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**PEOPLE'S SCEPTICISM TOWARDS THEIR
INSTITUTIONS: THE ITALIAN CASE**

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CHAPTER 1 – Historical contextualization

Nowadays, it is not uncommon to see articles with titles such as: *Ipsos-LegaCoop poll: 70% of Italians are pessimistic about the future,*” from which it can be read: *“It is interesting, in the end, the selection of what is perceived as the “enemies” in the future. The top five reasons cite corruption (61% of those interviewed), taxes (49%), political incompetence (46%), wealth concentrated in few hands (45%), and bureaucracy (43%). At the end of the list are working flexibility (8%) and Centralism (5%). (Ipsos, 2021)*

This dissertation examines whether these scepticism claims are founded, what caused them, and how they unfolded over the years, using a data-driven approach. In this context, ‘scepticism’ refers to a lack of trust in the political class and in their ability to act in the country’s best interests and to govern for the well-being of its citizens; it does not refer to a mistrust of the democratic institutions and Constitution.

Our analysis begins with the foundation of the Italian Republic, which officially began on 2 June 1946, when a majority of Italians voted for a republican form of government in the “Monarchy vs Republic” referendum. (Eligendo)

Briefly, in 1922, with the March on Rome, Benito Mussolini was appointed Prime Minister by King Vittorio Emanuele III, quickly beginning a process of centralizing

power, limiting liberties, suppressing other political parties, and controlling the press. By 1925, the laws historically referred to as *Leggi fascistissime* (Eco) were the final nail in the coffin: elections from then on would be purely formal; Italians could then have a say only in their private lives (and even there they would soon suffer an imposition of rules from the government (Genova)). The Italian dictatorship, with Benito Mussolini as its “Duce”, was established and implemented.

In the summer of 1940, Italy entered World War II, joining Germany and Japan, hoping to get on the bandwagon and ignoring all the reasons that had led it not to join the war (Ciano). Italy was, in fact, in a deep economic crisis (Saraceno, Benassi, & Morlicchio, 2020); the poverty rates were extremely high, and 1.4 million people had left the country in hope of finding better life prospects. (ISTAT).

Whether, and to what extent, Italians supported this choice is still debated; what is certain is that, within a few years, the population realized the war was producing poor results on various fronts, heavy casualties, and widespread impoverishment. With the landing of Allied troops in Sicily in 1943, a part of the population had clear in mind which side they wanted to be on: not with the Fascists. As American soldiers advanced into the Sicilian hinterland, the *Gran Consiglio del Fascismo* deposed Mussolini. German troops could not allow their enemies to be on their

frontiers, so they invaded most of the Italian peninsula. Some sided with the new Nazi-Fascist regime, some others decided to fight it: the Italian civil war had begun. Anyhow, there was no stopping of the advance of the Allied troops. With the fundamental aid (Colombini, 2022) of the Italian *Partigiani*, in April 1945 Milan and Turin were freed, and shortly after Italy was out of the second world conflict. On 2 June 1946, women were, for the first time in Italian history, called to the ballot. The democratic Republic was established, and with the drafting of the constitution in 1948, Italian institutions became more inclusive. (Acemoglu & Robinson, 2013)

As in many other European countries, the war's devastation was visible to all: the need for reconstruction, for homes to be granted and jobs to be offered, was urgent. Luckily, a positive and hopeful feeling was within: a boost to the reconstruction of the country, especially in the rebuilding of infrastructure and funding of factories, was evidently provided by the Marshall Plan, which many European countries benefited from, with investments coming from the United States of America.

The Italian economy, aided by this capital flow from overseas, took a huge leap forward and grew consistently (ist3) for years, achieving what is referred to as *Italian miracle*: from 1951 to 1963 the Gross Domestic Product grew by 5,9% on average and the results were for everybody to see. What was an agriculture-based country in the span of a few years industrialized heavily, providing jobs and stable wages for many on the brink of poverty. The creation of the “industrial triangle” formed by the cities of Genoa, Turin and Milan is proof of this change.

With these premises of future growth and well-being, the natality rates in the 1950s and 1960s skyrocketed to levels never seen again, reaching 2,7 children on average per woman in 1964 and recording many years with over 1 million births. (generazioni)

Some other illustrative examples of this feeling of growth and possibility of improvement are the political participation of Italian citizens in the decades immediately after the Republic's foundation. One aspect of this is the very high turnout in political elections: from 1946 to 1971, every election saw at least 90% of voters at the ballot box, even reaching a record high of 93,87% in 1958.

However, citizens were involved in politics not only at a national level but also at a local level. In 1948, the two main political formations, *Democrazia Cristiana* and *Partito Comunista Italiano*, had around 3,2 million members combined, out of a total of 29 million voters. (Ungaro) (PCI) (Treccani) (Eligendo)

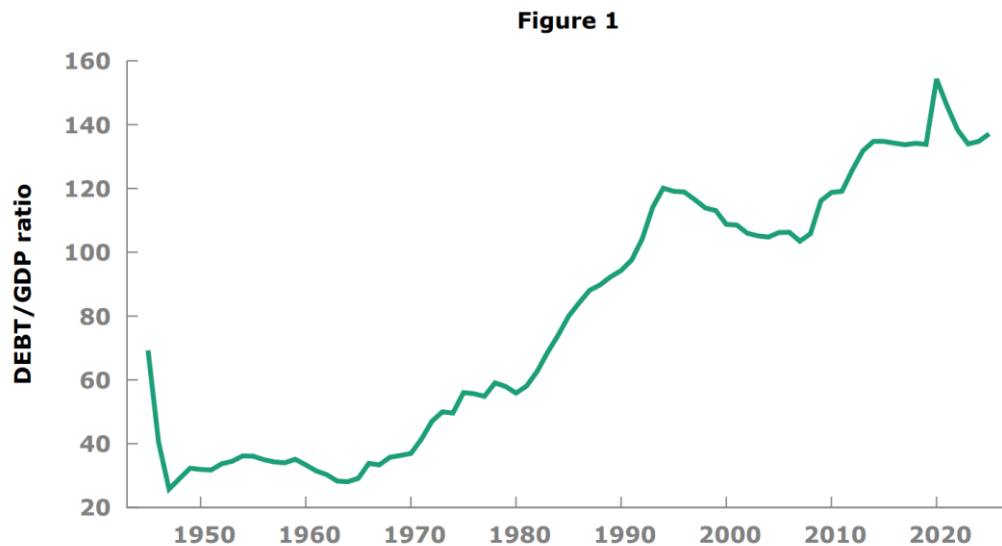
Obviously, becoming a member of a local section of a party was not the only way to express political activism (Malgeri, 2002): strikes, sit-ins, protests and more were common. Having just fought again for the right to express their opinions, Italians were not afraid to assert their claims.

Robert D. Putnam (Putnam, 1993), in his analysis of the post-war Italian institutional performance, highlights the differences in social capital and civicness across the regions. Accounting for many differences in social participation and civic traditions across the peninsula, he recognises, anyway, a certain social push: *In the*

civic regions of Italy, by contrast to Naples, social trust has long been a key ingredient in the ethos that has sustained economic dynamism and government performance.

Lastly, quoting Indro Montanelli (Montanelli & Cervi, 2013): *Some say that Italy had never been greater than at that moment, given the momentum with which it tackled reconstruction, the confidence it showed in its own destiny, and the flexibility with which it adapted to new demands.* With such a statement, we understand that the moment of greatness did not continue forever and was actually followed by arduous times.

What are generally cited as the *Years of Lead* are a period of heavy social and political turmoil that characterised Italy from 1969 to the first half of the 1980s. The extremism and terrorism that distinguished that era left a deep wound in the memories of many. They produced political instability and a sense of uncertainty that was reflected in parliamentary politics. The following economic instability was inevitable and is portrayed by a relevant and systematic access to credit, shown in Figure 1, that severely impacted many subsequent economic policies.



What happened, whether the mistrust grew and what might have caused are the questions to which we turn next.

The rest of the dissertation is organised as follows:

Chapter 2 discusses whether the thesis is validated by data showing the presence of political scepticism.

Chapter 3 debates the context in which scepticism grew and the possible causes.

