource theory, firms tend to be polarized politically, while from the varieties of capitalism perspective, in coordinated economies, firms tend to distribute their donations among different political actors. In a globalized world, political polarization and radical liberalization put pressure on firms that tend to preserve the existing set of institutions in order to secure themselves rather than risk abrupt changes. In fact, institutional predictability is preferred. In a troubled environment, donations across the political spectrum are a rational strategy for donors (Goerres and Höpner 2014). Italy is considered a mixed type of economy, hedging between liberal and coordinated dynamics (Iversen 2005; Soskice 1999). In addition, polarization in the Italian system increased from 0.6 to 0.82[13] between 1995 and 2006, and the effective number of electoral parties also increased, from 4.6 in 1987 to 5.6[14] in 2006 (Bardi, 2007). According to the aforementioned economic perspective, these characteristics of the Italian political system should contribute to destabilizing the political competition, increasing unpredictability and leading private donors to adopt rational strategies.

5.2 Determinants of Private Funding

Donation strategies vary with respect to the political system, political culture and production regimes (see McMenamin 2012, 2013; Goerres and Höpner 2014). Defining the determinants of private funding is not an easy task. As discussed in Chapter 3, studying the relationship between political actors and interest groups from a financial perspective helps us describe the environment of the connections at stake.

Usually, political parties rely on interest groups to provide votes from particular constituencies, for monetary support and for organizational assistance, while interest groups try to find political alliances for legislative and policy rewards. Several scholars have tried to assess the importance and the relationships among lobbies, interest groups and political parties, considering their roles in the

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[13] The polarisation index reported here was created by Pappalardo (1996). It 'is based on left-right self-placement survey data and calculated as differences between the respective averages of 1-10 scores indicated by respondents who identify with the two parties situated at the extreme right and left of the spectrum' (see Bardi 2007: 726).

[14] The effective number of electoral parties are calculated on vote distribution of all individual parties (see Laakso and Taagepera 1979).

articulation of specific interests (Baumgartener and Leech 1998; Lehmbruch 1977; Schattschneider 1948). Many of these studies have considered interest groups as autonomous actors, or as alternative intermediaries (Dalton 2002), emphasizing their functional differences (Beyers 2008), or their connections with governing parties, rather than with political parties in general. The separation of the study of interest groups and political parties was particularly evident after the neo-corporatist model faded away. After the failure of neo-corporatist model in many western democracies, interests groups had to look for new strategies for their actions and communications. Their access to policy-making was no longer guaranteed and they had to separate themselves from parties in order to look like neutral actors (Crouch 1993). As Kirchheimer (1966) pointed out, in a plural society no longer based on class cleavages and class structure, political parties try to gain broader electoral support by de-emphasizing their previous ideologies.

Interest groups have a long history and tradition in Europe. They have played an active part during the establishment of democratic regimes, but they have also contributed to the institutionalization of political parties (see Morlino 1991). In Western Europe, several political parties have emerged from social movements and interest groups, especially those opposed to the political establishment. One of the major examples is the trade unions and the British Labour Party (Panebianco 1988). The general literature on this topic has provided evidence of the close relationship between individual parties and interest groups through committees, leadership and overlapping membership, interchanges and collective common activities (van Biezen 2003). In the south of Europe (Italy and Greece, in particular), until the 1980s, party-group relations were described as clientelistic and particularistic with regard to the dominant position of parties and the close relation that emerged between parties and interest groups. After economic, social and political changes during the 1990s, a wide disentanglement occurred: alternating governments facilitated a degree of distancing on the part of organized interests. Interests needed, from then on, to maintain distance as well as to cultivate good relations with more than one party at the same time (Lanza and Lavdas 2000).

According to Otjes and Rasmussen (2015), two factors influence interest groups and party collaborations: ideology and power, understood as relative to party size. The importance of ideology and power in party-group collaborations is influenced by crucial aspects of the institutional context in which the relationship occurs and is directly related to party system dynamics and coalition governance (Otjes and Rasmussen 2015). The process of cabinet formation, especially when a wholesale change is more likely than a partial shift, may influence the strategies of specific interests. If coalition formation is unpredictable, specific interests are usually more incentivised to lobby those representatives that are less ideologically aligned (see Marshall 2014).

Regarding political finance and the connections with a specific interest through financial activities, in countries such as most of the European democracies, where public funding of parties is predominant, research on the private sources of revenue is rare. From a comparative perspective, scholars have usually focused mostly on the regulatory system behind party financing and on the factors that might influence transparency or the anti-corruption strategies adopted (see Nassmacher 2009; 2003; Melchionda 1997; Briffault 1999).

In this regard, Scarrow (2007) lamented the lack of cross-national research that focuses on the characteristics and motives of political donors. From this perspective, the international literature suggests looking at those factors that might shape the will of external actors to support political competition, taking into account the structural determinants and characteristics of the party/candidate running for an office.

Regarding structural factors, the ideological position of political actors might be a shortcut for donors, especially in polarized contexts, while the kind of electoral system might shape the degree of attention paid to parties. Ewing (2006) provided a first analysis of private contributions to parties and candidates in Britain. Until 1997, disclosure of political revenues was based on the voluntary will of the parties. Only after the Political Parties, Elections and Referendum Act of 2000 did parties have to report all donations exceeding £5,000 to the Electoral Commission. The Ewing study showed that the Conservatives attract large donations from corporations and businessmen, whereas the Labour party is still more connected to the trade unions. Analysing candidates' sources of revenue in Brazil, Samuels (2001) described how most of the money comes from the business sector, but that this is not the case for left-wing candidates, who appear to be excluded from this source of funding. The same logic of endorsement is true in US, where fundraising from individuals also seems to be directly related to the ideological positions of candidates (Ensley 2009).

Following the logic of personalisation, electoral rules might affect the degree to which candidates attract the attention of donors at the expense of parties (Johnson 2008). In open-list systems, where voters can cast preference votes, candidates gain prominence, while in closed-list (CLPR) systems, where parties present ordered lists of candidates, they do not.

In addition to these structural determinants, candidates' characteristics play an important role in attracting the donors' attention. As goal maximizers and rational agents, donors want to invest in those political actors who will pursue their same interests once elected. Therefore, programmatic agreement and the chances of winning could be relevant to external contributors. Some research has focused on the correspondence between the goals of political actors and those of donors. Mueller (2003) has shown that contributors usually give money to candidates that are close to their own interests, to those who are likely to change their policy position and to those who are expected to win a seat. On the other hand, Magee (2002) concluded that rather than giving funds in order to influence candidates, interest groups respond to candidate's positions (Magee 2002). On the basis of programmatic agreement, organized groups and corporations seem to prefer to donate to those parties they consider able win the majority of seats (Brunell 2005; Koger and Nicoli Victor 2009). Vonnahme (2014) developed a model to investigate the reason some candidates attract contributions from many donors whereas others do not. The model showed that contributions can be seen as a type of attachment between the donors and candidates based on trust and shared positions (Vonnahme 2014). Examining the city council elections in two major cities in the US, Krebs (2001) discovered that, in addition to other important factors, such as political endorsement and the competitive environment, fundraising is a function of incumbency and prior political experience. The role of incumbency was confirmed by Esterling (2007), who described how hard money—large donations from corporations—is directed to members who have a good capacity to develop effective policies. In contrast, Brunell (2005) showed that incumbents at the national level receive less money because their re-election is less dependent on funds. However, non-incumbents have to fight to raise funds in order to compete effectively against incumbents (Baker 2015). Still, the degree of personalisation connected to personal campaigns depends on the general context. In a party-centred one, newcomers might be interested in demonstrating their loyalty to the party, while incumbents might opt for a more personalized and independent campaign (Crisp and Desposato 2004).

