

POLITICO

Silvio Berlusconi, the candidate of calm

Alberto Mingardi

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When it comes to economic policy, Berlusconi was never very effective. His governments (2001-2006 and 2007-2009) tended to increase the budget deficit, before promoting cuts in their later years under market pressure. He may have promised to deregulate the Italian economy in every one of his electoral campaigns, but he didn't achieve a permanent cut in red tape. He did cut some taxes, but selectively — he took aim at the death tax, and the property tax — and he didn't show any Reaganesque impulse to take on productivity and the private sector. He attempted to challenge the power of the trade unions, too, but can hardly claim much success there either.

His critics often implied that he would use his office to promote his own business agenda (he owns substantial stakes of an insurance company and has conspicuous real estate interests, aside from his media and publishing empire.) But it's plausible that the causation ran the other way; Berlusconi's personal interests made him a more careful politician that he would otherwise have been.

His own debut in politics, in 1994, ended up strengthening republican institutions: He curbed the secessionist attempts of his northern allies and indirectly forced the communist left to embrace more market-friendly public policies. In 2011, when the spread of Italian bonds vis-à-vis the German Bunds escalated and occasioned a political crisis, the center-right leader made the most difficult choice a career politician can face: He quit high office, paving the way for a grand coalition government led by Mario Monti.

Resigning is never easy, but Berlusconi's own conflict of interest made him understand better than anyone else that international markets needed to be calmed. It made him reliable. Never a fan of unpopular measures himself, he loyally supported Monti's, which included a sharp rise in retirement age.

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Vilfredo Pareto, an Italian giant in the social sciences, famously made a distinction between rentiers and speculators: The first care deeply about stability of their possessions, aim to preserve their savings, go for security; the second are apt to shrewdly take advantage of anything, including reckless public finance initiatives, to increase their lot. Both kinds of people are essential to a healthy society, according to Pareto, but cannot both prevail at once.

Berlusconi may have made his money as a “speculator” as an enterprising newcomer, but, at age 81, he is now firmly on the rentier side. He, as much as anybody else in the country, will put a premium on Italy’s economic security.

This shift is reflected in his political agenda. Berlusconi has plenty to lose, and is more attuned to the many Italian families who, when push comes to shove, prioritize safeguarding their savings, their purchasing power, the value of their flat.

His opponents, meanwhile, are clearly political speculators: They make dangerous bets because they have little to lose and little to preserve.

Both speculators and rentiers can be attractive political candidates. People may vote because they want to gamble on some bold vision of the future, or they may vote to preserve their peace of mind and their holdings.

But at a time when Italy needs someone to calm the waters, the scales could tip in favor of safety. It is true that Berlusconi appears worryingly old and sometimes confuses his own points. But 24 years after he entered Italian politics promising a free market tsunami that never happened, his own life and story makes him the only candidate who represents the calm, still waters of the status quo.

Alberto Mingardi is director general of Istituto Bruno Leoni, Italy’s free-market think tank, and an adjunct scholar at the Cato Institute in Washington, D.C.