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RESISTANCE TO CHANGE IN RECENT ITALY:
Some Elements for a Theoretical Framework[*]

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Abstract

Italy is driving along a historical glide path. The main reason lies in the fact that in the country, especially in the last three decades, has experienced an extreme form of resistance to change. Everyone, when defecting, prefers that others defect as well, instead of cooperating. This paradoxical situation was denominated Low-Low Game by Gambetta and Origgi. In order to clarify how and why the Low-Low Game works, this paper uses parallel games. With the aim of explaining the origins, a theoretical framework based on the nexus between involuntary decisions and loss of power will be developed.

Keywords: Institutional change, Italy, Parallel games, Learned helplessness

1 The Low-Low Game paradox

In a recent paper Gambetta and Origgi (2013) focused their attention upon a relevant extreme form of resistance to change which seems suitable to describe the current Italian situation as well as any other more general cases. The authors shed light on the circumstances wherein everyone, when defecting, prefers the other players to defect as well, rather than cooperating. With the aim of presenting the analysis in its simplest way, we consider the class of simultaneous ordinal 2 x 2 games based on pure strategy. Two players are considered and assumed to have two distinct strategies each: either they cooperate (C), either they defect (D). There are, thus, four possible results, and each of them depends on both players choices. Although the approach is ordinalist, games are easier to be interpreted through numerical payoffs, going from 1 to 4. Each player has a ranking of preferences upon the four possible payoffs. These ordinal preferences are indicated as $4 \succ 3 \succ 2 \succ 1$.

In line with the literature, we call R (as "Reward") the payoff obtained if both players decide to cooperate (C); P (as "Punishment") if they both opt for defection (D); T (as "Temptation") if player 1 chooses to defect (D) while player 2 decides to cooperate (C). Ultimately, we call S (as "Sucker") the situation in which player 1 opts for cooperation (C), while player 2 for defection (D).

In the Low-Low Game (Gambetta and Origgi, 2013), represented in Figure 1, both players converge to the payoff which occupies the second place in their ranking. The paradox we need to explain regards the fact that P defeats

$$\begin{array}{cc} & \text{Player 2} \\ & \begin{array}{cc} C & D \end{array} \\ \text{Player 1} \quad \begin{array}{c} C \\ D \end{array} & \begin{array}{|c|c|} \hline 2,2 & 1,3 \\ \hline 3,1 & \mathbf{4,4} \\ \hline \end{array} \end{array} \qquad \mathrm{P} \succ T \succ R \succ S.$$

Figure 1: Low-Low Game.

T, which means (D, D) is selected to better off than with the (D, C) strategy: each one seems therefore to be inclined to renounce to something (i.e. the cooperation C of the other player) and to obtain a lower reward (i.e. the defection D of the other). We claim that two explanations for this "irrational" choice can be found. The former consists in reviewing the variables included in the players payoffs, in order to maintain that each of them reaches a better final outcome with a lower level of public good. More precisely the "good" they aim to achieve through cooperative behaviors represents a "damage".

Secondly the other reason which Gambetta and Origgi (2013) mainly refer to suggests that agents remain trapped in a "downward" social game where everyone drowns in the swamp, because each player has internalized "perverse" social norms based on the reduction of cooperative behaviors.

In our opinion, both these points do not explain all of it. This paper tries, instead of simply proving the way the problem is displayed, to develop a theoretical framework which might help in drawing the "unexpected" trajectory the country undertook. We aim at doing this, mainly focusing on the recent Italian historical facts, but the logic behind this seems suitable for more general cases. In ¶2 we briefly review the existing literature, in the third ¶we introduce a discussion based on the notion of parallel games. In the fourth ¶, instead we propose a mechanism which is generated from loss of power to leaned helplessness. ¶5 concludes.

2 Resistance to Change: background literature

Habits, customs – the so called informal institutions – as well as laws and norms have been proved to be exhibiting effects on economic behaviour, welfare and wellbeing throughout in the course of history all over the planet (Diamond, 2005; Putnam et al., 1994). Since coined by Kurt Lewin (1946) the concept of resistance to change has been widely used to describe any micro, meso or macro process which proves its inability to change overtime. As a matter of fact this has been a highly debated topic and here, we aim at scathing a bird eye view of the existing economic and non-economic literature born over the last 20 years grouping it according to the micro, meso and macro distinction. No claim of completeness can hold. Moreover, theories purely devoted to the resistance to change do not exist. Most scholars tend to reason on the conditions and processes of change to then question the cases in which these conditions do not hold or seize up, but very rarely some studies are devoted to the "negative" side of this process as such, and this is why the above mentioned paper of Gambetta and Origgi (2013) is of great interest.

Some scholars claim that in principle, resistance to change is a natural social mechanism. In field theory, it is defined as an equilibrium produced by the synergy of forces with different intensities and directions (Lewin, 1946). Being fields generated by individuals' interaction, change occurs subsequently to the dismantle of the *status quo* and follows three steps: from the melt down of the initial state, to chaos and finally towards a re-solidification of the new

state. At any level of analysis (i.e. micro, meso or macro), the notion of choice lies behind the success or failure of the process of change. According to Diamond (2005) there exist two characteristics which seem to be crucial in driving the change towards positive or negatives paths. The first one relates to the ability of long term planning, the second to the willingness to revise core values. The courage of acting with a long term strategy implies anticipatory decisions before the burst of a crisis and constitutes a feature for successful change. The latter also requires, again at any level, the willingness to make the due adjustments of core values in spite of their disproportionate difficulty. A non-dissimilar line of though to explain the success or failure of development projects is condensed in "The principle of the Hiding Hand" (Hirschman, 1967). Action at micro and meso level is induced by an error, being it an understatement of the difficulties of a decision making process or an exaggeration of its future benefits. Only the lack of awareness of the efforts required, boosts improvements in social conditions. Moreover, the effort could not be bypassed without a serious overestimation of the prospective benefits.

