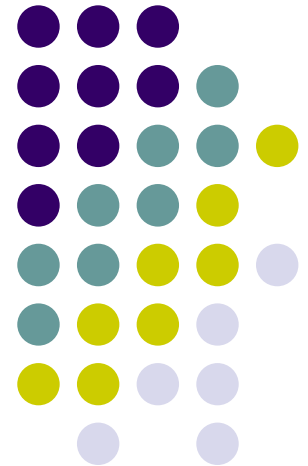


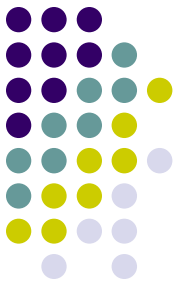
Polimetrics

The Portfolio Theory:
Lab Class 2

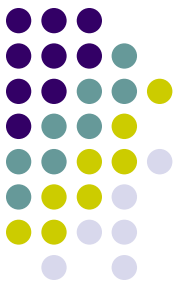


Things to learn

1. How to build your own legislature
2. An application to the Italian case

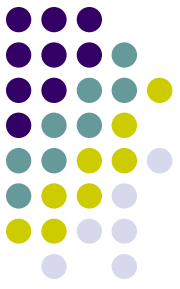


Position Map Symbols



Symbol	Meaning
×	DDM with non-empty winset
✱	DDM with empty winset
□	Strong party with non-empty winset
◻	Strong party with empty winset
⊗	Winpoint (off)

An example



A parliament with three parties and two main dimensions with the same spatial range (-1 ; +1)

First dimension: Economy

Second dimension: Social

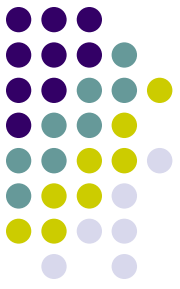
Party A: 40 seats, position: -0.5; +0.8

Party B: 30 seats, position: +0.2; +0.5

Party C: 30 seats, position: +0.8; -0.9

Let's track the government BC; then the DDM; then the presence of a strong party

Homework!



A parliament with four parties and two main dimensions with the same spatial range (0,10)

First dimension: Economy

Second dimension: Foreign

Party A: 31 seats, position: 3; 7

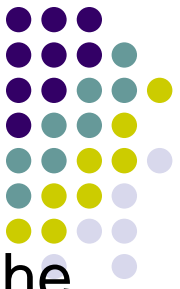
Party B: 25 seats, position: 5; 6

Party C: 22 seats, position: 8; 2

Party D: 15 seats, position: 2; 4

Track the government AC; then the DDM; then the presence of a strong party

A real example: 2013 Italian elections



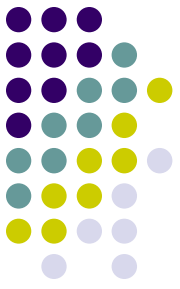
Elections barely won by the Center-Left coalition, under the leadership of the PD

It was controlling a majority in the Chamber of deputies...

...however in the Senate **no coalition was present able to control a full majority** of seats, and, in this scenario, reaching an agreement between rival parties to form a cabinet was clearly a challenging task

A first attempt to do so was made by the leader of the Democratic Party (PD), Pier Luigi Bersani, who tried to find support for a minority cabinet led by the PD and the center-left coalition. Bersani bargained with all other parties, and in particular with the **M5S**, but after several days of negotiations, he gave up

A real example: 2013 Italian elections



On 24 April, the just re-elected head of state, Giorgio Napolitano, then nominated **Enrico Letta**, the deputy PD leader, as formateur

- ✓ Letta was able to form a **majority government** together with the People of Freedom (PdL) (the main party of the centre-right coalition) and Civic Choice (SC) parties
- ✓ Overall, the Letta Cabinet lasted **only 227 days**, well below the average duration of Italian cabinets during the Second Republic. Thus, it was characterized by a **relatively short life**

Can we **explain such political results**
using the portfolio theory?