Overall, the incumbency advantage is a contested phenomenon that usually applies to single member district systems (see Mayhew 1974) or to closed-list multi-member district systems where the higher level of intra-party competition makes it a suitable strategy for parties to adopt (Moral et al. 2015).

5.3 Hypotheses and Data

From a general point of view, two related processes define contemporary politics: changes in party organization, with its impact on civil society; and the personalisation of politics, related to the predominant role of party leaders. The organizational and ideological party changes have been a subject of analysis since the 1960s when Kirchheimer (1966) defined the 'catch-all party', which was later developed by Katz and Mair (1995) and became their 'cartel party'. The second kind of transformation, the personalisation of politics, can be considered related to the first, but is more recent.

Politicians seem to be more and more attracted by individualized campaigns, driven from the electoral incentives provided by the electoral system (Zittel and Gschwend 2008; Enli and Skogerbø 2013). If single politicians become the preferred object of media attention, there is reason to believe that external donors could also try to gain favours from single candidates, and to win access to the political arena, by paying more attention to individuals than to party organizations, especially during electoral campaigns.

We should expect that institutional constraints, such as the electoral system or the arena of competition, as well as the individual characteristics of parties and candidates, like belonging to a coalition or previous political experience, may exert an influence on the amount of money an external contributor wants to donate as well as on the range of networks a political actor can create with financial help. In addition, as suggested in the literature, donors as rational agents usually try to support those actors considered likely to be the winners. It is not possible to see who they considered to be in an advantageous position before the election, but the results of the election can be checked to see if donors actually favoured those who formed the majority in the subsequent Parliament. According to Otjes and Rasmussen (2015), interest groups more often collaborate with governmental parties for direct access to the policy process. In addition, party centrism should increase collaboration, even if the ideological position of the political actors can be a determinant when a wholesale change in government is the likely outcome (Otjes and Rasmussen 2015).

Therefore, trying to explain the dynamics and patterns of financing while looking at political parties as collective actors:

H1: The average donation received by political parties should vary according to the perception of the external donors with regard to the likely winner, the incumbent's position in government and the ideological placing of the party.

The differences in candidates' private contributions were considered in order to determine if some of the candidates' characteristics, such as incumbency, or links to a specific ideological position, as well as some structural variables, such as the institutional level of competition, the type of electoral system and the subsequent majority/minority role in parliament, have an impact on the average distribution of private money collected. As suggested in the comparative literature, individual characteristics as well as the context of the competition might influence the will of donors to support particular candidates in their electoral campaigns.

I expect to find differences in the distribution of the share of private money that reflect the preference of external donors to support a specific ideological position or actors that are expected to be part of the government. Further, the influence of incumbency and of the electoral system will be assessed. Overall, these factors should help delineate a possible ideal profile of candidates who are financially successful.

Taking into account the different factors outlined, a second general hypothesis reads:

H2: The average donation received by candidates should vary within groups of candidates, favouring those considered to be in an advantageous position, such as incumbents, likely winners, those competing in open systems and those that represent a clear ideological position.

Regarding the overall private financing system, there are two extreme cases of political financing: when there is a single big external donor, in which case the donor has the power; and when there are a lot of small contributors, in which case the power is in the hands of those who manage the fundraising process inside the party (Melchionda 1997). Therefore, if we combine the amount of private money collected by both the parties and the candidates with the number of different specific interests involved in financial activities— representing the parties' and candidates' financial appeal—some categories of financing dynamics should appear. This leads to the third hypothesis.
H3: The significant changes the Italian party system has suffered in the last 30 years should be reflected in the private financing dynamics with regard to the growth of the Italian interests system,

the increase in the number of donations and the diminishing individual leverage of prominent donors.

Data used in this chapter have been already described in the previous analysis (see Chapter 3 and 4). In addition, a combined dataset for political parties and candidates has been defined to allow comparison among the different political actors[15].

5.4 Results

In order to consider the factors that may shape the intention of external donors to donate money to political actors, Table 5.1 reports the average donation declared by political parties, taking into account different groups that, according to the aforementioned literature, contribute to address the financial attention of donors. As reported in Chapter 3, the amount of donations declared by political parties presents a very skewed distribution, with most of the donations (60% of cases) falling between the minimum considered—5,000 Euros—and 24,000 Euros, while the maximum is 294,290 Euros. Therefore, in order to avoid a misleading interpretation, I have taken into account the natural logarithm of the amount to normalize the distribution without losing important information such as the difference among groups.

In terms of average donation received, previous participation in government formation seems to be a relevant factor favouring those political parties that were not included in a governmental coalition. Usually, external donors prefer to establish relationships with governmental actors that guarantee direct access to the policy-making process. However, according to these data, in Italy, external donors tend to be more generous with political parties that do not have government experience. Especially in the so-called Second Republic—after the corruption scandal of the early 1990s—the alternation of governments, due to a changed electoral system, has increased institutional instability. Wholesale changes in government formation have been quite predictable and sometimes, as in 1994, inevitable. External donors, as rational agents, have adapted to this dynamic. In addition, looking at the average donation to parties that are going to form the next government as a proxy for the 'likely winner', external donors seem to bet on the results of the

[15] For a complete list of variables defined in the party/candidates dataset, see Appendix 1.3.

election favouring those political actors that are going to form the subsequent government coalition: on average, parties that form the next government receive 10% more.

Tab. 5.1 - Average Private Donation Reported by Political Parties According to Different Factors (natural logarithm of the amount)

		Average Donation	N.	ANOVA
In Previoius Gov* **				
	Yes	9.86	145	*F= 12.937*
	No	10.27	134	*p= 0.000*
In Next Gov* **				
	Yes	10.21	166	*F= 10.636*
	No	9.83	113	*p= 0.001*
Political Formation **				
	Right-wing	9.88	137	
	Centre	10.22	112	*F= 4.929*
	Left-wing	10.30	30	*p= 0.008*
New Party				
	Yes	10.02	138	*F= 0.300*
	No	10.09	141	*p=0.584*

Source: Treasury of Chamber of Deputies. Author's elaboration.

Note: The first and the second columns list the factors taken into account and the characteristics in each group. The third column shows the average donation (natural logarithm) reported by political parties in that specific group. In the fourth column the total number of donations considered in each group is reported. The last column reports the ANOVA test values.

Even the ideological family of the political party seems to matter in the average distribution of donations, but with an unexpected result. As a matter of fact, in Chapter 3, I demonstrated how left-wing parties can usually be considered disadvantaged in terms of the number of donations declared and the total amount collected through private donations. However, on average, they are preferred by external donors, or better, they receive fewer donations, but their contributors are slightly more generous than others.