In sociological studies most of the attention has been devoted to the phenomenon of change. Few attention has been given to persistence, the prime source of predictability and stability without which any society would be nonexistent (Patterson, 2010). According to Patterson (2010) instead, taking institutional dynamics as a given, most of the attention should be focused on the "persistence puzzle". Some scholars as Bourdieu and Nice (2000), although acknowledging that change is an incremental process driven by errors or deliberate choices, claim that the notion of *habitus* explains both the

cultural and, indirectly also, the structural reproduction. According to Patterson instead, a unique double-edge concept is not suitable and he claims that institutional reproduction is led by 7 distinct but combinatorial mechanisms. Social learning and imitation allows inter and intra-generational reproduction. Secondly, reproduction occurs if some rules of the game become normative and part of the shared definition of reality. A third way for reproduction to become explicit is through the channel of hegemony or through culture specific cognitive processes. A forth mechanisms explaining reproduction is frequency driven selection: individuals excessively select a specific declination of the cultural process on the basis of its popularity. Reproduction is strictly related also to the communication dynamics in a community which produce specific individual interactions. The basic idea is that communication aims at transforming shared knowledge to a common ground of understanding minimizing confusion and uncertainty. Re-interpretation is instead a hidden form of persistence and consists in portraying a process and its meaning or practice in terms of others. Lastly, reproduction is originated by "embedded introjection". By transforming a clear pattern of beliefs into a spiritual one placed at the core of the dominant cultural institution, a collective imaginary is created and it will stay dormant for possibly long.

A useful explanation, straddling the macro, meso and micro classification, is the one proposed by Banerjee and Duflo (2011). Resistance, and therefore unsuccessful process of change, results from "three Is": firstly from the absence of adjustments (Inertia); secondly from the claim to have the best solution, without assuming any alternatives (Ideology), and lastly from uncertainty over future outcomes (Ignorance).

The most important neo-institutional strand of literature considering meso and macro phenomena is the one that goes from Robert Bates with *Prosperity and Violence* (2001), to the Institutions-Organizations-Beliefs framework proposed by North, Wallis and Weingast (2009), up to the recent work of Besley and Perssons (2011; 2010) and Acemoglu and Robinson (2012). Bates argue that economic development and the transformation of violence into a publicly managed good are two parallel and mutually reinforcing processes. Nesting his reasoning on Tilly's work on early modern state formation (1975), Bates (2001) argues that pre-modern societies are characterized by effective but inefficient private provision of violence. Once this inefficiency is acknowledged, central authorities and decentralized interest groups get organized. This, together with industrialization, paves the way to public provision of violence. Violence changes therefore its nature: it is not a mean of predation anymore but rather a productive resource for protection and capital accumulation. The "domestication of violence" is hence the motor of successful change. Along these lines, North et. al. (2009) claim that politics, and particularly coercive power, deeply affects countries' opulence and security as well as the ranges within which they vary. Intra-élite coalitions and repartition of economic rents, the adaptive capacity of institutions and the nature of informal institutions are key determinants of growth and volatility. The different ways in which power is used, determines the ability of societies to face shocks either collapsing either adapting. Societies wherein citizens can openly access any economic and political organizations, experience positive and stable growth paths. Closed-access societies, in which the distribution of economic returns and access to organizations is heavily

skewed towards élites, are characterized by volatile growth, scarce democratic consent, highly centralized governments, personal relationships, high levels of inequality. Besley and Perssons (2011; 2010) claim that credible and cohesive political institutions are of crucial importance in generating change. Political competition is the determinant as to how cohesive the institutions will be chosen to be. If élites feel no threat exists, they are less likely to create systems of control than if the possible loss of power is feared. This strongly recalls Acemoglu and Robinson's theory who argue that inclusive political and economic institutions, are the main drivers of economic development. Inclusive political institutions are defined as sufficiently centralized and pluralistic political structures in which absolute power cannot appear. Conversely, the presence of extractive institutions, which prevent widespread participation and discourage productive activities, is the main reason for unsuccessful processes of change. It this therefore the set of interests held by the political power which might generate institutional persistence. The lack of binding commitment, which intrinsically affects every political arrangement, allows for predatory behaviors of the ruling party leading to inefficiencies (Acemoglu, 2003).

The meso explanation of resistance to change *par excellence* is the one of groups' particularism at the core of Olson's work (1965). A group is made of agents holding the same interests, but contemporary every group has its own interest. Single individuals' goal would not be achieved without collective action. The idea that groups act supporting their group interest follows from the assumption of rational and self interest behavior. However, this is not completely true. In fact, individual rationality in seeking higher level

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of personal welfare does not match the group objective to advance towards a common goal. This only occurs in presence of either a coercive force or separate incentives given to group members to work for a common intention. The lack of those elements at meso level implies the reduction of any more macro process of change. According to Putnam et al. (1994) instead the lack of change can be traced back to the scarce density if social capital. The denser are the networks of civil engagement – i.e. the quintessential form of social capital – the higher is the ability for individuals to cooperate for mutual benefits and therefore the more this should foster institutional success in the broader community.