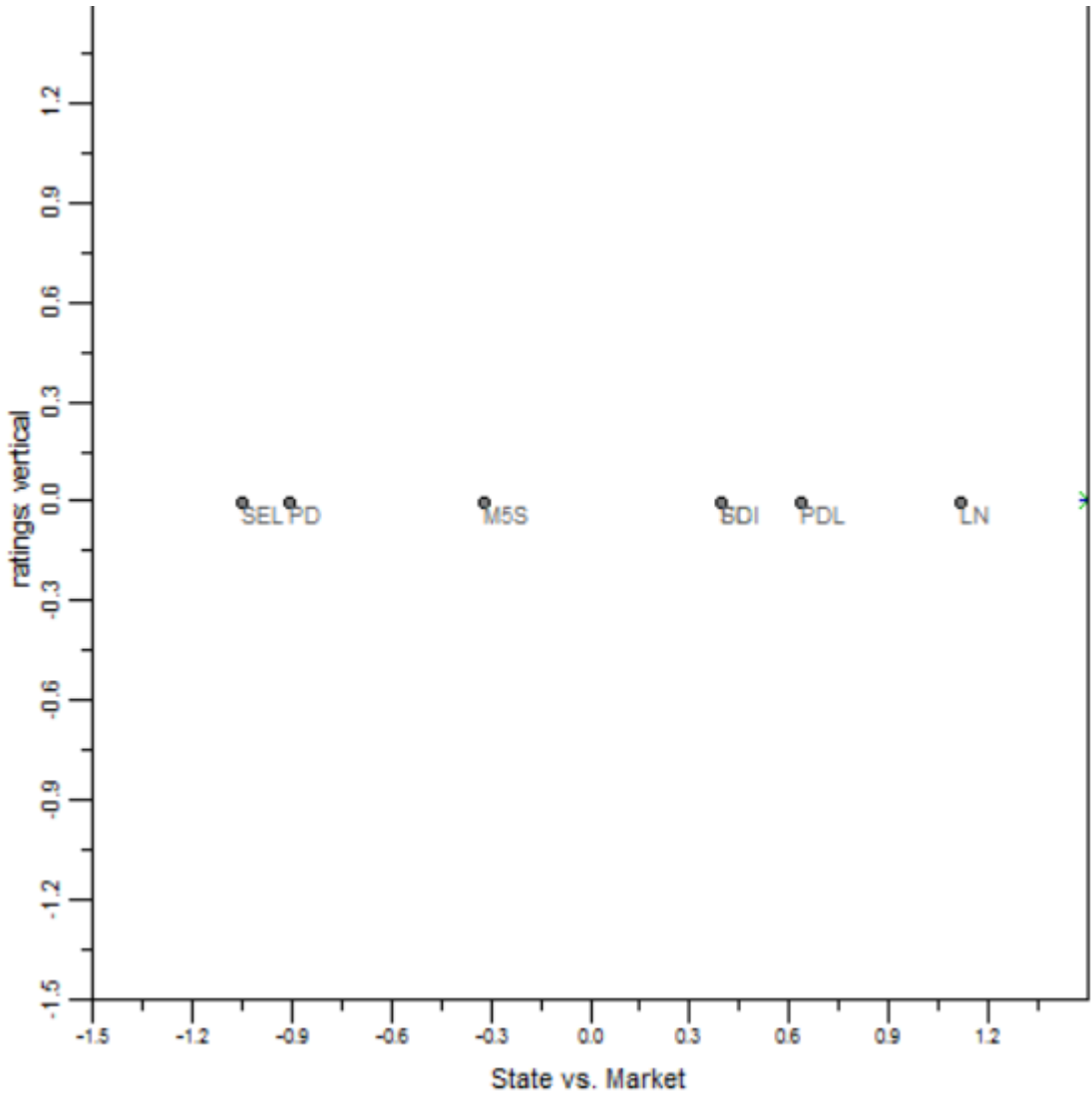
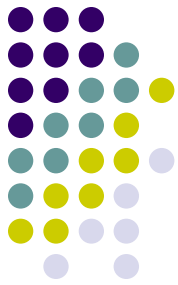
Italy after 2013 elections: the policy space



