

**THE MEDIA IN EUROPE
AFTER 1992:**

A Case Study of La Repubblica

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INTRODUCTION

Sylvia Poggioli, who covers Italy and, in these turbulent times, central and eastern Europe for National Public Radio, was a Fellow at the Joan Shorenstein Barone Center on the Press, Politics and Public Policy for the fall semester of the 1990-1991 academic year. Her research focused on press concentration in Italy, but her story could apply with equal drama to other European countries, too.

Across the continent, the winds of change have been blowing with unprecedented force. Totalitarian communism has collapsed. Germany has been reunited. Economic integration of western Europe hovers on the near horizon. In the east a new "Soviet Union" arises against a backdrop of terrifying uncertainty. Everywhere the old political and economic systems are being transformed. It is then no surprise that newspapers, radio and television stations, magazines, publishing houses—the whole, complicated network of mass communication, so intimately linked to politics and the creation of public policy—are also in the process of major renovation.

Poggioli's is a story about Italian journalism, Italian industry and finally Italian politics. Until not too many years ago, the Italian press was, as she put it, a "politically-subsidized" institution. Not unlike the press in colonial America, Italian newspapers represented Italian political parties or movements. The church had its own newspaper and radio station. The Christian Democrats had theirs. They covered the news, but generally only the news compatible with their own political views and agendas. They were not the Italian equivalent of the old *Pravda*, but they weren't *The New York Times* either.

Then, in the past few years, as a direct result of the drive and determination of a remarkably small, acquisitive, vigorous group of businessmen, this institution that once depended primarily upon political patronage has now been turned on its head and converted into a business—to quote Poggioli, a "lucrative business." Four men dominate the news industry: Giovanni Agnelli, Carlo DeBenedetti, Raul Gardini and

Silvio Berlusconi. They're in it for money and power, probably in that order. And they're getting both.

In the process, there are problems. Many Italians, even some in government, are concerned that too much power may come to rest in too few hands. One official report said: "Power of information could be replaced by power over information." Poggioli's research strongly suggests that the concern is valid. Investigative reporting into businesses or interests controlled by the Big-Four has been curtailed. Some stories are simply off-limits.

The Big-Four also effectively control the advertising market in Italy—up to 80-85% of it. A new entrepreneur wishing to establish an additional television network, or a new newspaper, will find it difficult to crack the advertising market, and therefore next to impossible to challenge the existing constellation of press power.

Journalists find themselves functioning in a new environment of fierce competition, in which professional values are often undercut by economic considerations. Is democracy hurt or helped by these new factors?

The concentration of more and more newspapers and radio/television in fewer and fewer hands has broken the back of the old system of political parties controlling the press, but it has spawned a new set of concerns and challenges in Europe that may undermine the recent moves toward democracy. Poggioli has taken an important step with her research and report toward illuminating a major economic and political development in Italy and throughout Europe. It's one that fascinates us—and should concern us.

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THE MEDIA IN EUROPE AFTER 1992: A CASE STUDY OF *LA REPUBBLICA*

At the end of July 1990, the Italian media world was rocked by a case of censorship. The Rizzoli publishing company, one of the biggest in the country, suddenly announced it had cancelled plans to publish *L'Intrigo* (The Intrigue), the story of the attempted hostile takeover of the best-selling Italian daily, *La Repubblica*. The book was written by the well-known journalist Gianpaolo Pansa, deputy editor of *La Repubblica*.

The book was ready for the presses. The last galley proofs had been corrected, the cover was already designed, the first printing had been set for 70,000 copies, and bookstores were already making orders. Rizzoli's decision not to publish was unexpected. A company official told Pansa that the book was too polemical towards people with whom Rizzoli has business relationships.¹ Those "people" were Silvio Berlusconi, the television tycoon who started from scratch and built one of the world's biggest commercial television empires.

Berlusconi is the man who tried to take over Rizzoli's rival and the country's biggest publishing company, Mondadori. The company operates fifteen dailies, thirty-five magazines—including the two major newsweeklies—and publishes about 2,000 books a year. And the jewel in the Mondadori crown is *La Repubblica* the paper, founded in 1976, which had revolutionized Italian journalism.

Berlusconi succeeded in wresting control of Mondadori from Carlo De Benedetti—who is also the boss of Olivetti—in January 1990. For months, the power struggle grabbed headlines. But by June, following a legal battle that is still not over, De Benedetti was back in command of the publishing company.

In August, after fourteen years of prolonged debate and a regulatory vacuum in which Berlusconi flourished, the Italian Parliament finally passed antitrust legislation in the broadcast media sector—a bill which more or less sanctioned the existing division of the television spoils between Berlusconi and the three state-run RAI television networks.

The events of the summer of 1990 marked the climax of a decade during which newspaper readership more than doubled and the Italian media underwent massive transformations from a politically-subsidized press to a lucrative business now controlled by non-media conglomerates. At the same time, a commercial television sector, dominated almost exclusively by

one tycoon, developed alongside the state-run networks. This was made possible by succeeding governments' failure—or unwillingness—to apply antitrust laws in the publishing sector and to the total absence of antitrust legislation in the commercial television sector. I propose to show in this paper how the attempted hostile takeover of *La Repubblica* brought to the attention of Italian public opinion and—belatedly—of Italian politicians the new and extraordinary development of an unparalleled media concentration with political implications that are powerful but still undefined. In Italy today a tiny elite of business barons—newsmakers in their own right, as well as the major advertisers—have become the major media owners.

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The Highest Degree of Media Concentration in the Industrialized West

The battle for control of Mondadori has a cast of characters and ingredients that could compete with the glitzy soap operas that are the usual fare on Berlusconi's television networks. Pansa's book (published in October 1990 by another company, Sperling and Kupfer) describes political and financial intrigues and behind-the-scenes political patrons and speculates on the probable goals of the Mondadori takeover. But for the Rizzoli publishing company *L'Intrigo* was akin to an insider's *Satanic Verses*—a threat to a delicate balance and silent agreements in the media world and a serious irritant for Berlusconi's political allies.

Rizzoli means Fiat, the auto giant, and therefore its patriarch Gianni Agnelli, the most powerful industrialist in Italy. Agnelli is owner of the Turin daily *La Stampa*, the country's third biggest paper and through Fiat's indirect control of Rizzoli, Fiat controls the Milan daily *Il Corriere della Sera*, one of Italy's oldest and most prestigious papers. In covering the battle for Mondadori, *Il Corriere della Sera* had maintained an attitude of rigorous neutrality which Pansa's book could have jeopardized.

The attempted takeover of *La Repubblica* was a "cause célèbre" that dominated the nation's headlines for six months. Many observers agree that the operation was maneuvered by the Socialist Party and a large faction of the Christian Democrat Party to silence the first truly independent newspaper in post-war Italy and its gadfly founder-editor. The operation failed, but it left its mark and *La Repubblica* is potentially less independent than it used to be.

The Italian media today is controlled by the country's major industrialists. In addition to Agnelli, Berlusconi and De Benedetti, there is Raul Gardini whose Feruzzi agribusiness giant owns the financial daily *Italia Oggi* and, through his control of the petrochemical giant Montedison, the Rome daily *Il Messaggero*. According to a 1989 report by the Italian Chamber of Deputies, media concentration in Italy has no parallel in any country with a free market economy.²

As Laura Colby, Rome correspondent of *The Wall Street Journal*, has written, there is no equivalent situation in the United States. "It is as if IBM owned *The New York Times*, GM *The Wall Street Journal*, and Exxon *The Washington Post*—only worse since these entrepreneurs control companies whose stock accounts for half the value of all stocks traded on the Italian stock exchange."³

The big Italian industrial and financial groups now control nearly fifty percent of daily newspaper copies sold, and there is hardly any major consumer product in the country that they do not produce. Their interests cover a vast area: autos, oil, chemicals, agribusiness, insurance companies, real estate, computers and even aerospace and armaments. (See Table 1.)

What was once known as the "pure" publisher whose interests were restricted to the media, has all but disappeared in Italy. This is a result both of some of the traditional characteristics of the Italian press and of a market that has suddenly become active after decades of stagnation, offering unexpected revenues that have attracted the big industrial groups. To understand the transformations the Italian press has undergone in the last fifteen years it is useful briefly to review the state of the Italian press in the seventies.

Decades of Stagnation

For decades, newspapers were unable to go beyond the barrier of four million copies sold daily. They printed one-third the number of

copies printed in Great Britain (with a population of roughly the same size), while the Japanese daily *Asahi Shinbun* alone had more than twice the entire circulation of all Italian newspapers together. And Italy had one of the lowest readerships in the West far lower than, for example, the U.S. and Sweden.⁴

This situation reflected the original sin of the Italian daily press, which developed (as in many other European countries) not as a public service and/or a profit-making business, but rather as an instrument to uphold a cause, or a family or political or economic interests. After World War Two, this situation did not change in Italy, and the media's close ties with political parties and with economic forces became tighter. Data on circulation and balance sheets were not made public and often even the names of the publishers were unknown.