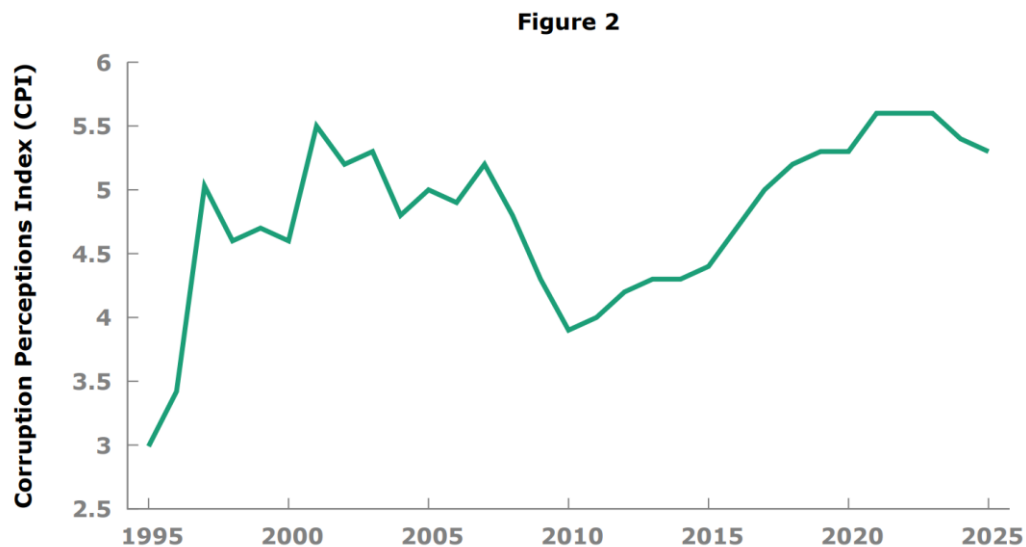
Chapter 4 concludes the work by outlining the consequences that characterise modern Italy.

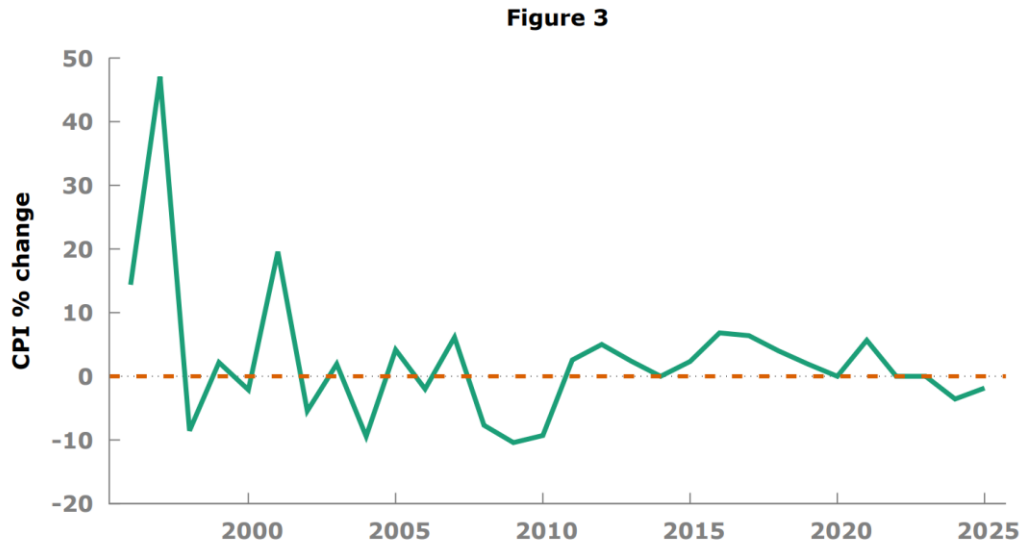
CHAPTER 2

As previously anticipated in Chapter 1, some signs of a fracture were emerging in the last decades of the 20th century. It is time to analyse whether they actually occurred, how significantly, and when. In order to provide a better understanding

of the issue, we include a quantitative analysis based on several indicators and variables.

Initially, the choice is based on two factors that illustrate declines in numbers resulting from perceived mistrust. The first parameter is the Corruption Perception Index (henceforth CPI), an indicator that *ranks countries and territories worldwide by perceived levels of public sector corruption* (Transparency, s.d.). It is important to note that perception of corruption does not necessarily align with the level of corruption itself, but how much it is perceived is still a useful indicator of people's views of their institutions.





Even though this index was established only in 1995, looking at Figure 2, we find some information that helps us understand certain points. Figure 3, on the other hand, depicts the CPI change in percentage. This chart better illustrates year-to-year changes in perceived corruption and helps us better understand how large the variation was. A score of ten is associated with no corruption perceived, a score of 0 with a maximum level of perceived corruption.

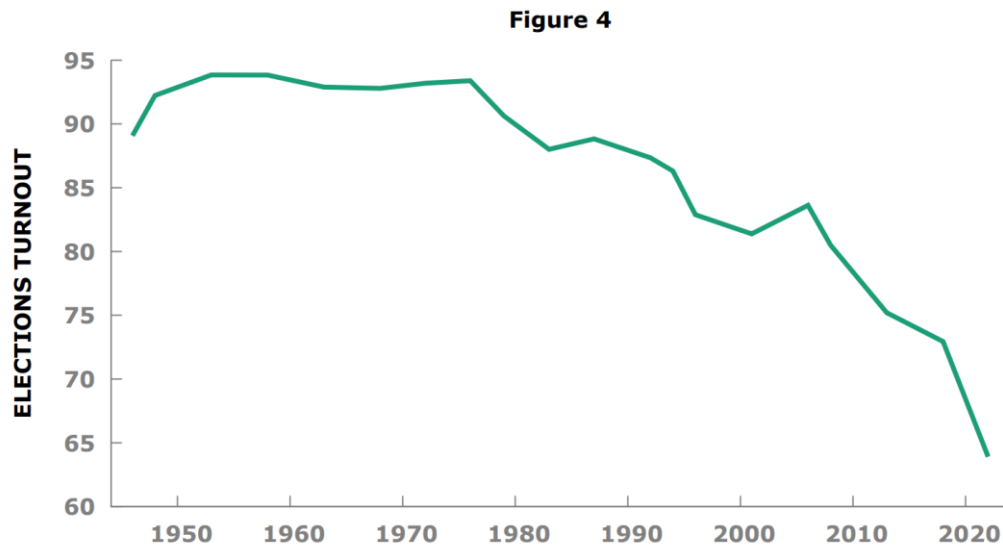
In the first years, for instance, the line is steeply upward, which is in line with the theory of the public institutions' improved reputation after the *Mani Pulite* corruption scandal (1992-1994). Afterwards, a relative stability, with occasional up and downs, is maintained, at least until the year 2007.

It is reasonable to assume that the steep decline from 2007 to 2010 correlates closely with the global financial recession triggered by the subprime mortgage crisis in the

USA and the subsequent sovereign debt crisis. When in deep financial struggle, Italians blamed their politicians, especially after being incorrectly reassured by the Finance and Economics minister, who, in 2007, stated that *The recent international financial turmoil could have indirect effects on the Italian economy*. (MEF, 2008) Even with the mishandling of the post-crisis reaction and the subsequent record high level of spread, the rise shown from 2011 can be connected to the people's political trust being placed in Prime Minister Monti and its technocratic government. Not being associated with any political party, with the sole mandate to put Italy's finances back on track, there was no supposition that the actions being undertaken could have personal or political gain, however harsh they might have been.

Zooming out to the bigger picture, the CPI results in the years under consideration are not satisfactory: corruption perception is high on average, and there are no signs of future improvement. Compared with other countries, Italy's CPI was, at best, ranked 29th during the years (out of 91 countries in 2001; now there are 178). The average poor reputation regarding the perception of the level of corruption stands out even more when compared to other countries.

Another relevant type of data is the election turnout trend. The trend tells a clear story: until 1979, turnout was consistently over 90%; afterwards, it declined steadily, reaching a record low of 63,91% in the 2022 elections.

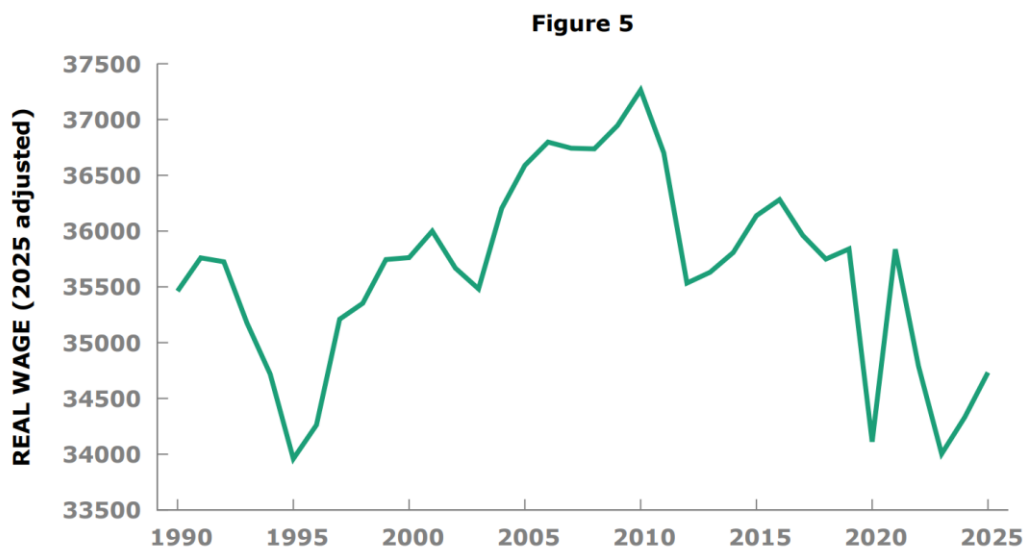


An active voting population is an indicator of a public conscience, of citizens who make themselves heard and hold public administrators accountable. If promises were being made in the electoral campaign were not tackled, it is the voters' prerogative to blame them for their ineffectivity and to vote for somebody else. If policies that are detrimental to the actual management of the country are promoted for propagandistic reasons, it is the citizen's duty to oppose them and call them as such. For instance, Giorgia Meloni's government chose to follow the lead shown by Cetto la Qualunque, by abolishing vehicle taxation. (Stampa)

The renunciation of that right and obligation, on a widespread basis especially, is a declaration of surrender of the hope and credit given to the institutions and the people who run them. The election turnout can be strictly linked with the growing

scepticism towards the political establishment: voters don't bother if they think that their vote will have no effect and that politicians are corrupt.