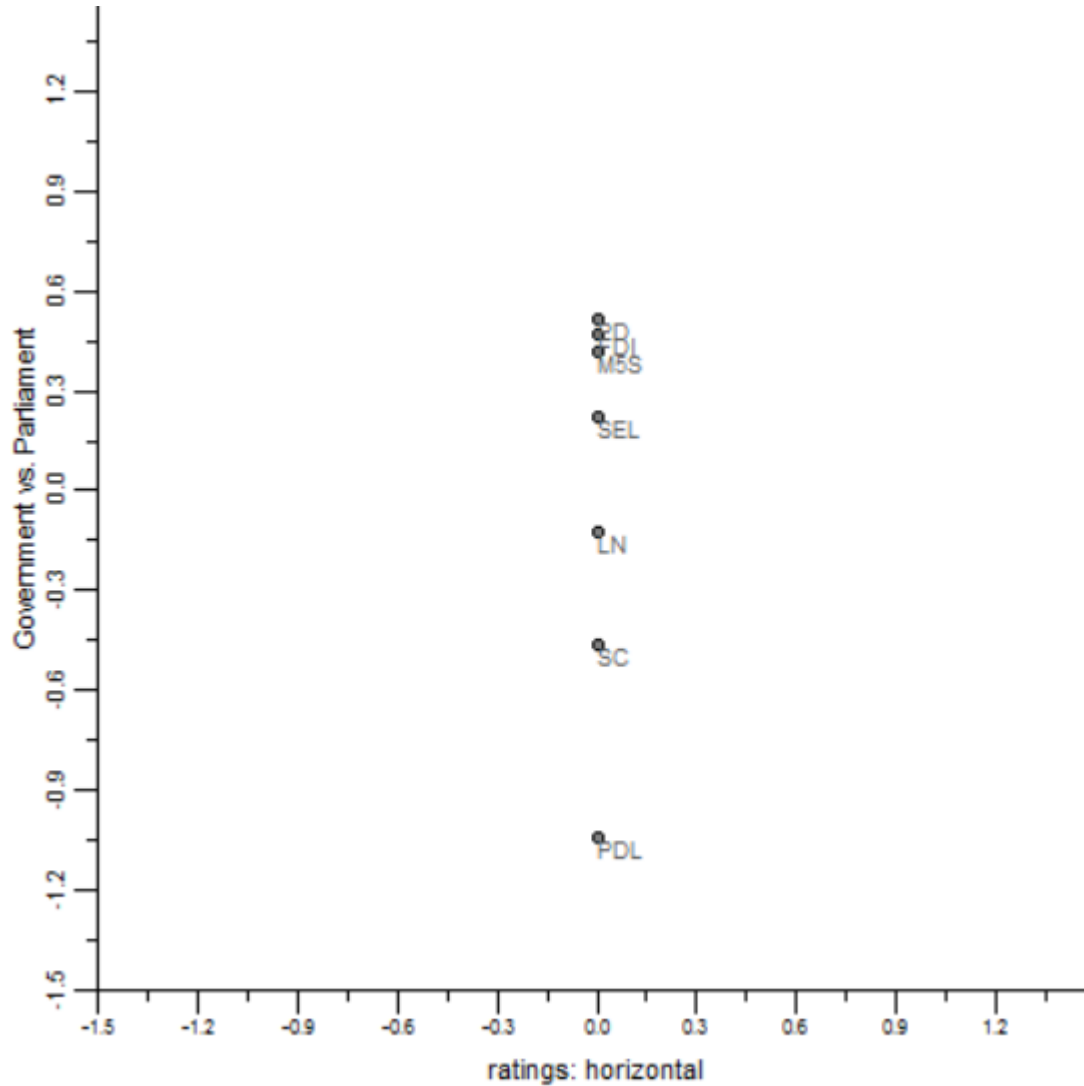
Let's start with the relevant policy space during the Letta cabinet

- ✓ For estimating such space, we will use the analysis of legislative speeches during the investiture debate of Letta
- ✓ You will learn later more details about such method