According to Ignazio Weiss, a media scholar who became a detective to penetrate the wall of secrecy surrounding the newspaper publishing world, only about a dozen of the dailies of the 1960s were in the black.⁵ Paolo Murialdi, a specialist in the history of Italian journalism, has observed that no one seemed overly concerned that newspaper companies served non-publishing interests.⁶ This view echoed the position of Mario Missiroli, for years editor of *Il Corriere della Sera*, who believed that a newspaper's most important goal was not to provide its owners with financial revenues but to be concerned with "political profits."⁷

When necessary—when a paper was not owned by a wealthy family which used it to strike deals with the political world—the dominant political parties took pains to cover the paper's deficits. Nearly all Italian newspapers in the 1950s and 1960s showed little attention for their readers: their primary goal was to satisfy the concerns of the political powers. Italy has never had a popular tabloid newspaper along the lines of the German *Bild* or the sensationalist British press—papers which seek profits by reflecting the tastes and mood of their readers.

For decades, local papers, which focus on political and social problems in a city or region, were also unknown in Italy. All newspapers focused on national issues and had a disproportionate coverage of foreign news—distant and therefore not threatening to parochial interests. Sylvia Sprigge, a British journalist who wrote about the Italian press of the time, praised its international coverage but observed that a "sinister force seemed to descend on domestic news which instantly took the form which

would be pleasing to editor and publisher." Sprigge added that Italian public opinion could not be identified through the press.⁸

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The resulting paradox was that small provincial papers such as *La Gazzetta del Popolo*, which sold tens of thousands of copies in Piedmont, dedicated pages and pages to foreign news, sending special correspondents to Africa, Latin America and China, and maintaining permanent correspondents in New York, Bonn, London and Paris. Deficits were regularly covered by political patrons. In the case of *La Gazzetta del Popolo* it was the Christian Democrat Party which had the final say in appointing and deposing the newspaper's editors.

The chronic deficits of Italian dailies enabled politicians to control the press to an extent unparalleled in a European country. Journalism scholar Nello Aiello has described it as part of a specific and coordinated strategy: Italy is the only country with a freemarket economy where newspapers have a "political" price, that is, a fixed price established by the government.⁹ Legislation on the print press requires that the price be set every year, taking publishing costs and inflation into account. But the obligation has often been ignored, and in 1975 the International Press Institute, the London-based international organization of editors who fight for freedom of the press, denounced Italy for violation of freedom of the press following a long price freeze between 1971 and 1974.

The law also provided tax discounts and other forms of subsidies. These, however, were granted only occasionally and selectively. According to Aiello, such forms of state intervention prevented a normal economic development and reflected an unexpressed but traditional concept of newspapers as an extension of the political parties in office.¹⁰ The question of a "political" price is particularly important in Italy because still today sales are the major source of revenue for newspapers—sixty percent (with forty percent from advertising) compared to twenty percent in the U.S.¹¹

Crisis and Ferment in the Mid 1970s

The immobility of the newspaper publishing sector was shaken in the mid-seventies when the coalition formula that had governed the country for about fifteen years—the so-called center-left (Christian Democrats, Socialists, Social Democrats and Republicans)—began to fall apart. The Italian Communist Party (PCI) was making gains, garnering a growing consensus in the upper-middle class, and the country was overtaken by an urge for change. The fraying of the center-left formula created tensions between the political parties, and the subsequent power vacuum rekindled the battle for control of newspapers. These were also the years in which Italy's powerful state-run industries, controlled by the government parties through political appointees in proportion to their parliamentary representation (mainly Christian Democrats and Socialists), took advantage of the economic crisis and set their aims on many of the bastions of private industry.

The print press was undergoing its worst financial crisis and it suddenly became the focus of a harsh battle with unexpected shifts in alliances. The key player was the president of the state-owned oil company, ENI (Ente Nazionale Idrocarburi), Eugenio Cefis, a Christian Democrat who succeeded in conquering and becoming president of the giant chemical group Montedison, one of the sanctuaries of private industry.

Commenting on the public sector's "interest" in the press, Aiello describes it as an "assault."¹² The ways used to control or buy newspapers were often so contorted (through cover names, friends, cronies, and even specially-created companies) that they prompted the economist Francesco Forte to dub many newspapers "children of unknown fathers," born of marriages between the press and the powers that be.¹³ Pier Augusto Marchi has written that one could "only try to guess who the real owner is or more accurately who covers the deficits, who is the benefactor and who is doing the corruption."¹⁴

Cefis was acting on behalf of state-owned industries and several sectors of the Christian Democrat Party, the biggest Italian Party, which had run the country since 1948 and was in crisis, divided and unsure of itself. The power vacuum that followed the demise of the center-left government formula (which led to a center-right coalition) stimulated the press to take critical positions. The first serious scandals came to light involving slush funds and payoffs by both public and private industry to government

parties, and these scandals were given extensive newspaper coverage. In 1974, the nonclerical press was solidly together in endorsing a "no" vote in the referendum for repeal of divorce legislation; and in 1977 the same papers backed a parliamentary bill legalizing abortion.

The seventies were also the decade of "black conspiracies," the terrorist bombings that have still gone unpunished, but which have been attributed to ultra-rightwing groups, and whose purpose—what has become known as the "strategy of tension"—was to frighten public opinion, move the country to the right, and weaken the Communists, who by mid-decade were governing many major Italian cities, including Rome.

With the onslaught of rightwing terrorism, the press stepped up its denunciation and criticism of the power system, and a wide section of the middle class began to look to the Communists as a possible governing alternative—even Gianni Agnelli's niece Samaritana Ratazzi announced publicly in 1976 that she was voting communist. This was the period when Pier Paolo Pasolini—film director, poet "maudit," communist and gay—had an often controversial column on the front page of *Il Corriere della Sera*, the mouthpiece of the industrial bourgeoisie of the North.

The surprise, anger and dismay of the Christian Democrat Party was manifested in its organ, *Il Popolo*. The paper denounced the existence of "intrigues," "crusades against the Christian Democrats," "conspiracies in ink", and "repellent and vulgar maneuvers" against the Party.¹⁵ *Il Popolo* stepped up its attacks against the Agnelli family, frontrunners of private industrialists, and often criticized newspaper editors and journalists by name. In this tense climate, Eugenio Cefis of ENI and Montedison carried out his blitz to control the press. In principle, according to his close aide Gioachino Albanese, Cefis' strategy was not to buy newspapers but to finance publishers.¹⁶ It was not a difficult operation: in those years the chronic deficits of Italian dailies had further increased (in 1973, the deficit of *Il Corriere della Sera*, at the time the bestselling paper, had reached more than seven billion lire (nearly \$12 million at the then-current exchange rate).¹⁷ Publishers had a hard time getting loans from banks since their papers offered no guarantees.

Cefis began putting pressure on state-run banks and offered Montedison as "a guarantee." He won control of SPI (Società Pubblicitaria Italiana), at the time the largest Italian advertising agency which controlled more than fifty percent of the market. Local advertising was

almost nonexistent, and only a small minority of newspapers (five to six percent) procured it directly. Nearly all papers went through the national agencies, the biggest of which was SPI.¹⁸ In just over one hundred days Cefis acquired control of *Il Corriere della Sera*, helped found *Il Giornale*, and put a "publisher" of his own at *La Gazzetta del Popolo* in Turin, the city of his rival Agnelli. Then, violating his proclaimed strategy for indirect control, Montedison bought *Il Messaggero*, the most important Rome daily and the bestselling paper in the South.

What were Cefis' goals? In his long report to the Montedison Board of Trustees announcing his acquisition, Cefis accused the press of having a hostile attitude toward the industrial giant Montedison. He spoke of hostile campaigns orchestrated by his enemies, and he proclaimed his right to be present in the information sector. Cefis pointed out that *Il Messaggero* "is the most important paper in the capital and therefore particularly influential in the forums where decisions are taken that are fundamentally important for the group's activities."¹⁹

Cefis was defending Montedison's industrial strategy, but he was also seeking an instrument to influence politicians and bureaucrats. *Il Messaggero* put itself at the Socialists' disposal but at the same time softened its harsh polemics toward the Christian Democrats. At the end of his one-hundred-day blitz, Montedison controlled newspapers representing nearly all the government parties, and which occasionally even showed attention for the opposition Communists. *Il Messaggero* supported the Socialists, *Il Giornale* leaned toward the more conservative factions among the Christian Democrats, *Il Corriere della Sera* was liberal democrat, which flattered the more progressive Christian Democrats, and was not hostile toward the Communists. The political panorama of the major newspapers of the day was completed by *Il Giorno* in Milan, owned by the state-run oil company ENI and leaning toward the Christian Democrats and Socialists; the large regional papers, *La Nazione* of Florence and *Il Resto del Carlino* in Bologna were controlled by the oilman Attilio Monti; a large portion of the press in Sardinia was controlled by oilman and chemical industrialist Nino Rovelli; *Il Tempo* of Rome belonged to cement industrialist Carlo Pesenti, and *La Stampa* was owned by Fiat-Agnelli.