Lastly, we propose two data sets that are connected to the results achieved by the governmental institutions, particularly in the field of economics. These metrics are the Debt/GDP ratio and real wage growth, both of which directly affect people's daily lives.

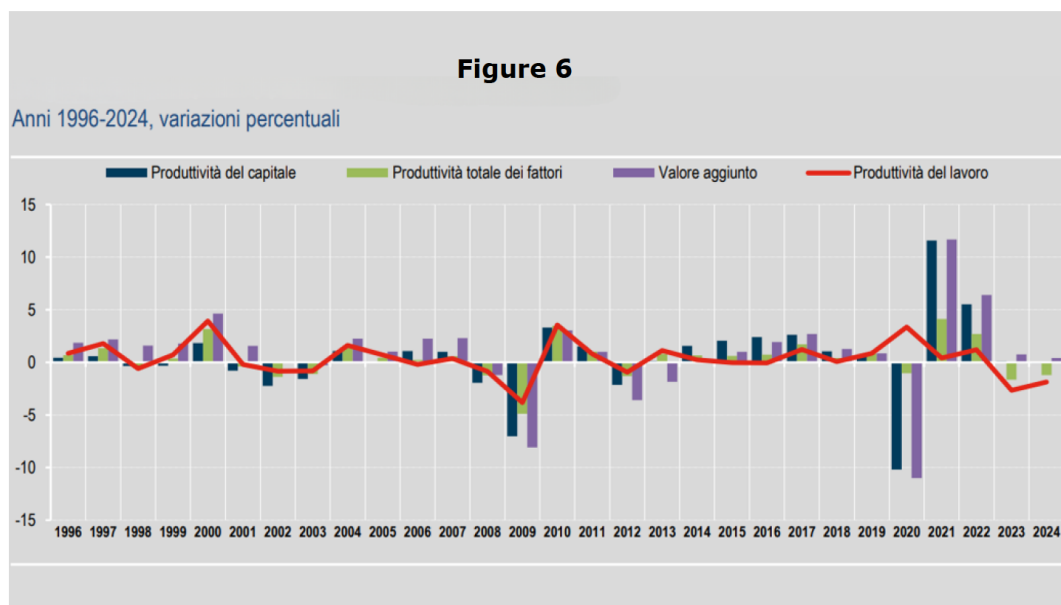


The level of real average wages (Figure 5) is particularly concerning: even considering the limited occasional increases, the average real salary in 2025 is lower than in 1990. Salary growth has been so limited that it wasn't even enough to match inflation, and purchasing power decreased. It cannot be argued that this was caused by macroeconomic contingencies or limited by the European Union monetary

policies, because all the other economies in the Eurozone managed to grant an improvement for their citizens (as shown in Figure A1 in the Appendix).

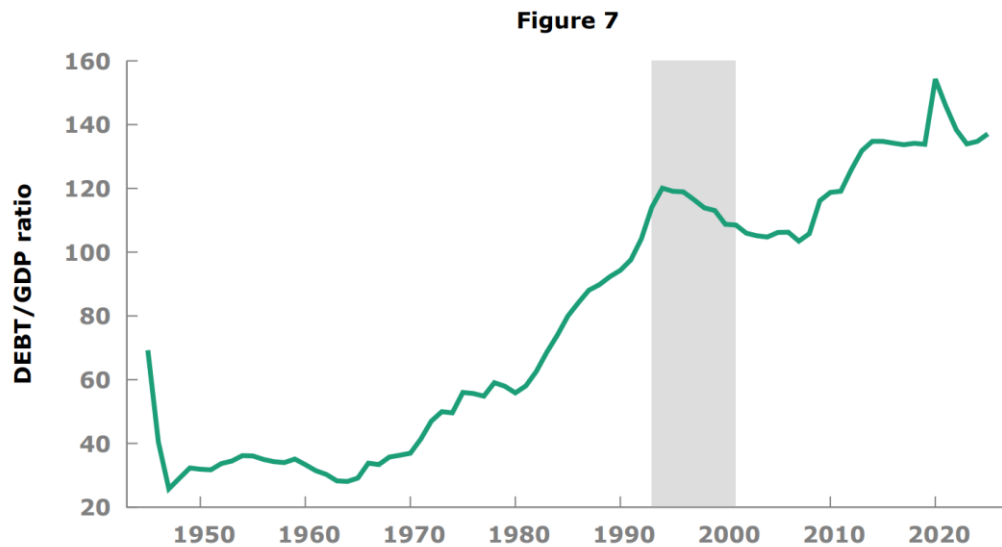
Wages' lack of growth, however, is not attributable to some exogenous conditions, but to a sum of various factors that enable a sustained surge. Some of this has to do with the cost to produce a product or provide a service; for example, electricity costs can allow firms with access to lower energy prices to outperform Italian firms by enabling a more aggressive pricing policy. This, like many other infrastructural policies that can be planned and executed only by governments, means the company manager is subject to these external variables.

Lastly, salaries can grow only when, with equal working hours, output increases; in other words, productivity needs to rise, and, as shown in Figure 6 (ISTAT, Misura di produttività - Anni 1995-2024, 2025), Italian productivity has stagnated for almost 30 years.



The results achieved are bound to be considered as an example of incapacity to correctly handle public affairs. Even without relevant expertise in the field of economics, it is for everybody to realise that the increase in goods prices is not matched by the growth of salaries.

On the other hand, the debt/GDP ratio is more significant, especially because of the longer collection of data available and how much it reflects different moments in the res publica handling.



The graph in Figure 7 highlights the relative stability maintained until 1963, after which an increasing resort to credit was not accompanied by an equal economic expansion. This tendency was particularly severe in the period that goes from 1980 to 1993, interrupted temporarily only by the necessity to stay within the debt limits necessary to respect the Maastricht Treaty. This has no visible direct effects on citizens' lives, but affects the handling, the budgeting and the resources that could have been otherwise directed to, for example, public services.

Beyond examining trends in the variables considered, a more reliable approach is to test whether these variables are correlated. This will be done using the Ordinary Least Squares regression (OLS), a statistical method for analysing relationships between variables, in this case to test our hypotheses. It should be noted that some

datasets used in the following regression will be limited in size; the variables included are few so the results must be put into perspective. Any resulting correlated or uncorrelated variables will be used as concepts in this thesis but cannot be compared to large-dataset models with multiple variables.

Choosing election turnout and perceived corruption as the most reliable indicators of political trust, we will test whether the other factors influence them; this choice is based on the idea that scepticism would be reflected in poor results in these two variables.

Starting with the CPI, we will verify if it is correlated with the other variables. The regressions with the debt/GDP ratio, the real wages and the elections turnout show us that they are not correlated, respectively achieving equations of $Y = 3.729 + 0.009d$, $Y = 6.310 - 4.262e^{-05}w$ and $Y = 8.825 - 0.052t$. None of these results has a p-value inferior to 0.05, rendering them not significant. (All the information not shown will be included in the Appendix). Understandably, the perception of corruption is not directly and immediately influenced by economic results and probably would be more affected by relevant news on corruption cases in the public sector, for instance.