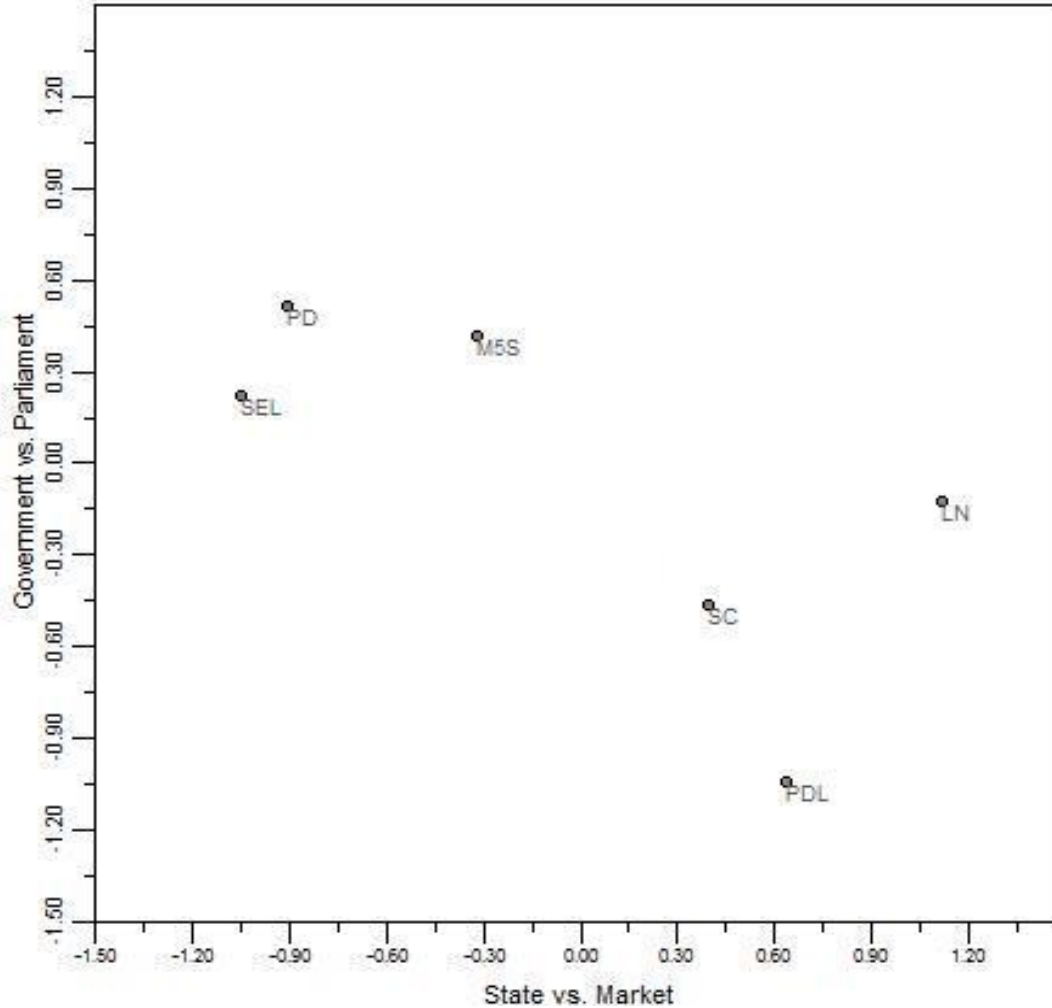
Letta 2013 (Senate: April 2013)



