

**Elizabeth Polich**

**Professor Ranieri Cavaceppi**

**HNRS-490**

**December 13, 2010**

**The Disharmony of Italian and European Political Economies through Civil Society**

**Table of Contents**

Introduction	1
General Civil Society	4
Italian Civil Society	10
European Civil Society	17
Italian Economy	23
European Economy	29
Conclusion	35
Bibliography	38
Appendix	
Methodology Table: Italy	A1
Methodology Table: Europe	A3
Italian Civil Society System Map	A5
European Civil Society System Map	A6
Combined System Map	A7

## Introduction

Each nation state contains its own political economy in which its social classes and civil society interact with the political and economic institutions in order to distribute wealth and resources within a national economy. Many economists have referred to the study of political economy as the “anatomy of civil society,” while still others have defined it as the study of “the cause and nature of the wealth of nations... and the science of the nature, production, distribution and disposal of wealth”.<sup>1</sup> Political economics has become an increasingly important discipline as the world continues to globalize at a rapid pace. Furthermore, in a world that integrates individual state economies through regional and supranational organizations and agreements, the unique political economies of each nation have begun to interact, evaluate and clash with one another. If the political economy of one nation is diametrically opposed to the developing political economy of its own region, conflict and economic crisis will soon follow. This capstone aims to examine these relationships with a focus on Italy and the European Union. This capstone will investigate whether the Italian political economy is incompatible with the developing political economy of the European Union, and the implication this relationship will have between Italy and further integration with the European Union. This project aims to better identify and understand the civil, social, political and economic institutions which compose the Italian political economy and compare them with those supranational institutions which compose the European Union. In addition, the paper focuses on how the Italian political economy as a societal culture interacts with the political and economic values inherently set forth in the treaties of Maastricht and Lisbon, which envision a more economically united and integrated Europe.

---

<sup>1</sup> Peter Groeneweger, “Political Economy,” *The New Palgrave Dictionary of Economics*, <[http://www.dictionaryofeconomics.com/article?id=pde2008\\_P000114](http://www.dictionaryofeconomics.com/article?id=pde2008_P000114)> doi:10.1057/9780230226203.1300, (accessed 07 September 2010).

Through the integration and analysis of previous research, this paper hopes to confront and analyze the potential effects that the current economic crisis will continue to have on the conflicting or harmonizing political economies of Italy and the European Union and their potential for success or failure in the future. The end result of this capstone should produce a better understanding of the future of economic integration between Italy and the European Union and the institutions as well as the political economy which compose both of them.

There have been many scholarly studies concerning the political economies of various European nations. These works give insight to the complex set of institutions and social forces which are responsible for the creation and sustainment of a nation's political economy. However, there have been fewer studies on the developing political economy of the European Union, partly because the more revolutionary steps toward economic integration are still relatively recent, but also because such a vast political economy is more difficult to study, understand, and analyze. Scholars seem to have identified a steady conflict among the European Union and the individual political economies of the nation states which comprise it. Existing work emphasizes the importance of reconciling these differences as efficiently and beneficially as possible, with an aim at further successful European economic integration. This capstone aims to integrate the research of academics and to further analyze the conclusions drawn by others as well as postulate and research the topic from new angles. There is a tendency in previous works to focus not only on Italy, but on the "PIIGS" of the European Union: Portugal, Italy, Ireland, Greece and Spain as a group, as opposed to individual analyses of each nation. In this group of struggling economic nations, Italy is not the best nor the worst off economically, and is somewhat overlooked. This paper seeks to focus on Italy specifically due to its unique development of civil society, economic and political institutions throughout its social history.

Furthermore, Italy was a founding member of the European Coal and Steel Community, which over time evolved into the European Union. Italy is also responsible for a considerable amount of economic effect, both positive and negative on the European Union as a whole. Without a complete understanding of this important country's political economy, it would be difficult to ascertain the economic future and direction of the European Union as a whole.

This capstone will use numerous methods of research in order to answer the proposed questions. The use of economic statistical data both from Italy and the European Union itself will be examined and the civil societies will be evaluated through pre-established methodologies. A number of case studies and comparisons will be made specifically pertaining to the organisms which compose the Italian and European civil societies. Furthermore, economic and political institutions of both organizations will be examined. Finally, current and historical case studies will be researched and analyzed in order to determine and predict the effect of the current economic crisis and the future conditions of further integration between Italy and the European Union.

## General Civil Society

The formation and definition of civil society is often deemed conceptually vague. This ambiguity was created and has survived in order for civil societies to adapt and grow into new roles. Each nation state, ideally, has the ability to choose a form of government and adjust the normative structure of that government to fit the culture or environmental variables within the social and economic climate of the nation. For this reason, the term “civil society” must be identified, defined, and acknowledged to some extent in every type of government. It is well acknowledged that civil societies exist in both democracies and authoritarian regimes. In either case, the governing system would not be complete without this ambiguous polity body. Additionally, the adaptability of this term has allowed civil society to evolve over time as technologies, economies and societies advance. For this reason, the study of civil society today has built upon the foundations of previous academics. Current scholars compare and contrast the development and effectiveness of civil societies within states today. Additionally, scholars are beginning to redefine both the composition and roles of civil society in today’s rapidly globalized world.

In the last century, the meanings and implications behind the term ‘civil society’ has rapidly evolved. In the early 20th century, the term, specifically in Europe, was commonly referred and related to the bourgeoisie of a capitalist society.<sup>2</sup> In most pre-World War I Europe, the individuals who had any influence or impact on the state outside of the government were those who could most easily control and manipulate the state’s economy, and for this reason, civil society was most commonly thought of as an autocratic system. In these cases, civil societies were most commonly used in a “top down process in which the dominant economic

---

<sup>2</sup> Robert Cox, “Civil Society at the Turn of the Millennium,” *Review of Interantional Studies*, (1999): 6.

forces of capitalism form an intellectual and cultural hegemony”.<sup>3</sup> This hegemony effectively ruled both the society and the economy of the state.<sup>4</sup> However, after World Wars I and II the world order changed and globalization began to alter the world’s communication, technology and trading patterns. This resulted, especially during the reconstruction of Europe, in increasing the accessibility of ‘civil society’ to the middle classes, integrating those autocratic civil society traditions with the economic middle classes of Europe. Today, it is most commonly accepted in the western world, that ‘civil society’ refers to a “realm of autonomous group action, distinct from both corporate power and the state,” further emphasizing the evolution of civil society away from autocracy and the upper class towards a more equitable system in which participation is possible at most, if not all socio-economic strata.<sup>5</sup> The development of active social movements, particularly led by strong non-profit organizations has catalyzed this development in the western world.<sup>6</sup> However, globalization is a continuous process, constantly affecting the international system, governments, and their citizens. For this reason, civil society has continued to evolve more recently, adapting to the new transnational trends of the world and the expansion and power of markets over society, economics, and culture.

Globalization has increased access to information across the globe. It has shortened distances and accelerated the abilities of communication, it is becoming increasingly easier for businesses based in Great Britain to maintain offices in Europe, Asia and North America, allowing for new innovations in production, integration and entrepreneurship. In response to this new integration and innovation, civil societies across the world have integrated, often united over

---

<sup>3</sup> Ibid., 7.

<sup>4</sup> Ibid.

<sup>5</sup> Ibid., 10.

<sup>6</sup> Stuart Mendel, “Are Private Government, the Nonprofit Sector, and Civil Society the Same Thing?,” *Nonprofit & Voluntary Sector Quarterly* 39, no. 4 (2010): 719.

a collective social movement or political ideology. Globalization has allowed for communication among civil societies to drastically increase, and to catalyze the formation of transnational civil societies which are not bound by territories or domestic policies. But rather work together within each nation towards a greater movement which transcends domestic nation-state policies. This has accelerated the role of non-government organization groups, which ultimately are able to more easily access multiple civil societies across borders, and may be able to establish operations in many different regions across the world. In this sense, non-governmental organizations function similarly to transnational corporations, which have a base office and numerous offices around the world performing various functions to increase efficiency towards a specified end. In a transnational corporation, that goal is a product used to maximize profit, while a non-governmental organization that end is a global domestic policy change, increased global knowledge of a particular issue, and new resolutions and solutions to complex problems within the world. However, this emphasizes the paradox of non-governmental organizations, whose transnationality tends to be established because of globalization, which is more directly tied to the accelerated success of free markets around the world. Non-governmental organizations do not use capitalist methodologies, in that they are not the most efficient organizations. They work with the public, in ways which a modern liberal economist would critique as non-cost efficient. Furthermore, the entire conceptuality of non-governmental organizations is ultimately more costly than they are economically relevant to the economy, from a standard cost benefit analysis.<sup>7</sup> The goal of a non-profit organization is not to maximize profit, but to maximize social well being.<sup>8</sup> Thus, non-profit organizations emphasize the increased

---

<sup>7</sup> Massimiliano Mancini and Marco Caselli Monaci, "Blurred Discourses: How Market Isomorphism Constrains and Enables Collective Action in Civil Society," *Global Networks* 5, no. 1 (2005): 60.