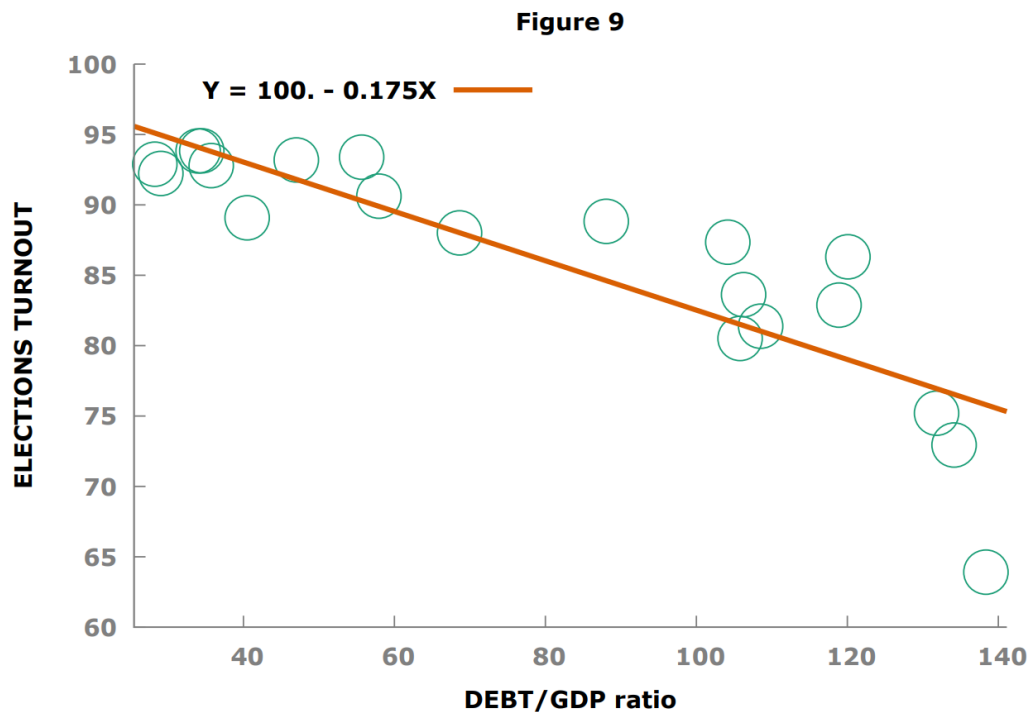
Likewise, with the election turnout, there is no strong statistical correlation with the CPI and the level of wages, where the regression highlight the respective equations of $Y = 98.983 - 4.521c$ and $Y = 28.391 + 0.001w$.

A whole different result is projected with the OLS regression with the debt/GDP ratio (figure 8), where the 0,0001 p-value reflects in a high statistical relevance and correlation between the two variables connected by inverse proportionality (Figure 9). Reasonably, when voters see their government's incapacity to produce sustained economic growth, even with strong access to credit, they do not see their leaders' capacity to properly administer finances and propose valuable economic policies. The more the debt grows, the people will not show up and vote at the ballot.

