Sustainable Governance Indicators

2015 Italy Report
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Executive Summary

The state of Italian governance and its sustainability can be summarized as follows:

(1) Just before the period under review, the Italy’s economic system had faced one of the most serious crises of its recent history. Internal and international confidence in the ability of Italy’s government to overcome the global economic and financial crisis reached an all-time low. Thanks to actions taken by the Monti government and policies adopted, the downward economic spiral was forestalled. Once again, the Italian system demonstrated significant resilience and proved able to react to difficult situations. The current government under Matteo Renzi’s leadership is trying to re-invigorate economic growth as it seeks to convince European institutions to shift away from fiscal austerity toward more growth-oriented policies. And although gains have been made during this period of review, several of the country’s long-running weaknesses persist.

(2) The rapid rise of the Partito Democratico (PD), led by the young and ambitious Renzi, and the emergence of a strong anti-establishment party, the Five Star Movement (Movimento Cinque Stelle) against a faltering center-right coalition grappling with Silvio Berlusconi’s legal troubles, have significantly changed the political landscape in place over the last 20 years. Instead of a rather balanced competition between alternating center-right and center-left coalitions that failed to produce the expected quality of governance, Italian politics are now dominated by a center-left party (the PD) that is increasingly leaning toward the center and a two-sided opposition unable to offer a realistic alternative. The new political dynamics are driven by Renzi’s need to consolidate his popularity and his position within his party, which features a bureaucracy that still considers him an outsider.

(3) Despite this changed environment, the personalization of leadership continues to play a key role in Italian politics and has become even more important. In the short term, Renzi, whose popularity is based in large part on the perception that he is determined to rid the Italian system of some rigidities and conservative elements, has proven able to stem mounting public disaffection. This disaffection for the traditional political class swelled the electoral following of the populist Five Star Movement and eroded support for
the established parties. It remains to be seen whether Renzi will prove able to succeed where others have failed.

(4) During their respective tenures, the Monti and Letta governments showed determination in approving and implementing the stern measures required to reverse the critical state of affairs regarding Italian sovereign debt, to restore international confidence in Italy’s ability to tackle its problems, and to reign in public spending. However, they were unable to pull the economy out of recession.

(5) While public finances received plenty of attention during the period under review, the Italian economy continues to languish. Fiscal austerity has exacerbated the recession, and household incomes have shrunk, while unemployment – particularly among the young – has increased dramatically, and the failure rate among small- and medium-sized enterprises has skyrocketed. Only the export-oriented sectors of the economy did somewhat better than average. The new government is now more focused on formulating economic policies that foster economic growth and competitiveness.

(6) The Renzi government has identified public administration reform as one of its key objectives, but has taken only a few initial steps. A thorough spending review initiated by the Monti and Letta cabinets has been completed. It is now up to the Renzi government to translate these results into specific policies. Monitoring and limiting public administration spending is just one side of the coin; improving administrative quality and bureaucratic efficiency in the delivery of public services are equally important.

(7) Corruption continues to have profound negative effects on the quality of public administration. The distortions produced in public services and in the economy by the high levels of corruption are incompatible with modernization. This is one area requiring more resolute government action.

(8) The economic crisis and its aftereffects have exposed failings in current family policy. With little fiscal support for children and only weak measures aimed at increasing gender equity in the workforce, or at helping women to reconcile work and family roles, Italians have grown increasingly reluctant to have children. This has contributed to an increasingly top-heavy age distribution in Italian demographics and has had a negative impact on innovation. Poverty is a social problem that needs to be afforded high priority.

(9) Under the impact of the current crisis, a significant section of the Italian political elite and public opinion have grown convinced of the importance of taking Italy’s role in the EU far more seriously. This means fully respecting
the commitments made, but also demonstrating more leadership in shaping of a more satisfactory European Union. At the same time, however, skepticism toward supranational integration has also grown. The evolution of the balance between these two sentiments will be of great relevance in the future.

(10) The opportunity for institutional reform has improved since the removal from power of former Prime Minister Berlusconi.

Key Challenges

Italy has suffered severely from the effects of Europe’s ongoing economic and financial crisis. The following fundamental (and often underestimated) strengths of Italian society have mitigated the damages and have facilitated the onset of recovery: strong family bonds; a high level of household savings; the inventiveness and resilience of small businesses; the strong traditions of some manufacturing sectors; the quality and prestige of some public institutions such as the presidency of the republic and Italy’s central bank, the Bank of Italy. At the same time, the crisis has more clearly exposed the country’s serious weaknesses that must be addressed if the recovery is to have more lasting effects. These weaknesses concern the public and private sectors, as well as institutions and policies.