When the political scenario drastically changes, new competitors may emerge. To be a new political party running for the first time on the political scene can be risky but also stimulating: it is an incentive to create external relations with the public, promoting a new political alternative. Italy has faced various and important political changes in the last 30 years. The collapse of the old party system in the early 1990s created different, new or renewed, political actors: DC was divided into various small political actors (CCD, UDC, PPI), FI was created in a very short time to promote a completely different style of leadership, and the old cleavage between north and south was then represented through the separatist movement of LN. In addition, in 2013, another brand new formation came to the forefront. The failure of the Berlusconi IV government, and the subsequent formation of a technical government led by Mario Monti, promoted a centrist alternative in the 2013 election, with SC. At the same time, the progressive de-legitimation of political parties considered to be ineffective contributed to the growth of the anti-establishment movement of M5S. However, the political relevance of these new actors does not seem to be translated into specific financing dynamics. Differences in average donations do not confirm the impression that new actors benefit more from external contributions.

To add further information concerning the candidates and the factors that may help them gain support from external donors, Table 5.2 shows the average donation among different types of candidates, considering the whole sample. Differently from what was expected, the advantage of incumbency in elections is not confirmed by financing: on average, incumbents receive the same amount of money as newcomers. On the other hand, belonging to a party gaining a government role seems to increase the average donation, although this difference falls short of statistical significance.

Regarding structural factors, as expected, candidates who belong to centrist parties receive, on average, the highest donations, while candidates from the centre-left lag behind, a difference that is statistically significant. As recalled in the literature review, the openness of the competing environment might influence where the donors place their attention. The EU has regulated lobbying activities and ensured wide access to groups and corporations, adopting a pluralist model. This openness favours the access to and also the influence of interest groups in policy making. With regard to electoral competitions, as expected, candidates competing at the European level collect more money on average than those competing at the national level. European electoral law allows the possibility of expressing a preference vote, with an OLPR system. Although EU elections are considered to be second order, as testified by the low turnout rate (in Italy it was 57.2% in 2014), especially if the elections are taken separately from the national ones, the European Parliament attracts the attention of external donors, who invest more on this level, probably due to the recognized access they have in this arena. Finally, the electoral system is what determines the widest variation in terms of average donation, a result confirmed by a significant difference-of-means test.

Table 5.2 - Average Private Donation Reported by Candidates According Different Factors (amount adjusted at EU 2014)

		Average Donation	N.	ANOVA
Incumbent				
	Yes	15,703.36	258	*F= 0.171*
	No	16,260.46	317	*p= 0.679*
Member of next Majority				
	Yes	**16,573.67**	399	*F= 1.606*
	No	14,733.72	176	*p= 0.206*
Political Formation***				
	Right-wing	16,143.35	293	
	Centre	**20,733.54**	94	*F= 6.552*
	Left-wing	13,460.13	187	*p= 0.002*
Institutional level				
	Chamber Deputies	15,701.54	296	
	Senate	14,302.69	140	*F= 2.383*
	EU Parliament	**18,388.46**	139	*p= 0.093*
Electoral System***				
	OLPR	**21,069.64**	169	
	MMPR	14,858.11	149	*F= 12.805*
	CLPR	13,351.76	257	***p= 0.000***

Source: Treasury of Chamber of Deputies (Author's elaboration).

Note: The first and the second columns list the factors taken into account and the characteristics in each group. The third column shows the average donation reported by candidates in that specific group. In the fourth column the total number of donations considered in each group is reported. The last column reports the ANOVA test values.

This is in line with the literature presented above, but it may be counterintuitive. On one hand, we know that OLPR systems increase the level of personalisation and, regarding private financing, candidates running in OLPR elections—as in 1987 national election and the EU Parliament—seem to be advantaged on the average distribution of private money. On the other hand, previous results presented here show how the level of personalisation in financing, especially considering the number of donations, has significantly increased in the last 20 years, when the MMPR and CLPR systems were adopted at a national level. This can be explained by the fact that in the years under investigation -1987, 1994, and 2013-, the number of those who declared private revenues as well as the number of donations reported increased, but the amount of single donations decreased. In other words, we observe a greater willingness to donate money to candidates—so the personalisation thesis appears to be confirmed—but the power expressed by single donations, that is, the amount donated, is reduced. In addition, it might be interesting in future research to include information in the dataset regarding the list position of candidates in the MMPR and CLPR systems and to check the level of intra-party competition, with particular attention to the process of list formation.

According to these results, the second hypothesis regarding significant differences in the amount of donations should be rejected on the basis of the characteristics of some candidates, such as incumbency, while it seems to be confirmed for the relevance of structural determinants, such as the electoral system rules. Based on this preliminary analysis, it is not possible to provide a clear profile of the privileged candidate, but some clues for further studies have emerged.

As discussed in Chapter 4, there has been an overall increase in the personalisation of political financing, especially among the centre-left wing parties, where single politicians are becoming predominant not only with regard to the amount of private money collected, but also in terms of the number of donations, or incentives for connections, received. As previously argued, we may assume external donors to be goal maximizers who try to win access to the political arena in order to exert influence. For this reason, they might try to direct their money in an effective way by supporting the likely winner. If we look at the distribution of the private donations collected by candidates and their parties, as shown in Table 5.3, we not only see a progressive shift towards external donors investing more in candidates than in political parties, but, above all, we see that candidates of parties in government grab a disproportionate share of external contributions *vis a vis* opposition parties: the ratio of government/opposition candidates' share of contributions was 1.32 in 1994, increasing to 2.05 in 2013. Of course, with the available data, we cannot ascertain whether external donors have been able to influence the electoral outcome. On the other hand, since 1994, most external financing has been directed to candidates who managed to win a seat in the parliamentary majority, subtracting resources from their political parties.

Tab. 5.3 - Distribution of External Donations between Parties and Candidates grouped according to governmental role after the election (amount in 2014 values)

		Total External Revenues	(%) to Parties	(%) to Candidates
1987	Majority	3,517,446	72.1	27.9
	Opposition	23,543	0	100
1994	Majority	5,940,269	54.3	**45.7**
	Opposition	3,036,874	65.5	34.5
2013	Majority***	3,334,360	37	**63**
	Opposition	4,373,834	69.3	30.7
Overall	Majority**	12,792,075	51.1	48.9
	Opposition	7,434,251	65.6	34.4

Source: Treasury of Chamber of Deputies. Author's elaboration.

Note: The first column lists the years of election considered. The second column shows the election outcome diveded between majority and opposition. The third column reports the total external revenues for each group. The fourth and the fifth column shows the share of external money that was directed to political parties or candidates

= sign. 5% (Chi-squared=4,63; p=0.031); *= sign.1% (Chi-squared=20,55; p=0.000)

Taking into account all of the external revenues collected by political parties as collective actors and candidates as individual actors, Figure 5.1 shows a classification of the political actors analysed in this work. The differentiation was made by calculating the sum of external revenues declared by parties and candidates during the election years considered. Looking at the distribution and dividing the amount into classes according to the median value, it is possible to identify 'high value' external donations when the political actor reported more than the median value (396,719 Euros) and 'low value' donations when the parties and candidates declared an amount lower than or equal to the median value. In addition, as long as donations provide financial connections with the interests system, the number of different sub-categories[16] of interests represented in financial activities that benefit political actors differentiates between those parties that declared receiving money from a

[16] For a complete list of interest group sub-categories, see Appendix 2.

maximum of only 4 different interests—'few' interests involved—and those parties that were financially connected with more than 4 different sub-categories in a specific year—'many' interests involved.