FIGURE 8

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gretl output for Edoardo 2026-09-20 22:01 page 1 of 1
Model 5: OLS, using observations 1945-2025 (T = 20)
Missing or incomplete observations dropped: 61
Dependent variable: TURNOUT
HAC standard errors, bandwidth 2, Bartlett kernel
Observations not contiguous: ES method used
```

	coefficient	std. error	t-ratio	p-value	
const	100.052	2.08357	48.02	1.87e-020	***
DEBTGDP	-0.175288	0.0358979	-4.883	0.0001	***
Mean dependent var	86.14000	S.D. dependent var	8.104363		
Sum squared resid	319.1934	S.E. of regression	4.211053		
R-squared	0.744222	Adjusted R-squared	0.730013		
Log-likelihood	-56.07942	Akaike criterion	116.1588		
Schwarz criterion	118.1503	Hannan-Quinn	116.5476		



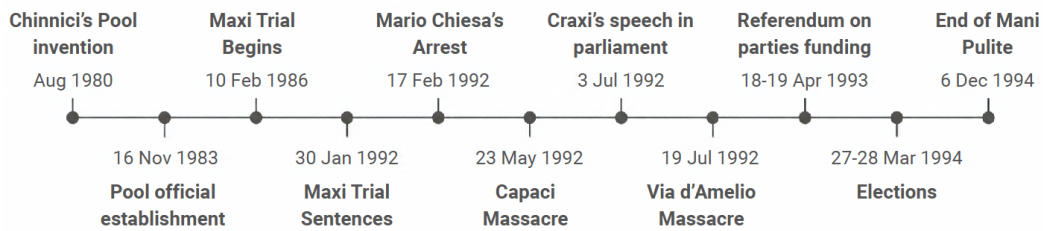
Summing up, the data considered does not provide causation between the variables; however, it suggests a statistically relevant correlation between the election's turnout and the debt/GDP ratio, where the latter one influences the result of the former. This does not fully confirm that, for instance, economic results directly influence the voter's presence at the ballot box, but it gives a suggestion for why the scepticism towards the institutions grew over the years.

In the following chapter, we will see which events, contingencies and conditions contributed to this feeling.

CHAPTER 3

As previously discussed in Chapter 2, institutional trust has collapsed over the years; it is now time to address the reasons behind this fracture. First, the focus is on two events that shaped the relationship with the institutions: the Maxi Trial and the *Mani Pulite* corruption scandal. Then the focus shifts to economic outcomes and policies.

Figure 10



3.1 The Mafia infiltration

In 1980, inside the Investigation office at the Palermo Tribunal, Rocco Chinnici created a group of magistrates with the purpose of closely investigating the activities of the Cosa Nostra mafia group. The idea was to foster joint cooperation and facilitate the sharing of files and documents across cases. Lastly, it was

organised so that if any magistrate were killed, others could take over the work and it would not be wasted in vain.

The intuition worked: even with the murder of its creator in 1983, the inquiries continued, and having all the dossiers shared, other judges carried the job on. Finally, on 10 February 1986, in Palermo began what is thought to be the biggest criminal trial in the world, publicly referred to as the Maxi Trial. The prosecution's main aim was to prove once and for all the existence of a criminal organisation with chiefs, instigators, roles, and responsibilities: essentially, that in Sicily crimes were not committed by isolated individuals, but by the mafia.

Over the many years of the trial, the public learned how Cosa Nostra had infiltrated institutions, establishing relations not only with Palermo's mayor and the Sicilian region's presidency, but also reaching the national level. What particularly struck the public was the slow but undeniable realisation that politicians had been complacent, had been bribed and had allowed the phenomenon to become so widespread. Once again, the judiciary had exposed the fraudulent practices carried out by at least a part of the political class.

Some claims and connections between politicians and the mafia were debated and regarded as false; some even debated the existence of the organisation itself. In 1992, after the definitive appeal ruling, judges Falcone and Borsellino were murdered, together with their bodyguards.

The magistrates who symbolised the fight against the criminal organisation and managed to reveal how Cosa Nostra infiltrated institutions were obstructed in their work, isolated, insufficiently protected, and some even say sacrificed by the state they were trying to protect.

Other than the convictions of the killers and instigators in the following years, what was obvious to the general public was that Cosa Nostra was not eliminated; it simply continued to operate in a more concealed way under different chiefs. Besides, the other mafia organisations were not affected by the *Maxi Trial* and continued business as usual.

This led to a widespread belief among much of the population and the press: the state and the mafia organisation had reached a secret, behind-the-scenes agreement that benefited both parties and stopped the slaughter campaigns carried out until then. This pact is, obviously, alleged, and the public knows no proof of it.

Nonetheless, a thing doesn't need to be factually proven and verified for people to have a negative opinion of it. The politician's reputation was affected in any case.

3.2 Clean Hands

This second story begins with *money being flushed down a toilet*. In February 1992, Mario Chiesa, president of a public nursing home in Milan, was caught asking for a kickback over the cleaning tender of the care home he managed; by getting rid of some of the bribe money, he attempted to diminish the evidence against him. What

started as a corruption arrest of a local Socialist Party member slowly but steadily snowballed into a national scandal involving most of the political stage, becoming the biggest corruption scandal in the history of the Italian Republic.