The institutional architecture of the public sector is in need of some limited but nonetheless significant reform. The reform under way of the perfect bicameral system is a welcome step in this direction and could reduce excessive deadlocks and delays in the decision-making process. The legal powers and spending habits of regions should be monitored more carefully and spending cut back in cases where policy implementation is sub-par, as it is in regional parliaments/assemblies, governments and administrations where political outcomes are quite low, but spending and corruption high. The agenda-setting powers of the executive in the legislative process should be strengthened to reduce the veto potential of small minorities. Parliamentary regulations should be instituted to prevent the proliferation of micro-groups in parliament. In the executive, the Prime Minister’s Office should be drastically streamlined to eliminate all redundant and non-strategic offices and functions. Its ability to oversee and steer the policymaking process should be significantly enhanced. At the same time, the contribution of independent experts should be increased. To improve processes of representation and accountability, the electoral law should be changed. The current electoral system, which gives the winning coalition an excessive majority bonus, must be revised to provide for a more direct relationship between candidates and voters and thereby yield more fair
results. Also, the high levels of distrust felt toward the party system could be addressed if parties were subject to greater regulation, if their internal structures were to democratize and if fresh leadership were to be introduced.

Institutional reforms should also be accompanied by changes in the mentality and behavior of politicians. Here the most crucial obstacle to overcome is an excessively personalized and rhetorical style of competition which overrides a pragmatic focus on the problems to be solved. Political leaders also need to pay greater attention to the international dimension of the problems their country faces.

A determined effort must be made to improve significantly the quality and effectiveness of public administration. This presupposes a deep organizational restructuring of many bureaucratic departments in view of the new distribution of tasks between central government and regional authorities. It also requires a deep rethinking of recruitment procedures, particularly for high-ranking positions within government administration. Italy urgently needs more individuals able to think strategically and innovatively and who will take responsibility for administrative decisions and demonstrate less obsession with continuity and formalistic criteria.

In the private sector, the need to stimulate a more dynamic and growth-oriented economy is obvious. This requires first of all more aggressive liberalization policies in many sectors where monopolies and oligopolies prevail. A drastic simplification of legal and bureaucratic regulations is the second priority. The third priority is fiscal reform. Given the strong budgetary constraints, these should be strategically prioritized to reduce the most negative impacts of high fiscal pressure on production and employment. The conditions of access to credit for small businesses also need to be improved. Government policies obviously play a crucial role in this, but at the same time, entrepreneurial associations and trade unions should be aware of their responsibilities in enabling the economic system to overcome its inefficiencies. More cooperative and pragmatic attitudes could be a strategic resource.

As an increasing share of the workforce will be composed of immigrants, policies devoted to a more careful management of legal immigration – as well as more effective integration and protection of the rights of immigrants – should receive continued attention. And finally, as some Italian politicians have demanded, immigrant residents should also be provided a feasible path toward Italian citizenship in order to facilitate their integration.

More careful management of natural resources and of cultural and artistic
heritage can be achieved through better cooperation between public authorities and private actors. Natural and cultural resources are key to improving the quality of life, fostering economic success, sustaining a large agricultural sector and attracting foreign investors and tourists. Citizens’ lives and income depend on the protection of natural resources and effective natural disaster management.

Despite austerity measures, the school and university systems should be afforded high priority in order to safeguard the nation’s future. Italy’s education system must be rendered more flexible and able to respond to the changing needs of society. At the same time, it must be able to guarantee higher levels of quality and open access. Universities and research centers need to recruit more young people and qualified foreigners. Only in this way will the country attain the highly skilled workforce and the sophisticated knowledge and research capacities required to compete globally.

Italy could perform better on European and global scales. The country should try not merely to defend its national interests in institutions and organizations like the European Union, but instead take a more active role and ask for cooperation in achieving those interests. Italy is already part of a vanguard in some aspects, but the country should open itself up to greater cooperation with neighbors and partners who share similar interests and needs.
Policy Performance

I. Economic Policies

Economy

As a result of the shifting political landscape since 2013 and some political instability – including the succession of two cabinets (Letta and Renzi) in the space of one year from 2013 to 2014 and the Forza Italia’s shifting support, some key features of economic policy have been subject to changes during the period under review. Whereas the Letta cabinet focused on stabilizing the budgetary situation (in order to comply with European targets) and gradually developing measures promoting economic recovery (which initially seemed more promising), its successor, the Renzi government, has been more likely to accelerate expansionary measures, which have become even more urgent as economic growth failed to materialize. Prime Minister Renzi’s government has been the first to clearly identify Italian society’s main economic challenges and respond with a set of significant reform projects. The government has, for example, introduced income allowances for lower incomes (e.g., in the form of a monthly €80 transfer payment), tax reductions for businesses (IRAP reduction), plus a new ambitious labor law reform aimed at stimulating the economy. The budget proposed for 2015 takes further steps in this direction and has increased the IRAP reduction, lowered the costs of hiring young workers, and cut state and local authorities’ expenditures. Whether these policies will prove effective is too early to say, but they seem to be a step in the right direction.

Labor Markets

It has been widely accepted that Italy’s existing labor market policies were inadequate to meet the challenges of the crisis. The policies introduced under the Monti government had not significantly improved the situation. In combating the effects of the crisis, the government has traditionally allocated resources for salary integration programs (the “cassa integrazione”), which temporarily either partially or fully subsidize the salaries of workers kept idle by private companies, thus encouraging
firms to avoid dismissing employees. But even these mechanisms have not enabled Italy to contain a rise in unemployment during this period.