<sup>8</sup> Ibid.



shared morality of globalizing society. Civil society, in response to globalization has grown to become not just a group of people wishing to maximize the power of a specific nation state, but has indeed grown to represent the broadest morality of the masses and its transnational power over borders.

Civil Society, in its origins is directly tied to a nation-state. Philip Oxhorn recognizes this importance: “the state and the civil society frequently must work together to achieve a variety of important outcomes that would otherwise be unattainable.”<sup>9</sup> The formation of transnational civil societies seems to present a paradox. These societies are, by definition, not tied to a single nation state, and Oxhorn identifies three key conflicts with these civil societies: the lack of transnational actors, problems of legitimacy for transnational actor and the insularity of transnational power which prevents typical civil-society and state synergy.<sup>10</sup> Although these are valid general criticisms for civil society, they are more broadly diluted when compared with the European Union. Both the legitimacy of the actors within the European Union and the formation of a supranational organization with jurisdiction over member countries seem to solidify the legitimacy of the power held by the European Union. Additionally, Oxhorn claims that there is no real environment for synergy to take place between these hybrid civil societies and their main actors. However, the legitimate bodies of the European Union, the democratically elected leaders within the European Parliament and the representatives of each nation state should, ideally, allow for a type of synergy to take place. These opportunities should allow for citizens of member nations to lobby, criticize and express their perspectives concerning major trans-European issues. Although these criticisms are important and relevant, it is particularly

---

<sup>9</sup> Philip Oxhorn, “Civil Society Without a State? Transnational Civil Society and the Challenge of Democracy in a Globalizing World,” *World Futures: The Journal of General Evolution* 63, no. 5/6 (2007): 328.

<sup>10</sup> *Ibid.*, 329-30.

important to note that the civil societies attached to supranational organizations are more often legitimate and influential than irrelevant, as Oxfhorn suggests.

The measurement of civil societies is necessary to appropriately evaluate national and transnational civil societies. Academics have identified several important aspects which must be evaluated in order to more accurately assess a civil society and how to map these dimensions accurately. First, it is important to understand and evaluate the structure and composition of the civil society itself, its size, organization, and general influence over the government.<sup>11</sup> More specifically, the civil society should be evaluated on the (a) breadth (the proportion of citizens involved), and (b) depth, (how extensively involved is the ordinary citizen, of citizen participation, diversity within the civil society, the level of organization, such as infrastructure, stability and maturity, interrelations of the civil society, the communications and relationships with other actors involved in the polity of the state, the resources or capacity of the civil society).<sup>12</sup> The second dimension of evaluation is the environment in which the civil society exists, more specifically the (c) freedoms and rights of citizens, legal environment, and the political and socio-economic contexts of the civil society.<sup>13</sup> The third dimension evaluates the (d) values of the civil society, specifically the values of democracy, transparency, tolerance, non-violence and equality.<sup>14</sup> The final dimension of evaluation is based on the (e) impact of the civil society (measured through influencing public policy, holding the state and private corporations responsible for their actions, responding to social interests, empowering citizens and responding

---

<sup>11</sup> Carmen Malena and Heinrich Finn Volkhart, "Can We Measure Civil Society? A Proposed Methodology for International Comparative Research," *Development in Practice* 17, no. 3, (2007): 341-342.

<sup>12</sup> Ibid.

<sup>13</sup> Ibid., 342-43.

<sup>14</sup> Ibid., 43-44.

to societal needs).<sup>15</sup> The evaluations of these dimensions are most typically expressed in “scores” from 0-3, averaging scores from each of these dimensions and creating a four dimension spectrum which individualizes the unique aspects of each civil society.<sup>16</sup> Through this type of thorough evaluation, the specific characteristics of national and transnational civil societies become more apparent demonstrating the similarities and differences among these comparative civil societies.

Civil societies are incredibly complex entities which have evolved overtime. As globalization accelerates, the roles of national civil societies continue to evolve, and the creation of a new transnational civil society is apparent. Thus, it is important to study and understand the dimensions of these two divergent types of civil societies, in order to better understand how they interact with one another on global or regional policy issues.

---

<sup>15</sup> Ibid., 44-45.

<sup>16</sup> Ibid., 46-48.

## Italian Civil Society

Each nation state has a unique polity and culture; from this individuality derives numerous traditions and expectations that vary from state to state. These cultural expectations are reflected in a number of ways, including the composition, strength and quality of a nation's civil society. The civil society of a particular nation can be evaluated in numerous ways. However, a consistent and broad methodology is important in generally assessing the strengths, weaknesses, and overall effectiveness and characteristics of a particular civil society. The Italian civil society has incredibly unique characteristics which separates it from other civil societies within the region. Furthermore, a methodological evaluation of Italian civil society reveals important aspects which must be considered when comparing the Italian civil society to a transnational European civil society.

Carmen Malena and Volkhart Heinrich outline many important aspects of civil societies which should be studied and scored in order to place each civil society on a unique spectrum, revealing the important dimensional characteristics of each civil society and to compare civil societies more effectively<sup>17</sup>. Although they outline numerous variables that should be scored, for the purposes of this paper, the evaluation will include all four of the previously mentioned dimensions, but limited by the number of variables within each dimension. It is important to highlight those variables which are most important to Italian civil society in comparison with trans-European civil society. Thus, the variables should be limited as follows: Dimension One: depth and breadth of civil society; Dimension Two: political context and relations between state and civil society; Dimension Three: transparency, and gender equality; Dimension Four:

---

<sup>17</sup> Carmen Malena and Heinrich Finn Volkhart, "Can We Measure Civil Society? A Proposed Methodology for International Comparative Research," *Development in Practice* 17, no. 3, (2007): 343-344.

influencing public policy and empowering citizens<sup>18</sup>. An evaluation of the Italian civil society based on these tenants will quantify with a basic scientific validity the unique traits and dimensions of the civil society.

Dimension One focuses on the structure of a specific civil society. Here, the civil society is evaluated in order to better understand the composition and basic movements of the civil society currently and historically. The breadth of the civil society is described as the basic proportion of citizens who participate in non-partisan activities.<sup>19</sup> In Italy, it has been found that only 12% of people between the ages of eighteen and seventy-four do volunteer work.<sup>20</sup> Additionally, Italians have generally categorized low rate of charitable donation with 46% donating to charitable organizations each year, compared to 55% of British citizens.<sup>21</sup> Thus, these low numbers conclude that the structural breadth of the Italian civil society is relatively low, but cannot be considered miniscule. The breadth of the Italian civil society can be characterized as a minority, and thus is given a score of “1.” The depth of Italian civil society is characterized by how many organizations volunteers work for, or how many charitable donations exist. In Italy two-thirds of the volunteers (12%) volunteer within one specific organization, limiting the depth of Italian civil society. Furthermore, the non for profit sector in Italy accounts for only 1.8% of the Italian economy, again lower than other European nations by comparison.<sup>22</sup> However, many academics argue that the depth of the Italian civil society is underestimated, for example, about a quarter of Italy’s non profits are handled exclusively on a volunteer basis,

---

<sup>18</sup>Ibid.

<sup>19</sup> Ibid., 342.

<sup>20</sup> Costanzo Ranci, “Democracy at Work: Social Participation and the ‘Third Sector’ in Italy,” *Daedalus* 130, no. 3 (Summer 2001): 75.

<sup>21</sup> Ibid.

<sup>22</sup> Ibid.

which is an incredible number.<sup>23</sup> At first glance, it would appear that Italian civil society's depth is relatively small, or within the minority, however Costanzo Ranci emphasizes there is probably a considerable amount of charitable work that may be unaccounted for. He emphasizes that charitable work is engrained in the Italian cultural heritage, reinforced by its close proximity to the head of the church.<sup>24</sup> The depth of the Italian civil society can be characterized as a small majority, because it is culturally accepted that charity and public good works are an important element within the state. The strong cultural need to improve society fuels the perceptions of the majority of Italians on the rest of the world.<sup>25</sup>

Dimension Two attempts to evaluate the environment with which the civil society interacts. The political context of the nation includes the political system in which the civil society is functioning, more specifically, political rights, party competition, rule of law, and corruption. Additionally, the relationship between the civil society and the government should be examined in terms of the autonomy of the civil society and the availability of dialogue between the government and civil society groups. The Italian political context is a particularly complex one, involving a multitude of bureaucratic layers and the historical memory of fascism in the twentieth century. The Italian political system is characterized broadly as a republic with a bicameral parliament.<sup>26</sup> Although the Italian political system has numerous parties, it is dominated by coalition groups or a multitude of political parties. More generally, these coalitions are characterized by right and left wing groups, with the most dominate parties being Berlusconi's "Il Popolo della Liberta" (PDL) party and the "Partito Democratico" (PD) party on

---

<sup>23</sup> Ibid., 76.