In the span of two years, 25400 warranty notices were issued, 4525 arrests were made, more than 1000 politicians were involved, 1300 were convicted and, more grievously, 31 people committed suicide. Bewilderment and disbelief spread among Italians; still, they didn't hesitate to side with those they believed were doing the right thing: the judges who unveiled systematic and corrupt practices.

What was unveiled by the investigation pool is that, since their foundation, all the main political formations had been funded in illegitimate ways. As stated during a parliamentary speech by Bettino Craxi: *E tuttavia, d'altra parte, ciò che bisogna dire, e che tutti sanno del resto, è che buona parte del finanziamento politico è irregolare o illegale. [...] Se gran parte di questa materia deve essere considerata materia puramente criminale, allora gran parte del sistema sarebbe un sistema criminale. Non credo che ci sia nessuno in quest'aula, responsabile politico di organizzazioni importanti che possa alzarsi e pronunciare un giuramento in senso contrario a quanto affermo: presto o tardi i fatti si incaricherebbero di dichiararlo spergiuro.* (Post)

A relevant part of all the public calls for bids was accompanied by bribes; tenders were won with the promise of kickbacks: the management of the railway system, of highways, of electrical and gasoline provision, and other critical public

companies was awarded through fraudulent methods. It wasn't the action of an isolated corrupt politician but a structured and established methodology that had been in place for decades. Politicians took advantage of this, profited and directed this crooked system.

At first, it seemed like a bolt from the blue, but it quickly grew in scale, with a steady stream of arrests, news of big personalities receiving warrant notices, and more. The population's trust in their politicians simply collapsed. Already in autumn 1992, during local elections, the three main parties that had dominated the Republic's history received half the votes they previously generally achieved. In 1993, a referendum banning public funding for parties received a 90,25% approval rate (dell'Interno). By 1994, it was unrealistic to propose the same names (for political parties and MPs) on the ballots: parties changed names and rebranded in the hope of no longer being associated with the idea of corruption. The elections were, in fact, won by Silvio Berlusconi, presented as a "homo novus", unrelated to any previously elected party or politicians.

The involvement of all the main political parties in this story crucially fomented the sense of betrayal in the citizens; the bond of trust had been broken, and it would never be restored. From that moment on, politicians were almost inevitably suspected of corruption, but faith in the democratic institutions was not put on the line.

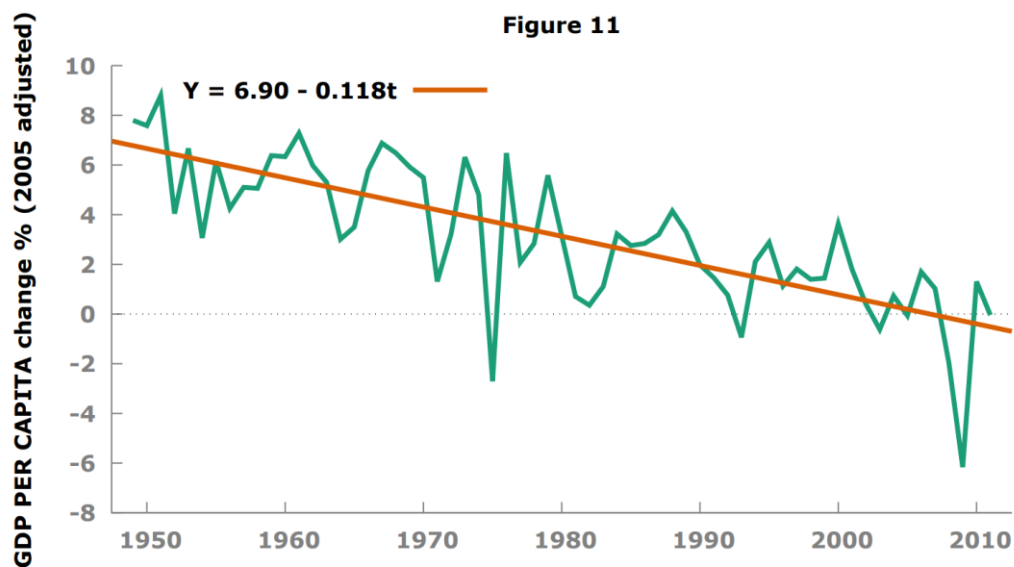
This attitude can be glimpsed in the history of constitutional referendums: out of five proposals to modify the constitution, citizens rejected three, deeming the principles in the constitutional chart higher in value and not worth amending by current politicians. On the other hand, a proposal that passed in the 2001 referendum concerned the transfer of political power from the state to local government (regions, provinces, and cities). Finally, an overwhelming majority of 69,96% voted in favour of cutting the number of members of Parliament by a third in the 2020 vote.

In agreement with Luigi Einaudi's affirmation in the context of the "Assemblea Costituente" *Indeed, the larger the number of members in an Assembly, the less able it becomes to carry out the legislative work entrusted to it* (Interventi e Relazioni parlamentari Vol II, 1982), Italians voted against their favourable representation (Specchia, 2020) in the parliament, not deeming their political class as trustworthy.

To conclude, Italians' scepticism is not directed to their democratic institutions. The public authorities, such as the President of the Republic, the magistracy, and the other state institutions, are considered the ones who grant and safeguard citizens' rights, unlike political administrators who are seen as profiteers driven by self-interest.

3.3 Economic contingencies

As shown in the previous chapter, poor economic results were achieved after the 1970s; in addition to the variables shown earlier, clearly GDP growth (Figure 8 (Alberto, 2011)) had been consistently declining.



Some may deem these as the main cause of scepticism. According to this argument, a decline in economic well-being would lead to growing mistrust, especially given the inability to change the recession trajectory over the span of multiple decades.

There is definitely some truth to that: people's life prospects are deeply rooted in the possibilities that they have in their country. The prospects of moving up the career ladder, becoming financially independent, buying a house, creating a family, etc., necessarily depend on market opportunities, wages offered and the retention of purchasing power.

