

Abstract

The issue of assessing the determinants of political stability and the interactions between political and economic factors have long been of great interest both to political scientists and economists. In this paper we propose and estimate a duration model of the Italian government and we test a number of different hypotheses about the causes of the observed cabinet turnover pattern. The flexible form of the hazard function we propose for such an analysis possesses some desirable features and seems to be appropriate for such a type of investigation. The main implication of this paper is that the downfall probability of an Italian cabinet is determined both by political and economic factors. The major determinants of cabinet durability are the duration of the crisis preceding a government's formation, the time horizon to the next election and economic issues such as inflation dynamics and tensions in the labor market.