Il Corriere della Sera and Subversive Conspiracies

In the end, Cefis' maneuvers to control *Il Corriere della Sera* resulted in the worst disaster—political and professional—that the Italian press ever experienced: the virtual takeover of the paper by the P-2 Masonic lodge, a secret organization that, according to the findings of a subsequent Parliamentary investigating commission, had tried to form a shadow government with the purpose of subverting the democratic order in Italy. In order to control the paper, Cefis in 1974 helped publisher Angelo Rizzoli buy *Il Corriere della Sera* by procuring loans from banks linked to Montedison and other state-run banks. Rizzoli was thus able to buy all the shares of *Il Corriere*.

Rizzoli soon became one of the biggest publishing empires in Europe with a turnover of 200 billion lire (about \$330 million at the then-current exchange rate—a year). But it was an empire built on debts. *Il Corriere della Sera* ran up a deficit of nearly one billion lire (\$1.6 million) a day. And Rizzoli multiplied his debts, counting on public funds as well as the careful diplomacy with which he flattered all the political parties, including the Communists. He bought papers for everyone: from the South (*La Gazzetta del Mezzogiorno* and *Il Mattino*) to the North (*Alto Adige*) to the East (*Il Piccolo* in Trieste) to the West (*Il Lavoro* in Genoa). The “pure” publisher became a “subservient” publisher and invented what Gian Paolo Pansa describes as “a press with limited sovereignty.”²⁰

Rizzoli's debts reached 261 billion lire (\$343 million), without counting interest payments. The publisher joined forces with the P-2 secret lodge and with Banco Ambrosiano—Italy's largest private bank. Bank president Roberto Calvi—known as “God's banker” for his links with the Vatican—bought forty percent of Rizzoli shares. But *Il Corriere della Sera* did not succeed in protecting Calvi and the P-2 when the Masonic lodge scandal broke in 1981. When the government revealed the names of the secret lodge's 500 members, not only was Angelo Rizzoli on the list, but so also were the editors of seven of his newspapers, including the editor of *Il Corriere della Sera*, Rizzoli ended up in jail. Calvi's body was found hanging under London's Blackfriars Bridge—the cause of death still a mystery. *Il Corriere della Sera* was placed in receivership. By 1984, the paper came under the control of Fiat-Agnelli after long and complicated negotiations with the political parties.

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The 1970s were the decade of a direct assault on the press, first by state-run industries acting as proxies for the political powers, and then by the P-2, which transformed the country's most prestigious paper into the organ of a subversive plot. Italian newspapers were in worse shape than ever. Circulation in 1975 was stagnant at four and a half million copies a day and new legislation passed that year on the print press—conditioning the granting of subsidies on publication of financial accounts—revealed a financial disaster of unexpected proportions: only two out of seventy-four dailies were in the black.²¹ The Association of Italian Newspaper Publishers (Unione Editori) reported overall losses of 100 billion lire and appealed to the government to liberalize the price of newspapers.²² The government, however, approved a number of press subsidies which, according to Paolo Murialdi, forced publishers periodically to go calling on the political parties to ensure their newspapers' survival.²³

The Benefit to Journalists from Press Chaos

The political turmoil surrounding the press proved beneficial for journalists, who otherwise did not have much to inspire them.²⁴ In the existing political vacuum, Italian journalists enjoyed a period of great exuberance and their first feeling of freedom. At every change of ownership, journalists succeeded in winning new concessions increasing their power within newspapers and expanding what came to be known as “rights and duties to freedom of information.” When Cefis bought *Il Messaggero*, he was forced to grant his journalists (who had been occupying the newspaper offices for months) the right to elect two deputy editors, the right to be consulted on every transfer and change of position of reporters, and the right to object to any lay-offs. The publisher agreed “not

to carry out any action contrary to the democratic and antifascist policy of the paper" and granted representatives of the journalists' union the right "to verify that this pledge be respected."²⁵ Journalists, therefore, were granted juridical powers with which to participate in the management of information.

When Rizzoli bought *Il Corriere della Sera*, its reporters were granted a "statute of rights." This envisaged a sort of "collective management" of the paper with maximum autonomy granted not only to the heads of the various sectors but also to reporters: "no article with a byline can be substantially altered without the reporter's consent" and "a reporter assigned to write an article has in principle the right to have his article published."²⁶

These were years of the great strikes and labor unrest, and the reporters and printers joined forces. The pact that had linked the major newspapers and the Christian Democrats was falling apart. The press began to investigate political scandals and many papers took positions against the Christian Democrats.

Guglielmo Zucconi, then editor of the Christian Democrat weekly *La Discussione*, wrote that "those years were filled with acquisitions of newspapers for a specific purpose and which then ended up serving another. This is where reporters rather than publishers played a fundamental role."²⁷ It was what Piero Ottone, editor of *Il Corriere della Sera* before the P-2 infiltration, called a "happy paradox" of a press that had "never been so free and never in such a deep financial crisis."²⁸ At the time, many reporters, according to Gian Paolo Pansa, were living the great illusion of being heroes waging a battle in defense of press freedom. "Actually," he concedes, "we were moving in a kind of no man's land, in a deceptive vacuum of authority." But in that uncertain, restless, and rapidly changing Italy, the journalists' excited fervor did not have much effect on public opinion; circulation remained stagnant and the great majority of potential readers continued to reject those "alien newspapers."²⁹

La Repubblica, a Maverick Independent Paper

Against this backdrop of political confusion, crisis, and severe social tensions, the first issue of *La Repubblica* appeared on newstands in January 1976. The paper was the product of two "pure" publishers—Mondadori and L'Editoriale L'Espresso, which published the newsweekly *L'Espresso*. But it was essentially the brainchild

of Eugenio Scalfari, former editor of *L'Espresso* and inventor of financial reporting in Italy.

In his first editorial on January 14, 1976, Scalfari, as editor and a minority shareholder, set seemingly revolutionary goals for the newspaper: absolute financial independence as a means of achieving political independence. Scalfari promised that if within four years *La Repubblica* was not in the black he would close the paper. Its commitment would be to the market and not to political patrons. This meant the paper had to heed readers' interests by discovering, nurturing and defending them. In various interviews, Scalfari talked about the existence of an "unknown reader" who had previously enjoyed no right of representation in the press, and he addressed himself to what he defined as the "leading class" of Italian society—not only managers, industrialists and professors, but also students, teachers and trade unionists. Scalfari said that the paper was not interested in a reader's income bracket but the role he or she played in society.³⁰ And he proclaimed that *La Repubblica* was addressing itself to the entire spectrum of the left. In those years, the Italian left had lost its class-oriented ideology, and had begun to embrace a wide variety of movements from feminism to student rights to environmentalism. *La Repubblica* addressed itself to Italians who wanted to modernize the country's politics, creating a reformist alternative to the long dominion of the Christian Democrats who had been at the helm of government since 1948.

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Scalfari wanted *La Repubblica* to be an independent paper but not a neutral one, offering "orientation rather than just news facts."³¹ The original idea was that it would be a second paper, flanking a "traditional" newspaper. It came out in tabloid format, the first ever in Italy. Its headlines were polemical and sometimes strident, and there were no pictures. It presented itself as a national paper and ignored local news. It dedicated extensive coverage to cultural

subjects and to entertainment, and little or none to sports, and a special section dealt with economic and financial news. The credo of the paper and of its editor included a free market economy (in a country where half of industry was state-owned) and political and social reforms.

This elitist formula did not last long and was overcome by the paper's success. Today, *La Repubblica* is filled with sports, crime coverage and pictures, and in several cities there are special sections dedicated to local news. The paper also broke out of the strictly Italian arena and promoted an exchange of articles with the British daily *The Independent* and the Spanish paper *El Pais*.

Eugenio Scalfari is known in Italy as an editor-protagonist who instills in his paper a touch of emotion and passion together with managerial rigor. He is a journalist of what Aiello calls the Anglo-Mediterranean school.³² He came to journalism from the banking world and is considered the founder of financial reporting, the first who made popular a subject Italian newspapers had always ignored. Scalfari's career had developed alongside a journalism of denunciation that addressed itself to an intellectual elite, first at *Il Mondo* and then at *L'Espresso* where he was its editor for several years. Both magazines were weeklies and, in creating his new daily, Scalfari imitated their format. He wanted to make a weekly that came out every day, gradually adding inserts, special sections and a magazine.