However, as demonstrated by Joseph E. Stiglitz, Jean-Paul Fitoussi and Martine Durand (Jean-Paul & Durand , 2018), focusing only on GDP increases would be short-sighted. As a parameter created to quantify the value of goods and services production, the resulting analysis is based on the average, not the median, not necessarily implying well-being. Even when considering other economic indicators such as real wages, inequality levels, minority conditions, and human capital, these statistics do not capture them.

Finally, and fundamentally, well-being is inextricably linked to social connections, political voice and the presence of quality jobs. In two words, a crucial ingredient is social capital, considered *the glue that holds society together, noting the importance of social ties within the community to individual and societal well-being.* (Jean-Paul & Durand , 2018)

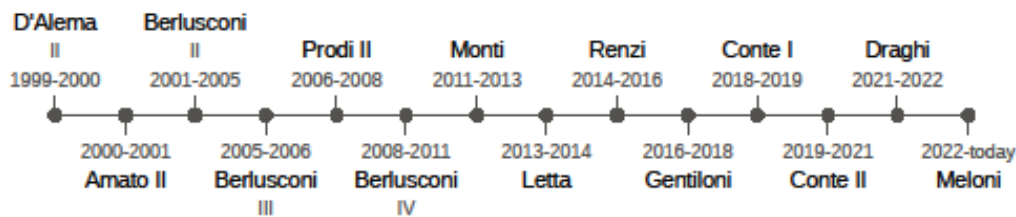
Predictably, the causes of a wide and complex phenomenon cannot be attributed to a single triggering factor: changes in perception can stem from a variety of events, news articles, economic conditions, historical events, and other contingencies. What people think is difficult to assess per se, let alone identifying clear and well-defined reasons that caused their opinions.

CHAPTER 4

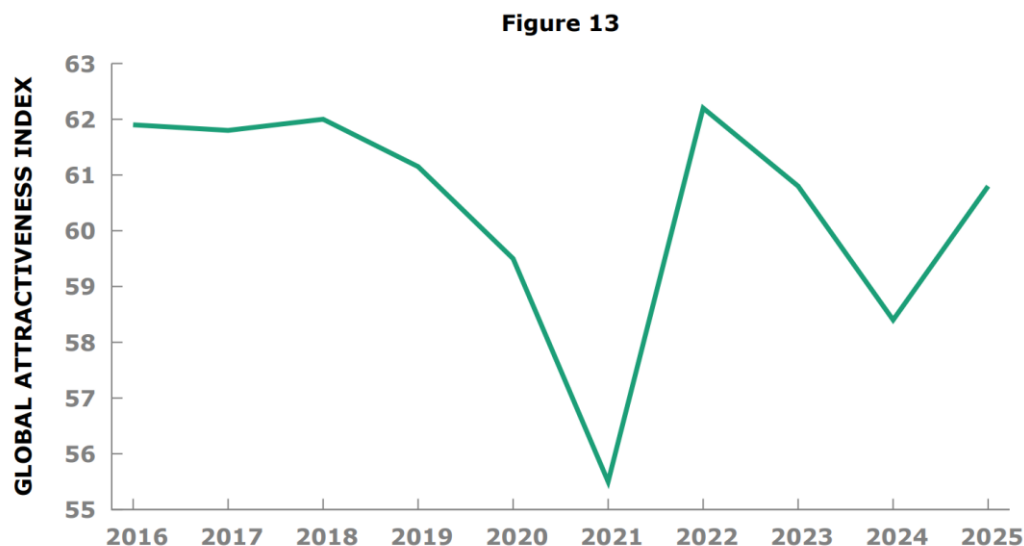
We have come to realise that a certain level of mistrust in the political establishment has spread out over the years. Assessing some of the effects and consequences of this is the topic of this last chapter.

Starting from an external perspective, Italy is perceived as unreliable, unstable, and lacking the capacity to plan and act for the long run. (Talani, 2017) This feeling is reinforced by the political instability: from the year 2000 to 2026, Italy has seen 14 different governments with consequent changes in policies, positioning and economic and social models.

Figure 12



This affects Italy's political weight in international forums, limiting its influence despite being one of the EU's largest economies, a member of the G8 (later transformed into the G7), and strategically placed in the Mediterranean Sea from a geopolitical standpoint.



As shown in Figure 13 (Global Attractiveness Index, s.d.), Italy's attractiveness over the years has not been the greatest. The Global Attractiveness Index, in particular, focuses its analysis on 4 macro-areas being *Openness*, *Innovation*, *Endowment* and *Efficiency*. Since the index's foundation, Italy has generally been ranked among the top-20 Nations, with generally medium or low results among all four areas except for *Efficiency*, in which the resulting score is generally poor.

The gold standard for measuring Italian stability is the Italy-Germany SPREAD, the difference in yield between the 10-year BTP (*Italian Buoni del Tesoro Poliennali*) and the Bund (*German Bundesanleihen*). Germany has long been considered as the benchmark for stability, because of its national accounts being in order and being the strongest and (until recently) more stable economy in the EU.

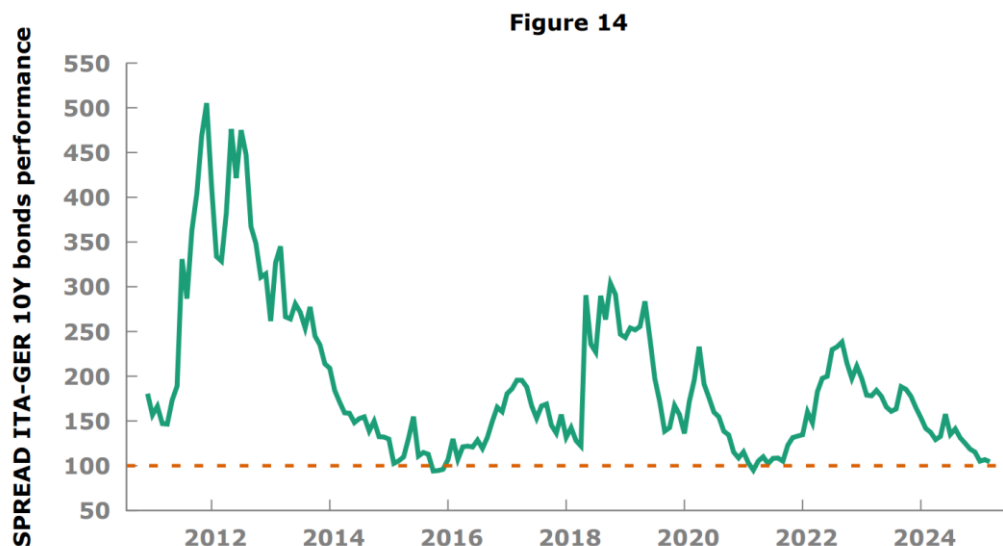


Figure 14 shows the historical SPREAD trend from 2010, where 100 basis points represent 1% of the interest rate; the higher the number, the greater the difference and consequent perceived instability. (Rendimento obbligazione Btp Italia 10 anni - Bond Germania 10 anni, s.d.) This chart shows high volatility, reflecting broader economic instability that affected the country's international credibility and foreign willingness to invest. A record high of 575 basis points was reached on 9 November 2011, during what was the worst financial crisis Italy has seen in its republican history, even risking default.

A related drawback is international investors' reluctance to allocate resources to the country; this is a negative indicator in both the short and long term. Access to capital is fundamental for firms to grow, scale and compete in international markets, and reputational obstacles are likely to reduce firms' capacity to create surplus. The

image Italy projects abroad is not just a result of internal factors; it is also a cause of poor results abroad. Also, even though SPREAD levels have generally diminished over the last years, occasionally going lower than 100 basis points, prime minister Meloni's claims about Italian financial security are slightly off course. (Corriere, s.d.)

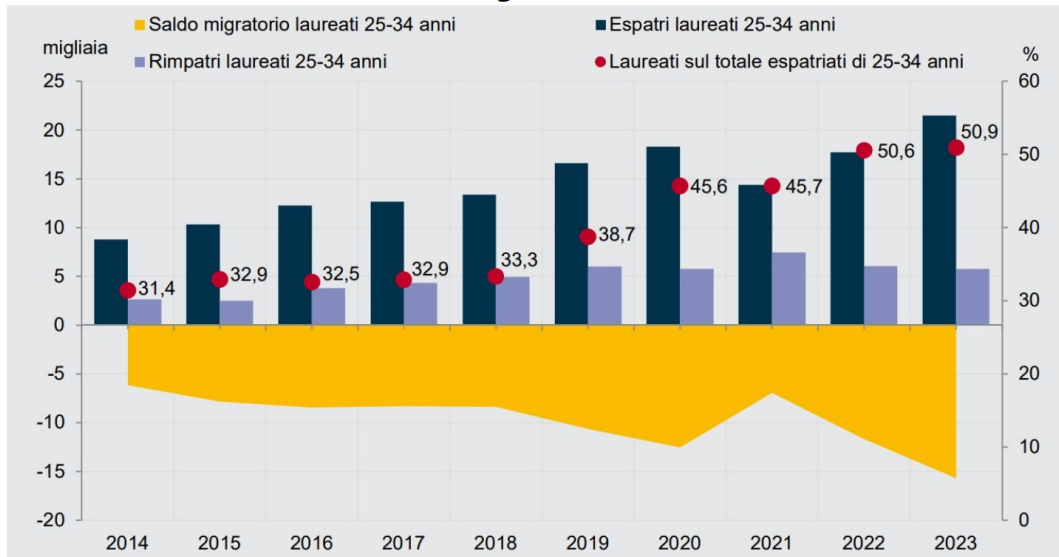
Turning now to the internal consequences, these are the most troubling effects, since the worsening of the Italian perception could bring even worse results, democratically, politically, socially and economically.

Some of the resulting outcomes are the variables that started this thesis: election turnout and perceived corruption. These symptoms were an indication: the loss of trust towards politicians generates a sense of impotence, rendering even the citizen hoping for change to be considered delusional, almost laughed at by others who already accepted the negative fate. Voting is almost considered a strong political act.

Considering the State as distant, ineffective, and unjust, the question "why should I make the difference?" can take hold, possibly creating a vicious cycle that worsens the situation. The level of public spirit, which is arguably already not at its highest, could spiral downward.