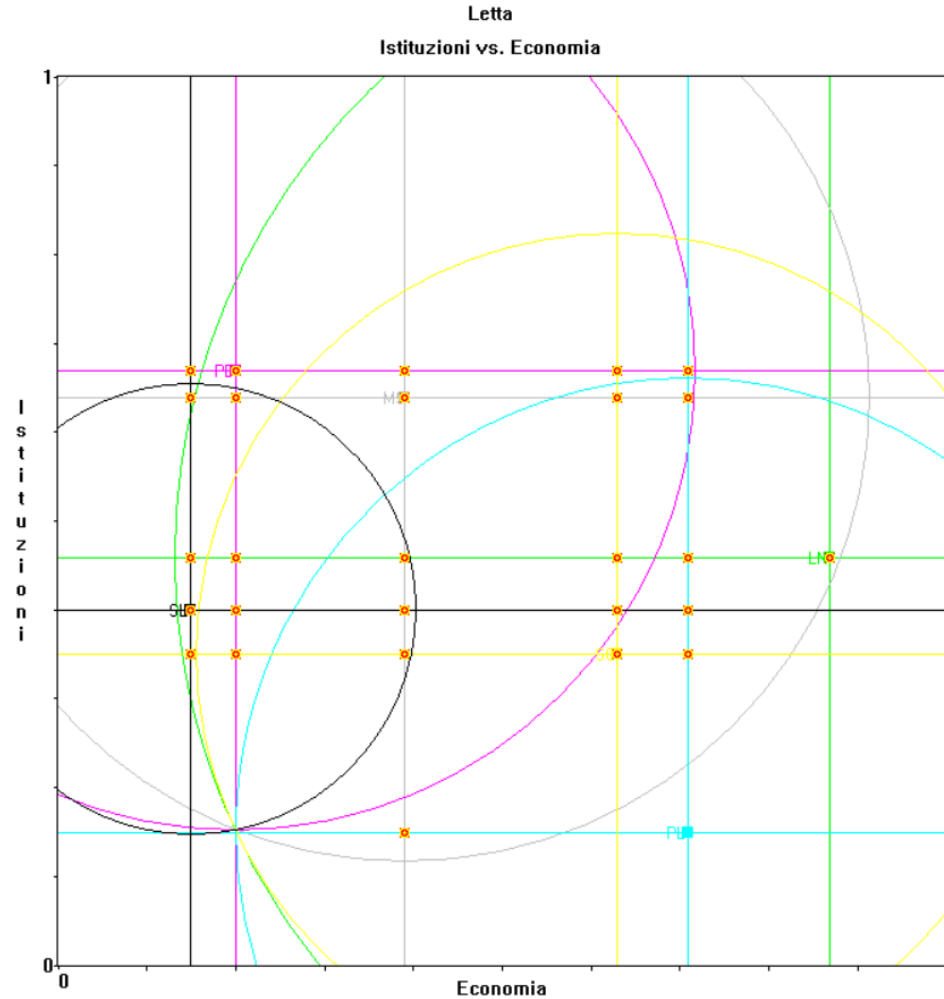
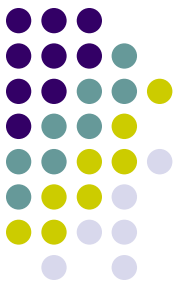
Letta cabinet (Senate: April 2013)



Letta cabinet (Senate: April 2013)



Portfolio Theory in action: Letta cabinet (Senate) – Status Quo Cabinet PD-PDL



Portfolio Theory in action: Letta cabinet (Senate)



27 alternative cabinets included in the win-set of the cabinet PD-PDL...a lot of instability

		Economia		Istituzioni							
Investigating :		PD	PL	Preferred by:							
Winpoint no. 1 :	PD	PD	PD	MS	LN						
2 :	PD	MS	PD	MS	LN	SL					
3 :	PD	SC	PD	MS	SC	LN	SL				
4 :	PD	LN	PD	MS	SC	LN	SL				
5 :	PD	SL	PD	MS	SC	LN	SL				
6 :	PL	PD	PD	MS	SC	LN					
7 :	PL	MS	PD	PL	MS	SC	LN				
8 :	PL	SC	PL	MS	SC	LN					
9 :	PL	LN	PL	MS	SC	LN					
10 :	PL	SL	PL	MS	SC	LN					
11 :	MS	PD	PD	MS	SC	LN					
12 :	MS	PL	PL	MS	SC	LN					
13 :	MS	MS	PD	MS	SC	LN					
14 :	MS	SC	PD	PL	MS	SC	LN	SL			
15 :	MS	LN	PD	PL	MS	SC	LN	SL			
16 :	MS	SL	PD	PL	MS	SC	LN	SL			
17 :	SC	PD	PD	MS	SC	LN					
18 :	SC	MS	PD	PL	MS	SC	LN				
19 :	SC	SC	PL	MS	SC	LN					
20 :	SC	LN	PD	PL	MS	SC	LN				
21 :	SC	SL	PD	PL	MS	SC	LN				
22 :	LN	LN	PL	MS	SC	LN					
23 :	SL	PD	PD	MS							
24 :	SL	MS	PD	MS	SL						
25 :	SL	SC	PD	MS	LN	SL					
26 :	SL	LN	PD	MS	LN	SL					
27 :	SL	SL	PD	MS	LN	SL					

Which is the DDM cabinet in the Senate?