<sup>24</sup> Ibid.

<sup>25</sup> Ibid., 77-9.

<sup>26</sup> Central Intelligence Agency. "Italy: Government." *World Fact Book*, <<https://www.cia.gov/library/publications/the-world-factbook/geos/it.html>> (accessed September 15, 2010).

the left. Although elections are generally deemed free and fair, Italy has a history of political domination by the Christian Democrat Party, which held a parliamentary majority for over 40 years.<sup>27</sup> Corruption in Italian government continues to be an important problem which characterizes and degrades the nation. Many scholars have claimed that corruption levels in Italy have not really fallen. Rather they have been diffused due to several public exposures of government corruption in the recent past.<sup>28</sup> In 2003 55% of entrepreneurs polled believed that political corruption continued to be as rife as it was in the past, even after necessary reforms appeared to have been made.<sup>29</sup> In 2005 Transparency International surveyors, who examine the transparency and legitimacy of entrepreneurial endeavors and fairness around the world, ranked Italy 40th after surveying many independent business owners, analysts, and experts.<sup>30</sup> Thus, accounting for all these variables, it would be most appropriate to score the Italian political context as a “1.” This may seem relatively harsh, but in comparison with the tenants which Italian politics should hold, considering its position in Western Europe, its membership in many international organizations and the importance of the country to the EU, the Italian political situation should be much more transparent and accessible to the general public. Additionally, the issue of wide spread corruption further complicates the situation. The political context is further emphasized by the poor communication between civil society groups and the government. Additionally, it is emphasized by the continual struggle between the political and judicial powers within the nation, which often completely disregard the wishes of civil society groups.<sup>31</sup> The lack of succinct dialogue between the civil society and the government has perhaps exacerbated

---

<sup>27</sup> Christopher Winner, “Italy: Year In Review 2009 -- Britannica Online Encyclopedia,” *Britannica Online*, <[www.britannica.com](http://www.britannica.com)> (accessed October 15, 2010).

<sup>28</sup> Donatella Della Porta, and Alberto Vannucci, “Corruption and Anti-Corruption: The Political Defeat of ‘Clean Hands’ in Italy,” *West European Politics* 30, no. 4 (2007), 831.

<sup>29</sup> *Ibid.*, 833.

<sup>30</sup> *Ibid.*, 834.

<sup>31</sup> *Ibid.*, 849-59.

the rise and influence of extreme political parties, such as “Lega Nord,” which promotes secession from southern Italy and has relatively racist perspectives on regional identities. However, the general Italian public does have high voter turnout, 83.6% in 2006, and demonstrates that although the communication between the two groups could be better, it has not become an issue of great contention within the nation.<sup>32</sup> This lack of constructive dialogue between Italian civil society and its government, therefore, is more accurate to describe Italy’s communication score as a “2,” given that the people do have a voice and a democratic forum in which to speak.

Dimension Three focuses on values as a function of civil society within each nation. More specifically, the values of transparency in terms of government action and gender equality should be considered. Transparency is often involved with corruption but also encompasses the transparency of government motives and the transparency of civil society groups within Italy. As previously mentioned, corruption in Italy is rampant. However, the motivations and actions of the government are relatively openly conceded to the public. Although there have been some cases of limitation of press rights, the Italian public is relatively well informed, if they wish to be, about their government’s actions. However, the regression of Italy from “Free” to “Partly Free” in Freedom House’s 2009 Survey of Media Independence is striking. In fact, Italy was ranked 73rd in the world in terms of press freedom.<sup>33</sup> This exacerbates the lack of transparency in Italy, and the limitations the government is willing to place on its own public in order to further their own agendas. For these reasons, it would be most accurate to score Italian transparency at “1.” Additionally, gender equality in Italy is an even more contentious issue.

---

<sup>32</sup> Xinhua. “Italian Voter Turnout at 83.6 Percent in General Election,” *People’s Daily Online*, [http://english.peopledaily.com.cn/200604/11/eng20060411\\_257391.html](http://english.peopledaily.com.cn/200604/11/eng20060411_257391.html) (accessed September 25, 2010).

<sup>33</sup> “Muzzling the Messengers.” *Economist* 292, no. 8651 (October 3, 2009): 66-67.



Although suffrage and equal rights are universal Italy continues to struggle with the role of the modern woman. Italy has been repeatedly accused of lacking the true gender equality. Equally important is the fact that Italy is not considered a least developing or developing nation, economically it is considered a developed nation, however, the statistics concerning women are disappointing in this context: the gender employment gap between men and women in Italy in 2005 was -24.6%, the gender pay gap in 2002 was -18.9%, and the gender gap in Italian parliament in 2005 was -77%.<sup>34</sup> Additionally, the educational gap in Italy between men and women is incredibly high. In fact, the UNDP Human Development Report demonstrates Italy's gender equality disparities comparing it to Kyrgyzstan and Lebanon.<sup>35</sup> Thus, it seems as though despite Italy's socio-economic status, its relatively high literacy and standard of living rates, its increasingly dangerous gender inequalities are deserving of a "0" score, where women are increasingly challenged to be as successful as men within the country.

Dimension Four attempts to evaluate the impact of civil society groups on the government and how successful civil society groups are at achieving their mandates. More specifically, it is important to examine a civil society's ability to influence public policy and empower its own citizens. Italian civil society groups have had a relatively positive impact on Italian public policy. Outcry concerning morality issues has pressured the government to enforce policies which encapsulate these demands. However, civil societies are not always heard, and more often than not their demands fall on deaf ears. Italian civil society has often called for less corruption and a strong government action against the Italian mafia. In response, the government has cracked down on mafia operations, often making arrests and seizing the assets of major

---

<sup>34</sup>Plantenga Janneke, Chantal Remery, Hugo Figueiredo, and Mark Smith. 2009. "Towards a European Union Gender Equality Index," *Journal of European Social Policy* 19, no. 1, (2009): 26-28.

<sup>35</sup> United Nations Human Development Programme. "Human Development Report 2009 - Country Fact Sheets – Italy," [http://hdrstats.undp.org/en/countries/country\\_fact\\_sheets/cty\\_fs\\_ITA.html](http://hdrstats.undp.org/en/countries/country_fact_sheets/cty_fs_ITA.html) (accessed September 25, 2010).

mafia run operations. Most recently, in September 2010, Italian police forces seized \$1.9 billion in Mafia assets as a result of public outcry against the crime organization.<sup>36</sup> The impact of civil society groups in Italy is positive, and some efforts to influence public policy have been successful. However, the civil society system in Italy is not incredibly effective, and many of the civil society's efforts are ignored or only manage to insignificantly alter public policy. Thus, the score mirroring the influence on public policy is a "2." In terms of empowering its citizens, Italian civil society is readily accessible to its citizens. This subdivision of Dimension Four is inexplicably tied in with both the breadth and depth of the Italian civil society. In this case then, the ability to empower its citizens is scored at a "2." Although civil society is not one of the most important aspects of the Italian political system, it does exist and is easily accessed by those who wish to empower themselves and others concerning domestic and international problems.

Through these four dimensions the composition of the Italian civil society becomes more apparent. Through these results, this civil society can be more readily compared to the civil society of trans-Europe. Interestingly, even though Italy's civil society plays a natural role in the trans-European civil society, there exist many clashes between the two in terms of these four dimensions and eight subdivisions.

---

<sup>36</sup> Gaia Piangigiani, "Italy Seizes \$1.9 Billion in Mafia-Linked Assets," *New York Times* (New York: 2010), 1.

## The European Civil Society

As Philip Oxhorn has previously demonstrated, the idea of transnational civil society is paradoxical<sup>37</sup>. In order for a transnational civil society to exist, it must be able to interact with and challenge legitimate transnational actors. Furthermore, there needs to exist a forum in which a type of synthesis or conversation can occur between the two groups, only then can civil societies really implement the societal change they wish to see within the region or the world.

The European Union has become a legitimate transnational actor with which civil society groups interact. Even though the European Union has many imperfections, including democratic deficits, ignorant polities, and complex financial and political issues, it does attempt to respond to the conflicts and issues within the international system on a regional level. In doing so, it directly confronts numerous societal issues and conflicts which plague the region. Furthermore, some of these issues may only affect one or two specific nations, while other issues may be addressed by domestic civil societies in almost every country. Thus the transnational civil society which bargains with the European Union over societal issues is an incredibly complex polity acting as a conglomeration of multiple civil societies from many of the nations within the Union. Furthermore, the Union as a “state actor” emphasizes the need for an interaction between societal groups, without this interaction, the state may be left unchecked, significantly altering the composition of the transnational political economy.