Within the neo-insitutional strand of literature, David (1985; 1994) and Arthur (1989; 1994) carry out a micro analysis. Their notion of path-dependence, is meant to capture the way in which small, historical contingent events can generate self-reinforcing mechanisms which might lock the economy into not necessarily efficient particular structures and pathways of development. Resistance to change hence is the fruit of increasing returns, self-reinforcement, positive feedbacks and lock-in. The presence of increasing returns implies that the more frequently a decision is adopted the higher the benefits it produces (Pierson, 2000). Self-reinforcing mechanisms instead imply that carrying out a choice activates a set of forces or institutional complementarities which encourage the support of the first decision made. In case of positive feedbacks, once a decision is made it might generate positive externalities as soon as the same action is put in place by other agents. Lock-in instead means that some choices or actions become more preferable than others because of the high number of people following them.

But the true micro-level process which produce resistance to change can be traced back to conflict theory of decision making which intrinsically recalls the cognitive structure of agents. The main concern of normative and descriptive decision theory is to understand how a decision maker is willing to act in a given choice setting. The concept of willingness involves a series of values according to which a decision is said "good" or "bad" (i.e. a decision that is regretted to have been taken). Nevertheless, sometimes conflicting situations arise and constant and systematic analysis of the alternatives is impossible. In these cases a bolstering process starts (Janis and Mann, 1977). Bolstering implies the agent, when evaluating all alternative, will filter relevant information with the purpose of supporting his preferred option. All information which sustains rival alternatives is suppressed. This tendency shows a preference for avoiding rather than solving conflictual situations. The bolstering phenomenon is analyzed in psychological literature under the name of cognitive dissonance. Cognitive dissonance according to Festinger (1962) refers to a situation involving conflicting attitudes, beliefs or behaviors which generate a sense of discomfort and dissatisfaction in the individual. This feeling is alleviated when one alternative wins over the others or all of them are made compatible. While cognitive dissonance expresses itself in the post-decisional phase, bolstering occurs before the decision is made binding. The distinction between the post-decisional rationalization – at the core of cognitive dissonance theoretical framework – and pre-decisional bolstering – the center of the conflict decision theory – seem to threaten the freedom of choice of individuals producing compliance or defiance which, on their hand, enable reaction to the social *milieu* (Rapoport, 1988). This is

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the aspect this paper focuses upon trying to shed some light on the Italian glide path using parallel games.

3   An explanation based on parallel games

Every human being, as a member of a collectivity, is constantly involved in situations of strategic interaction with others whose interests might be, at least partially, in contrast to hers/his. These multiple situations concern (at least) the market, bureaucracy, democracy, job placement, political activities, familiar relationships and friendships, as well as national, ethnic and religious identities. The hypothesis we start from suggests that, very frequently, the various strategic interactions are connected with one another. What occurs in the market shapes what happens in the political sphere; national belonging affects religious choices; affective life influences working outcomes, and so on. It follows that a joint analysis of the occurrence of many situations can explain phenomena that would not be captured if the analysis was conducted separately. When an individual is engaged in several strategic interacting situations, either s/he can meet different agents in various occasions, either s/he relates to the same individuals in some others. In the first case, in line with Alt and Eichengreen (1989), we refer to overlapping games, while in the second case we deal with parallel games. We hereby focus on parallel games only, as in our opinion, they are particularly effective in revealing how and why the relationship among certain subjects is implemented only in case of multiple strategic situations. The 2 x 2 simultaneous ordinal games based on pure strategy are 726 (Kilgour and Fraser, 1988). Only 78 of them are

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ordinally different, meaning that all payoffs vary (Rapoport and Guyer, 1967; Robinson and Goforth, 2005). For the sake of our argument we chose five games, whose interpretation appears able to represent recurring and relevant situations. The first, yet introduced, is the Low-Low Game (LLG). The second is the No Conflict Game (NCG) instead. As represented in Figure 2, in this case both players chose the payoff they placed first in their rankings. It depicts a social situation where the optimal scenario is reached without any contrasts, as both players share the same preference. Player 1 obtains 4 as payoff if R; he obtains 3 if T; he obtains 2 if S; lastly, he obtains 1 if P. The same applies for player 2.

Player 2

		C	D
Player 1	C	**4,4**	2, 3
	D	3, 2	1, 1

$\text{R} \succ T \succ S \succ P$

Figure 2: No Conflict Game.

In the Second Best Game (SBG), represented in Figure 3, both players chose the payoff placed second in their rankings. It is a social situation where, even without reaching the optimal scenario, players converge to relatively high payoffs. We can interpret this game by affirming that, although excluding perfection, the Second Best constitutes the most realistic and satisfactory situation. Player 1 obtains 4as payoff if T; obtains 3 if P; obtains 2 if S; lastly, obtains 1 if R. Player 2 obtains payoff 4 if R; obtains 3 if P; obtains 2 if T; lastly, obtains 1 if S.

The well-known Prisoner's Dilemma Game is here renamed Third Best Game (TBG), as one of its characteristics, defining its difference from the

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Player 2

		C	D
Player 1	C	1, 4	2, 2
	D	4, 1	**3,3**

Player 1: $T \succ P \succ S \succ R$
Player 2: $R \succ P \succ T \succ S$

Figure 3: Second Best Game.

SBG, regards the fact that both players chose the payoff placed third in their rankings. It is a social game, represented in Figure 4, where free-riding – i.e. an uncaring attitude – triumphs and the optimal scenario is far from being reached. Player 1 obtains as 4 payoff if T; obtains 3 if R; obtains 2 if P; obtains 1 if S. The same applies for player 2.