The categories created by crossing the amount of private money collected and the number of specific interests involved reflect the 'financial appeal' of a political party.

Fig 5.1 - Financing Appeal of Political Parties

Number of different IG represented

		Few	**Many**
Total Amount of External Donations	**Low**	***Barely-Attractive*** PSDI-PLI-MSI 87 PRI - *CCD* - FV - UDC 94 - LR - *PDS* - SVP M5S	***Loosely-Attractive*** *none*
	High	PSI 87 MSI 94 - LN 94 - PS ***Selective-Attractive***	DC 87 *FI 94 - PPI 94* *FDI* - LN 13 - *PDL* - SC - UDC 13 - *PD* ***Highly-Attractive***

Source: Treasury of Chamber of Deputies. Author's elaboration.

Note: Lines divide political actors on the median amount reported taking together party's central organizations and candidates revenues. Columns divide parties for the number of different specific interests represented in thier financial declarations (less than 4 = few; more than 4= many). Parties in *Italics* are those more personalized (more than 50% of their total external revenues come from candidates).

Chi-squared (amount*interests)=20.503; p.=0.000
Pearson (r)= 0.765; p.= 0.000

The first category represents those parties that are theoretically sustained by many different interests but collected a low-value amount from external donations. These can be defined as 'loosely attractive' as long as they are able to connect with different societal interests, but they experienced weak or null financial gain. None of the political actors considered falls into this category, maybe due to the threshold for disclosure that does not allow donations lower than 5,000 Euros (adjusted at inflation) to be taken into consideration. A second category is defined by a low-value amount of external donations and few interests represented. This category characterises political actors that are 'barely attractive' to external donors (such as PSDI and MSI in 1987; PRI, CCD, UDC and PDS in 1994; and M5S in 2013). Actors can be too new to create financial links with interests or too small in terms of parliamentary size to be considered relevant by contributors; parties can be too polarized to attract specific donors, or they can just rely mainly on public sources of money, spending little effort to connect with external interests.

A third category comes out of the intersection of a high-value amount collected but with only few interests involved, describing a 'selective attractive' political actor (e.g. PSI in 1987; MSI, LN and PS in 1994). These parties received significant amounts of private money from few specific interests. A situation like is understandable in a polarized system where interests tend to shift their preferences, or when, a political actor risks maintaining strong financial relations with selected contributors. In any case, this category represents those political parties with a narrow network of financial relations. The last category defines the set of political actors reporting high-value external donations from a variety of specific interests. These parties have a wider network of financial relations and can be considered as 'highly attractive' to donors (e.g. DC in 1987; FI and PPI in 1994; FdI, LN, PDL, UDC, SC and PD in 2013). Political actors that attract high and various contributions may be powerful actors, and donors may consider them the likely winners; they can be less polarized; or they are simply more able to create financial connections.

A residual category, not shown in Figure 5.1, includes those political actors that, according to the data analysed, completely lack external financial connections with specific interests, such as PCI in 1987, PRC and UDC in 1994, and IDV and PSI in 2013.

5.5 Concluding Remarks

In this chapter I have taken into account the donors' perspective and how they usually choose to disperse their money. The discussion of the comparative literature identified two main broad strategies of financing: pragmatic and ideological. The first one understands donors as rational agents that decide to donate in order to increase their chances of gaining specific rewards in terms of policy outcomes or just the election of sympathetic politicians. On the contrary, the ideological strategy views donors as more concerned about the common good. In fact, donors express their political position by supporting those political actors that share the same ideological perspective.

Structural determinants, such as the degree of polarization in political competition, the government alternation, as well as the system of production, may contribute to shaping the will of donors, but the effects are not clear and there is a strong debate among scholars regarding the causal direction. However, looking at the small universe analysed in this work—the Italian private financing system in the last 30 years—some observations can be made.

The analysis of the average donation declared by political parties has underlined that the parties that received more money on average were not part of the previous government coalition, but were going to form the next government—the likely winners—and those from the left-wing side of the ideological spectrum, which, even though they declared fewer donations, had more generous contributors. Looking at individual politicians, no specific candidate profile emerged from the analysis as preferable to donors, but data show that donors seem to favour single politicians in general, and they try to support the likely winner or a trusted politician to whom they can relate directly without the intermediation of party.

The fact that recourse to private sources of revenue is widespread among political candidates, with no significant differences between groups with specific characteristics, seems to suit a de-centralised form of personalisation (Balmas et al. 2014) in the political financing context. Variation emerges among ideological political formations: the centre, dominant during the First Republic, has experienced an increasing number of private donations, and this trend is valid for both parties and candidates. However, parties in the centre of the political spectrum have maintained the attention of external donors better than their own candidates. Until 2013, right-wing parties were dominant in terms of the number of donations received and the amount of private money collected. The distribution of external donations seems to have progressively shifted towards individual candidates, but parties are still the favourite targets of donors.

The attempt to identify a preferred candidate profile by comparing the average donations according to different factors has shown that some structural characteristics, such as incumbency or being part of the subsequent majority in Parliament—the likely winner—do not contribute to defining a preferred candidate, while other structural determinants of candidates' political competition, such as the party's ideological family, the electoral arena and the electoral rules, are more informative. The second hypothesis about the presence of an advantaged candidate preferred by external donors can be rejected, at least in part. Structural constraints do shape private political financing, and this is an interesting result to consider for further analysis.

Overall, the categories concerning the financial appeal of political actors emphasized some important trends. Centrist political actors have suffered due to the political crisis of the early 1990s. The dominant party in the First Republic, the DC, was still highly attractive in 1987. After the fragmentation of the DC, only the PPI in 1994 was attractive to external donors, while other centrist actors, such as the CCD and UDC, were completely neglected by external contributors at the beginning of their institutional lives, becoming highly attractive (particularly the UDC) in 2013 when they ran with the outgoing governmental actors of SC.

The centre-right party of FI in 1994, and then the PDL in 2013, has been always highly attractive and has maintained its dominant financial position. Other parties from the right wing, such as LN, have changed their financial appeal from a selective type, where only a few and very important interests were involved, to a wider network of connections, indicating progressive growth as political actors but also, probably, a shift towards more moderate policy aims.

Important political actors, such as the PSI in the First Republic, have completely lost their financial appeal, even towards their few external contributors. The new M5S, running in 2013, is still an actor that needs to be better understood. Its financial revenues are mainly due to activities at the grassroots level, constituency fundraising and on-line subscriptions not reported in the private declarations. Since I have considered only donations above the threshold of 5,000 Euros, the lack of evidence regarding M5S may be due the fact that it relies on smaller donations rather than medium-value ones as set by the threshold.