The First Dimension of civil society emphasizes the structure of the civil society, specifically the breadth and depth of the transnational civil society. The breadth of the Union’s civil society is quite large. With numerous independent civil society groups, there is often a convergence on many topics and issues both domestically and regionally. For this reason, it is

---

<sup>37</sup> Philip Oxhorn, “Civil Society Without a State? Transnational Civil Society and the Challenge of Democracy in a Globalizing World,” *World Futures: The Journal of General Evolution* 63, no. 5/6 (2007): 328.

easy to assume that the number of civil society groups within each nation help to contribute to a grander group of civil society ideals emphasized by more regionally established groups, supported by their domestic counterparts. It is easy to then score the transnational civil society of the European Union as a “3,” because most of the EU member’s domestic civil societies do impact a broader regional civil society and this broader civil society is available to the public. The depth of these civil societies raises numerous issues. Unlike most domestic civil societies, the depth of these transnational groups has become somewhat limited. Operating in such a large geographic area often limits the resources transnational civil societies can use to really deepen their impact on the regional community. Furthermore, it is difficult for transnational civil societies to develop true depth with policies within EU countries are similar, but many of the national laws affecting civil society groups vary from country to country.<sup>38</sup> Additionally, the financial costs and transactions for establishing different branches of groups and establishing themselves in each nation has been crippling for many transnational civil society groups.<sup>39</sup> For these reasons, the depth score of transnational civil societies within the European Union is a low “1.”

Dimension Two of the civil society analysis quantifies the environmental factors influence on transnational civil societies. More specifically, the issues concerning the political contexts and the relationships between the civil societies and the state, or in this case the supranational organization of the EU. The political jurisdiction of the European Union has been praised as a breakthrough in international relations by a multitude of scholars. However, its effectiveness is heavily debated and not all EU law is well enforced within the EU itself.

---

<sup>38</sup> Sabine Saurugger, “Interest Groups and Democracy in the European Union,” *West European Politics* 13, no. 6 (2008): 1285-86.

<sup>39</sup> Ibid.

Furthermore, the EU court system, which by law supersedes the national court systems, does not deal with all types of crimes. Thus, the political context of the EU is a confusing one, which is still developing, earning it a score of “1.” The political context of the European Union is certainly a complex one, involving a multitude of political institutions which are used to represent the needs and concerns of the specific regions and nations within the Union. However, the political situations tend to change frequently, with a rotating president, new ministers, and parliamentary elections every new term. Additionally, the European Commission seems to be unable to appropriately reconcile the attention given to it from transnational civil society groups.<sup>40</sup> This political context makes it difficult for civil societies to interact with the EU in the long term. When the political bodies within the Union are constantly undergoing change, it makes it difficult for the civil societies to respond accordingly, adding confusion and delays from both policy makers and the transnational civil societies themselves.<sup>41</sup> Due to this diluted relationship which creates more conflict than efficiency and attention towards the societal issues which the civil society wishes to correct, the score for the relationship between the civil society and the state is a “1.”

Dimension Three of the civil society evaluation deals with the values held by that particular civil society. The difficulty of transnational civil societies is that they often involve groups of various backgrounds and cultures. This implies that these cultures are most likely to conflict or contradict one another. Thus, it is important to understand that some civil society groups may be considered very strong or weak depending on the values they represent, and the ability for the civil society group to universalize those values and easily relate them on a regional

---

<sup>40</sup> Beate Kohler-Koch, “Civil Society and EU Democracy: ‘Astroturf’ Representation?,” *Journal of European Public Policy* 17, no. 1 (2010): 101-02.

<sup>41</sup> *Ibid.*, 102-3.

level. For this reason, transparency is a difficult task to achieve. Civil society groups look towards increasing the transparency of the supranational organization while fighting corruption within the supranational government itself. The EU publishes almost all of its notes and discourses from meetings; it publishes policy papers and holds summits to mediate issues. In terms of its policy making decisions, it may be divided but it is relatively transparent about those political divides and its general policy direction for the future. Most interestingly, the European Union was thought to have had a relatively limited amount of corruption, however, the Greek debt crisis emphasized that this was simply not true. In 2010, the Greek government, in order to influence domestic elections by participating in creative accounting in order to fix their numbers concerning the total debt and deficit to GDP of Greece.<sup>42</sup> This particularly dangerous situation exemplifies the truth that the European Union is only as least corrupt as its most corrupt member and corruption is a severe issue in many European nations, including Italy, Greece and Spain among others. The combination of these two issues results in the score of a “1.” Gender equality is also an important value based issue in terms of civil societies. In this case, there are many different members with many different cultural perspectives on gender equality. However, this actually works in favor of the transnational civil society groups. Through integration and interaction with civil society groups of more gender equalized nations, countries with lowering gender equalities begin to see the positive aspects of gender equality in the long run. This symbiosis of ideas through example and interaction may lead to the decline of gender inequality throughout Europe.<sup>43</sup> Here, those with high gender equalities may lead by example, and those

---

<sup>42</sup> Iason Athanasiadis, “European Markets Fall as Greek Debt Crisis Claims First Politician's Career,” *Christian Science Monitor*, (May 17, 2010): 1

<sup>43</sup> Plantenga Janneke, Chantal Remery, Hugo Figueiredo, and Mark Smith, “Towards a European Union Gender Equality Index,” *Journal of European Social Policy* 19, no. 1 (2009): 19-20.

lagging in progressive gender equality policies may be more inclined to follow suit. Thus gender equality is scored as a “2.”

Dimension Four focuses on the impact of transnational civil society groups, in how much they influence actual public policy and how much they are able to empower the citizens of Europe. Unfortunately, in order to influence the public policy of the European Union, there must be a sense of government accountability within the organization. Civil society is supposed to “compensate for the perceived lack of trust in the government by establishing ‘more direct and explicit accountability relations between public agencies on the one hand, citizens and civil society, on the other hand.’”<sup>44</sup> The issue here is that there is little transparency concerning which public agencies the transnational civil society should be working with. The democratic deficit, in that the citizens of the EU do not directly elect its most powerful representatives has often presented itself as a roadblock towards accountability.<sup>45</sup> Thus, the score for influencing public policy must reflect these developments, and will be scored as a “1”. In terms of empowering EU citizens, transnational civil society is presented with many challenges. Among these are the different cultures and values represented by the variety of nations within the EU, the conflicting laws among nation states and the costs of representing civil society groups across borders. In addition to these costs, the democratic deficit which obviously impacts all Europeans has fostered a sense of apathy towards the organization. Furthermore, the lack of a concise or agreed upon “European Identity” makes it harder for Europeans to really relate or wish to be empowered by transnational civil society groups. This is reflected in the conclusions drawn by van Deth, where most European citizens found direct involvement in EU policy making and civil

---

<sup>44</sup> Mark Bovens, “Analysing and Assessing Accountability: A Conceptual Framework,” *European Law Journal* 13, no. 4 (2007): 457.

<sup>45</sup> Beate Kohler-Koch, “Civil Society and EU Democracy: ‘Astroturf’ Representation?,” *Journal of European Public Policy* 17, no. 1 (2010): 101.

societies to be important but ultimately superfluous to them as an individual.<sup>46</sup> For this reason the ability for the transnational civil societies to effectively motivate and empower EU citizens is limited. Although the citizens understand the importance of the functions which civil society groups serve in the long term, they do not feel it is necessary for themselves to be involved in transnational groups. This is further reinforced when domestic civil society groups, separate than although related to transnational groups, are easier to access and relate to within a citizen's home country. For these reasons, the ability for transnational civil society to empower the Union's citizens is scored as a "0."

Transnational civil society serves a dynamic new purpose in the ever changing and globalizing world. Transnational civil society allows for citizens of the European Union to diffuse and synthesize new ideas and cultural values on a regional stage. Furthermore, transnational civil society groups have a chance to lobby nations on a regional level to change policy positions and increase societal well being. This increase in societal well being ultimately helps the political economy of the EU to harmonize. This harmony allows for sustained healthy political and economic growth, something that the EU desperately needs if it wishes to survive as a relevant supranational organization.

---

<sup>46</sup>Jan W van Deth, "The 'Good European Citizen' Congruence and Consequences of Different Points of View," *European Political Science* 8, no. 2 (2009): 183.