The difficult economic situation has further worsened one of the problematic features of the Italian labor market: the polarization between protected sectors and those that are largely unprotected and precarious. While older workers in the public sector and in large firms of the private sector enjoy sufficient and, in some cases, even excessive protection, young people and in general those working for small private-sector firms are much less protected. Unemployment has risen significantly during the last two years, but the increase has been particularly dramatic among young people. The lack of significant unemployment benefits has made young people’s economic position in society extremely precarious. Shortcomings in labor market policies demonstrate the lack of liberalization and incentives to create low-income jobs. The existing system tries to keep people in their jobs but without expanding employment.

During 2014 (and with some delay with respect to the dramatic unemployment crisis), the current government has begun demonstrating its willingness to tackle this problem more resolutely. Starting with some more limited but immediate measures to make the hiring of youth easier, the government has launched a more systematic revision of the labor code aimed at encouraging firms to adopt more flexible but also stable and not precarious labor contracts. The law, which gives the government broad discretion in defining the specific norms (legge delega) in the months to come, is accompanied by fiscal measures that should make the hiring of new workers more convenient for firms. The scheduled labor market reforms, which will also introduce a general unemployment insurance, are ambitious and could lift Italy’s labor market policy to meet average EU levels.

**Taxes**

The Italian tax system continues to be stressed by the need to sustain the combined burden of high public expenditures and payment of interests on the very high public debt accumulated over the past decades. It is also defined by its inability to significantly reduce the very high levels of tax evasion or the size of the black economy. As a result, levels of fiscal pressure have increased over the years, and the tax burden is far from equitable. Fiscal pressure is very high on those households or companies that do regularly pay taxes, and is paradoxically very low for all those who can and do evade taxation (e.g., many businesses and large numbers of independent contractors and self-employed professionals). Families with children have very limited exemptions. Labor and business are also heavily taxed, which results in fewer new businesses and job opportunities. Italian tax policy provides nearly zero incentives and no compelling reason to declare revenues but instead encourages tax evasion. The monitoring of and fight against tax evasion within this system are insufficient and far
from successful. One of the biggest problems is that the system results in significant competitive distortions that benefit non-compliant earners.

The Monti government – under pressure from the eurozone sovereign debt crisis and the need to ensure the sustainability of the public debt – increased the global tax pressure by reintroducing the tax on property abolished by the Berlusconi government, raising the taxation of financial assets and strengthening the fight against tax evasion. These measures improved the equity of the tax system somewhat and ensured the supply of financial resources needed to reach the budget deficit targets agreed at the European level under Monti’s administration. But these measures did not represent any significant step towards greater competitiveness for the Italian economic system.

After some limited steps taken by the Letta government, the Renzi cabinet has introduced measures that favor the lowest income brackets, increase taxes on financial assets and reduces that of businesses. Should these measures be sustained, they might have introduced some needed corrections in the fiscal system.

Overall, the Italian tax system is able to generate a sufficient amount of resources, but must be reformed to increase horizontal equity, reduce obstacles to competitiveness, and facilitate foreign direct investment.

**Budgets**

While the Monti government faced in 2012 a major challenge to the sustainability of Italian debt in the midst of an international sovereign debt crisis, Italian governments since then have struggled to continue the budget consolidation process begun by the Monti government during an era of prolonged economic stagnation. By May 2013, thanks to the shock therapy of the previous government, the Letta government was able to close the EU excessive debt procedure. Since then, budgetary policies have continued to produce a strong primary surplus. Yet because of the recession environment, attempts to reduce the huge debt stock (by selling, for example, public properties or stocks of state-owned companies) have had little success or have been postponed. The level of public debt to GDP has continued to increase in part also because of the new burden of contributing to the European Financial Stability Facility and European Stability Mechanism – which cost the Italian state approximately €40 billion between 2010 and 2012 – and in part as a statistical effect of GDP shrinking due to the recession. The improved climate on the international markets and ECB policies have yielded a sharp decline in interest rates for Italian long-term treasury bonds. This has eased the country’s budgetary pressures somewhat and enabled the state to accelerate the payment of public administration debts to private businesses.

Both the Letta and the Renzi governments have promoted a serious spending review under the guidance of an experienced official of the IMF (Cottarelli) and some of the
results of this study have been incorporated into the 2014 and 2015 budgets. Due to the persisting recession, the current government has decided to slow down the implementation of the budget consolidation targets required by the European stability pact and to draft a budget for 2015 with a more expansionary outlook. In order to achieve these targets (i.e., staying below the EMU 3% deficit clause but not reaching the 2.5% required by EU monitors), the proposed budget combines tax cuts for businesses and increased support for lower income levels with large cuts in public expenditure (at all administrative levels – federal, regions and municipalities). If this budget has a positive impact on the country’s economy, the position adopted by this government will be vindicated.