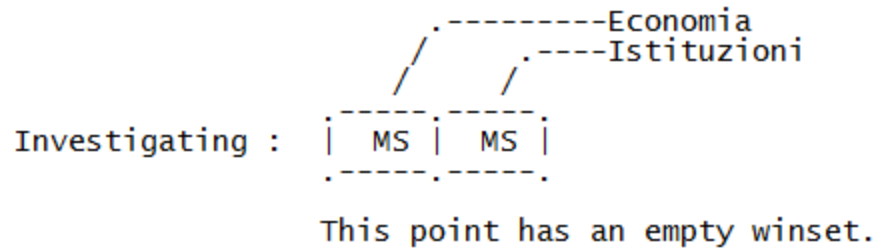
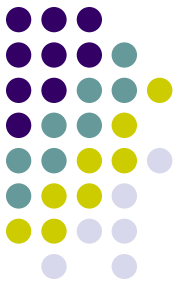


	Senate				Senate	
	State vs				Gov vs	
	Market	seats			Parliament	seats
SEL	0.151	7		PDL	-1.037	101
PD	0.1976667	117		SC	-0.454	19
M5S	0.392	54		SEL	-0.297	7
FDI	0.6293333	0		LN	-0.117	17
SC	0.631	19		M5S	0.418	54
PDL	0.7103333	101		FDI	0.476	0
LN	0.8686667	17		PD	0.515	117

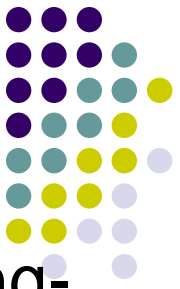
Over both dimensions the M5S!
But would be a DDM cabinet a stable one?

YES!

Moreover...the M5S is a (very) strong party! Obviously we have also the Chamber of Deputies, wherein the PD (and its centre-left allies were controlling a majority) still a strong bargaining power for M5S!



The puzzle

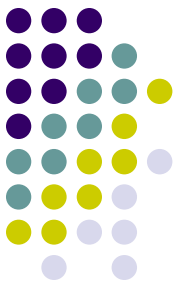


So why the M5S did not take advantage of its strong bargaining power?

Why the M5S did not seem to have successfully exploited its pivotal position to extract policy and ministerial pay-offs during the bargaining over cabinet formation?

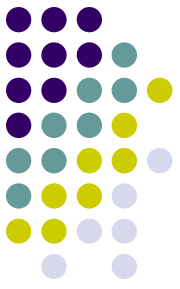
- ✓ Our theory allows us to produce some insights ALSO when the implications of the theory do not find a corroboration in the empirical facts! That's the power of a THEORY!!!!

Implications



- ✓ In particular, the previous result forces us to go back to our starting assumption (again!) to reconnect the theory with the empirical facts
- ✓ Suppose that the leadership of the M5S at that time has now **little or no interest in (short-term) policy rewards**
- ✓ Instead, let's assume that the party's primary objective was (back in 2013!) to increase its vote share in the medium/long term with the goal of eventually **winning office** and running the country (were they successful, weren't they?)
- ✓ In this perspective, showing for example the ineffectiveness of the "establishment" to actually "govern" was an attractive strategy!!!

Implications



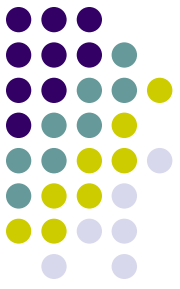
- ✓ Accordingly, the lack of interest of the M5S in the cabinet, **becomes now understandable** and should not be simply viewed as the consequence of the supposed anti-system nature of that party
- ✓ This strategy effectively **negated the opportunity** to form a cabinet that could have been (relatively) more stable than the alternatives

But then...