A huge transformation concerns the financial appeal of the major left-wing actor. In the 1994 election, just after the dissolution of PCI, PDS was objectively in a disadvantaged position regarding private contributions. However, in 2013, the PD appeared highly attractive to external donors, and it reported a high-value amount collected and a wide network of financial contacts. Of course, PDS and PD are not the same subject, but they represent the most competitive actors of the left-wing spectrum.

Nevertheless, the personalisation of political financing should not be neglected. Among those political parties that are highly attractive to external donors, FI, PPI, PDL and especially PD, are those who present a high level of personalisation. As long as they are attractive, they mainly have to thank their individual candidates.

Results like these should be further investigated in order to provide useful information when the time for a completely private political financing system arrives, which should be in 2017.

Conclusion

‘Winter is Coming’ and political parties will be left out in the cold.

The aim of this dissertation was to contribute to filling the gap in the knowledge about the role of private political financing in Italy in the last 30 years. This field of empirical research has been widely neglected by scholars who have preferred to focus on the effects and magnitude of public political financing. Because of the dominant role of public funds in supporting political competition since the 1970s and the dramatic effects of corruption on Italian politics, private financing has been considered a marginal and insignificant area of research. However, regardless of the relevance of sources of private money, scholars should always pay attention to the dynamics and relationships defined by the exchange of resources between political actors and private actors (Scarrow 2004). The results of the analyses conducted in this project demonstrated that private sources are informative especially when specific questions regarding the social connections at stake are addressed. Contrary to the currently predominant perspective in comparative political science (see Nassmacher 2009), the findings of this study show that the political financing system is a dependent phenomenon related to party system dynamics and institutional changes.

As collective actors, political parties in most established democracies are now facing determinant challenges that concern their organizational nature (Katz and Mair 1995), their intra-party strategies (Cross, Katz 2013), their overall legitimation as political intermediaries (Ignazi 2014) and the kind of representation they support (Colomer and Grofman 2004). The spread of direct and indirect state funding has been charged with contributing to the progressive detachment of political parties from their grassroots foundations, leading them to be perceived by most citizens as embedded in state apparatuses rather than societal conflict (Katz and Mair 1995). Moreover, western societies are becoming increasingly fragmented and differentiated, thus expanding the specific interests involved in the articulation of political demands (see Lizzi and Pritoni 2017).

Examinations of the private financing system provide a different perspective on the strategies of political actors and donors, even when public funding is predominant. According to the cartel party model (Katz and Mair 1995), parties that depend on state subsidies tend to weaken the relationships with their civil roots. Therefore, the financial connections with their donors should tend to become decreasingly relevant as the interests environment becomes increasingly differentiated.

The Italian case is particularly indicative of this general trend. In the period studied in this project, from 1987 to 2013, there have been radical changes to party system, which has modified the political competition. The corruption scandals of the early 1990s contributed to the dissolution of the long-lasting party system created during the democratization process. The dominant centrist party, the DC, and its supporters, PSI, PSDI, PLI, PRI, have undergone both redefinition and fragmentation. The leftist party, the PCI, was completely modified after the USSR breakdown. The opportunity structure created by that contingency permitted the emergence of new political actors, such as the FI, LN and PDS, which represented different political alternatives in an electoral system that was now oriented to majority rule in order to guarantee governmental stability. The generous public funding system established in the 1970s was also dismissed after the Tangetopoli scandal, and it was replaced by an ideally parsimonious public system that reimbursed campaign expenses. In 2013, the political party system examined in this project differed from 1994. In some cases, the parties running in 2013 could be considered evolved from the parties created in 1994, such as the PDL from FI and the PD from PDS. Other parties remained as they were in 1994, such as the LN and the UDC. Others were newly created by the contingent economic crisis and the political turbulence beginning in 2008. During the period between 1994 and 2013, the costs of politics increased, and the public reimbursement of electoral expenses was increasingly generous compared with the public funds provided during the so-called First Republic.

In this period, the interest system of Italian politics was also modified. As in other democracies, the political interest system expanded. Thus, an increasing number of interest groups became active in articulating policy demands, representing their interests and constituencies, and striving for their voice to be heard in the political system (Lizzi and Pritoni 2017). The analysis of private external sources of money donated to parties demonstrated that the expanding interests system was represented by the magnitude of financial donations. However, the Italian political parties did not increase their ability to connect with different interest representatives over time. With regard to financial contributions, Italian political parties, as collective actors, have not been able to adapt to the changing societal environment in the last 30 years.

In addition to the changes in the external relationships of political parties with the interests system, internal party dynamics were transformed. On one hand, voting determinants shifted toward the individual characteristics of candidates rather than the parties' policy agendas. On the other hand, during the study period, parties adapted to the mediatisation of political competition and promoted their candidates' images as intermediaries of political conflict. The progressive personalisation of politics transformed the representational dynamics of political competition, increasing the relevance of leaders' identities and personalities instead of a party's collective ideological image. In the perspective adopted in this work, the personalisation process was also evident in private party financing, and external donors were increasingly attracted by individual candidates rather than by political parties as organizations. The results showed that the personalisation of political financing particularly pertained to the Italian political system. External donors paid increasing attention in the financing of individual politicians. The interests system represented by financial contributions to candidates was larger and more differentiated than the one financing political parties. Candidates tended to have greater connective capability than the parties they represented. Particularly in the 2013 election, the personalisation of political financing assumed a de-centralised form that involved many different candidates at various institutional levels. The personalisation process extends beyond financial activities, but the analysis of the financial dynamics conducted in the present word confirmed the significance of this trend in the political context. In fact, the de-centralised form that personalisation assumes through the lens of private financing was counterintuitive in the light of the current electoral system of CLPR, which does not allow a preference vote in national elections. Political parties have the power list and rank candidates. Therefore, further questions concerning the level of intra-party democracy and the processes used to select candidates should be addressed.

The relationship between parties and specific interest groups has attracted the attention of scholars because these two actors shape the democratic process (see Schattschneider 1942; Allern and Bale 2012). Previous comparative political research demonstrated that political parties are now progressively detaching from interest groups (see Thomas 2001). In a determinist model, this detachment is usually understood as affecting all players at simultaneously (Chrsitiansen 2012). In this work, the relationship between parties and the representatives of specific interests has been addressed by focusing on financial donations. Private contributions have been understood as a proxy for political contact. Donors have been coded according to their propensity for a specific interest. The representation of the interests system through financial donations to political actors changed significantly during the study period: an increasing number of groups began to participate in the financing activities of political parties and candidates, and these groups were progressively differentiated in specific sub-categories. However, the role of peak associations, such as collective representatives of businesses, trade unions and sectorial confederations, seemed to be decreasingly relevant in favour of the representation of individual firms, corporations, single associations and influential individuals. The trend to the individualistic presence through direct financial contributions raises the problem of collective action in relation to free riding (Hardin 1982). Peak associations usually pursue collective policy aims that concern the constituency they represent. On the contrary, the free rider actor pursues specific and narrow interests that reward only himself or herself. If influential individuals or firms that represent specific interest invest in the political competition of parties or candidates, they are likely motivated by receiving particular rewards. However, the relationships among campaign contributions, political favours and policy outcomes are difficult to prove (Cleassens et al. 2008). Nonetheless, the results indicated that donors were rational agents that adopted a strategic behaviour according their financial choice of the likely winner of a political competition. This project was aimed at identifying the past and current nature of the connections at stake. Further research is needed to investigate the complex relationship between financial donations and policy outcomes.