The decentralized nature of Italy’s administrative architecture, in which regions and municipalities are afforded considerable legislative and administrative powers (provinces have comparatively few powers) and may own regional or local public companies to produce and to distribute public services (società partecipate pubbliche), means that the central government must invest considerable effort in monitoring fiscal sustainability at all levels. The central government has introduced reforms targeting budgetary processes and fiscal accountability and sustainability and is exercising its regulatory power over regions in this regard. Areas such as health spending, which regions have managed, are beginning to threaten the country’s fiscal sustainability and are cited as one of the reasons behind the central government’s efforts to exercise greater control over regional spending.

Citation:
Analisi e tendenze della Finanza Pubblica xon-linex.pdf

Research and Innovation

In recent years, Italian governments’ research and innovation policies have been weak, underfunded and not strategically coordinated. The governments of the period under examination (essentially the Letta and Renzi governments) have not been able to make much headway in this regard given the tight budgetary context. Funds for R&D have not increased, but some new measures have been introduced to foster start-up companies. As a result, there has been growing awareness of the strategic importance of R&D across society, in the media and among some politicians. Some steps have been taken to link a proportion of university funding to the quality of research outputs. This policy is intended to incentivize universities to generate more quality research.
Global Financial System

The government and other public financial institutions such as the Bank of Italy have been in general supportive of international and European policies oriented to improve the regulation and supervision of financial markets. Typically for Italy, the government and the Bank of Italy have preferred a more collective style of work within the framework of European institutions and G8.

II. Social Policies

Education

The Italian education system is a predominantly public system headed at the state level by the Ministry of Education, Universities and Research (MIUR). Although the MIUR has authority over programming and funding, regional and municipal school authorities have gained considerable power with respect to curricula, hiring and resource management in recent years. Private education in Italy is limited and consists primarily of religious schools. Italy also has only a handful of private universities with a prestigious reputation (e.g., Bocconi, LUISS, Cattolica). The education system is, in principle, open to everybody without discrimination. Fees are excised only at the tertiary level and are limited. However, given the limited amount of resources allocated for scholarships or similar support mechanisms for financially needy students, access is seriously limited at the upper secondary and tertiary levels. As might be expected, the share of individuals who do not complete their studies is above OECD averages.

Per student spending at all levels of education is close to the OECD average, but due to the smaller percentage of students, the global expenditure as a share of GDP is significantly lower than the OECD average. Moreover, the level of expenditure has been almost flat for the past 10 years. When education expenditure is measured as a percentage of total public expenditure, Italy shows one of the lowest rates among OECD countries.

In terms of tertiary education spending, Italy lags behind even more significantly. The share of education expenditure allocated to the salaries of teachers, professors and technical staff – the number of which is often unnecessarily high – compared to the share for capital expenditures, is above average. Selection of school and university personnel is still not sufficiently meritocratic. Although there are significant areas of high-quality education at both the secondary and tertiary levels, the system as a whole does not yet ensure satisfactory standards of quality.
During the period under review, no significant changes have taken place in education policy. A reform passed by the Berlusconi government designed to strengthen university governance has been implemented. A national evaluation process for university research has also been completed. Its results are now available and will inform decisions regarding state contributions to individual universities. These developments should have significant effects in stimulating a more competitive and quality-oriented university system. The Renzi government also announced a large-scale reform for public schools and the education system during the review period.

**Social Inclusion**

The impact of the crisis on the incomes of a significant percentage of households and the increasing levels of unemployment – particularly among youth – have had important negative effects on social inclusion. The gap between the more protected sectors of the population and the less protected ones has increased. The traditional instruments of social protection (such as those guaranteeing unemployment benefits for workers with permanent labor contracts) do not cover a large part of the newly impoverished population and new policies conceived for them have started being discussed although not yet put in place.

In general, allowances for families with children are rather small, and do not compensate for the costs of raising a large family. The problem of poverty is thus particularly serious for young families, especially where only one adult is employed. Some of the pensions of the elderly are also extremely low.

The progressive tax system and a series of deductions and benefits for low-income individuals – which should have accomplished redistributive functions – have largely ceased to work in this direction. The system’s redistributive efforts have been curtailed by the rise in tax rates and the erosion of benefits and deductions due to inflation, as well as the prevalence of tax evasion among certain parts of the population. Moreover, the system’s redistributive effects fail to reach that part of the population which earns less than the minimum taxable income. An effective poverty reduction policy would require larger and more effective instruments.

The ongoing economic crisis has exposed the weaknesses of Italy’s social policy. The main social policy instrument used to mitigate and reduce social exclusion is pensions. Other instruments are not very effective and Italian national standards are not very good. On average, social programs in the north of the country can deliver benefits three times higher than in the south. Italian family networks still constitute the most important though informal instrument of social policy. The high percentage of home ownership helps protect many Italians from poverty. Offering affordable housing also to younger people is fast becoming an important policy task.
Health

Italy’s national health system provides universal comprehensive coverage for the entire population. The health care system is funded primarily through the central government, but health care spending is administered by regional authorities. On average, the services provided achieve medium to high standards of quality (a recent Bloomberg analysis ranked the Italian system among the most efficient in the world), but, due to significant differences in local infrastructures, cultural factors, and the political and managerial proficiency of local administrations, the quality of public health care is not nationally uniform. In spite of similar levels of per capita expenditure, services are generally better in northern and central Italy than in southern Italy. In some areas of the south, corruption, clientelism and administrative inefficiency have driven up health care costs. In these regions, lower quality levels and typically longer waiting lists mean that wealthier individuals will often turn to private-sector medical care. Regional disparities also lead to a significant amount of health tourism heading north. Early moves in the direction of fiscal federalism are now stimulating efforts to change this situation through the introduction of a system of national quality standards (correlated with resources), which should be implemented across regions.