The "weekly" formula, which lends itself more to commentary and opinion, was suited to the style of *La Repubblica*. But Scalfari chose it also as a means to enter the weekly market which, given the mediocrity of Italian newspapers, was the richest in Europe: in the mid-seventies Italian weeklies garnered three times as much in advertising revenues as their U.S. counterparts.³³

La Repubblica was novel in other ways as well. It was the first paper to hire women reporters in any quantity. Previously, women had all but been excluded in daily newspapers. There were no women at *Il Messaggero*, a few had succeeded in getting hired at *Il Corriere della Sera*, a few were working at *La Stampa*, and there were practically none at provincial papers. At the outset, nearly thirty percent of the reporters at *La Repubblica* were women, and they worked in all sectors of the paper, from entertainment to culture to foreign affairs and the business page.

La Repubblica was also the first truly na-

tional paper (for years it avoided regional sections with local news), addressing itself to all Italians, breaking with an old tradition of regional newspapers commercially and culturally rooted in a specific region. While *La Stampa* sold its copies nearly exclusively in Piedmont and *Il Corriere della Sera* in Lombardy and Veneto, *La Repubblica* was evenly distributed throughout the country, from Enna in Sicily to Udine in the northwest near the Austrian border. The new paper was a novelty that countered Southerners' entrenched suspicions toward the "cultural colonization" of northern newspapers.

La Repubblica's political line was aggressive and its style straightforward, making no concessions to the byzantine and cryptic tone of traditional newspapers. Its editorial headlines manifested indignation with a political system built on negotiated backroom deals between government parties and on a diffusion of power affecting every aspect of society from banks to the press to state industries. Editorials described it as "a system in which nothing changed" and which was becoming "suffocating" with the emergence of political scandals. *La Repubblica* began to raise what came to be known as "the issue of morality" in politics. A sampling of early headlines: "so many ministers for nothing," "we have seen the arrogance of power", "government by divine right," "the palaces of Rome are no longer governing," "gentlemen, this has been going on for 30 years."³⁴ No Italian newspaper had ever carried such headlines.

Scalfari said the goal was to stimulate citizens' indignation and to create a reformist front which would lead to a democratic alternative in the country.³⁵ At the outset, the paper showed interest in the Communist Party, the second biggest in Italy, and pressed it to free itself from ideological rigidity and become a full participant in the political debate. Since 1948, Italy has been led by governments headed by the Christian Democrats and many observers agree that the lack of an alternative was due to the ideological inflexibility of the Communist Party representing nearly one-third of the electorate. In this same vein, the paper showed support for the leftist faction of the Christian Democrats, encouraging it to push for a renewal of the Party which could have beneficial effects for the entire country.

La Repubblica's ability to shift its attention from one political front to another, acting as a protagonist seeking allies and without being subject to pressure from the parties, helped it to widen its readership considerably. Today,

Scalfari can boast that his readers cover the entire political spectrum from the Left to traditional conservatives. After ten years, *La Repubblica* became the country's bestselling paper. Its readers include large numbers of women, who for the first time began buying a daily (previously, Italian women would read whatever their husbands brought home), as well as high school and university students, trade unionists, Communist Party officials (many abandoning the Party organ *L'Unità*), industrial managers, professors and white collar workers. The paper began selling its largest number of copies in the summer, when other dailies' sales traditionally dropped. At this time of the year families are often divided, with the wife and children at vacation resorts and the husband at work in the city, and many couples began buying two copies of *La Repubblica*.

La Repubblica became a kind of status symbol, and many political leaders accused Scalfari of having created a "newspaper-party" seeking to set the country's political agenda. The example of *La Repubblica*'s success stimulated Italian journalism as a whole, with the ensuing competition and imitation soon helping all newspapers to start reaping profits.

In tabloid format, previously alien to Italian tastes, with simple but cultivated language, the paper's strength also lies in an op-ed page that embraces a broad spectrum of opinions and has become an established forum for political debate. *La Repubblica* also provides space for political satire which unabashedly mocks all political leaders and newsmakers in the country. While Scalfari has been described as a Sun King, his cartoonists, especially the most celebrated, Giorgio Forattini, are his Molières—uncontrolled and often criticized for their vehemence even by their own editor. Criticism of politicians is accompanied by poisonous caricatures, which make fools of a leadership previously spared the barbs of satire.

Another strong point of the paper is the letters to the editor section, which opened a channel of dialogue with the readers. This section is closely followed and often includes letters from cabinet ministers and party leaders. The two pages of the centerfold are dedicated to long articles on cultural subjects, and the last five are filled with financial and labor coverage.

Yet another novelty of the paper is its flexibility, which broke the traditional rigidity of news formats (foreign, national, entertainment news etc.) and adapts itself to events. The first few pages (sometimes even five or six) are occasion-

ally taken up by a major foreign event, or the death of a famous actor or actress (Laurence Olivier and Greta Garbo) or a parliamentary debate. It reflects a scheme of priorities that often resembles a television newscast. This flexibility is also used for longer analytical pieces which, according to Angelo Agostini and Carlo Sorrentino, focus and give relevance to a number of issues that had never found space in the daily press.³⁶

La Repubblica took off fast, effectively taking advantage of *Il Corriere della Sera*'s loss of credibility—and sales—after the P-2 lodge incident. With each event that sent tremors through Italian public opinion—left, rightwing and Arab terrorism, the Red Brigades' kidnapping of Aldo Moro, government crises—*La Repubblica*'s sales increased. It had the advantage of political independence and greater flexibility in format. In the first few months of 1978 circulation was 111,000. In 1981 it had nearly doubled, rising then to 320,000 in 1984 and about 700,000 in 1990.³⁷

The publishing company moved into other new areas and created a chain of local newspapers, discovering readers and a market that politicians had always tried to keep on the sidelines. The chain started up fourteen papers, particularly in Tuscany, Umbria and Veneto, using modern technology and small staffs covering only local news. All the papers were soon making profits.

The brief stage of "pure" publishers ended with massive acquisitions of newspapers by Italy's major industrialists and financiers.

La Repubblica represented a political revolution and it discovered new markets, new techniques and a new language which its rivals could not ignore. The stimulus to compete helped other newspapers renew themselves. Overall daily circulation finally broke through the four million barrier and in 1989 was at about ten million.³⁸ Nearly all newspapers, with the exception of those still under the rigid control of the political parties or state industry, such as ENI's *Il Giorno*, started making profits. "It was the end of half a century of stagnation, the gap separating Italy from the majority of developed countries began to narrow."³⁹

The print press became a lucrative business and began attracting the country's big economic groups. The brief stage of "pure" publishers ended with massive acquisitions of newspapers by Italy's major industrialists and financiers. The end of the stagnation marked also the end of another brief illusion.

The Arrival of Commercial Television

The transformation of Italian journalism in the seventies was the sudden liberalization of the television sector and the birth of hundreds of commercial television stations opening up a huge new advertising market. Television advertising mushroomed from 700 billion lire (\$412 million) in 1979 to 5600 billion (\$4.3 billion) in 1987, and this had profound effects on newspapers.⁴⁰

The unregulated development of commercial television was facilitated by the government parties, particularly the Christian Democrats and Socialists, who felt they were losing their grip on the print press. In 1976, the Constitutional Court issued a ruling that ended the television broadcasting monopoly held for twenty-two years by the state-run RAI. The ruling opened up the airwaves to private commercial station broadcasts at the local level. The Court also urged Parliament to pass legislation regulating the entire television sector, but the government responded with a long legislative vacuum which, according to Paolo Murialdi, resulted in the Wild West of the airwaves.⁴¹ At the end of the seventies, the entire country was crowded with about one thousand commercial stations broadcasting every variety of programming.

The key player in the chaos of commercial television in Italy is Silvio Berlusconi, a former crooner on ship cruises and Adriatic sea resorts, real estate developer, owner of the Milan daily *Il Giornale* and close friend of Italian Socialist Party leader Bettino Craxi. Berlusconi's strategy was simple and aggressive. He formed his first national television network in 1978. Although the networks were technically illegal—given the ban against broadcasting nationwide for commercial television stations—Berlusconi found a loophole. After buying hundreds of local stations, he sent each station cassettes of recorded programs, sometimes by couriers on motorcycles, for simultaneous broadcasting. He was the first to buy up popular American series and soap operas such as *Dallas* and *Dynasty*, paying extremely high prices to get them away from the competition. And he filled air time with movies,

game and talk shows.