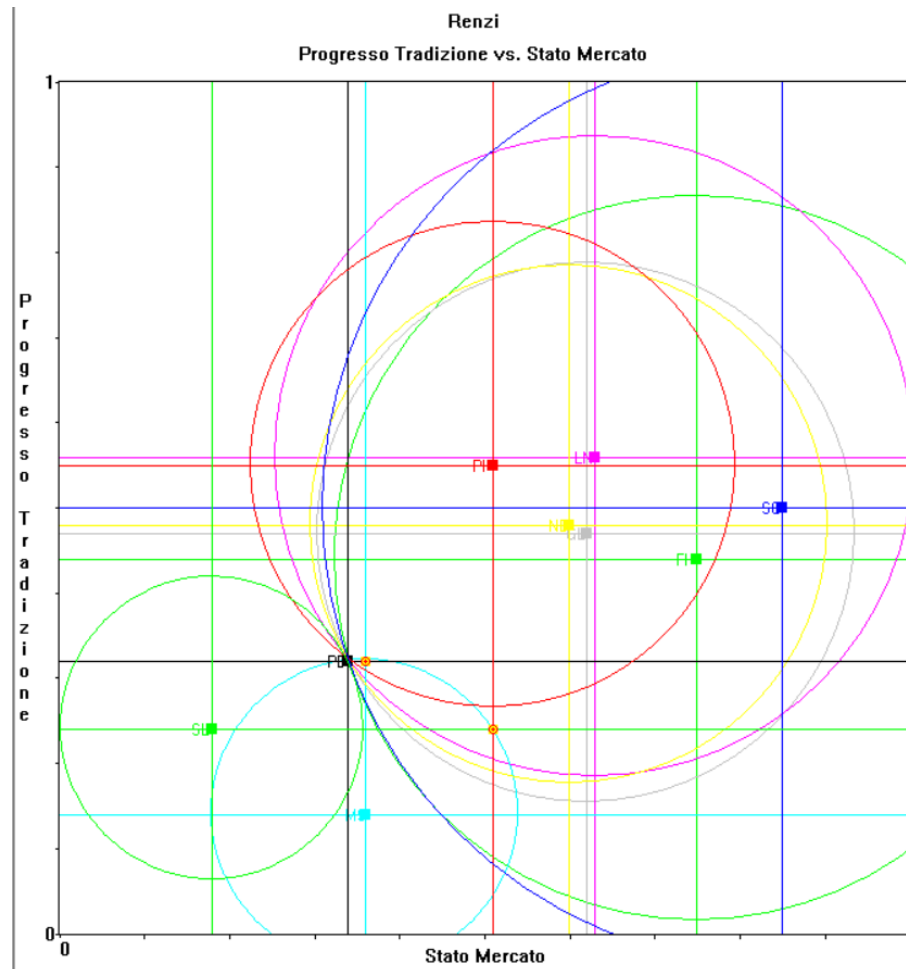
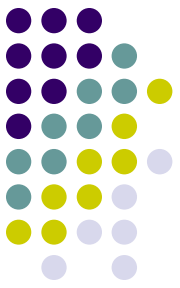
The Renzi cabinet

After the demise of Letta, we had a new cabinet under **Matteo Renzi**...

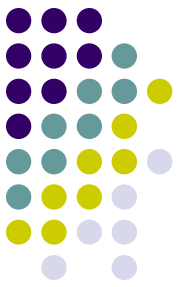
...however the political and policy scenario **have changed** in the meantime...



Portfolio Theory in action: Renzi cabinet (Senate) – Status Quo Cabinet PD-PD



Portfolio Theory in action: Renzi cabinet (Senate)



Only 1 cabinet included in the PD-PD winset (while the PD is a merely strong party)

```

      .-----Economic Portfolio
     /  .----Social Portfolio
    /  /
      .-----
Investigating : | PD | PD |
      .----- Preferred by:
Winpoint no. 1 : | MS | PD | FI MS ND LN GL PI SC
      .-----

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