Given this recession trajectory, a likely effect is increased emigration to countries that offer better prospects. Figure 15, taken from the ISTAT 2025 annual report, illustrates this phenomenon. (ISTAT, Rapporto annuale 2025)

Figure 15



The trend of 25-34-year-olds moving abroad to other countries is increasing, with repatriations never matching it. In contrast, the gap between expatriates and repatriates widens over the years, apart from 2021, a year likely affected by the Covid-19 global pandemic. The graph also shows the percentage of graduates over the total emigrants. No good news appears on that front either: until 2018, graduates were about one-third of the total, growing steadily, and reached more than half from 2022 onward.

The concern comes from the realisation that Italy is not only unable to attract people from abroad, but also incapable of holding human capital within its borders. The investment in higher education doesn't yield an internal return and amounts to a loss in both human and economic terms. This trend is detrimental in the medium-

to-long run, as few qualified citizens compose the human assets, making it harder to bring innovation, change, and talent to the equation.

Scepticism towards institutions is detrimental, because it does not remain confined to mere opinion; it transforms into economic fragility, international isolation, and social impoverishment. A country in which citizens mistrust their political institutions is more fragile, not just to their eyes but everybody's.

The ongoing decline in trust is evident and relentless, and can only be reversed by strong social and political participation.

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APPENDIX

Figure A.1

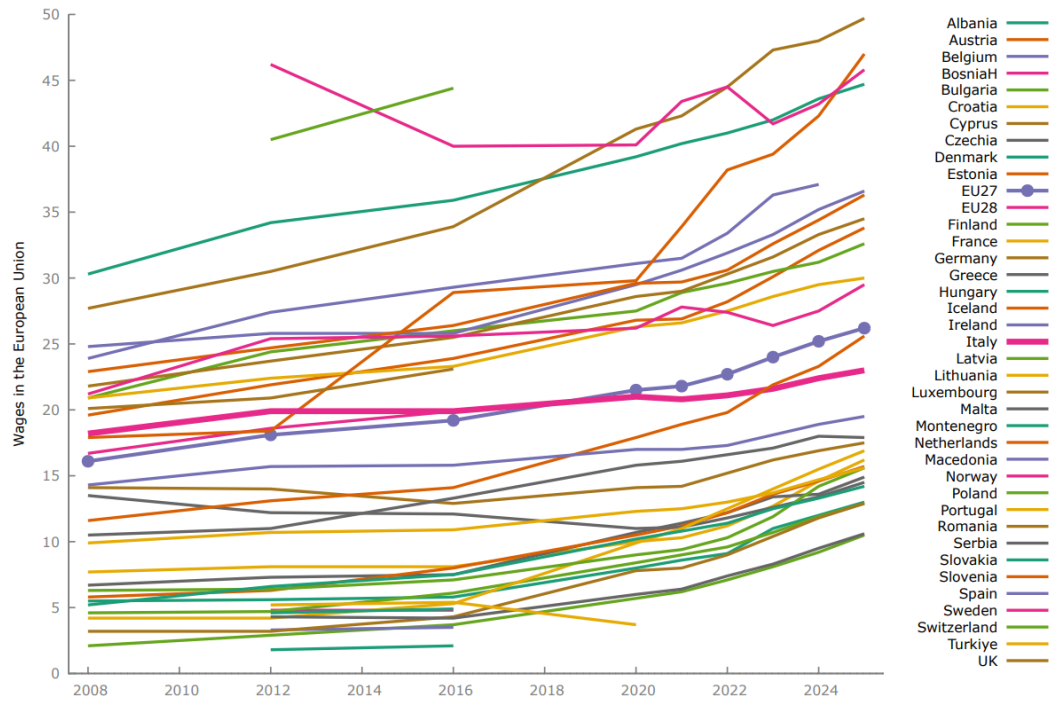


Figure A.2

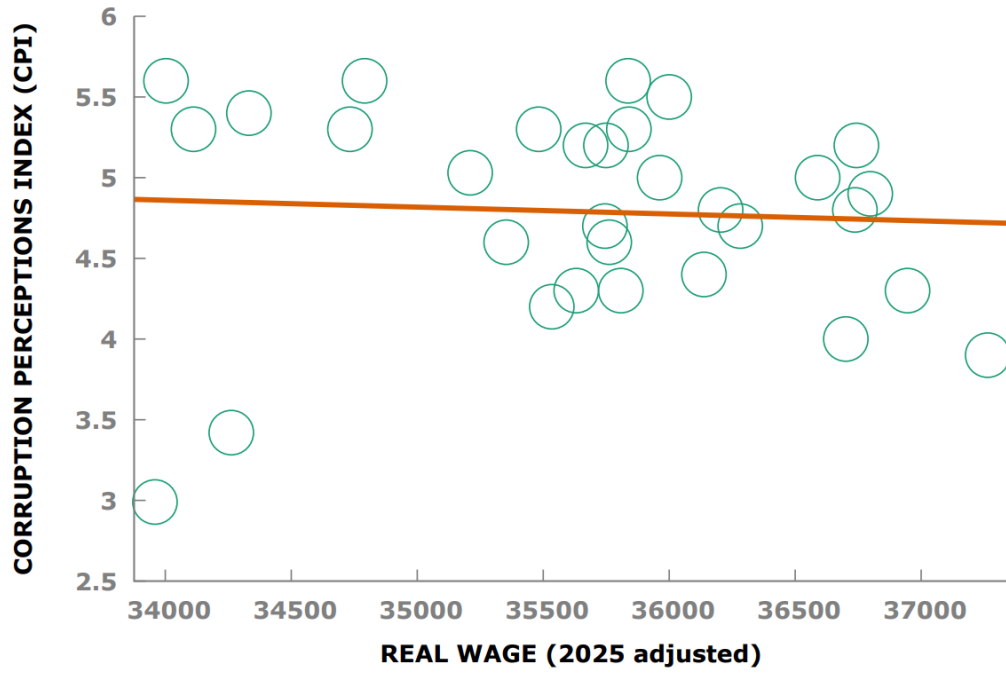


Figure A.3

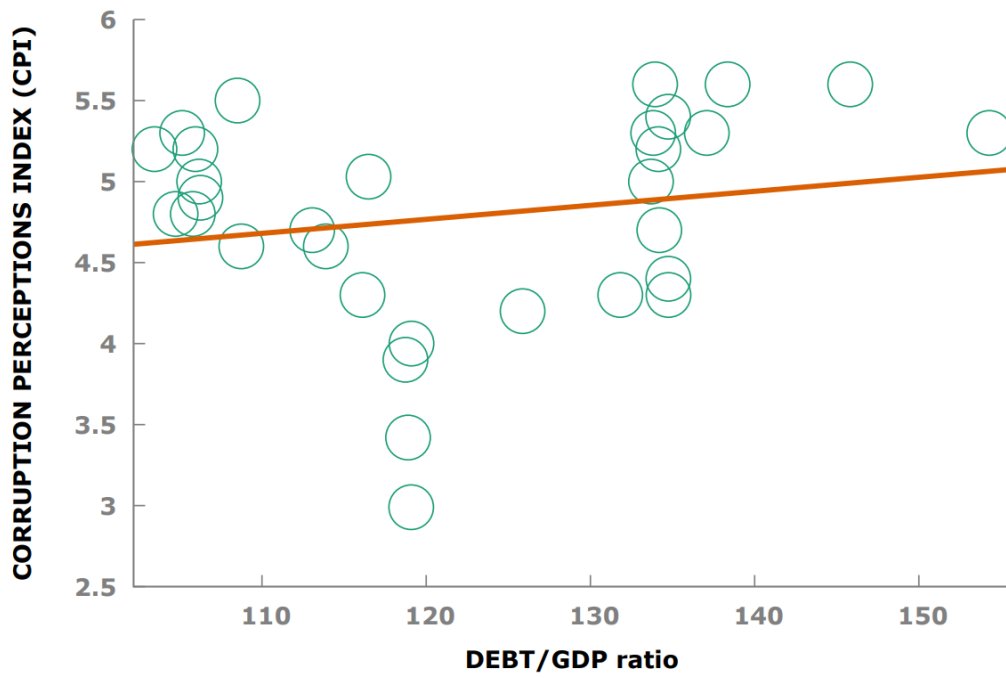


Figure A.4

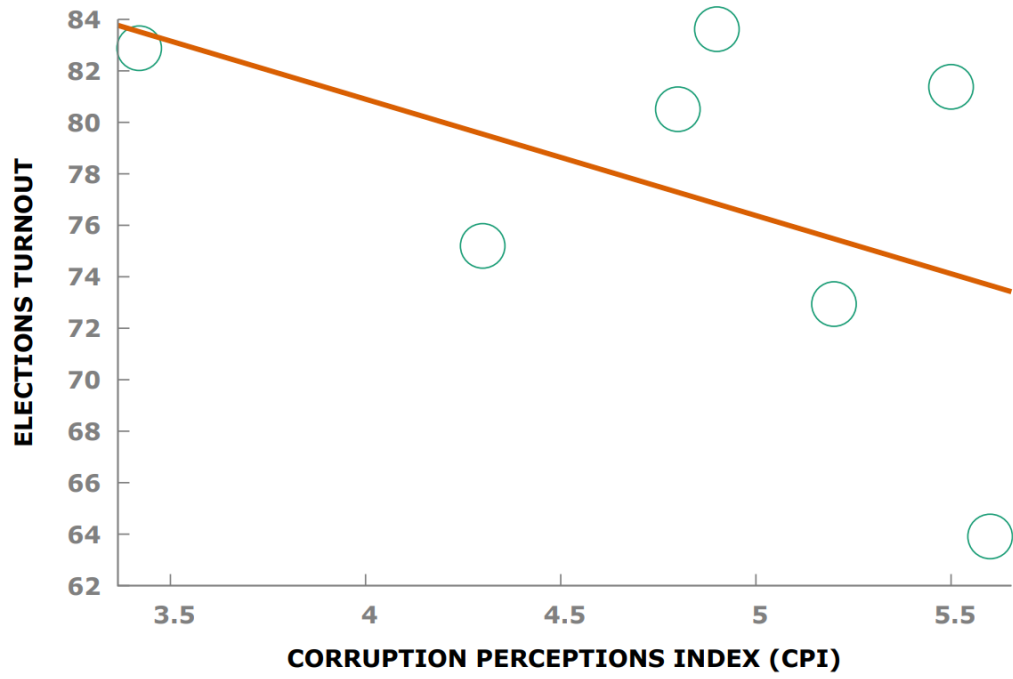


FIGURE A.5

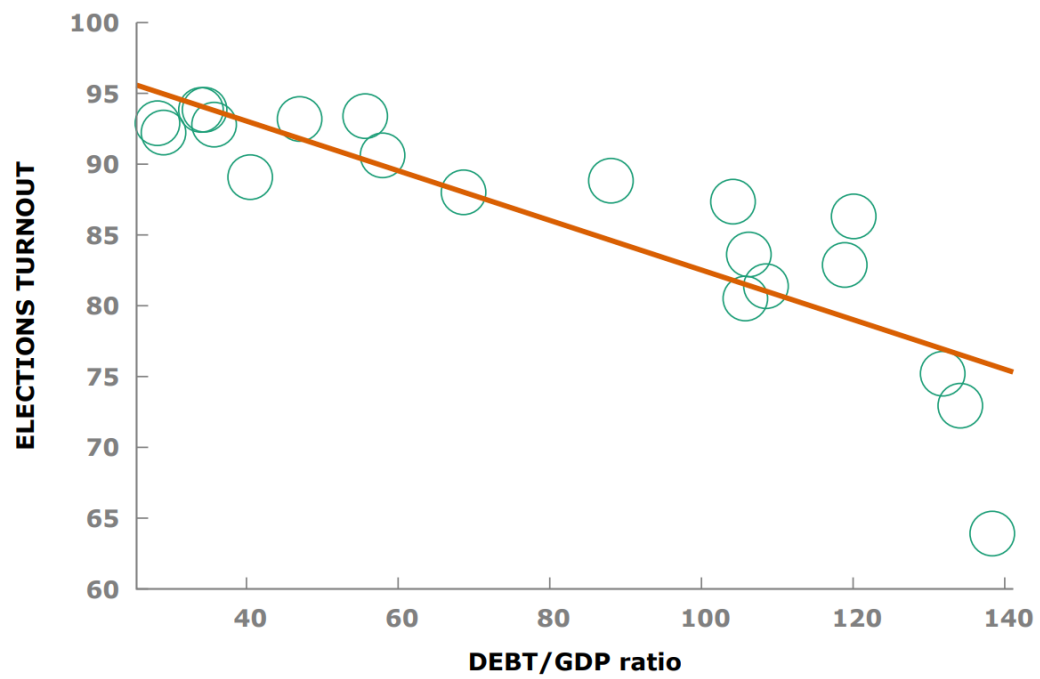


Figure A.6

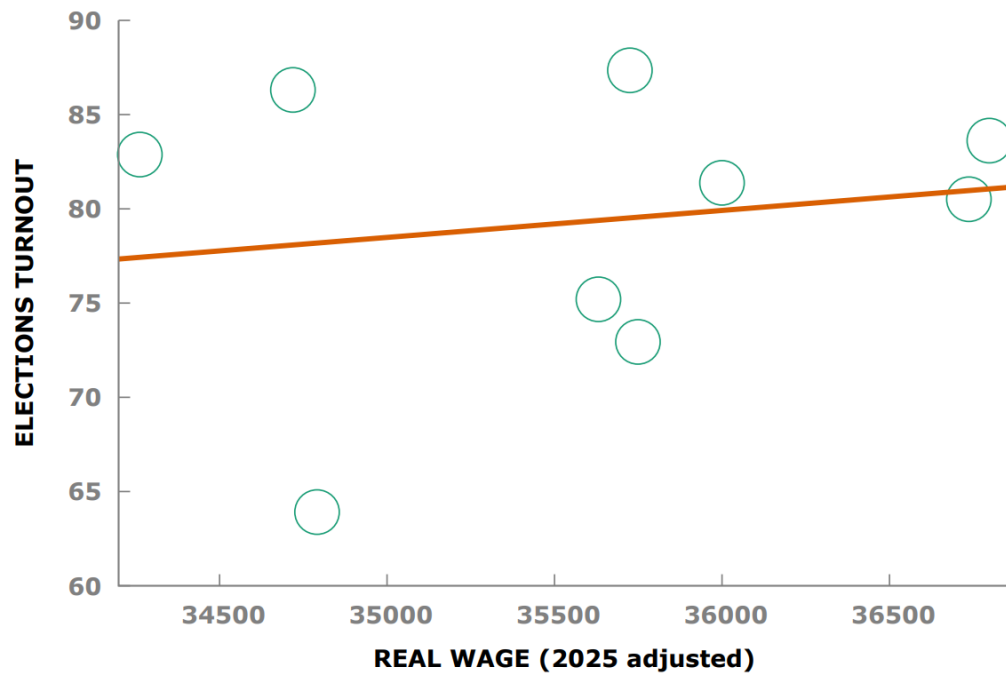


Figure A.7

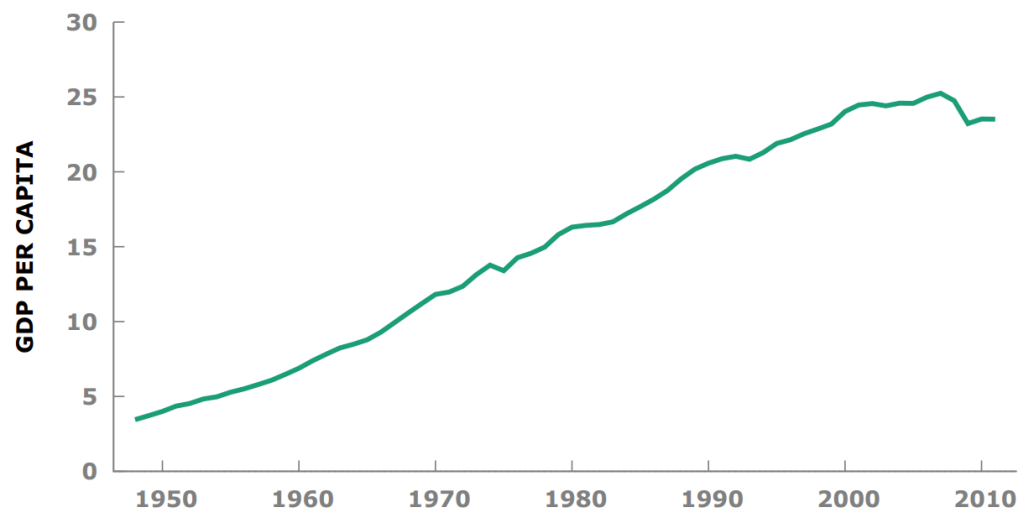


Table A.1

gretl output for Edoardo 2026-09-20 21:57 page 1 of 1

Model 2: OLS, using observations 1995-2025 (T = 31)

Dependent variable: CPI

HAC standard errors, bandwidth 2, Bartlett kernel

	coefficient	std. error	t-ratio	p-value	
const	3.72865	1.13961	3.272	0.0028	***
DEBTGDP	0.00865118	0.00927217	0.9330	0.3585	
Mean dependent var	4.788387	S.D. dependent var	0.642631		
Sum squared resid	11.94304	S.E. of regression	0.641739		
R-squared	0.036013	Adjusted R-squared	0.002772		
Log-likelihood	-29.20260	Akaike criterion	62.40521		
Schwarz criterion	65.27318	Hannan-Quinn	63.34010		
rho	0.638810	Durbin-Watson	0.463839		

Table A.2

gretl output for Edoardo 2026-09-20 21:55 page 1 of 1

Model 1: OLS, using observations 1995-2025 (T = 31)

Dependent variable: CPI

HAC standard errors, bandwidth 2, Bartlett kernel

	coefficient	std. error	t-ratio	p-value	
const	6.30917	8.61750	0.7321	0.4700	
REALWAGE	-4.26192e-05	0.000239104	-0.1782	0.8598	
Mean dependent var	4.788387	S.D. dependent var	0.642631		
Sum squared resid	12.34431	S.E. of regression	0.652431		
R-squared	0.003625	Adjusted R-squared	-0.030732		
Log-likelihood	-29.71481	Akaike criterion	63.42963		
Schwarz criterion	66.29760	Hannan-Quinn	64.36451		
rho	0.640334	Durbin-Watson	0.440533		

Table A.3

gretl output for Edoardo 2026-09-20 21:59 page 1 of 1

Model 3: OLS, using observations 1945-2025 (T = 7)

Missing or incomplete observations dropped: 74

Dependent variable: TURNOUT

HAC standard errors, bandwidth 1, Bartlett kernel

Observations not contiguous: ES method used

	coefficient	std. error	t-ratio	p-value	
const	98.9827	12.1643	8.137	0.0005	***
CPI	-4.52072	2.93042	-1.543	0.1836	
Mean dependent var	77.20571	S.D. dependent var	7.079063		
Sum squared resid	230.1235	S.E. of regression	6.784150		
R-squared	0.234653	Adjusted R-squared	0.081584		
Log-likelihood	-22.15704	Akaike criterion	48.31408		
Schwarz criterion	48.20590	Hannan-Quinn	46.97700		

Table A.4

gretl output for Edoardo 2026-09-20 22:01 page 1 of 1

Model 5: OLS, using observations 1945-2025 (T = 20)

Missing or incomplete observations dropped: 61

Dependent variable: TURNOUT

HAC standard errors, bandwidth 2, Bartlett kernel

Observations not contiguous: ES method used

	coefficient	std. error	t-ratio	p-value	
const	100.052	2.08357	48.02	1.87e-020	***
DEBTGDP	-0.175288	0.0358979	-4.883	0.0001	***
Mean dependent var	86.14000	S.D. dependent var	8.104363		
Sum squared resid	319.1934	S.E. of regression	4.211053		
R-squared	0.744222	Adjusted R-squared	0.730013		
Log-likelihood	-56.07942	Akaike criterion	116.1588		
Schwarz criterion	118.1503	Hannan-Quinn	116.5476		

Table A.5

gretl output for Edoardo 2026-09-20 22:00 page 1 of 1

Model 4: OLS, using observations 1945-2025 (T = 9)

Missing or incomplete observations dropped: 72

Dependent variable: TURNOUT

HAC standard errors, bandwidth 1, Bartlett kernel

Observations not contiguous: ES method used

	coefficient	std. error	t-ratio	p-value
const	28.3902	99.6443	0.2849	0.7840
REALWAGE	0.00143125	0.00273434	0.5234	0.6168
Mean dependent var	79.34444	S.D. dependent var	7.460779	
Sum squared resid	432.7126	S.E. of regression	7.862321	
R-squared	0.028280	Adjusted R-squared	-0.110537	
Log-likelihood	-30.19827	Akaike criterion	64.39654	
Schwarz criterion	64.79099	Hannan-Quinn	63.54532	