Player 2

		C	D
Player 1	C	3, 3	1, 4
	D	4, 1	**2,2**

$T \succ R \succ P \succ S$

Figure 4: Third Best Game.

Lastly, in the Hegemony Game (HG), represented in Figure 5, the dominant strategy leads player 2 to voluntarily choose the payoff placed third in her/his ranking, whereas player 1 obtains the payoff placed first. A possible interpretation might be that player 2 is exploited or expropriated by the other agent *because* s/he accepts a clearly asymmetrical *status quo*. Player 1 obtains payoff 4 if T; obtains 3 if R; obtains 2 if S; and obtains 1 if P. Player 2 instead obtains payoff 4 if R; he obtains 3 if T, 2 if S; and 1 if P.

Player 2

		C	D
Player 1	C	3, 4	2, 3
	D	**4,2**	1, 1

Player 1: T$\succ R \succ S \succ P$.
Player 2: R$\succ T \succ S \succ P$

Figure 5: Hegemonic Game.

Our idea is that a reason for selecting the LLG, interpreted as a form of resistance to change, resides in the fact that some games are carried out in parallel. Playing an LLG becomes rational as long as it is conducted together with other *specific* games. With no claim of elaborating an exhaustive analysis, we suggest some parallel games which contribute to clarify the concrete historical phenomena amongst which the one Gambetta and Origgi refer to, stands out: the Italian socio-economic decline. The latter can be traced back to the incapacity of the country to open up to change.

We call the first type of parallel games of "*the Count and the Baroness*". It involves both No Conflict Games and Low-Low Games. We introduce it through a curious and apparently far-from-relevant question: why, in the Courts of pre-modern Europe, did noble males rigidly stick to honor codes based on the exclusive possession of their wife, while at the same time having libertine behaviors which led everyone to flirt with others' wives? Let us assume that the Count is bored of his Countess and wishes to flirt with the Baroness. He would be glad if, while accomplishing his goal, the Baron did not intercourse with his wife otherwise he would violate the honor code, while the Baron would cooperate with it. However, the Count is aware that the honor code is actually implemented in the Court perimeter and that, as

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soon as the Baron finds out about the flirt, he would kill him. Hence the Count is better off when playing within two distinct but interacting situations, that we will call "tables" from now on. On the formal rule table, all agents act, without disagreement, according to the honor code and declare to be jealous: the Count flirts with the Countess and the Baron flirts with the Baroness, namely they all cooperate (NCG). Contrarily, on the silent agreement table, an exchange of spouses occurs: the Count enjoys the Baroness's company just because he knows the Baron is doing the same with his wife, the Countess, meaning that everyone defects (LLG). Figure 6 matches the two situations within the same game, whose payoffs are the sum of the payoff obtained in the separate games. The equilibrium position (8,8) results from the dominant strategies of the two players.

		Player 2			
		D, D	D, C	C, D	C, C
	D, D	$5, 5$	$7, 6$	$4, 2$	$6, 3$
	D, C	$6, 7$	**8,8**	$5, 4$	$7, 5$
Player 1	C, D	$2, 4$	$4, 5$	$3, 3$	$5, 4$
	C, C	$3, 6$	$5, 7$	$4, 5$	$6, 6$

Figure 6: Joint Game

As we have claimed in ¶1, it would be irrational to play the LLG separately. However, the (D,D) strategy of the LLG is able to justify and auto-reproduce itself if it is jointly enforced with the (C,C) strategy in the NCG: every husband *de facto* flirts with everyone else's wife as *officially* every wife is faithful to her own husband. The theoretical point is that we can explain the priority of the defecting strategy on the second table as it prevails over the

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cooperative strategy performed in the first table, and the other way around. The parallel games are able to make this reasoning mode explicit. Although the situation of the noble Court can be perceived as far and factitious, its logic constantly reoccurs in the Italian case. The systematic discrepancy between formal rules and silent agreements is crucial when aiming at understanding economic activities which elude and evade taxes, which stipulate fake contracts or circumvent norms (D'Agnese and Abravanel, 2011). The game of the Count and the Baroness explains that the gap endures just because the agents simultaneously play on both tables. As long as we focus on one table at the time, we can describe the discrepancy between formal and silent rules, but we do not explain it.

Let's move to the second type of parallel games, which we call of "*the Neapolitan traffic*". Drivers in Naples often violate the rules of the formal driving code: traffic lights are ignored, cars are parked wherever a free spot is available, motorcyclists do not wear the helmet, car drivers do not wear safety belts, and so on. On this first table a LLG is performed. However, we would hardly understand the functioning of this urban system without considering the existence, at least in some cases, of a second informal table wherein players opt for a SBG. For instance, as traffic lights are not considered, the traffic flow is never stuck, it rather keeps going at a lower but constant speed. This method, if adequately shared by all players, can generate a fluid traffic flow which is even more regular than if traffic lights were respected. First of all, it has been proven that driving at the same speed of the traffic flow is safer (Lave, 1985). Secondly, adapting to the other cars speed makes the risk of being sanctioned lower, as the police can only catch a small proportion

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of traffic rules-breakers (Dixit and Nalebuff, 2008). Lastly, cars stopping or moving according to traffic lights do not guarantee the avoidance of traffic jams.