Preventive health care programs are effective and well publicized in some regions such as Tuscany and other northern and central regions. However, such programs in other regions such as Sicily are much weaker and less accessible to the average health care user.

As is the case in Greece, increasingly more NGOs (e.g., Emergency) traditionally active in developing countries are providing services within Italy and providing essential health care to citizens who are falling through the cracks of the Italian public health care system. As household incomes are shrinking and citizens are increasingly burdened with additional medical services costs (e.g., dental medicine and general prevention) not covered by the public health care system, overall public health is expected to decline in the coming years.

Citation:

Families

Italian society has traditionally relied very much upon its very strong family institutions. The family (often in its extended version) remains even today a major provider of welfare for its weakest components – children, young couples with precarious jobs and elders. Within the family, significant amounts of economic redistribution take place, and important services are provided, such as the care of
preschool age children by grandparents. Partly because of this reliance, family support policies have been generally weak. Apart from relatively generous rules on maternity leave (paid for by social insurance) and limited tax deductions for children, the state has not offered much. Public day care facilities for preschool children are available on a limited scale and vary significantly across regions. Private firms and public offices have only recently started offering similar services, with some support from the state.

The lack of more significant policies has contributed on one hand to the limited participation of women in the workforce, and on the other to a very low birth rate (except in the immigrant population).

Proposals recurrently advanced to introduce important changes to tax policies with respect to families have never materialized, including the “quoziente familiare,” which would have divided taxable income by the number of family members. The crisis has left little space for such initiatives, which would strain the state’s budget. As a result, only limited subsidies for families with children in the lowest income brackets have been introduced. Because of the economic crisis, the levels of children living in poverty are above average.

New and innovative Scandinavian-style concepts (such as parental leave) which go beyond maternity allowance are not widely implemented. The whole child-care sector, and indeed the state of the public debate over the ability of women to combine work and children, lags behind that in the wealthier European countries. The decreasing transfers of financial resources to regions and municipalities during previous and current governments mean that many institutions and projects working in family support have run out of money and may have to cut back services significantly.

**Pensions**

The Monti government introduced a key sustainability-oriented reform of Italy’s pension policy by increasing the retirement age to 67 years and by reducing benefit levels for higher income groups. Thanks to this reform, no further major reforms of the retirement system will be needed in the next few years – despite the demographic imbalance between the aged and the young. The current situation, however, is less positive from the point of view of intergenerational fairness, as the younger generations will receive smaller amounts upon retirement. This problem is exacerbated by the late entry into the labor force of younger cohorts, which itself is a consequence of the economic crisis. In addition, the growing number of permanently unemployed also face receiving little to none in terms of a pension. The high percentage of public spending on pensions also diverts financial resources from other welfare policies such as family policy. Ensuring pensions comes with high costs for the rest of society.
The problem of poverty prevention which exists today for a relatively limited share of the population will be much more significant and relevant for the young cohorts of today when they reach retirement age.

Supplementary pension schemes have to date played only a minimal role in the pension system and fiscal policies adopted to encourage them have not been sufficiently bold.

**Integration**

Large-scale immigration is a relatively new phenomenon in Italy compared to other countries in Europe. In recent years, the number of legal (mainly from new EU member countries) and illegal immigrants has increased significantly, making immigration one of the hottest political issues. Issues associated with immigration have been cast in negative or even xenophobic rhetoric by some parties (especially the Northern League or Lega Nord) during electoral campaigns, with immigrants portrayed as dangerous social elements.

Policies dealing with the topic have concentrated more on controlling illegal immigration than on matters of integration. However, given the failure of measures designed to prevent illegal immigration, successive governments have adopted provisions for the large-scale regularization of immigrants, especially those working for and within families. In spite of these measures, a large number of immigrants are still involved in the black economy and are thus subject to economic exploitation, dangerous working conditions and a lack of respect for their rights. Some sectors of Italy’s agriculture, for example, rely heavily on a workforce of low-paid illegal immigrants.

The school system has proved to be a positive factor in the process of integration, but schools have not received sufficient resources for achieving the best results in this field. Public housing policies have been weakened by the budgetary constraints: as a result in many cities there are ghetto-like areas where immigrants live in extremely poor housing conditions. The universal health care system has in general been fairly effective in providing medical treatments for immigrants.

Employers of legal (but also illegal) immigrants often make the politicians understand that in some sectors they are able to continue to operate in Italy only thanks to the high number of migrants available in the workforce. Agriculture, the building industry, private-sector elderly care, and often child care and private cleaning services are often dependent on legally or illegally employed immigrants.