Berlusconi created a completely new advertising market, often pursuing clients himself, first small and medium-sized companies that were unable to place ads on the three RAI networks, then increasingly important industrialists. Berlusconi offered ad time at discount rates, he often took ads in exchange for royalties on increased sales of his clients' products, and sometimes he resorted to bartering ad time.⁴² Berlusconi's television company Fininvest also bought the Italian equivalent of *TV Guide*, *Sorrisi e Canzoni TV*. His charisma and his formula worked and in five years he became the unchallenged emperor of commercial television. Through his three networks—Canale 5, Retequattro and Italia Uno—Berlusconi controlled eighty-five percent of the private networks and had a fifty percent share of the total Italian television audience.⁴³ Turnover at his advertising agency, Publitalia, rose from 12.5 billion lire (\$7 million) in 1980 to 1800 billion (\$1.3 billion) in 1987, controlling over sixty percent of the entire television advertising market.⁴⁴

The career rise of this real estate agent turned media mogul was due in great part to the close link between the media and political power in Italy.

No western industrialist, not even in the deregulated United States during the Reagan years, could own so much. The career rise of this real estate agent turned media mogul was due in great part to the close link between the media and political power in Italy. Berlusconi was able to build his empire thanks to his close friendship with Socialist Party leader Bettino Craxi. Craxi had always been a strong believer in a mixed state-private television system. But he also had seen that the Socialists' influence at the state-run RAI networks had reached its peak.⁴⁵ And Berlusconi offered a vast new space for the Socialists. When in 1984 an Italian judge ordered a blackout of Berlusconi's stations on the grounds that they were broadcasting nationally, it was Craxi, at the time Prime Minister, who immediately issued a government decree allowing Berlusconi to resume broadcasting. The decree was voted down by Parliament on the grounds that it was anti-constitutional, but

Craxi issued another which succeeded in becoming law, to the great relief of the broad section of public opinion that had become addicted to *Dynasty*, *Dallas* and other American television series.

The legislative vacuum in which Berlusconi prospered was favored also by the other major government parties. Berlusconi is a moderate whose programming, filled with light entertainment, avoided hard-hitting documentaries and investigative journalism. His near monopoly of the commercial television sector prevented the emergence of other networks with journalistic aspirations that could be less friendly to the powers that be.

Berlusconi's rise was accompanied by political negotiations at RAI which further accentuated the parties' patronage grip on state television. The Christian Democrats increased their influence by imposing wider powers for the RAI General Manager (always a Christian Democrat) over those of the Chairman of the Board (always a Socialist).⁴⁶ The newscast of RAI UNO was assigned exclusively to the Christian Democrats, while the RAI DUE newscast was a Socialist monopoly. "Lottizzazione" (allotment or parceling out of jobs), the practice with which the political parties divide up the spoils of the state, was extended to include the Communists, who were given numerous positions at the third network, RAI TRE. As with administrators in the civil service, state industries, and state-owned banks, at RAI not only executives but also journalists strictly reflect the political quota system. In a television interview, Craxi summed up the "allotment" formula in what sounded like a telephone number—643111—but was actually the ratio of posts to be assigned to Christian Democrats, Socialists, Communists, Republicans, Social Democrats and Liberals.

The political parties reacted to the economic groups' assault on the print press by entrenching themselves at RAI and by giving Berlusconi a free hand which helped him diversify his empire. He created one of the country's largest real estate developments and a financial service and insurance business with 2500 door-to-door salesmen, and he bought the Milan soccer team. Today, Berlusconi operates twenty-five percent of the nation's movie theaters and is one of the largest producers of cinema films (seventy a year) and television programming (180 hours a year).⁴⁷ According to an article in *The New York Times*, "estimates differ on the size of this privately-owned empire but in 1987 consolidated sales of the roughly 150 companies were equal to about

\$1.9 billion, with a pre-tax profit of 11.5 percent and growth running at about twenty percent a year."⁴⁸

After solidifying his base in Italy, Berlusconi moved into Europe. In France, he owns twenty-five percent of La Cinq, the largest French commercial network. In Spain, he controls twenty-five percent of Gestelevision-Telecinco. He has control of the Yugoslav Italian-language network Capodistria, which beams its broadcasts to Italy—twenty-four hours of sports and advertising. In April, 1990, Berlusconi signed an exclusive advertising agreement with Gostelradio, the Soviet state broadcast company. In Germany, he owns a minority share of the Munich-based Mabel Media cable company reaching 2.5 million homes (about one-eighth of the West German cable market) and brings in profits of \$20 million a year.⁴⁹

The Mondadori Takeover

The New York Times has described Berlusconi as the William Paley of Europe, and a report on media concentration by the Twentieth Century Fund had dubbed him the "buccaneer" of television. According to the *The New York Times*, in the span of a few years this 53-year-old man of mild appearance became one of the richest men in Italy and one of the most politically influential, second only to Fiat's Gianni Agnelli. Last year Berlusconi, then consolidating his foothold in the broader European market, decided to take over Mondadori and with it *La Repubblica*. Mondadori had become the biggest publishing company in Italy. Books, periodicals and newspapers provided a turnover of \$1.75 billion and revenues of at least \$100 million.⁵⁰

Precisely because of its importance, the battle for *La Repubblica* inevitably became a political struggle and the most disastrous adventure for Berlusconi's career. When in December 1989 he announced he had conquered Mondadori, many things had already changed in the Italian print press. The state-run industries that had been dominant in the seventies had withdrawn from newspapers. The chemical giant Montedison had been privatized and had been bought by the Feruzzi group, which thus got control of *Il Messaggero*. *Il Corriere della Sera* joined *La Stampa* in the Agnelli-Fiat orbit following intricate negotiations with the political parties.

It is worthwhile to review briefly how Agnelli conquered *Il Corriere della Sera*, because it is a paradigm of the close relations between press and politics and business in Italy. After the P-2

debacle, a consortium headed by financier-industrialist Carlo de Benedetti tried to buy *Il Corriere*. But, according to Murialdi, the Socialist Party opposed the sale on the grounds that it considered De Benedetti too close to the Communist Party.⁵¹ Socialist leader Bettino Craxi threatened a government crisis and his unofficial veto suspended the sale. After a few other attempts, another consortium, headed by Gianni Agnelli, showed interest in *Il Corriere*. The consortium was dubbed "noble" because it had the consensus of the Socialists and Christian Democrats. The sale went through and it was an excellent deal: the publishing company's worth in 1987 was calculated at 800 billion lire (\$616 million at the then-current exchange rate), ten times what the original consortium had paid. Agnelli said "we took part in the (Rizzoli-*Corriere* operation) to disinfect and purify" what was once Italy's most prestigious paper.⁵² Agnelli's closest aide, Fiat General Manager Cesare Romiti, admitted that the operation had a precise political purpose: "we did it to comply with the urgings" of the political world and he added that nearly everyone was putting pressure on Fiat, from Craxi to the Christian Democrats.⁵³ What guarantees did Agnelli give the politicians? Agnelli has never supplied an answer but many observers have said it is easy to make conjectures.

By mid-1989, *La Repubblica* was also no longer the product of a "pure" publisher. In May of that year, L'Editoriale L'Espresso (Scalfari and his partner Carlo Caracciolo, fifty percent owners of the newspaper) sold its shares to Mondadori, whose majority shareholder was Carlo de Benedetti. De Benedetti's primary activity was as financier and owner of the Olivetti office machines conglomerate.

The media world was taken by surprise at Scalfari's decision to sell. The founder of *La Repubblica* had been a strong proponent of the concept of the "pure" publisher and had invented the figure of the editor-publisher. Speaking before the Foreign Press Association in Rome, Scalfari justified himself saying that the media free-for-all, due to the absence of regulations and the prospect of the internationalization of the mass media in 1992 when the European Community will abolish trade barriers, necessitated huge capital investments to be able to compete. He added a personal consideration, saying that he had no male heirs who could take over the business. Gianpaolo Pansa says that probably Scalfari and Caracciolo decided to sell because of the propitious market conditions.⁵⁴

Speaking to his journalists, Scalfari also stressed his political and cultural affinities with De Benedetti, an industrialist of liberal leanings.

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De Benedetti is 55, a sophisticated man born into a Jewish family that sought refuge in Switzerland to escape the Fascists in World War Two. His career rose rapidly, beginning in his family's small machine shop which he built up into a prosperous company, then passing briefly through Fiat where he clashed with Gianni Agnelli. He then took over Olivetti, transforming it from an ailing typewriter maker into a thriving computer conglomerate. De Benedetti's other ventures have ranged from the Buitoni pasta company, which he then sold to Nestle, and shareholdings in the Yves Saint-Laurent fashion house. His one big failure was an attempt to take over Belgium's Société Generale, one of the biggest conglomerates in Europe.