Player 2

		D, D	D, C	C, D	C, C
	D, D	**7,7**	$8, 5$	$6, 4$	$7, 2$
Player 1	D, C	$6, 6$	$5, 8$	$5, 3$	$4, 5$
	C, D	$4, 6$	$5, 4$	$5, 5$	$6, 3$
	C, C	$3, 5$	$2, 7$	$4, 4$	$3, 6$

Figure 7: Joint Game.

Figure 7 considers the two situations in a single game, whose payoffs are the sum of the payoffs obtained by means of separate games. On the first table the two players are engaged in a LLG: they obtain (4,4) as a payoff. But, as said, it would be irrational to play the LLG separately. On the second table they challenge each other performing a SBG and they both obtain 3 as a payoff. The SBG generates rational incentives for both players and can be played autonomously. If an agent only plays a SBG s/he obtains 3/4= 75% of total possible payoffs. Everyone has hence the incentive to jointly perform a LLG and a SBG as s/he gains the 87% of available payoffs. In other words, the (D, D) strategy of the LLG, although it cannot justify itself autonomously, it is able to auto-reproduce itself if jointly enforced with the (D,D) strategy of the SBG. The counter-intuitive downside is that, if the two games are played jointly, everybody improves his condition with respect to the case in which only the SBG is played. Everybody obtains higher welfare coupling the SBG –"realistically more efficient"– with a "downward" game

– hence highly inefficient – such as the LLG.

We call the third type of game of " *the plagiarist Economist*", wherein a SBG and a LLG simultaneously occur (as in the above mentioned case) but here a HG adds up. In their paper, Gambetta and Origgi (2013) argue upon a case they reckon emblematic of the Italian decline: the plagiarism carried out by one of the most famous Italian scholar in economics. On the first table the Economist (B) provides the Academia (A) with an essay of adequate quality: a Second Best Game is performed. On the second table player B copies the essay while player A pretends not to be aware of it: a LLG is performed. However, the most relevant point in our opinion, which Gambetta and Origgi do not focus explicitly upon, concerns the existence of a third table. It is not B the one who plagiarize, but rather a player C, a contract research for instance. In order to interact with A, player B has to exert power on C, following the logic of the hegemonic game. The researcher who writes for B is socially and institutionally invisible: we can indirectly discover his presence only when, as it actually happened in the episode recalled, he changes his strategy and decides to defect without being concerned about the simple cautions that prevent plagiarism from being revealed. Thus, while on the third table only A and B seem to be still playing, C secretly takes part in the game and can sometimes overthrow the whole result of the parallel games. As we can easily notice, the logic of the plagiarist economist captures other relevant aspects of the Italian decline. Lets analyze another example: in Italy, an Entrepreneur (E) offers a temporary contract to a recently graduate student (G). On the formal rule table, G has full autonomy and flexible working schedule and earns a net income of 600 euro per month. On the

silent agreement table both players know that G will work in the companys office, he will have E as supervisor and a fixed working time plan of at least 40 hours per week. How is G selected? G's place could be taken by whoever is willing to play on both tables, which means that the job goes to who is able to be E's accomplice. In turn, the job is only taken by who plays with E on a third table, on which another "shadow player" (F) – G's family – operates, paying the difference between the performances declared on the first table and those carried out on the second. In brief, the players are only G and E (and the payoffs added up are theirs), but on the third table G is supported by F; both G and E know about the existence of F, but they play on the first two tables as if F did not exist. We are assuming that the three games (SBG, LLG, HG) correspond to an equal number of institutional tables, on which the same players simultaneously perform. On the first table players operate according to formal, official or explicit rules. On the second table instead, silent agreements or informal rules apply. Lastly, the third table constitutes the underlying, or structural, social situation which fosters the conditions thanks to which the other tables are able to function. Therefore, the explanation is partially different from the one concerning the noble Court or the Neapolitan traffic: in those cases, it was sufficient to show that the two tables were justifying each other; here, instead, there is an additional table without which the two others would not work. Whereas in the preceding types of parallel games we have assumed the players being equal, both with respect to the social *status* and the *de facto* power; on the contrary, when considering also the HG, the two players are assumed to be asymmetric, in terms of power and resource endowment. Let's now go through the trend of

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payoffs in this type of parallel games. On the first table the two players are engaged in a SBG: they both obtain 3 as payoff. On the second table they challenge each other with a LLG: they gain (4,4) as a payoff. Lastly, on the third table they face a HG, where one player gains 4 and the other obtains 2. What matters, for each of them, is the sum of the three payoffs. If player 1 only carries out a SBG he obtains $3/4 = 75\%$ of the total available payoffs. If s/he performs a SBG and a LLG he gets $3/4 + 4/4 = 7/8 = 87\%$ of the total available payoffs. If s/he performs a SBG, a LLG, and a HG instead he reaches $3/4 + 4/4 + 4/4 = 11/12 = 92\%$ of the total available payoffs. Hence, player 1 is *better off* if s/he performs jointly in the three games. Also player 2 gains, as the other player, the 75% when performing only a SBG, and the 87% when performing jointly a SBG and LLG. Contrarily, if s/he contemporary carries out the 3 games, player 2 will only obtain $3/4 + 4/4 + 2/4 = 9/12 = 75\%$ of the total available payoffs. Hence player 2 worsens her/his position if performing jointly in the three games. The logic is hence made clear: as long as we consider two tables as it happens in *the Neapolitan traffic game* everyone achieves the best outcome by choosing a LLG and a "reasonably efficient" game such as a SBG. However, when introducing a third table characterized by asymmetry, then the spell is broken and the less powerful agent additionally worsens her/his position. Lastly, let's assume that on the third table the game form changes, and turns from HG to TBG. This means, considering for example the plagiarist economist case, that the contract researcher is no longer dominated by the economist; s/he stops collaborating and starts defecting. Instead of "copying in a collaborative way", the young contract researcher will literally translate the pages written by an

internationally known author, plugging them in the paper that the famous Italian economist will sign. The plagiarism is then revealed. Now both player 1 and 2 perform a SBG, a LLG, and a TBG obtaining $3/4 + 4/4 + 2/4 = 9/12 = 75\%$ of the total available payoffs. Hence, *both* players *worsen* their positions when performing jointly the SBG, a LLG, and a TBG. This implies that the incentive to jointly play in the three institutional tables vanishes.