## Italian Economy

In order to understand the implications of civil society within a specific political economy, the underpinnings and inner workings of that economy must be more comprehensively understood. The political economy of Italy is a complex organism, with many different regions and localities, and with unique government structures and economic institutions. The Italian economy has changed rapidly within the last century and continues to change at unequal rates throughout the country. The subsequent tension and disequilibrium makes Italy an increasingly interesting and unique country to study, both in its economic state and with its government intervention and reaction to these changes. The study of these changes emphasizes the importance of Italy's political economy and its contribution towards the total economic growth of the nation. Without a healthy political economy healthy, long term economic growth is almost impossible.

The Italian economy has many different layers that are affected by numerous variables including location, European Union regulation, and government regulation. The Italian economy is advanced in some areas and transitional in others. For this reason, Italy is not only one of Europe's most powerful but also, in some aspects, one of its most underdeveloped economies. There have been many academic studies concerning Italy's regional growth rates. The more industrialized north is considered to be far more successful in urbanization, trade, production, and standard of living than the rural agricultural south. More importantly, many scholars believe that the economic differences between the two regions have become a self-reinforcing phenomenon.<sup>47</sup> The lack of diversification of knowledge and complimentary sectors in the southern half of the country slow economic growth and do not encourage the necessary

---

<sup>47</sup> Maria Francesca Cracolici, Miranda Cuffaro, and Peter Nijkamp, "Geographical Distribution of Unemployment: An Analysis of Provincial Differences in Italy," *Growth & Change* 38, no. 4(2007): 649.

entrepreneurship or diversification needed to improve the economic welfare of the region especially when examining unemployment rates.<sup>48</sup> The failure of Italy to truly unite economically has led to incredibly complex issues resulting in the nation's current precarious economic state. Unemployment rates in Italy are among the highest in Europe at 8.3%.<sup>49</sup> Italy also has an incredibly low rate of labor mobility, especially in comparison to other European nations.<sup>50</sup> Furthermore, much of these unemployment rates are concentrated in specific regional areas, and have been found therein for several decades. Additionally, many bureaucratic proceedings are necessary in order for individuals or families to permanently move or resettle within the peninsula. Perhaps more importantly, a majority of Italians also strongly identify with their specific region in which they live because of strong family history and ties within the region itself, discouraging emigration within the Italy. The European Barometer in 2009 found that most Italians' sense of identity is deeply rooted within their region. Furthermore, the study found that there is a direct relationship between strong regional identities and "disaffection" for immigrants.<sup>51</sup> This type of strong identification alienates commonly accepted economic models which assert that individuals seeking employment can easily move to other industries and regions when they become unemployed. This assertion becomes even more difficult in reality when many of the regions experiencing high unemployment rates have failed to diversify their industries and often fail to offer opportunities for unemployed workers to gain new skills to

---

<sup>48</sup> Ibid., 650.

<sup>49</sup> Eurostat. "Google - public data." Italian Unemployment Rate. [http://www.google.com/publicdata?ds=z9a8a3sje0h8ii\\_&met=unemployment\\_rate&idim=eu\\_country:IT&dl=en&hl=en&q=italian+unemployment+rate](http://www.google.com/publicdata?ds=z9a8a3sje0h8ii_&met=unemployment_rate&idim=eu_country:IT&dl=en&hl=en&q=italian+unemployment+rate) (accessed November 20, 2010).

<sup>50</sup> Maria Francesca Cracolici, Miranda Cuffaro, and Peter Nijkamp, "Geographical Distribution of Unemployment: An Analysis of Provincial Differences in Italy," *Growth & Change* 38, no. 4(2007): 665.

<sup>51</sup> "National Report; Executive Summary: Italy," *Eurobarometer* 71. (Spring 2009) 6.

make them competitive for employment in other industries or regions.<sup>52</sup> Ron Boschma and Simona Iammarino asserts that in order for the unemployed in these underdeveloped regions to succeed, there needs to be complimentary diversification of industries, where different industries function within a regional area, which requires similar worker skill sets. These workers can then translate their skill sets from one job to the next, ideally decreasing unemployment in the region.<sup>53</sup> Other scholars emphasize that these regions where unemployment is particularly prevalent should implement more regulation and government region specific job creation, especially to engage women.<sup>54</sup>

Another important issue concerning Italy's economy is its corruption within both its economic markets and government. The role of the many criminal organizations, more commonly known as "mafia" networks around the country are often blamed for the hindrance of national economic growth. Recently, it has become even more difficult for the government to differentiate between small businesses and mafia operations and mafia profits have been estimated to be as high as \$127 billion in recent years.<sup>55</sup> Even more distressing is the reality that most mafia related activity occurs in the south of Italy, exacerbating the already lower standard of living and lagging economic growth.<sup>56</sup>

Many scholars emphasize the Italian government's failure to monitor business practices, regulate the labor market and successfully moderate business cycles as the reasons for the uneven growth of the Italian economy and persistently high unemployment rates. Many scholars

---

<sup>52</sup> Ron Boschma, and Simona Iammarino. "Related Variety, Trade Linkages, and Regional Growth in Italy," *Economic Geography* 85, no. 3 (July 2009): 305.

<sup>53</sup> Ibid.

<sup>54</sup> Maria Francesca Cracolici, Miranda Cuffaro, and Peter Nijkamp, "Geographical Distribution of Unemployment: An Analysis of Provincial Differences in Italy," *Growth & Change* 38, no. 4(2007): 665-66.

<sup>55</sup> Peter Kiefer, "Organized Crime Takes Lead In Italian Economy, Report Says." *New York Times*, (October 23, 2007): 14.

<sup>56</sup> Ibid.

believe that Italians have acknowledged their government failure to fulfill its promises many times over, reaching its apex with the public's frustration with its Berlusconi government. In a survey in 2005, Italians acknowledged that Berlusconi had only partially implemented his promised economic programs, if not completely failed to implement them at all.<sup>57</sup> However, Berlusconi's persistent dominance of the government emphasizes the inability for the nation to act decisively in the political realm. In 2006 the economic journal *Il Sole-24 Ore* found that Italy ranked poorly among other OECD (Organization for Economic Cooperation and Development) countries in regards to international technology trade, information growth, exports, research and development and other major indicators of long term national growth, especially within nations that are considered "developed" economies.<sup>58</sup> Additionally, there are a few aspects of Italian culture which might hinder traditional western economic growth: the institutionalized concept of long lunches, the actual closing of businesses for two to three hours midday, and an almost laissez-faire mentality concerning production rates and competitiveness.

The Europeanization of individual nations, especially with the creation of the Euro and the European Central Bank, affected the specific budgetary habits and goals of individual nations within the Eurozone. Italy, as one of the first nations inducted into the zone, is not immune from these pressures to "Europeanize" their budgets and economic goals. Many scholars have studied Italian reform of economic institutions in the 1990s as a result of pressure from the European Union to increase efficiency and transparency as well as the necessity of limited standardization

---

<sup>57</sup> Bruno Mascitelli, and Emiliano Zucchi, "Expectations and Reality: The Italian Economy under Berlusconi," *Journal of Contemporary European Studies* 15, no. 2 (August 2007): 144.

<sup>58</sup> Marcello De Cecco, Marcello. "Italy's Dysfunctional Political Economy," *West European Politics* 30, no. 4 (September 2007): 782.

among national economic institutions within the European Union.<sup>59</sup> These reforms, however, could have also been the result of domestic pressures from civil society and other lobbying groups to the party system crisis. Paradoxically, Italy is the seventh largest economy in the world, but is also considered to be one of the most unstable and has higher rates of economic inequality than other developed economies around the world.<sup>60</sup> One of the more prominent issues facing Italy is its debt issue. Like the United States, Italians have been spending beyond their means for several years, with the privatization of the banking system as well as the international credit boom many Italians are living lifestyles well beyond their economic means.<sup>61</sup> In addition to this individual spending, the Italian government failed to check its own spending. The government increased inefficient welfare programs and has had issues combating tax fraud and evasion. This debt crisis has led to further European Union pressure to create austerity plans, reform central bank practices and increase government regulation in order to avoid a more prolonged and painful debt crisis.<sup>62</sup> The pressure for Italy to actively cut its public debt is incredibly strong. In fact, the Italian government has pledged to utilize austerity measures worth \$29 billion by the end of 2012.<sup>63</sup> The cuts will focus on limiting government employee hiring and pay increases and fighting tax fraud and evasion. These measures aim to cut the budget deficit to below 3% by 2012.<sup>64</sup> European Union pressure has forced the Italian government to take painful measures to attempt to moderate their spending. This is especially impressive considering the Berlusconi's previous promises to increase government employment and

---

<sup>59</sup> Francesco Stolfi, "The Europeanization of Italy's budget institutions in the 1990s," *Journal of European Public Policy* 15, no.4 (June 2008): 562.