De Benedetti's political views favor an alternative to the Christian Democrats in government. He has often said that he looks favorably to the Communist Party which "has made a clear choice for democratic socialism, it has broken its ties with the past and has been able to change its leaders, a unique event in Italy."⁵⁵ He arrived at Mondadori in 1984 when the company was undergoing financial difficulties following a disastrous attempt to enter the commercial television sector. With a seventeen percent share of the company, he joined forces with some of the Mondadori heirs, Luca Formenton and his mother Cristina, who signed a contract to sell De Benedetti their twenty-five percent holding by the end of January 1991. He thus defeated a similar attempt by Silvio Berlusconi, who also had a minority share in the publishing company and had allied himself with another heir, Luca's cousin Leonardo Mondadori.

The drama of this old publishing family, divided and rancorous, forms the backdrop of the battle raging around Mondadori. In December 1989, Luca Formenton and his mother switched

sides and allied themselves with Berlusconi, deciding to sell him their shares at a higher, undisclosed price. Luca accused De Benedetti of having kept him on the sidelines and of trying to link the publishing company too closely with the Communist Party.⁵⁶

Luca Formenton's accusations were the same that had been made for months by the Socialists and some sectors of the Christian Democrat Party. The conservative faction of the Christian Democrats, headed by Giulio Andreotti, had defeated the moderates who had been running the Party and the government. Ciriaco de Mita, a liberal openly distrusted by Socialist Bettino Craxi, was forced to step down as Prime Minister and Christian Democrat Party Secretary. The government returned under the helm of the "immortal" Andreotti (Prime Minister for the sixth time in his career), who struck a solid alliance with Craxi.

In his editorials, Scalfari had never been tender with Craxi's brand of Socialism. He accused the Party of not trying to introduce reforms and to work for an alternative political coalition, but rather of seeking only more power and patronage. And cartoonist Forattini began drawing a broad-jawed Craxi in black boots, recalling the arrogant stance of Benito Mussolini, a Socialist early in his political career. For their part, the Socialists never hid their aversion to *La Repubblica*, which had escaped the political parties' control. They accused the paper of "irresponsibility" and of being pro-Communist. The Socialist party organ *L'Avanti* disdainfully dubbed the daily a "newspaper-party" which wanted "to lead the democratic parties," with "witch-hunting journalists" who are "glued to a rigid, totalitarian division of the world between good and evil."⁵⁷

...the Socialists never hid their aversion to La Repubblica, which had escaped the political parties' control.

When De Benedetti and Mondadori acquired total ownership of *La Repubblica*, the tone of the attacks became more violent. The Christian Democrat Party mouthpiece *Il Popolo* referred to Scalfari's paper with only the words "sower of discord." The Catholic weekly *Il Sabato*, a vocal supporter of Andreotti, carried a cartoon of De Benedetti with his face covered with pock marks

in the shape of the hammer and sickle. *L'Avanti* carried an entire two-page spread to prove, as Craxi had said publicly, that Mondadori "was waging a campaign of hate and denigration against the Party and its leader whose persistence, intensity and meticulousness has no precedent in the history of Italian democracy." Craxi called on his party to mobilize.⁵⁸ Senate Socialist leader Fabio Fabbri said that the battle against the "Repubblica-party" was a "primary political objective" because it was necessary to defend "democratic life from the devastating effects of an increasingly broader manipulation of public life and a brazen adulteration of truth."⁵⁹

The then-deputy Prime Minister, Socialist Gianni de Michelis, accused "Scalfari's party" "not only of trying to weaken the Socialists but also of trying to destabilize the system." Giulio Andreotti, whom Scalfari welcomed as Prime Minister with an editorial listing all the scandals of his long career, lashed out against media concentration. Speaking to a conference of young industrialists on the island of Capri in September 1989, the man known as the old fox of Italian politics recalled the good old days and commented cryptically that was when "industrialists did not buy politicians, they rented them." Andreotti said everything had changed and warned that the basic tenet of every democracy, universal suffrage, could be jeopardized. He singled out the source of this danger in "the concentrated relationship between industries and information media,"⁶⁰ although this is the same person who did not oppose Fiat's acquisition of majority control of *Il Corriere della Sera*.

Fiat General Manager Cesare Romiti was quick to back up Andreotti's charges. "I confess I agreed with him because he was referring to those newspapers and those editors who want to condition political life to the point of wanting to be its external propellants."⁶¹ *Il Giorno*, owned by the state oil company ENI and whose editor is a Socialist, identified "those newspapers and publishers" as *La Repubblica* and De Benedetti's Mondadori. In no western country has a newspaper and a publishing group been the target of such violent criticism. Commenting on the virulent tone of the attacks, Dennis Redmont, longtime AP bureau chief in Rome, pointed out that when President Kennedy was angry at *The Washington Post*, the most he would have been able to do was cancel his subscription.⁶² The battle around *La Repubblica* must be seen as a political struggle that involved all the political parties and trade unions and ended up even

rousing popular emotions.

When Berlusconi wrested control of Mondadori from De Benedetti at the end of 1989, the Socialist organ *L'Avanti* exulted—"it was the end of a buccaneering lobby, a parapolitical movement that tried to influence the country's politics." The Christian Democrat *Il Popolo* expressed satisfied relief—"as good Catholics we are always happy when in the face of certain threats, peace triumphs within families and editors return to the job of being editors without feeling the obligation of taking sides for one party or another." Cirino Pomicino, Budget Minister and an Andreotti loyalist, told reporters "it is inadmissible that a newspaper try to become a political party." When a reporter asked him about freedom of the press, Pomicino replied smiling, "it is guaranteed by the great tradition of Italian journalism."

At *La Repubblica*, the reaction was total rejection of Berlusconi. In a front-page editorial, Scalfari announced he was severing ties with Mondadori: "*La Repubblica* cannot and does not want to have any relationship with the new publisher at Mondadori." Numerous articles recalled Berlusconi's past membership in the P-2 secret masonic lodge. De Benedetti fought back at Berlusconi's assault on Mondadori by legal means. He demanded that his agreement with Luca and Cristina Formenton be respected and—with seventeen percent of the ordinary shares and seventy percent of Mondadori blue chip stock—he tried to convene a special stockholders meeting to impose a capital increase that would have assured him an absolute majority of shares. But for months, the courts turned down all his appeals.

Berlusconi's takeover of Mondadori and his increased power, however, disrupted an unwritten rule that had always regulated Italian political life and was the pillar of the Christian Democrats' long dominance: "Never allow a private individual or an economic group to become too strong vis-à-vis the political party system."⁶³

According to the Republican (liberal) Party leader Giorgio La Malfa, Berlusconi had control of nearly the entire Italian commercial television sector, eighteen percent of newspaper circulation and thirty-three percent of the weekly magazines. La Malfa said this is "an unacceptable concentration."⁶⁴ This enormous power in the information sector was effectively at the service of certain factions of the Christian Democrats, and especially of Craxi's Socialists. The progressive factions of the Christian Democrats began

to signal their displeasure. Their leader, the former prime minister Ciriaco De Mita, said publicly that his group did not feel bound to the decisions and backroom agreements reached by the government parties because the free flow of "information concerns democracy." Later he said, "Berlusconi's interests are not in society's interests." It was an explicit threat to withdraw his group from the parliamentary majority and provoke a government crisis. At this point even Andreotti began to show signs of uncertainty, and his loyal party colleague Pomicino said of Berlusconi that "one can die of elephantiasis. One can win but not excessively."⁶⁵

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The debate surrounding the Mondadori takeover was not all out in the open for public consumption. Much of it took place in the secret corridors of power where solid pacts were often broken by swift shifts in alliances. The result was that the Communist opposition and the dissident groups within the government coalition succeeded in accelerating parliamentary debate on the long-dormant bill regulating the television sector and cross-ownership in the media. The bill had been languishing for fourteen years, since the Constitutional Court had liberalized commercial television and the legislative vacuum had permitted Berlusconi's power to soar.

It was a bitter and polemical debate that demonstrated that the government did not control all its components. Several deputies of the coalition parties broke ranks and voted alongside the Communists, passing an amendment restricting the number of ads broadcast during a movie. This had been one of the most hotly contested issues in which famous directors, with Federico Fellini in the forefront, waged an emotional campaign denouncing the damage done to their films when aired on Berlusconi's networks, sliced up with dozens of commercial breaks. The amendment was the first great setback for Berlusconi who, one of his aides said, would lose \$300 million a year in lost revenues.⁶⁶

The heated debate had curious and unprecedented repercussions in the country. For a large

portion of the public Berlusconi soon came to personify a greedy Napoleon-like figure. When his Milan soccer team lost the national championship to the Napoli team, the people of Naples let loose their proverbial sense of humor and ferociously lampooned him. A group of inventive Neapolitans even put on sale little packets of Berlusconi's "tears" at ten dollars each.