Concluding, parallel games represent a useful conceptual tool to analyze interactions between miscellaneous social situations. Such tool helps in explaining in several ways the rationale for the selection of the LLG. We focused mostly on three important cases to understand the peculiar Italian situation: the coexistence of a NCG and of a LLG as in the case called of *the Count and the Baroness*; of a LLG and a SBG as in the case denominated of *the Neapolitan traffic*; of a SBG, a LLG and a HG (or, alternatively, of a TBG) as in the case named of *the plagiarist economist.*

4   A mechanism generating the Low-Low Game

A close examination of parallel games contributed to clarify, with a particular reference to the current Italian situation, *how* the Low-Low Game can function and *why* it might be voluntarily chosen. In this paragraph we will try to identify an explanatory mechanism – not necessarily the only one – that might give origin to the Low-Low Game. The initial move of our argumentation consists in taking into consideration two categories of economic

goods that, differently from usual private goods, are both based, although with different signs, on joint consumption[1]. The first category is that of relational goods (RG): a subject's positive consumption grows if other people increase their *positive* consumption of that same good. A RG cannot be consumed by a single individual, because it relies on interactions with other subjects and can be used only if shared. Watching a soccer game in a stadium represents, among others, a common example: the higher the number of supporters of the team the agent stands for, the higher is her/his own positive consumption. The other category is that of positional goods (PG): agents' positive consumption increases if others consume an increasingly *negative* amount of that same good. Examples of crucial importance are prestige or power goods: it is possible for a person to benefit from them only at the expenses of others. If a dominant subject exists, someone who is dominated exists as well; if there is a person with a higher social status, someone with a lower social status therefore exists. If we recall a classic distinction by Leibenstein (1950), RG produces a bandwagon effect: the higher is the general consumption of a good, the higher the incentive to consume it. Hence, the RG fosters forms of conformist behavior. On the contrary, PG produces a snob effect: the lower is the general consumption, the higher the push to take advantage of it. The PG, thus, favors opposite forms of behavior with respect to RG.

Let us imagine a society divided into two types of groups. Group type C holds "conformist" behavior and seeks for uniformity of consumption choices,

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[1]Here we closely follow Fiorito and Vatiero (2013). For Relational goods confront Uhlaner (1989), whereas for Positional goods confront Pagano (1999).

whereas group type P holds "positional" behaviors and seeks for individual relative advantage, meaning that every member of the group aims at differentiating her/himself from other members. In a society there can be several C groups aiming at reaching an internal homogenization, but maintaining differences with respect to other groups. In recent Italy, for instance, professional corporations such as those of notaries, pharmacists, taxi drivers, established rules to create strong internal behavioral regularities for the members, but at the same time maintained the due differences to separate them from other corporations. On the other hand, there are groups P which, aim both at differentiating one another and promoting an inner positional competition. As Thomas Marshall (Marshall, 1964, p.198) states:

> Social status rests on collective judgment, or rather a consensus of opinion within a group. No one person can by himself confer status on another, and if a man's social position were assessed differently by everybody he met, he would have no social status at all.

Boats' owners, for instance, are very different from the members of book clubs; within each group a specific competition to have the biggest boat or to become a member of the most prestigious club applies. Let us assume that both groups, C and P, can choose between two strategies as represented in figure 8. The first strategy is denominated H and consists in aiming to high quality results; the other is instead named L and aims to get to low quality outcomes. For those aiming at a RG, a result H consists in the occurrence of a trickle-down effect: what is achieved by a limited number of people is also progressively obtained by the other members of the group, thus enhancing homogeneity and conformism. When group C chooses strategy

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H, a "higher" egalitarian tendency arises. Considering private goods, this is the case of middle classes striving to get the consumption levels of the ruling classes, while lower classes strive for the level of consumption of middle classes. As it happened in Italy during the years of the so-called "economic miracle", a social mobility elevator is triggered: the director purchases a car, a washing-machine or an apartment but it will take five and ten years respectively for a manager or for an executive worker to purchase the same items. Although everyone strives for the same good, they cannot have it in the same amount of time. What happens for private goods, also occurs for RG. The latter are a class of local public goods, for which non-rivalness and non-excludability matter only within a certain set of relations (Uhlaner, 1989). As a consequence, RG can be used by a single individual jointly with other members of the social network. During the Italian "economic miracle", the set of local public goods – from education to the health care system, from social security to solidarity, and so on – got institutionalized and expanded, contributing to an upward social mobility. This is represented by cell CH in Figure 8.