The overall financial appeal of Italian political actors during the study period reflected the three different party systems in the Italian democratic process. The results showed that the 1987 private financial system was dominated by the DC. Because of its high financial appeal, the party was able to attract many interests and high amounts of private money, whereas smaller parties, such as the PSI, attracted a few strong external donors. In 1994, the FI and PPI attracted the attention of many various donors, whereas other political competitors, such as the CCD, UDC and PDS, were disadvantaged position because they attracted few external donors. In 2013, most of the political parties competing in political elections were highly attractive to external donors. However, in 2013, personalisation significantly affected the total amounts donated to candidates. Therefore, most private revenues of political parties benefitted from their candidates' capacity to attract external donors, rather than their role as collective actors advocating political alternatives. These results indicate that donors increasingly prefer to establish direct contact with single politicians, which has the potential to exert greater influence without the intermediation of parties. By abandoning the state funding of political competition, the cartel party model could quickly be replaced by an externally financed elitist party model (Hopkin 2004).

The results of this study have significant implications for Italy's adoption of a private system of political finance in 2017. The new regulations on political financing provide tax benefits for donors, set important disclosure rules and establish a threshold for private donations. However, important questions are raised regarding the overall transparency required (Tarli Barbieri 2016). The transparency issue not only concerns the control of the adherence to these regulations but also the extra-party activities of politicians, such as constituency fundraising, financing private high-profile dinners and the hidden dynamics of political foundations and think-tank groups (Diletti 2009).

In addition, the issue of corruption remains unresolved. Scholars have assumed that private funding leads to corrupt practices in two ways: it creates political parties that are dependent on their affluent donors; it causes an electoral backlash against hiding or reducing the amount of money declared (see Casal Bertoa et al. 2014; Fischer 2011; Nassmacher 2009). The history of Italian political financing demonstrates that even when public funding theoretically keeps political parties safe from the influence of private money, corruption still plays an important role. The data analysed in this project revealed that private financing dynamics offer the possibility to understand the 'uncovered' part of the connections at stake, which should be investigated in future research. In addition, the history of political financing in Italy corresponds to the path followed by parties to gain recognition as democratic actors (Verzichelli 2016). Abandoning the state funding of political actors means that political parties will be prey to market competition, which will lead to the undermining of political equality and the representation of collective interests in the democratic process. According to Melchionda (1997), corruption is related to the adoption of the logic of the market economy, and it is not connected to the power logic of politics. In other words, politics should dominate the economy (Di Leo 2012) in order to pursue the common good, and not vice versa. The public funding system could be improved by adopting strict rules about transparency, creating independent agencies of control, including strict sanctions and encouraging grassroots activities of fundraising such as the matched funding model, excluding high-value donations. Renouncing the public financing of political competition risks 'throwing the baby out with the bathwater'. In Italy, the winter of public financing is imminent. Political parties risk being left out in the cold of market logic, unable to connect with the complex environment of private sources of money.

Appendix 1

Appendix A.1.1 – List of Variables Political Parties Dataset

Number of Cases: 508 (donations)

- **ID** – Identification Number: progressive number of donation coded

- **NAME** – Party Name: Complete name of party receiving donation

- **LAB** – Party Label: Abbreviated Name of party

- **LIST** – List: list of electoral competition in which the party is included

- **YEAR** – Year: year of donation

- **NUMCAM** – Number of Seats in the Chamber of Deputies: number of seats won by party in the Chamber of Deputies

- **PERCAMPROP** – Percentage of votes for the Chamber of Deputies with proportional representation

- **PERCAMMAG** – Percentage of votes for the Chamber of Deputies with majoritarian representation

- **GOV** – In Governmental position after the election

- **PrevGOV** – In Previous Governmental position

- **ENT** – Money received declared for single donation (original value)

- **SOURCE** – Source of money:
0 SELF_FINANCING
1 EXTERNAL_FINANCING

- **DON** – Name of Donor

- **TYPEDON** – Type of Donor
1 INDIVIDUAL;
2 CORPORATION/ASSOCIATION

- **PART** – Party owned or shared corporation/association
0 NO;
1 YES

- **AFFDON** – Donor Affiliation to Interest Group (sub-category)
1 LABOUR UNIONS;
2 SECTORIAL LABOUR UNIONS;
3 BUSINESSES;
4 COMMERCE AND TRADE;
5 FINANCE;
6 INSTITUTIONS;
7 JUDICIARY;

8 RELIGIOUS INSTITUTIONS;
9 AGRICOLTURAL INTERETS;
10 HEALTH SYSTEM;
11 INFRASTRUCTURES AND TRANSPOSTATION;
12 ENERGY PRODUCTION;
13 BUILDING SECTOR;
14 EDUCATION;
15 REGISTRED PROFESSIONS;
16 CONSUMERS;
17 CIVIL RIGHTS ASSOCIATIONS;
18 EVORONEMENTAL ASSOCIATIONS;
19 CATHOLIC ASSOCIATIONS;
20 NOT SPECIFIED;
999 NONE.

- **R_AFFDON** – Donor Affiliation in Macro-categories
1 LABOUR UNIONS;
2 BUSINESSES;
3 GROUPS OF INSTITUTIONS AND AUTHORITIES;
4 OTHER SECTIONAL GROUPS;
5 PUBLIC INTERESTS GROUPS;
6 NOT SPECIFIED

- **MOT** – Motivation of donation decared:
1 ELECTORAL CAMPAIGN;
2 SERVICES;
3 OTHER ACTIVITIES;
4 PRE-ELECTORAL AGREEMENT;
5 LOANS;
6 STATE FUNDS DIVISION

- **VERAFF** - Verified Donor's Affiliation
0 NO;
1 YES

- **NOTE** – Relevant note on donor: (string)

- **ENT2** – Amount of money donated re-valued at Euro December 2014

- **POLFORM** - Political Ideological Positioning of Party
0 EXTREME-RIGHT;
1 RIGHT WING;
2 CENTRE;
3 LEFT-WING;
4 EXTREME-LEFT;
999 INAPPLICABLE

Appendix A.1.2 – List of Variables Political Candidates Dataset

<u>Number of Cases: 1172 (donations)</u>

- **ID** – Candidate's Identification Number

- **SUR** – Candidate's Surname

- **NAM** – Candidate's Name

- **YEAR** – Year

- **LEG** – Number of Legislature started after the electoral year

- **LEVEL** – Arena of competition:
0 EUROPEAN PARLIAMENT;
1 CHAMBER OF DEPUTIES;
2 SENATE

- **GEN** – Candidate's Gender
0 FEMALE;
1 MALE

- **BRTPLC** – Candidate's place of birth

- **PART** – Party of Competition

- **POLFORM** - Political Ideological Placing of Candidate's Party
0 EXTREME-RIGHT;
1 RIGHT WING;
2 CENTRE;
3 LEFT-WING;
4 EXTREME-LEFT;
999 INAPPLICABLE