The Italian government’s efforts to save lives in the Mediterranean sea signal an increasingly more positive approach toward migration. Following the death in October
2013 of more than 300 people off the coast of Lampedusa, the Italian government introduced its “Mare nostrum” operation, sending Italian navy and coast guard units down to the Libyan coast to save migrant boat people. Continuing operations run by the Italian navy and coast guard underscore the government’s efforts to save human lives as a first step in tackling migration challenges.

**Safe Living**

With the exception of some regions of southern Italy where mafia-type organized crime can have a serious impact on the security of certain sectors of the population (for instance entrepreneurs and shop owners) internal security is sufficiently guaranteed. Crime levels are not particularly high but recently have significantly risen with economic crisis and rising unemployment going on now for years. The population has in general a rather high level of confidence in the security forces. The segmentation of security forces (Carabinieri, Polizia di Stato, Guardia di Finanza, Polizia Municipale) has resulted in some inefficiencies. The security forces’ are not always able to provide efficient protection in major urban areas in particular.

**Global Inequalities**

The engagement of the Italian government in promoting socioeconomic opportunities internationally is generally rather limited. Over the years, the Italian level of international aid has been among the lowest for developed countries (0.13% of GDP for 2012 but increasing to 0.16% in 2013 according to OECD). A special sector where the current and past governments have displayed a significant activity is that of providing help at sea through the Italian navy for illegal immigrants crossing the Mediterranean Sea on unsecure boats belonging to traffickers.

On a more qualitative and organizational level Italy has stressed the importance of fighting hunger and developing food production and distribution. Probably because of this activism it hosts three major U.N. food agencies, the Food and Agriculture Organization (FAO), the International Fund for Agricultural Development (IFAD) and the World Food Programme (WFP).

Citation:
http://www.oecd.org/newsroom/aid-to-developing-countries
III. Environmental Policies

Environment

Italy was not an early mover in the field of environmental policies compared to other European and OECD countries, but in a number of aspects its environmental record has significantly improved. For instance, Italy ranks above average in its performances for CO2 emissions in comparison to GDP. In the field of renewable energies, where Italy traditionally fared reasonably well thanks to its large hydroelectric (and geothermic) plants, the promotion of new sources such as solar or wind energy has been very effective in recent years thanks to generous incentives. Because of budgetary constraints under the Monti government (and in part also because of other conflicting environmental reasons such as protection of the landscape) these incentives have been reduced, an approach continued under the Letta and Renzi governments. Nonetheless, renewable energy sources now constitute 30% of total energy. The government has also provided incentives for sustainable house building and house renovations. An initial discussion about the return to nuclear energy with the purpose of further reducing CO2 emissions was stopped by the Fukushima disaster.

Forest areas have been growing significantly in recent years and biodiversity is above the European average.

In other dimensions, such as water efficiency and waste management, Italy fares less well. In these fields disparities between northern and central Italy on the one side and southern Italy on the other remain significant. In environmental policy the decentralization efforts of the last 15 years show that southern Italy does not achieve national standards in waste management. Some emergencies in Naples, Palermo and other southern towns demonstrate the low performance of local and regional authorities in environmental matters. The absence of purification plants affects parts of the coast line and rivers. Erosion, flood and earthquake prevention should be a high priority for the government.

Italy has among the highest numbers of cars per capita in the world, and this combines with poor short-, medium- and long-haul public transport to make life in cities difficult. It also compromises the transport of goods and persons across Italy. Smog, particulate matter, poor air quality and traffic jams undermine the quality of life significantly in Italian towns. Erosion is a danger in many parts of Italy. Perhaps more so than any other policy area, the environment demands a stronger strategy and corresponding political action, as Italy is dropping back on the European but also global level for quality of life.
Global Environmental Protection

The contribution of the Italian government to international efforts in the field of global environmental protection has not been particularly active. It has in general been supportive of international concerted actions but has not played a significant leadership role. This is due also to the fact that the resources of the Ministry of Environment have been seriously curtailed. Moreover, because of the crisis the attention of the government and the priorities of the prime minister have been diverted.
Quality of Democracy

Electoral Processes

The registration procedure is fair and no unreasonable exclusion exists. The number of signatures requested for registration of parties creates some obstacles to new and small parties, but similar small obstacles are accepted in many democracies to avoid non-serious candidacies. The validity of the process is controlled by judicial offices. From time to time there have been disputes over the validity of some of the signatures collected by the largest parties. The procedures for the choice of candidates vary from party to party, but there is an increasing use of primaries to make them more open and democratic.

As the electoral system is based on closed electoral lists in large districts, electors have no option of preferring a single candidate and instead have to accept the whole party ticket. This is one of the reasons why there is discussion on electoral law reform.

Although Berlusconi and his party (Forza Italia, FI) enjoy favorable treatment from the television chains and newspapers owned by Berlusconi himself, the media system as a whole offers a reasonably fair treatment of all political candidates. The most important national newspapers and other privately owned television chains offer fairly equal access to all positions, and after the Monti government Italian state television has maintained a much more neutral position compared to the past. Indeed Italian media – although still heavily criticized and ignored by the opposition Five Star Movement (Movimento Cinque Stelle) – emancipated itself quite well from political parties in the period under review. Some parties own their own media, like the Democratic Party’s (Partito Democratico, PD) YOUDEM television channel, but their impact is limited.