As positions are socially scarce, for those who decide to have a PG, H is the result of a winners-take-all competition (Rosen, 1981). Indeed, in order to distinguish Tom from James, the positional good must create social scarcity, through exclusion mechanisms based on pricing or limited access. If everyone could afford or access a tropical beach, there would no longer be a differentiation between agents. Given the "social scarcity" of positions, only someone wins, while many others lose. The higher the number of groups type P which choose high quality outcomes (H), the wider the spectrum of pur-

sued PG. However, if a large number of groups P purses an equal number of PG, the society tends to diverge on multiple scales of values and goals. This *might* also imply a blooming of innovative actions, as innovation is fostered through the refusal of conformism and love for variety. This is represented by cell PH of Figure 8.

	H	*L*
C	*"Upward" Egalitarianism*	*"Downward" Egalitarianism*
P	*Competition for differentiation*	*Defense of gained positions*

Figure 8

When a group C selects strategy L, a form of "downward" egalitarianism occurs. As it happens in today's Italy, the social mobility elevator goes down for (almost) everyone (Pianta, 2012). Along this glide path, the role of RG is crucial: indeed, the set of local public goods has gradually been flaking in Italy throughout the last three decades, with increasingly serious consequences which shifted down the social scale even more (ISTAT, 2013). This is represented by cell CL in Figure 8. Lastly, when a group P opts for strategy L, the positional internal competition is blocked or weakened. This means the members of that group would fight for a specific good which confers them a specific status. This good can be obtained by few at the expense of many, but these few are institutionally able to compete. The differentiating (and sometimes innovative) dynamics of positionalities has ceased to apply. A widely discussed example in Gambetta and Origgi (2013) is represented by the functioning of the university system in Italy. In a context that should be promoting a "virtuous" positional competition, an institutional arrest

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is observed. This is represented by cell PL of Figure 8. Hence, column H represents a dynamic society. Cell CH describes an inclusive dynamics, whereas PH portrays a dynamics based on distinction. In a dynamic society, the "upward" egalitarianism of cell CH and the winner-take-all competition of cell PH coexist. While CH includes wider social groups, PH differentiates the élites (being or self-representing them as such). Contrarily, column L represents a declining society. Cell CL describes an inclusive decline, while cell PL pictures a privileged downfall. In a declining society, the "downward" egalitarianism of cell CL and the weakening of positional fight represented by cell PL, coexist. CL excludes wider social groups, whereas PL tends to normalize élites, transforming them into groups that, rather than gaining a new status, firmly hold what they previously achieved.

How is it possible for a society to shift from column H to column L? In order to answer this question it is at first necessary to state that such transition entails power loss processes, herewith called disempowerment. Indeed, the members of the several groups – either pursuing RG or PG – feel that the spectrum of their actions has shrunk: while in column H upward mobility and competition for distinction is possible, in column L there are possibilities for downward mobility and leverage of status goods. This paper does not aim at examining the historical concrete circumstances that fostered the intra-national or international disempowerment of groups of the Italian society (this analysis has been carried out especially by historians: see, for example, Ginsborg (1998)). In general, the goal is to suggest the hypothesis according to which an individual tends to interpret a condition in terms of disempowerment when, in that situation, s/he cannot take voluntary

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decisions.

Involuntary *economic* decisions are at the core of Trygve Haavelmo classical essay of 1950. A wide part of the economic theory, writes Haavelmo, states that any action is rational, as long as an individual prefers it to any alternative and as long as the market allows its fulfillment. It follows that any market equilibrium is a voluntary situation, as each agent tends to choose the best option within a set of circumstances which make her/his actions compatible with those of the others. Haavelmo observes that, in order to define a decision "involuntary", two conditions should be in place. Firstly, the agent has to be able to compare the current situation to an alternative practicable one; secondly, the agent should be able to realize that the alternative option is outside his/her personal scope of action, as it requires a collective action and therefore is not feasible. In this precise intersection

> individuals can be aware that some market equilibria are preferable
> to the existent ones, but if the necessary actions to achieve them are
> out of their scope of opportunity, they cannot do anything else but
> choosing the desired actions within the undesired context they are
> in. This entails the existence of macroeconomic facts which cannot
> be considered a simple sum of microeconomic decisions: institutional
> mechanisms, such as the market mechanism itself, as well as social
> conventions or opinion changes, limit individual action without being influenced other than in an indirect and obscure way (Dardi and
> Targetti, 1984, p.87,authors' translation).

Haavelmo's important definition does not concern only *economic* decisions. The rise of involuntary decisions lays the ground for a possible transition from

column H to L: Agents are often forced to make choices that do not want to, as alternative voluntary decisions lay beyond her/his sphere of intervention. Hence, the *inter-subjective condition* that makes involuntary decisions possible constitutes the premise for the *subjective* condition of disempowerment. We are now at the second step of the reasoning: a loss of power (disempowerment) becomes impotence (powerlessness) when the individual faces processes that s/he perceives as uncontrollable. While disempowerment arises when the subject is not able to edit an event, powerlessness depicts any situation in which the agent is absorbed by an uncertain radical event which therefore falls outside her/his control. These two experiences might be contemporary but distinct. In case of disempowerment the agents has the awareness that the set of accessible alternatives for which is possible to calculate the risk has shrunk. In case of powerlessness the agent faces forms of uncertainty about the nature of the alternatives, the links between them, as well as about the outcomes that will arise from those links. A loss of power that slips away from the agent's control, and not only from her/his ability of intervention, is perceived as powerlessness. According to Rucker and Galinsky (2008), the most immediate reaction to powerlessness is an increase of attention towards PG, as they are symbols of power.