- **COSTITU10** – Constituency of candidature 10th legislature

- **COSTITU12** – Constituency of candidature 12th legislature

- **COSTITU17** – Constituency of candidature 17th legislature

- **EXP** – Candidate Political Experience
1 NEW ELECTED;
2 CONFIRMED IN THE SAME POSITION;
3 NOT CONFIRMED IN THE SAME POSITION;
4 NOT ELECTED;
5 ELECTED IN OTHER INSITUTIONAL LEVEL;
6 REPLACE SOMEBODY;
999 NOT APPLICABLE

- **ENT** – Money received declared for single donation: (original value)

- **SOURCE** – Source of money:
0 SELF-FINANCING;
1 ELECTORAL COMMITTEE;
2 EXTERNAL-FINANCING

- **DON** – Name of Donor: (string)

- **TYPEDON** – Type of Donor:
1 Individual;
2 Corporation/Association

- **AFFDON** – Donor Affiliation to Interest Group: (sub-category)
1 LABOUR UNIONS;
2 SECTORIAL LABOUR UNIONS;
3 BUSINESSES;
4 COMMERCE AND TRADE;
5 FINANCE;
6 INSTITUTIONS;
7 JUDICIARY;
8 RELIGIOUS INSTITUTIONS;
9 AGRICOLTURAL INTERETS;
10 HEALTH SYSTEM;
11 INFRASTRUCTURES AND TRANSPOSTATION;
12 ENERGY PRODUCTION;
13 BUILDING SECTOR;
14 EDUCATION;
15 REGISTRED PROFESSIONS;
16 CONSUMERS;
17 CIVIL RIGHTS ASSOCIATIONS;
18 EVORONEMENTAL ASSOCIATIONS;
19 CATHOLIC ASSOCIATIONS;
20 NOT SPECIFIED;
999 NONE.

- **R_AFFDON** – Donor Affiliation in Macro-categories:
1 LABOUR UNIONS;
2 BUSINESSES;
3 GROUPS OF INSTITUTIONS AND AUTHORITIES;
4 OTHER SECTIONAL GROUPS;
5 PUBLIC INTERESTS GROUPS;
6 NOT SPECIFIED

- **MOT** – Donation's motivation declared:
1 ELECTORAL CAMPAIGN;
2 SERVICES;
3 OTHER ACTIVITIES

- **VERAFF** - Verified Donor's Affiliation:
0 NO;
1 YES

- **NOTE** – Relevant note on donor: (string)

- **ENT2** – Amount of money donated re-valued at Euro December 2014

- **INC** – Incumbent
0 NO;
1 YES

- **ELECT** – Electoral Success
0 NOT ELECTED;
1 ELECTED

- **GVTB** – Candidate's Party in Government after the election:
0 NO;
1 YES

- **ELSYT** – Electoral System:
0 OPEN LIST PROPORTIONAL REPRESENTATION;
1 MIXED-MEBER PLURALITY RULE;
2 CLOSED LIST PROPORTIONAL REPRESENTATION

Appendix A.1.3 – List of Variables Aggregate Dataset (political parties and candidates)

Number of Cases: 35 (political parties)

- **ID** – Party's Identification Number

- **LAB** – Label of the name of party

- **YEAR** – Election Year

- **PIP** – Political Ideological Placing of Party:
0 RIGHT-WING;
1 CENTRE;
2 LEFT-WING

- **PREVGOV** – Member of the Previous Government Coalition:
0 NO;
1 YES

- **PPNEW** – Party Running for the First Time:
0 NO;
1 YES

- **NEXTGOV** – Member of the Government Coalition after the Election:
0 NO;
1 YES

- **NPRVTD** – Number of Private Donations Declared by Party

- **NEXTD** – Number of External Donations Declared by Party

- **IG** – Number of different sub-categories of interest groups donating to the party

- **MAXIG** – Maximum Number of different sub-categories of interest groups donating to the party in the same year

- **AMOUNT** – Amount of private donations declared by party (adjusted at Euro 2014)

- **AMOUNT2** – Amount of external donations declared by party (adjusted at Euro 2014)

- **NCAND** – Number of individual party's candidates reporting private donations

- **NCAND2** – Number of individual party's candidates reporting external donations

- **NCAND3** – Number of individual party's candidates running for the Chamber of Deputies

- **NCAND4** – Number of individual party's candidates running for the Senate

- **NCAND5** – Number of individual party's candidates running for the EU Parliament

- **INC** – Number of individual party's candidates with incumbency

- **ELECTED** – Number of individual party's candidates elected in the election year

- **CANDPRVT**– Number of private donations declared by candidates

- **CANDEXT** – Number of external donations declared by candidates

- **IGCAND** – Number of different sub-categories of interest groups donating to candidates

- **MAXIGCAND** – Maximum Number of different sub-categories of interest groups donating to candidates in the same year

- **AMOUNT3** – Amount of private donations reported by candidates (adjusted at Euro 2014)

- **AMOUNT4** – Amount of external donations reported by candidates (adjusted at Euro 2014)

- **TOTIG** – Number of different sub-categories of interest groups donating to party and candidates in the same year

- **CCP** – Connective Capability of political party

- **CCC** – Connective Capability of party's candidates

- **PERS** – Share of personalisation on amount of external revenues (amount of candidates/ total amount reported by party and candidates)

- **PERSN** – Share of personalisation on number of external donations (number of donations to candidates/ total number of donations reported by party and candidates)