Access to television by parties and candidates is regulated by a law (Law 28/2000) that provides for equal time for each party during electoral campaigns. An independent oversight authority (Autorità per le Garanzie nelle Comunicazioni) ensures that the rules are followed and has the power to sanction violations. This power is effectively used. Public television is controlled by a parliamentary committee which reflects the composition of the
whole parliament. Although the government in office typically attracts more air time than the opposition, the treatment of the different parties by the public broadcaster is fairly balanced overall. In the print sector, the large variety of newspapers both with and without a clear political orientation provides sufficiently balanced coverage of all positions.

As the roles of electronic (internet) and social media in political contests continues to grow, politicians and parties can rely increasingly less on classic media and reach citizens and voters more directly. This fact makes political players more independent from large media groups and public media.

The registration of citizens for electoral purposes is done automatically by municipal offices and there are no significant problems with these procedures.

All citizens are notified via mail at home of their voting rights and supplied with the relevant information. Citizens are entitled to appeal to independent judicial bodies if they are mistakenly excluded from registration. Citizens living abroad are also entitled to vote. There are no significant complaints about the process.

Polling stations are very numerous and typically very near to places of residence. National and regional elections normally take place on two consecutive days which increases the opportunities for working people to vote. Turnout has diminished also significantly in recent years but is still among the highest in Europe. The lack of an absentee voting system makes voting more difficult for citizens residing abroad or in other regions of Italy.

The financing of parties is to a large extent public. State financing was regulated until February 2014 by a 1993 law (Legge del 10 Dicembre 1993 no. 515, e successive modificazioni recante norme sulla Disciplina delle Campagne Elettorali per l’Elezione alla Camera dei Deputati e al Senato della Repubblica), and was monitored by an independent judiciary organ – the Court of Accounts (Corte dei Conti) – which checked the accounts provided by parties and could sanction infringements.

Private financing must be declared by candidates and parties, and is controlled by regional judicial bodies. The existing rules about private and public financing of parties and their enforcement are largely inadequate for a fully transparent system. The degree of publicity over private contributions is largely left to the parties and in many cases is very defective. In recent years many cases of individual or institutional abuse or even fraud of public party funding emerged in almost all of the political parties.

A new reform (Law 21 February 2014, n. 13) has almost completely abolished public financing for parties. It has introduced a new regime of fiscal
exemptions for private contributions and created a new oversight institution, the “Commissione di garanzia degli statuti e per la trasparenza e il controllo dei rendiconti dei partiti politici,” whose members are nominated by judicial bodies. The new system will be implemented gradually and become fully effective only in 2017.

The right to promote referenda and citizens’ initiatives is enshrined in the constitution at the national level of government and is replicated in most of the regions by regional statutes. Referenda may be authorized also at municipal and provincial levels. Referenda, which can only abrogate existing laws or part of them, have taken place rather frequently at national level. In order to launch a referendum the proponents must collect at least 500,000 citizens’ signatures and the referendum is only valid if there is a turnout of at least 50% of the citizens with the right to vote. Between 1974 and 2011 66 referenda took place. There are some limited restrictions to the issues that can be submitted to a referendum. In some cases, however, the effects of a successful referendum have been overturned by parliamentary laws which pay formal respect to the referendum results but have, in practice, reestablished in new forms some of the rules that had been abrogated.

The new constitutional reform introduced by the Renzi government and approved so far only by the Senate (in August 2014), makes it easier for citizen referenda proposals and initiatives to make it on the ballot by reducing the minimum number of signatures to 800,000 at the national level.

Citizens can also promote legislative initiatives and in some regions and municipalities instruments of deliberative democracy (citizens’ juries, deliberative polling) are available, but these instruments do not have legally binding effects.

Referenda have had a deep impact on some political decisions at national level, such as bringing to an end civil use of nuclear energy after the Chernobyl disaster, but at local and regional level effective popular decision-making is seldom applied. Several big infrastructure projects like the Val di Susa high speed railway and the Strait of Messina bridge project were not only contested but also resulted in riots and civil disobedience. Italian politics are either unconcerned with building consensus with their citizens on big projects, or make too slowly an effort.

Access to Information

While in the past both center-right and center-left governments had exerted a significant or even a strong influence on public media, starting with the Monti cabinet governments have taken a much more detached position. The public
media organization, Radiotelevisione Italiana (RAI), had previously been steered by government and parties in both its personnel policies and the control of its organizational frameworks and resources. After the Monti government nominated as heads of RAI new, fairly independent personalities who have ensured an enhanced political neutrality of the public media, successor cabinets have not interfered very much, though they have cut spending for RAI. A stronger institutional or regulatory framework would help transform RAI into a BBC-type institution that could claim full independence from the executive. Privatizing RAI has also been under discussion.

While the privately owned Mediaset channels continue to be subject to the strong political influence of their owner, Berlusconi, the increasing importance of other channels has helped balance things out.