> Power relates to one's relative control over valued resources, whereas status relates to the respect one has in the eyes of others. Despite these conceptual differences, evidence suggests that power and status can compensate and substitute for each other. [...] When one's power is threatened, individuals appear to place a greater value on products explicitly linked to status, think about products in terms of the sta-

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tus they convey, and place greater value on monetary wealth (Dubois et al., 2012, p.1049).

The implication is that in a society wherein most groups loose power, the immediate response is often the pursuit of *status* and PG. This theoretical framework effectively applies to the situation Italy experienced over the last three decades, when an atomization of the communitarian fabric, individualistic ambition for success, exasperated exhibitionism and on the political ground the triumph of "Craxism and Belusconism" occurred (Dei, 2011).

We finally reached the third and last step of our reasoning. In Italy, many people have strengthened propensity towards PG right when the entire country was moving from column H to L, and in particular from PH to PL. In the winners-take-all competition, typical of the cell PH, the majority of players lose power, while very few win. This generates temporary forms of disappointment and frustration when the game appears as fair and repeatable to whom is involved into it. Those who lose today still hope to win next time. The most common example is the continuous creation and implementation of national lotteries: almost no one wins, almost everyone loses money, but no one complains as everyone perceives the game as fair and repeatable. Contrarily, when agents, as in the situation described by the cell PL, strive for a status and a PG, but the winners-take-all competition is stuck or weakened, disappointment and frustration endure for long time. This, in turn, additionally strengthens and diffuses the initial perception of powerlessness to which agents had tried to react through the pursuit of a PG. The ultimate result is that voluntary decisions tend to vanish from the conceivable possibility set and, even when concrete opportunities emerge, the

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individual will not catch the possibility to change the *status quo*. This behavior is denominated learned helplessness (Abramson et al., 1978; Martinko and Gardner, 1982). Figure 9 summarizes this framework.
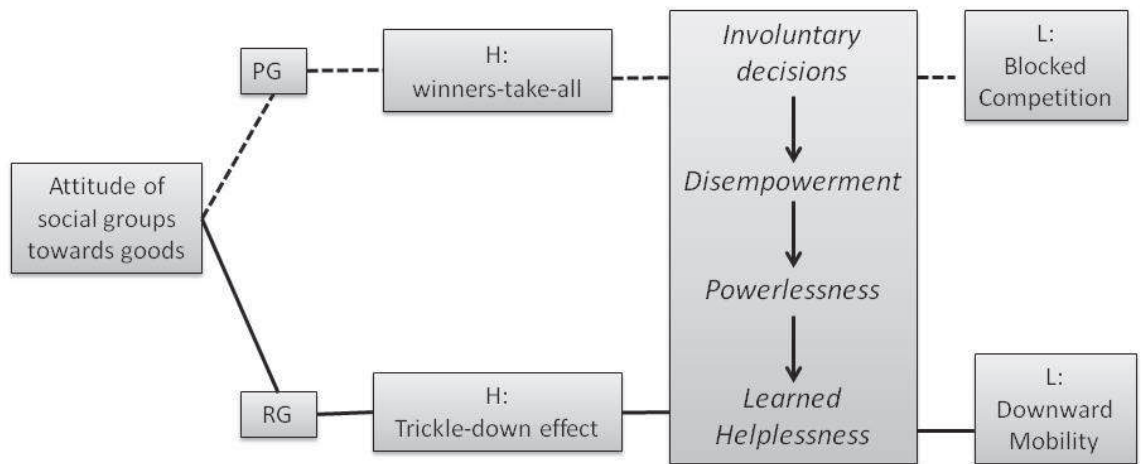
9.jpg

Figure 9: The Framework

Hence, when all attempts in regaining power repeatedly fail, powerlessness turns into learned helplessness. The latter induces a reduction of self-efficacy, namely of cognitive construction of actions. The pejorative beliefs on self-efficacy lower agency, that is the level of control upon our own actions, as well as the pursuit (and acknowledgment) of personal desires. The presence

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of a significant number of subjects affected by learned helplessness within a group generates inertia in the group itself. Inner interactions are reduced and collective passive behaviors emerge: Tom feels like he is justified, for instance, to silently accept the presence of the members of the Camorra in Scampia an area of Naples, if James and Harry will do the same. The reduction of self-confidence as a consequence of learned helplessness, can occur also simply due to group membership where mechanisms of contagion based on mimetic attitudes emerge. If James and Harry do not act even when it would be possible to do so, Tom consequently will tend not to contrast their behaviors. As result any PG is waived, even when there is a concrete occasion to compete for it. Agents get involved in a "downward" game in a conformist manner. They move from cell PL to CL. Obviously, even in today's wrecked Italy there are social groups who continue playing in the other three boxes of Figure 9. But it is cell CL, and the Low-Low Game it represents, that better describes the actual condition of the country.

5   Concluding Remarks

In this paper we have introduced and discussed some theoretical elements – parallel games, the nexus between involuntary decisions and loss of power – that might contribute in explaining the extreme cases of resistance to change occurring in today's Italy. The entire paper revolves around the paradoxical logic of Low-Low Game, according to which everyone when defecting prefers other players to defect as well, instead of cooperating. The paradox is that, as displayed in Figure 1, (D,D) confers higher payoffs (4,4) to both players. It

follows that players gradually slip off in "quicksand", hanging each other on a mutual connivance that makes any alternative worse at their eyes. Feeling fine, while entering a vicious spiral, explains the reasons for both the absence of any vital reaction and the passive perpetuation of the Italian glide path.

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