Appendix *2*

Tab A2 – Map of the Italian Interest Groups

Main category	Sub-category	Interest groups
LABOUR UNIONS	Labour Confederation	Cgil, Cisal, Cisl, Cobas, Confsal, Ugl, Uil, Unione sindacati di base (Usb)
	Unions Sectional	Fiom, Fp Cgil Medici, Filt-Cgil, Filt-Cisl, Flc-Cgil, Cisl Scuola, Snals-Confsal, Uil Scuola, Fimmg, Gilda-Unams, Fiba-Cisl, Falcri-Confsal, Fisac-Cgil, Uilca
BUSINESS GROUPS	Entrepreneurs and Artisans	Confapi, Confartigianato, Confcooperative, Confindustria, Confederazione nazionale dell'artigianato (Cna)
	Commerce Retailing	Confcommercio, Confesercenti, Unioncamere
	Finance and Insurance	Abi, Ania
GROUPS OF INSTITUTIONS AND AUTHORITIES	Local Institutions	Anci, Ancpi, Unione delle provincie italiane (Upi), Conferenza delle regioni
	Judiciary	Anm, Unione delle camere penali (Ucp), Unione nazionale delle camere civili (Uncc)
	Religious Institutions	Associazione musulmani italiani (Ami), Cei, Unione delle comunità ebraiche italiane (Ucei)
OTHER SECTIONAL GROUPS	Agricultural	Aiab, Cia, Coldiretti, Confagricoltura, Copagri, Fedagri, Federalimentare, Legacoop agricoltori
	Health	Aiop, Anaao-Assomed, Cimo Asmd, Farmindustria, Fiaso, Federfarma, Fnomceo, Ipasvi
	Transport	Confetra, Conftrasporto, Federtrasporto, Anita, Fedit, Assofer, Assologistica, Assomare, Assotrabe, Assaeroporti, Assaereo, Aci, Agens, Aiscat, Confitarma, Assoporti, Fercargo, Asstra, Anav
	Energy	Anev, Assoelettrica, Energia Concorrente, Assomineraria, Aper, Assopetroli-Assoenergia, Assocostieri, Federutility, Unione petrolifera
	Construction	Ance, Assimpredil, Aniem, Confedilizia, Anaip, Ancis, Aiip
	Education	Adi, Age, Agesc, Aimc, Andis, Aniat, Aninsei, Anp, Cgd, Cidi, Crui, Diesse, Fidae, Fnism, Forma, Gilda, Mce, Moige, Uciim
	Professional Orders	Aiga, Consiglio Nazionale del Notariato, Consiglio Nazionale Forense, Ordine degli Architetti, Ordine degli Avvocati, Ordine dei Dottori Commercialisti, Ordine dei Giornalisti Pubblicisti, Ordine degli Ingegneri, Organismo Unitario dell'Avvocatura
PUBLIC INTEREST GROUPS	Consumers Associations	Acu, Adiconsum, Adoc, Aduc, Adusbef, Altroconsumo, Assoconsum, Assoutenti, Centro Tutela Consumatori e Utenti, Cittadinanzattiva, Codacons, Codici, Confconsumatori, Federconsumatori, La Casa del Consumatore, Lega Consumatori, Movimento Consumatori, Movimento Difesa del Cittadino, Unione Nazionale dei Consumatori
	Civil Rights	Arcigay, Agedo, Famiglie Arcobaleno, Andi, Ens, Uic, Anmil, Anmic, Unms, Unicef, Telefono Azzurro, Telefono Arcobaleno, Associazione Prometeo, Save the Children, Emergency, Cismai, Amnesty Internationals, Associazione Antigone, Nessuno tocchi Caino
	Environmentalist	Amici della Terra, Ancf, Fondo per l'Ambiente Italiano, Greenpeace, Italia Nostra, Legambiente, Lega Anti Vivisezione, Lipu, Wwf

Source: Lizzi and Pritoni (2014:299). Author's translation.

Appendix 3

A.3.1 – Interest System Represented Through Financial Donations to Political Parties in Different Election Years

Table A3.1.1 - 1987

1987		PLI	DC	PSI	PSDI
Business Groups	Entrepreneurs and artisan	1	4	2	2
	Commerce-Retailing				
	Finance and insurance		1		
Institutions and Authorities	Local Institutions				
	Judiciary				
	Religious Institutions				
Other Sectional Groups	Agriculture				
	Health		2		
	Transport		1		
	Energy				
	Construction		16	5	
	Education				
	Professional Orders				
Public Interest Groups	Consumers				
	Civil Rights				
	Evironment				
Total (n)		1	24	7	2

Source: Treasury of Chamber of Deputies. Author's elaboration.

Table A3.1.2 - 1994

1994		MSI	LN	FI	CCD	PPI	PS	PSI	FV	PDS	ADP
Business Groups	Entrepreneurs and artisan	8	3	28	1	1	8	2	1	1	
	Commerce-Retailing			5							
	Finance and insurance			3							
Institutions and Authorities	Local Institutions										
	Judiciary										
	Religious Institutions										
Other Sectional Groups	Agriculture					1					
	Health			2							
	Transport										
	Energy			1							
	Construction	2		3							2
	Education										
	Professional Orders										
Public Interest Groups	Consumers										
	Civil Rights										
	Evironment								1		
Other		1		2							
Total (n)		11	3	44	1	2	8	2	2	1	2

Source: Treasury of Chamber of Deputies. Author's elaboration.

Table A3.1.3 - 2013

2013		FdI	LN	PDL	UDC	SC	PD
Business Groups	Entrepreneurs and artisan	6	5	24	12	27	4
	Commerce-Retailing			4	3	1	
	Finance and insurance		1		2	3	
Institutions and Authorities	Local Institutions					1	
	Judiciary						
	Religious Institutions						
Other Sectional Groups	Agriculture		1				
	Health		2	3		4	
	Transport			1	1	3	
	Energy			1	1		2
	Construction	4	1	4	5	5	
	Education						
	Professional Orders			1		1	
Public Interest Groups	Consumers						
	Civil Rights						
	Evironment						
Other					1	3	
Total (n)		10	10	38	25	48	6

Source: Treasury of Chamber of Deputies. Author's elaboration.

A.3.2 – Interest System Represented Through Financial Donations to Candidates in Different Election Years

Table A3.2.1 - 1987

1987		MSI	PLI	DC	PSI
Business Groups	Entrepreneurs and artisan	1	1	5	
	Commerce-Retailing			1	
	Finance and insurance				
Institutions and Authorities	Local Institutions				
	Judiciary				
	Religious Institutions				
Other Sectional Groups	Agriculture				
	Health			6	2
	Transport				
	Energy				
	Construction			1	
	Education				
	Professional Orders				
Public Interest Groups	Consumers				
	Civil Rights				
	Evironment				
Total (n)		1	1	13	2

Source: Treasury of Chamber of Deputies. Author's elaboration.

Table A3.2.2 - 1994

1994		MSI-AN	LN	FI	CCD	PPI	PS	PSI	FV	PDS	other
Business Groups	Entrepreneurs and artisan	2	5	47	2	9	1	1	1	1	4
	Commerce-Retailing	1		2		1	1				
	Finance and insurance			7		1					
Institutions and Authorities	Local Institutions										1
	Judiciary										
	Religious Institutions										
Other Sectional Groups	Agriculture			10		2	2				
	Health		1								
	Transport			1							
	Energy									1	
	Construction			3	1			1			
	Education										
	Professional Orders										
Public Interest Groups	Consumers			1							
	Civil Rights					1					
	Evironment										
Other				1		1					
Total (n)		3	6	72	3	15	4	2	1	1	5

Source: Treasury of Chamber of Deputies. Author's elaboration.

Table A3.2.3 - 2013

2013		FdI	LN	PDL	FI	NCD	UDC	SC	PD	other
Business Groups	Entrepreneurs and artisan	6	2	13	23	18	3	12	66	
	Commerce-Retailing					1				
	Finance and insurance	2	1	1	3	1		1	18	
Labour Unions	Confederation							3	2	
	Sectional								1	
Institutions and Authorities	Local Institutions								1	
	Judiciary									
	Religious Institutions									
Other Sectional Groups	Agriculture				1	1	1		2	
	Health	2		3	2		1	4	11	1
	Transport	1			2	1		1	1	
	Energy			1	2				8	1
	Construction	4	1	3	2	6	1	1	19	
	Education								1	
	Professional Orders			2						
Public Interest Groups	Consumers									
	Civil Rights								1	
	Evironment								1	
Other		1		3		1			1	
Total (n)		14	4	26	35	29	6	22	133	2

Source: Treasury of Chamber of Deputies. Author's elaboration.

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