<sup>60</sup> David Segal, "Is Italy Too Italian?," *New York Times*, (New York: August 1, 2010): 1.

<sup>61</sup> Ibid.

<sup>62</sup> Nouriel Roubini, "Crisis Economics!," *The International Economy* 24, no. 3 (April 1, 2010): 33-34.

<sup>63</sup> *British Broadcasting Corporation*, "Italy Joins Euro Austerity Drive," (London: May 25, 2010) <http://www.bbc.co.uk/news/10157432> (accessed November 20, 2010).

<sup>64</sup> Ibid.

supportive welfare programs and Italy's long history of strong support of economic socialization and strong labor movements.<sup>65</sup> The pressure exerted from above onto Italy is actively impacting the policy actions and goals of the nation, forcing Italy to pursue long term stability over short term employment rates.

The Italian economy is an incredibly complex system with many different variables which are constantly changing. Among these variables are regional unemployment, the north-south economic divide, slow advanced growth for a "developed economy," and cultural conflicts. Italy's economy faces deep budget deficits and is on the brink of a major debt crisis, however, pressures from the European Union have recently led to significant changes in the Italian government's economic policy in order to prevent an Italian debt crisis that decreases social programs, tax fraud, and government spending which have led to such a crisis. This success of top-down pressure provides a sense of hope and even stability for some investors, encouraging markets to trust the European Union's aims over traditional national policy goals.

---

<sup>65</sup> Bruno Mascitelli, and Emiliano Zucchi, "Expectations and Reality: The Italian Economy under Berlusconi," *Journal of Contemporary European Studies* 15, no. 2 (August 2007): 144.

## **European Union Economy**

The transnational European Union economy is incredibly complex and diverse. Encompassing 27 different nations each with their own diverse economies, it comes as no surprise that the economy of Europe as a whole plays a dominant role on the world stage. Additionally, European economic policies affect the domestic economies in each nation, as illustrated through Italy's recent economic policy changes. The European transnational economy functions on various levels, and it has overcome and faced many strenuous challenges. Currently, the European debt crisis has challenged the European Union's economic regionalism more than ever before, and Europe's ability to react to this crisis as a unified economic unit is of the utmost importance in surpassing this issue. Additionally, the European Union's economy creates a framework in which the transnational civil society can interact, express itself and evolve as transnational markets continue to evolve.

The integration of 27 different economies was an incredibly difficult task to manage. In addition to opening the borders of each nation for the free movement of people, goods and services as is specified in the Schengen Agreements, the European Union also worked toward uniting those nations selected to participate in the Eurozone into one common currency. Many scholars have attempted to study and evaluate the ramifications of such major changes within the region. Without a doubt this type of regional integration has had many impacts on the member nations, both positive and negative. However, scholars argue about how much of an impact these policies have made, and how these policies will be able to affect not just the markets in Europe but also the markets within the global economy. Many scholars have emphasized that the creation of a common European currency has created a core group of European nations or "insiders" who make the key decisions and reactions while a larger group of "outsiders" must

adapt the policies endorsed by the more powerful group, or be excluded from the regional organization.<sup>66</sup> These scholars believe that although the region is experiencing standardization through a single currency, there will continue to be differentiation throughout the zone itself, adding to the complexity of the European economy.<sup>67</sup> Although this prediction may seem relatively unfavorable, Dyson argues that it is this limited diversification in national economic institutions which allows the European Union to adjust to these economic crises and allows “insiders” and “outsiders” to adjust to new policies individually.<sup>68</sup> This mirrors a respect for those domestic economic institutions which are reflections of a nation’s culture and perspective on governance and economics, allowing European Union policy to be enacted through these country specific institutions. However, not all assessments of the European Union’s economic liberalization have been positive. A study on the effect of the Euro on European labor reform across Europe found that there was little to no correlation between the labor reform movements and the creation of the European Monetary Union (EMU).<sup>69</sup> According to economic models, the creation of the EMU and the Schengen Agreements should have opened up labor and capital mobility to new markets, when these labor markets are exposed to new national markets, labor markets around the region should naturally reform themselves to standardize with one another (Stolper-Samuelson Theory), in an effort to increase competitiveness and productivity. However, this improvement is not the case and through multiple statistical studies it was concluded that these waves of labor market reforms were triggered by other unrelated

---

<sup>66</sup> Kenneth Dyson, and Martin Marcussen, “Transverse Integration in European Economic Governance: Between Unitary and Differentiated Integration,” *Journal of European Integration* 32, no.1 (2010): 39.

<sup>67</sup> Ibid.

<sup>68</sup> Ibid.

<sup>69</sup> Elzbieta Bednarek-Sekunda, Richard Jong-A-Pin, and Jakob de Haan, “The European Economic and Monetary Union and Labour Market Reform,” *European Union Politics* 11, no. 1 (2010): 23.



variables.<sup>70</sup> Likewise, a study concerning innovation within the European Union revealed large disparities and inequalities throughout the region.<sup>71</sup> Through the statistical study of innovation and through variables such as education rates, human capital, economic structure and labor market mobility, researchers have found that these disparities not only exist in extremes, but that they are not self correcting.<sup>72</sup> Rather, the opening of borders could lead to a brain drain from certain European Union regions, to others, leaving those regions of Europe which are experiencing economic decline unable to attract new innovations which could revitalize their local economies.

The impact of this international crisis has led to severe repercussions for European nations, especially those who implemented regressive tax cuts in the recent past.<sup>73</sup> These tax cuts often benefited the upper echelons of income earners and corporations, for example: “Italy reduced its corporate tax rate by 20.8 points and its top income tax rate by 6.1 points”.<sup>74</sup> These tax cuts reduced government income and allowed corporations and wealthier individuals to continue their often irresponsible investment and expenditure habits. The crisis has forced European nations’ governments to confront their own risk taking behaviors and understand the importance of better evaluating their actions. For example, the Irish government has recently come to realize that their guarantee of backing risky loans made by Irish banks during the housing boom comes with consequences. The Irish government and central bank failed to monitor, evaluate, and regulate the riskiness of these loans and the amount which they had

---

<sup>70</sup> Ibid., 23-4.

<sup>71</sup> Hugo Pinto, “The Diversity of Innovation in the European Union: Mapping Latent Dimensions and Regional Profiles,” *European Planning Studies* 17, no. 2 (February 2009): 320.

<sup>72</sup> Ibid.

<sup>73</sup> Jordan Stancil, “Europe's Voodoo Economics,” *Nation* 290, no. 25 (June 28, 3010): 20.

<sup>74</sup> Ibid.

guaranteed to back.<sup>75</sup> Ireland has now asked, after months of resisting, now asked the IMF and the European Union for a bail out in order to keep its banking system from failing. Perhaps even more pressing are the questions on the horizon concerning Portugal and Spain. Both nations have begun implementing austerity plans in order to cut budget deficits.<sup>76</sup> These two governments hope that these measures will help avoid the crises that Greece and now Ireland have found themselves in, however many scholars are still skeptical that these plans will be able to stabilize the deficits of these two nations. In fact, some political scientists have even questioned whether the Euro, as a currency, will be able to survive these crises.<sup>77</sup> Although the likelihood of a complete disintegration of the Euro currency seems rather extreme, the crisis has imposed important questions concerning European political and fiscal policy coordination.

The recent European debt crisis has challenged the economic institutions of the European Union in new ways. These crises have illustrated to the world that the European Union may, at times, have to fight for its survival, and that no economic region is immune from the effects of the global economy. The European Union must begin to regulate member nation's collective moral hazard problem.<sup>78</sup> European governments are currently inclined to spend more than they have in order to guarantee those welfare programs needed for an aging population.<sup>79</sup> This government failure to accurately assess the risk of over spending, especially in a period of prosperity creates a collective action problem within the Eurozone.<sup>80</sup> Those nations which

---

<sup>75</sup> Landon Thomas Jr., "After Months of Resisting, Ireland Applies for Bailout," *New York Times*, (New York City: November 22, 2010): 1.

<sup>76</sup> *British Broadcasting Corporation*, "Spanish Politicians Approve 15bn-Euro Austerity Plan," (London: May 27, 2010) and Alex Bugge, "Analysis: Portugal's Socrates Goes For Last Ditch Reform Push," *Reuters*, (London: November 20, 2010)

<sup>77</sup> "Staring into the abyss; The future of Europe," *The Economist*, (July 10, 2010):23-25.

<sup>78</sup> Waltraud Schelkle, "The Contentious Creation of the Regulatory State in Fiscal Surveillance," *West European Politics* 32, no. 4 (2009): 843.

<sup>79</sup> *Ibid.*

<sup>80</sup> *Ibid.*

regulate government spending and spend responsibly may still be put at risk by other nations within the zone who fail to do so. A related issue concerning the debt crisis is the European Union's inability to regulate its members' fiscal habits.