The turmoil surrounding the Mondadori affair appeared to be jeopardizing the government coalition. On June 13, Prime Minister Andreotti received De Benedetti for a long meeting. In an interview a few days later, De Benedetti described Andreotti as "one of the best and most experienced European politicians" and he denied reports that Andreotti is pro-Communist as "inappropriate and untrue."⁶⁷ Coincidentally, on the same day, a judge ruled that the Formenton-Berlusconi deal was not legal and the television tycoon lost the post as Mondadori Chairman, which he had held for six months. Berlusconi appealed the ruling, but his chances of resuming control of *La Repubblica* were definitely shattered by Parliament when it passed media antitrust legislation.

The resulting legislation was an ambiguous compromise, which de facto legitimized the status quo.

Parliament Approves Media Regulations After Fourteen Years

By early August 1990 the bill finally became law, but to ensure its passage the government had to resort to several confidence motions to keep party discipline. It was not the law the "dissidents" would have liked but neither was it the law Andreotti and Craxi had tried to impose. The resulting legislation was an ambiguous compromise, which de facto legitimized the status quo. It regulated the amount of advertising and set limits on cross-ownership of newspapers and television stations, but its effective date was delayed until 1993, granting Berlusconi time to air his huge stock of movies before the advertising restrictions become valid and time to take advantage of continued lack of regulation in the television sector. Moreover, when the time comes for licensing television stations, preference will be given to those stations already broadcasting at the time the law was passed.

As for RAI, the law sets a lower ceiling for advertising time than for commercial networks (but higher than the previous ceiling) and preserved the annual user's fee (about sixty dollars). The result is a virtual division of the airwaves spoils between RAI and the Berlusconi networks, with little room left for outsiders. The main points of the law on cross ownership are:

- No one can control more than three national networks.
- Owners of three networks cannot control newspapers.
- Owners of two networks can control up to eight percent of the national daily newspaper market.
- Owners of one network can control up to sixteen percent of the market.
- Groups whose main businesses are outside the media sector can control up to twenty percent of the daily market but cannot have any networks.
- Groups specializing in the media, and deriving two-thirds of their revenue from it, are allowed to control up to twenty-five percent of the market.

Advertising restrictions:

- RAI's advertising ceiling is set at twelve percent of air time or four percent of weekly programming.
- National commercial television stations' advertising ceiling is set at eighteen percent of hourly programming and fifteen percent of daily programming.
- Local commercial stations' advertising ceiling is set at twenty percent of hourly programming and fifteen percent of daily programming.
- During movies, theatrical productions and operas which last up to one hour fifty minutes, there cannot be more than three commercial breaks.
- During movies, theatrical productions and operas which last more than one hour and fifty minutes, there cannot be more than four commercial breaks.
- There can be no commercial breaks during children's cartoons.
- An advertising agency cannot provide commercials for more than three national networks.
- Advertising agencies owned by television networks (including RAI) are permitted to provide ads for the print press up to five percent of total advertising.

Watchdog:

- The parliamentary-appointed Press Watchdog's responsibility is extended to include the broadcast media and the Watchdog's juridical powers to ensure implementation of the law are broadened.

Advertising Concentration

The law was received with widespread criticism. Berlusconi protested against new restrictions which would force him to sell the Milan daily *Il Giornale* and give up all hopes of controlling *La Repubblica*. Commenting on the new law, Scalfari, with his usual frank tone, wrote in an editorial that Italy, "the fifth industrial nation in the world has become a banana republic." The president of the Association of Italian Newspaper Publishers Giovanni Giovannini said that RAI and Berlusconi had "obtained everything they wanted." Giovannini criticized the absence of what he called "real" advertising restrictions, especially the concession to television advertising agencies (specifically, RAI's SIPRA and Berlusconi's Publitalia) to be able to provide ads for the print press. "The limit of five percent of total advertising is equal to all the ads in *Il Corriere della Sera* and *La Repubblica* lumped together, or of the four major weeklies, or of the fifty regional and provincial newspapers," he said.⁶⁸ The law essentially allows SIPRA and Publitalia to broaden their area, expanding their financial influence and concentration in the publishing sector.

The new legislation completely ignores satellite television, which can sidestep the new restrictions, and it does not regulate Pay-TV channels, three of which Berlusconi created in the months after the law was passed and immediately put up for sale. But the main problem is advertising concentration. With the economic boom of the 1980s, Italian newspapers founded their own advertising companies. Only the small papers continued to rely on external agencies. But newspapers (which in 1976 received sixty-four percent of all advertising revenues) are less and less attractive to advertisers who have shifted en masse to television.⁶⁹

Today, according to the Chamber of Deputies report on information in Italy, SIPRA and Publitalia handle nearly sixty percent of the advertising market; another twenty to thirty percent is handled by the advertising agencies owned by the major newspapers. The Commission report says that the top five agencies control eighty percent of the ad market and the top eight

control ninety-three percent.⁷⁰

As Table 2 shows clearly, print press and television concentration in Italy has reached very high levels. Many observers say the degree of concentration conflicts with European Community directives and with the situations in other EC nations. In 1989, after drawn-out negotiations, the EC Commission approved a declaration that established principles for the television sector. Among other things, it said the member states "must be vigilant in preventing actions that can jeopardize free circulation and commerce of television programming and actions that favor the creation of dominant positions that can restrict pluralism, television information and information in general." Another resolution, passed in April 1990 called on the member states to strengthen antitrust regulations.⁷¹

The new legislation completely ignores satellite television ... and it does not regulate Pay-TV channels, three of which Berlusconi created in the months after the law was passed and immediately put up for sale.

The situation in other European countries is very different from Italy: in France, no individual or company can control more than twenty-five percent of the shares of a television station. No individual owning newspapers controlling up to twenty percent of the market will receive a television license. In the print press, no one can control more than thirty percent of the market.

In Germany, regulations are even more specific and severe: the Federal Cartel Office must approve mergers and sales of all publishing companies whose turnover is up to 25 million DM, which is roughly equal to a daily circulation of 40,000. The Cartel Office also intervenes when a merger would result in a twenty percent share of the daily market. It also denies authorization when, in a specific geographical region, a merger would create a situation of dominance either in the daily market or advertising. In the television sector, there are two state-run and three commercial channels. No individual can broadcast more than one national network, and advertising cannot exceed thirty percent of daily programming. Advertising also must be rigidly

separated from programs. Commercials must be aired in blocks and cannot break into a program lasting less than sixty minutes. State-run channels have a ceiling of twenty percent of daily programming, and no advertising can be aired on Sundays and holidays.

In the United Kingdom, the 1973 Fair Trading Act established that no individual can control newspapers whose daily circulation exceeds 500,000—very low for the UK—without authorization from the Secretary of Commerce. (The law was not retroactive, which explains the high degree of press concentration in the UK.) In the television sector, there is no advertising on the two state-licensed BBC channels which are funded by a user's fee. There are two commercial channels licensed by the Independent Broadcasting Authority which air programs created by external producers. If a newspaper publishing company owns shares in a television production company, and the IBA considers this contrary to the public interest, the authority can, with the consent of the Ministry of the Interior, suspend programming provided by the production company.⁷²

Conclusions

As can be seen, compared to some of its European partners, the print press and the commercial media in Italy are concentrated in the hands of the tiny elite of leading business and financial barons. The consent of the government parties made this concentration possible. The result is what a report by the Parliamentary-appointed Press Watchdog feared: "power of information could be replaced by powers over information."⁷³ In Italy this is not a new situation, but in recent years it has been aggravated by the fact that the key players in the country's economic and financial life have become the major publishers. They make the news and can control how the news is reported. They also have such extensive control over advertising (eighty to eighty-five percent of the entire market) that they have made it nearly impossible for anyone to start up a new newspaper or television station without their consent. The big economic groups' domination of the advertising market was not achieved only through their advertising agencies but also because they themselves are the major advertisers. According to the Chamber of Deputies' report, 2.6 percent of Italian advertisers provide 73.6 percent of annual investments in advertising.⁷⁴

Gianpaolo Pansa has described the handful of

giant groups which now control publishing and the media as an oligarchy, and Carlo Sorrentino has written that there has been a passage from "incomplete journalism to commissioned journalism."⁷⁵ John Wyles of *The Financial Times* has written that "publishing, particularly of newspapers, is regarded by all of Italy's leading business barons as a crucial key to social and political power, and thus to cementing the formidable economic advances they have made during this decade." According to Wyles, the barons grant considerable but not total editorial freedom to their newspapers, and he adds that they "cling to them as a kind of insurance against the bad old days of the 1970s when a lack of assertion left them prey to rampant trade unions, corrupt politicians and murderous terrorists."⁷⁶

Gianpaolo Pansa describes the situation of Italian journalism today as one in which there are areas that are "off-limits." This is one of the most immediate effects of the conglomerates' control of the press. Independent Leftist deputy Franco Bassanini, an expert on the media, stresses that the conglomerates' main goal is "to have a leverage in dealing with the political world."⁷⁷ Italy's business elite would thus have important allies not only in domestic issues, but, looking ahead to 1992, allies in controlling the inflow of new foreign capital and new entrepreneurs. This strategy, however, has several weak points. The major obstacle is the European Economic Community, since it is unlikely that the other member states will tolerate such a degree of concentration in the Italian media market which virtually closes it to newcomers whether Italian or foreign.

The European Community has become the rallying point for Italian journalists and those political forces wanting to change the situation. Several MPs of the various parties have already announced they will press the European Parliament to pass specific antitrust regulations that would become binding for all member states, thereby sidestepping the Italian Parliament. As for journalists, the broader powers gained in the seventies have been wiped out by a weakened trade union. But increasing media concentration has stimulated bolder opposition. Journalists at Mondadori and at Rizzoli are currently negotiating a new charter of rights for free information. In the fall of 1990, journalists at *Il Corriere* staged a one-day strike to press their demands. In the same period journalists at *La Repubblica* negotiated a company contract that gives them the right to be consulted on major decisions

concerning the newspaper, including the appointment of a new editor and once again after a three-month trial period. The journalists were also granted their demand for an ombudsman at the newspaper to supervise news objectivity. The post already existed at the Spanish paper *El Pais*, where the ombudsman grades the newspaper's articles in a regular Sunday column.

Italian journalists' battle for greater independence will not be easy. The journalists union is divided and mirrors the political rivalry within the Italian Parliament. (Recently, union Secretary General Giuliana del Bufalo resigned her post in order to take up the newly created job of deputy editor of the news program at RAI's second—Socialist—network.) The battle will also be difficult because the economic and financial elite that now controls the press appears less willing to compromise than were the political parties in the seventies.

The economic and financial oligarchy's hold over the print press has created problems for journalists not only in covering business news, but also more generally in covering the political debate in the country. To fully understand how the Italian economic oligarchy can restrict journalists it is worthwhile to review briefly the industrial and financial strategies of the major newsmaker-newsowners—Agnelli, Gardini and De Benedetti.

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Agnelli's empire is based in Italy, and therefore its preeminent nature is national and is in constant need of the support of the political powers. In recent years, Agnelli succeeded in buying all the other Italian auto companies—Alfa Romeo, Lancia and Ferrari—thanks to assistance from the government, which blocked foreign competition (primarily Japanese automakers and the U.S. Ford Company, which was interested in acquiring Alfa Romeo.) Moreover, the declining quality of Fiat products, which are unable to gain a foothold in the broader European market and in the U.S., is

destined to increase the "provincialism" of the Fiat empire. It is therefore likely that Agnelli could use his media to pressure the government for a more protectionist policy in view of the abolition of EC trade barriers after 1992.

The industrial and financial philosophy of Gardini and De Benedetti is very different since both men are accustomed to dealing in the international market. De Benedetti's empire is based on his international alliances, and he is the most stalwart theoretician of the need for an Italian market fully open to the outside world. De Benedetti has a more independent, and often more polemical, relationship with the Italian political powers, and his media—articularly *La Repubblica* and the newsweekly *L'Espresso*—clearly reflect his reformist and liberal outlook.

Nevertheless, the areas of potential conflict between journalists and publishers are many: consumer protection (no newspaper in recent months has written about the poor quality of Fiat products), environmental protection, labor disputes, and foreign policy—particularly concerning the Middle East, on which Italian industries' energy needs are dependent. Another problem area that has never been fully investigated is the Italian railway network, the least developed in Western Europe, sacrificed to a policy that favored roads and transportation on wheels—more costly and more damaging to the environment.

The future, however, may produce some serious threats to the economic oligarchy that controls so much of the media. The major two are satellite television and the local press.

Satellite television is difficult to control and regulate. The new technology enables broadcasters to beam programs across national borders, challenging monopolies and political-economic alliances. Satellite television could introduce new players and broaden the advertising market—particularly once European trade borders are opened up even only partially. Italy's new media antitrust law does not even mention satellite television, perhaps because the legislators were aware that regulation in this area is impossible at the national level alone. It is clear that Italy cannot begin jamming foreign broadcasts in the same way that for decades the Soviet Union jammed Western radio programs.

As far as the local press is concerned, it was nearly nonexistent until fifteen years ago. It existed in a technical sense, but it ignored local problems and focused exclusively on national issues. Many observers of Italian affairs considered this an unnatural paradox: in Italy—the

country of the medieval city-states—citizens' passions for their local issues and traditions is very intense, much stronger than their sense of loyalty to the central state. When, following the creation of *La Repubblica's* chain of small papers, the press discovered local issues, the result was a huge success. Dozens of profitable newspapers were created and local and regional papers now represent twenty-five percent of overall daily circulation.⁷⁸ Today, there are nearly forty papers in cities with populations under 250,000. The success of the local press was instrumental not only in greatly increasing circulation that had been stagnant for years but also in discovering a new reader. The Press Watchdog describes the new readership as no longer part of an elite but belonging, for the first time in Italy, to all sectors of society.⁷⁹

Reviewing the development of the local press, the Press Watchdog voiced satisfaction and optimism for the future, saying it represents the great antagonist to press concentration at the national level and fulfills citizens' need and right to information. "The local press," according to the Watchdog, "is more pluralist, less conformist and less infiltrated by the political parties than the national press"⁸⁰ and therefore can be considered "a factor in democratic growth."⁸¹

However, the Watchdog warned, much

depends on whether the local press succeeds in developing further and consolidating the new patterns. One of the major problems to be solved is advertising. Nearly all the small new papers have turned to the large advertising agencies (only six percent handles its own advertising). They have still to discover what in every other Western country is the lifeline of the local press—local advertising. It will be a slow process but probably inevitable as citizens gradually lose their deep-rooted diffidence towards newspapers and their contents. (Among Italians of the older generation one can still hear the expression "it's written in the newspaper" to indicate something completely off the mark.) If the local press succeeds in attracting local advertisers, creating a new market of classified ads that cannot be controlled by the large agencies, its independence and autonomy will be guaranteed. This could result in another great revolution for the Italian press: a national press highly concentrated in the hands of a small oligarchy counterbalanced by a freer local press. The result could be another Italian anomaly: readers of newspapers in Treviso, Perugia or Foggia may soon be better informed than those in Milan, Turin or Rome where many issues are increasingly off-limits to the big national newspapers.

Table 1.

COMPANY	LEADER	PRIMARY BUSINESS	MEDIA HOLDINGS
Istituto Finanziario Italiano (Fiat)	Giovanni Agnelli	Fiat automobiles, aerospace, weapons, technology, department stores, insurance, banking, Juventus soccer team	<i>La Stampa</i> -Turin <i>Corriere della Sera</i> -Milan, <i>Gazzetta dello Sport</i> -Milan, Fabbri publishing company
Compagnia Finanziaria De Benedetti	Carlo DeBenedetti	Olivetti information technology, engineering, financial services, automotive, insurance, real estate	<i>La Repubblica</i> -Rome, <i>L'Espresso</i> , <i>Panorama</i> , chain fourteen local papers
Feruzzi	Raul Gardini	Montedison Chemicals, building, engineering, insurance, agribusiness	<i>Il Messaggero</i> -Rome, <i>Italia Oggi</i> -Milan
Fininvest S.p.A.	Silvio Berlusconi	Movie production, three television networks, advertising, insurance, financial services, construction, department stores, Milan soccer team	<i>Il Giornale</i> -Milan, <i>Sorrisi e Canzoni TV</i> -Milan

(Source: *The New York Times*, April 24, 1989)

Table 2.

	NETWORKS	AUDIENCE SHARE %	DAILIES % MARKET	PERIODICAL % MARKET	ADS % MARKET
Berlusconi Fininvest	3	50	2.82	15	65 TELEVISION 31.6 TOTAL
RAI	3	48	—	—	27-28 TELEVISION 19 TOTAL
Agnelli Fiat	—	— 22.58*	20	17	12
De Benedetti Mondadori	—	—	13.51	19	11-12
Gardini** Feruzzi	1 (40%)	1	5.65	—	5.4

* In 1986, the parliamentary watchdog ruled that Fiat had exceeded the 20% limit of total newspaper circulation allowed to any one group.

** Gardini has a 9% share of Gemina, the Fiat financial company that has majority control of the Rizzoli publishing company.

(Source: Press Watchdog's report to Parliament, First Semester 1990)

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