The European Union is a monetary union with an established central bank which sets interest rates and monitors the currency. However, the EU lacks an enforcement body to regulate the irresponsible fiscal decisions of its members. For example, in the United States when one state like California fails to regulate its government spending and the state finds itself in a deficit, those tax revenues from other surplus states are allocated to California to meet those budget deficits. No such system exists in the European Union, however since all the nations in the Eurozone are tied together by a common currency, a government default on its loans, major bank failures or market crashes in one country will have a direct and severe impact on the other nations within the currency zone. For these reasons, it is important that the European Union work with the International Monetary Fund (IMF) and other organizations to guarantee that member states do not default on their debts. This, of course, impacts nations' risk aversions, also known as "moral hazard," especially if they believe that the EU and the IMF will guarantee a no default policy. Additionally, many scholars have recognized that this lack of fiscal coordination challenges the European Union to more closely integrate politically.<sup>81</sup> Many believe that the EU's failure to more closely integrate the social and political policy goals of its member nations could lead to its own demise.<sup>82</sup> Others point out that even if greater fiscal policy coordination were to occur, it might take years to coordinate effectively and efficiently.<sup>83</sup>

---

<sup>81</sup> Alun Jones, Julian Clark, and Angus Cameron, "The Global Economic Crisis and the Cohesion of Europe," *Eurasian Geography and Economics* 51, no. 1 (January 2010):49.

<sup>82</sup> Ibid.

<sup>83</sup> Jacques Le Cacheux, Jacques, "How to Herd Cats: Economic Policy Coordination in the Euro Zone in Tough Times," *Journal of European Integration* 32, no. 1 (2010): 58.

There are incredibly complex issues faced by the European Union's economy today. Although they may be incredibly strenuous, these issues test the ability of the Union and often lead to investment fears and near bank failures, which must then be addressed in order to secure a future for the union. It seems almost impossible to create a dichotomy between economies, governments, and cultural or civil society movements. Each of these three factors impact and influence one another, affecting how much the government are willing to overspend, to the amount of risk which investors and citizens are willing to accept. In order to understand the political ramifications and future of the European Union, the economic impacts and movements must also be understood; one simply cannot exist without the other.

## Conclusion

This paper has attempted to describe the role of civil societies within the political economy of each nation. Additionally, the paper has sought to explore the individual composition of Italian civil society and European transnational civil society and finally has explored the economic frameworks in which these civil societies must interact. More importantly, to reach healthy long term economic growth, the government, markets, and civil society within a nation or supranational organization must be balanced. A civil society must have broad goals and the ability to reach them and impact policy, in order for a civil society to be a successful part of a healthy political economy.

The Italian civil society faces numerous issues within its nation today. A strong but divided economy burdened by debt, corruption, and organized crime seems to be on the brink of floundering. It is the role of the Italian civil society to demand better economic regulation from its government and economic institutions in order to satisfy civil society's goals. The Italian civil society cannot remain silent at this important time in its nation's history. More importantly, the Italian civil society has demonstrated its structure, its depth and breadth, and has illustrated that it does have an ability to impact its nation's policy makers. This ability cannot be lost in the current economic crisis that has shaken the world. The Italian civil society must look to the future and continue to set goals and to move forward.

Likewise, the European transnational civil society must press for more autonomy and more of a dialogue within the European Union decision making bodies. The EU civil society is at a precarious crossroads, where its leaders may choose to retreat to their respective nations for fear of transnational failures and economic downfall. This would lead to a complete autonomy of decisions by EU polity organs and would completely disrupt the balance between

governments, markets and civil society which allows a healthy political economy long term growth. The European Union's transnational civil society has exemplified its immense breadth and depth, especially as a conglomerate of 27 individual nations' civil societies. However, it has had relatively little impact on EU policy makers, contributing to a political economic imbalance. The citizens of the EU must work to establish themselves as a more committed polity body, which acts in unison to impact the minds of policy makers.

Another important aspect realized from this exercise is that the two civil societies are incredibly different, even though one, the EU, is supposed to reflect the views, at least as a microcosm of its members. The environment and values of the two societies are drastically different. This is to be somewhat expected, but the overall implications of these differences are incredibly important. The differences in environment alone can impact how successful or unsuccessful a civil society is when interacting with its policy makers. Italian civil society has adapted to its environment, and Italian civil society leaders may try to impact policy makers through the same environmental expectations on the European Union level. Such an attempt is likely to create not just cross cultural miscommunication, but frustration and a struggle to correctly convey and impact different policy desires. The role of values is also incredibly important to transnational civil societies. The European civil society values reflect all 27 nations as a whole, and Italian civil society tends to have a relatively more conservative rating, in this case, it may be expected that these two civil societies with different goals on the same issues, will not work together in order to persuade policy makers. Instead, these different national civil society leaders are fighting amongst each other to compete for impact on EU leaders. This struggle ultimately limits the impact of the transnational civil society as a whole. This type of disequilibrium and the inability to directly impact policy makers ultimately creates disharmony

within the European Union's political economy, making it difficult for the organization to achieve long term healthy economic growth.

This analysis has only examined one of the 27 member countries within the EU. It must be recognized that each of these 27 nations has its own civil society with individual characteristics which would be mapped differently than the EU's and Italy's civil societies. The mapping of all 27 civil societies would most likely demonstrate the complete chaos which EU's civil society must adapt in order to be successful. Each nation has its own values, environment, and structure, and all expect different levels of impact. These nations' cultural views do not always mesh together appropriately, leaving the EU's transnational civil society confused, overwhelmed, and inefficient.

Until EU leaders realize how important a functioning civil society is to overall economic and political growth, the transnational civil society will continue to flounder. The EU civil society desperately needs guidance and growth. The creation of an organized structure to mediate the values and environmental differences that each of the 27 member countries experience may help to alleviate these issues. Only when improvements which allow for a more unified transnational civil society to grow will there be a more solid and effective impact on EU policy makers. Until this happens, individual civil societies will continue to battle against the transnational civil society, ultimately causing disequilibrium in the EU's political economy, inhibiting healthy long term economic growth. These consequences can be felt even more severely given the current international financial crisis and the unique debt crises which face numerous EU members and the world today.

## Bibliography

- Athanasiadis, Iason. 2010. "European Markets Fall as Greek Debt Crisis Claims First Politician's Career." *Christian Science Monitor*, May 17. *Academic Search Premier*, EBSCOhost (accessed October 20, 2010).
- Bednarek-Sekunda, Elz-bieta, Richard Jong-A-Pin, and Jakob de Haan. 2010. "The European Economic and Monetary Union and Labour Market Reform." *European Union Politics* 11, no. 1: 23-4. *Academic Search Premier*, EBSCOhost (accessed December 1, 2010).
- Boschma, Ron, and Simona Iammarino. "Related Variety, Trade Linkages, and Regional Growth in Italy." *Economic Geography* 85, no. 3 (July 2009): 305. *Academic Search Premier*, EBSCOhost (accessed December 1, 2010).
- Bovens, Mark. 2007. "Analysing and Assessing Accountability: A Conceptual Framework." *European Law Journal* 13, no. 4: 457. *Academic Search Premier*, EBSCOhost (accessed October 21, 2010).
- British Broadcasting Corporation (London), "Italy Joins Euro Austerity Drive." May 25, 2010. <http://www.bbc.co.uk/news/10157432> (accessed November 20, 2010).
- British Broadcasting Corporation (London), "Spanish Politicians Approve 15bn-Euro Austerity Plan," May 27, 2010. <http://www.bbc.co.uk/news/10172644> (accessed November 25, 2010).
- Bugge, Alex. "Analysis: Portugal's Socrates Goes For Last Ditch Reform Push." *Reuters* (London), November 30, 2010. <http://www.reuters.com/article/idUSTRE6AT3IE20101130> (accessed November 30, 2010).
- Central Intelligence Agency. "Italy: Government." *World Fact Book*. <https://www.cia.gov/library/publications/the-world-factbook/geos/it.html> (accessed September 15, 2010).
- Cox, Robert. "Civil Society at the Turn of the Millennium." *Review of International Studies* 25 (1999): 6-7, 10.
- Cracolici, Maria Francesca, Miranda Cuffaro, and Peter Nijkamp. 2007. "Geographical Distribution of Unemployment: An Analysis of Provincial Differences in Italy." *Growth & Change* 38, no. 4: 649-50, 655, 665-66. *Academic Search Premier*, EBSCOhost (accessed December 1, 2010).
- De Cecco, Marcello. "Italy's Dysfunctional Political Economy." *West European Politics* 30, no. 4 (September 2007): 782. *Academic Search Premier*, EBSCOhost (accessed December 1, 2010).
- Della Porta, Donatella, and Alberto Vannucci. 2007. "Corruption and Anti-Corruption: The Political Defeat of 'Clean Hands' in Italy." *West European Politics* 30, no. 4: 831, 833-34, 849-59. *Academic Search Premier*, EBSCOhost (accessed November 1, 2010).



- Dyson, Kenneth, and Martin Marcussen. 2010. "Transverse Integration in European Economic Governance: Between Unitary and Differentiated Integration." *Journal of European Integration* 32, no. 1: 39. *Academic Search Premier*, EBSCOhost (accessed December 1, 2010).
- Eurostat. "Google - public data." Italian Unemployment Rate. [http://www.google.com/publicdata?ds=z9a8a3sje0h8ii\\_&met=unemployment\\_rate&idim=eu\\_country:IT&dl=en&hl=en&q=italian+unemployment+rate](http://www.google.com/publicdata?ds=z9a8a3sje0h8ii_&met=unemployment_rate&idim=eu_country:IT&dl=en&hl=en&q=italian+unemployment+rate) (accessed November 20, 2010).
- Groenewegen, Peter. "'political economy'." *The New Palgrave Dictionary of Economics*. Second Edition. Eds. Steven N. Durlauf and Lawrence E. Blume. Palgrave Macmillan, 2008. *The New Palgrave Dictionary of Economics Online*. Palgrave Macmillan. 07 September 2010 <[http://www.dictionaryofeconomics.com/article?id=pde2008\\_P000114](http://www.dictionaryofeconomics.com/article?id=pde2008_P000114)> doi:10.1057/9780230226203.1300
- Janneke, Plantenga, Remery Chantal, Figueiredo Hugo, and Smith Mark. 2009. "Towards a European Union Gender Equality Index." *Journal of European Social Policy* 19, no. 1: 19-20, 26-28. *Academic Search Premier*, EBSCOhost (accessed October 4, 2010).
- Jones, Alun, Julian Clark, and Angus Cameron. "The Global Economic Crisis and the Cohesion of Europe." *Eurasian Geography & Economics* 51, no. 1 (January 2010): 49. *Academic Search Premier*, EBSCOhost (accessed December 1, 2010).
- Kiefer, Peter. "Organized Crime Takes Lead In Italian Economy, Report Says." *New York Times*, October 23, 2007., 14. *Academic Search Premier*, EBSCOhost (accessed December 1, 2010).
- Kohler-Koch, Beate. 2010. "Civil Society and EU Democracy: 'Astroturf' Representation?." *Journal of European Public Policy* 17, no. 1: 101-03. *Academic Search Premier*, EBSCOhost (accessed October 15, 2010).
- Le Cacheux, Jacques. 2010. "How to Herd Cats: Economic Policy Coordination in the Euro Zone in Tough Times." *Journal of European Integration* 32, no. 1: 58. *Academic Search Premier*, EBSCOhost (accessed December 1, 2010).
- Malena, Carmen, and Volkhart Finn Heinrich. 2007. "Can We Measure Civil Society? A Proposed Methodology for International Comparative Research." *Development in Practice* 17, no. 3: 341-48. *Academic Search Premier*, EBSCOhost (accessed September 15, 2010).
- Mascitelli, Bruno, and Emiliano Zucchi. "Expectations and Reality: The Italian Economy under Berlusconi." *Journal of Contemporary European Studies* 15, no. 2 (August 2007): 144. *Academic Search Premier*, EBSCOhost (accessed December 1, 2010).
- Mendel, Stuart C. 2010. "Are Private Government, the Nonprofit Sector, and Civil Society the Same Thing?." *Nonprofit & Voluntary Sector Quarterly* 39, no. 4: 719. *Academic Search Premier*, EBSCOhost (accessed September 15, 2010).

- Monaci, Massimiliano, and Marco Caselli. 2005. "Blurred Discourses: How Market Isomorphism Constrains and Enables Collective Action in Civil Society." *Global Networks* 5, no. 1: 60. *Academic Search Premier*, EBSCOhost (accessed September 14, 2010).
- "Muzzling the Messengers." *Economist* 392, no. 8651 (October 3, 2009): 66-67. *Academic Search Premier*, EBSCOhost (accessed October 2, 2010).
- "National Report; Executive Summary: Italy." *Eurobarometer 71* Spring (2009): 6. [http://ec.europa.eu/public\\_opinion/archives/eb/eb71/eb71\\_it\\_en\\_exec.pdf](http://ec.europa.eu/public_opinion/archives/eb/eb71/eb71_it_en_exec.pdf) (accessed November 19, 2010).
- Oxhorn, Philip. 2007. "Civil Society Without a State? Transnational Civil Society and the Challenge of Democracy in a Globalizing World." *World Futures: The Journal of General Evolution* 63, no. 5/6: 328-30. *Academic Search Premier*, EBSCOhost (accessed November 1, 2010).
- Piangigiani, Gaia. 2010. "Italy Seizes \$1.9 Billion in Mafia-Linked Assets." *New York Times*, September 15. 1. *Academic Search Premier*, EBSCOhost (accessed September 28, 2010).
- Pinto, Hugo. "The Diversity of Innovation in the European Union: Mapping Latent Dimensions and Regional Profiles." *European Planning Studies* 17, no. 2 (February 2009): 320. *Academic Search Premier*, EBSCOhost (accessed December 1, 2010).
- Ranci, Costanzo. "Democracy at Work: Social Participation and the 'Third Sector' in Italy." *Daedalus* 130, no. 3 (Summer 2001): 75-9. *Academic Search Premier*, EBSCOhost (accessed September 16, 2010).
- Roubini, Nouriel. "Crisis Economics!" *The International Economy* 24, no. 2 (April 1, 2010): 33-34. <http://www.proquest.com.proxyau.wrlc.org/> (accessed December 1, 2010).
- Saurugger, Sabine. 2008. "Interest Groups and Democracy in the European Union." *West European Politics* 31, no. 6: 1285-86. *Academic Search Premier*, EBSCOhost (accessed October 10, 2010).
- Schelkle, Waltraud. 2009. "The Contentious Creation of the Regulatory State in Fiscal Surveillance." *West European Politics* 32, no. 4: 843. *Academic Search Premier*, EBSCOhost (accessed December 1, 2010).
- Segal, David. "Is Italy Too Italian?." *New York Times (New York City)*, August 1, 2010. [http://www.nytimes.com/2010/08/01/business/global/01italy.html?\\_r=1&pagewanted=1&ref=homepage&src=me](http://www.nytimes.com/2010/08/01/business/global/01italy.html?_r=1&pagewanted=1&ref=homepage&src=me) (accessed October 31, 2010).
- Stancil, Jordan. "Europe's Voodoo Economics." *Nation* 290, no. 25 (June 28, 2010): 20. *Academic Search Premier*, EBSCOhost (accessed December 1, 2010).

“Staring into the abyss; The future of Europe.” *The Economist*, July 10, 2010, 23-25.  
<http://www.proquest.com.proxyau.wrlc.org/> (accessed December 1, 2010).

Stolfi, Francesco. “The Europeanization of Italy's budget institutions in the 1990s.” *Journal of European Public Policy* 15, no. 4 (June 2008): 562. *Academic Search Premier*, EBSCOhost (accessed December 1, 2010).

Thomas Jr., Landon. “After Months of Resisting, Ireland Applies for Bailout.” *New York Times* (New York City), November 22, 2010.  
<http://www.nytimes.com/2010/11/22/business/global/22debt.html?scp=9&sq=ireland%20IMF&st=cse> (accessed November 25, 2010).

United Nations Human Development Programme. “Human Development Report 2009 - Country Fact Sheets - Italy.” Italy Statistics | Human Development Reports (HDR) | United Nations Development Programme (UNDP).  
[http://hdrstats.undp.org/en/countries/country\\_fact\\_sheets/cty\\_fs\\_ITA.html](http://hdrstats.undp.org/en/countries/country_fact_sheets/cty_fs_ITA.html) (accessed September 25, 2010).

van Deth, Jan W. 2009. “The ‘Good European Citizen’ Congruence and Consequences of Different Points of View.” *European Political Science* 8, no. 2: 183. *Academic Search Premier*, EBSCOhost (accessed October 21, 2010).

Winner, Christopher. “Italy: Year In Review 2009 -- Britannica Online Encyclopedia.” *Encyclopedia - Britannica Online Encyclopedia*. <http://www.britannica.com>

Xinhua. “Italian Voter Turnout at 83.6 Percent in General Election.” *People's Daily Online*.  
[http://english.peopledaily.com.cn/200604/11/eng20060411\\_257391.html](http://english.peopledaily.com.cn/200604/11/eng20060411_257391.html) (accessed September 25, 2010).