As for the print media, newspapers and magazines are in general much more independent of government influence and able to ensure a broad spectrum of opinions.

The role of other digital and social media (internet, Twitter, Facebook, etc.) is growing rapidly as a generation of younger politicians makes increasingly heavy use of them. But television still maintains its central role for a large part of the Italian public, which is not reached by new media.

Italian media legislation and regulation is often not applied as intended by law. Meaningful media law reforms could be pursued by the currently reform-oriented Renzi government.

The Italian media system is more balanced today than in the past. In television, the earlier duopoly between public television (Radiotelevisione Italiana, RAI) and private television (controlled by Berlusconi’s Mediaset) is now less exclusive. Sky TV and La7 and other national television broadcasters offer a relevant alternative for news. Public television is now under a more politically neutral governance. As for print media, the presence of four or five significant groups ensures a high degree of pluralism. Overall one can say that all political opinions of some relevance in the political spectrum receive fair media coverage. Understandably, the largest parties obtain more space than the smaller ones. Unfortunately Italy’s state-owned public television broadcaster RAI is still far from being able or willing to guarantee a pluralism of opinions or provide balanced opinions.

It would be difficult to say that certain positions are not published or are marginalized, especially in the case of newspapers. One of the big issues in Italy is the predominance of television: newspapers, radio programs and electronic media can’t fully counterbalance its influence. As has been the case in the past, a single large television company can today exert a significant
influence in electoral campaigns. Berlusconi’s conflict of interest as an active politician and important political player through his party has not been resolved, and has merely been temporarily sidelined.

The first freedom of information act was introduced by Law No. 241 in 1990. Its provisions were amended and made less restrictive by Law No. 15 of 2005. Disclosure can be denied only under specific circumstances (such as national security, protection of privacy, etc.) which must be explicitly identified by administrative offices. Special offices (Uffici Relazioni con il Pubblico, URP) dealing with requests for access to information have been established in all administrative offices, both nationally and locally. Access has become more easy and effective.

Both judicial and non-judicial mechanisms of appeal exist, and are increasingly used. Among these is the Commission for Access to Public Documents (Commissione per l’Accesso ai Documenti Amministrativi) of the presidency of the Council of Ministers, which receives appeals in cases of information-disclosure denials, and can force public administrative bodies to reconsider their decisions. The commission, which is composed both of parliamentarians and of technical officers, should make an annual report to parliament. In fact, the most recent report was published in 2012. Regional administrative tribunals can judicially enforce the disclosure of documents. In spite of this regulatory and organizational progress, the propensity of public administration to provide the answers in due time is still far from being fully satisfactory either because of bureaucratic inefficiency or because of a reluctance to disclose internal matters. A recent report by an Italian NGO gave a response rate of only 35% within 60 days to information requests.

In a symbolic move, the Renzi government announced the declassification of documents on Italy’s “strage,” – which refers to a series of terrorist attacks in the 1970s and 1980s and other incidents involving the national government and its authorities.

Citation:
http://www.commissioneaccesso.it/media/45335/relazione%202012.pdf

Civil Rights and Political Liberties

The legal system includes detailed constitutional provisions and a series of ordinary laws that provide an articulated protection of a broad set of rights. Strongly independent courts serve in principle to guarantee their implementation. In practice, however, inefficiencies in the judicial administration, the heavy backlog of many courts and the consequent length of
judicial procedures can make the protection of civil rights (both personal and property) less effective.

The legal protection of the rights of immigrants, especially if they are illegal, is far from satisfactory. Cases of police violence are reported with some frequency. Actions by the security agents of the various authorities (including the state police) sometimes seem to contradict the principles of the rule of law. Forms of racist discrimination against immigrants, foreigners and homosexuals are rare.

A further problem is that some political parties – for example the Northern League (Lega Nord) and also other parties of the right – have an ambiguous stance over civil rights, rule of law and independent courts.

The protection of the complete array of political liberties is enshrined in the constitution and guaranteed by an independent judiciary. During the period of observation, no significant cases of infringement were attested. The right to worship is fully guaranteed to all religious groups and an increasing number of minority groups have been able to use the opportunities offered by agreements with the state to facilitate its implementation. However, some practical problems connected with the freedom of worship, like enjoying the special fiscal treatments guaranteed to religious groups or building places of worship, have not fully disappeared. These problems have been more relevant for Islamic groups, to some extent because of political fears and hostility, but also because of their more uncertain legal status.

At the legal level, anti-discrimination norms exist and are sufficiently developed. Their implementation is sometimes not equally satisfactory. This happens in particular in the field of physical and mental abilities, of gender or for some cases of ethnic minorities (the Roma, for instance). Italy has a very inclusive model for integrating physically and mentally disabled persons, which is suffering – in some regions – from a lack in financial resources.

In the public administration there is an increasing effort by the Department for Equal Opportunities to monitor the impact of gender discrimination on a regular basis. The department’s 2012 report used data from 2011 to indicate – with some exceptions – significant gains made in gender representation in the higher levels of state administration. The percentage of women among the top ranks of the central administration reached 46%. Levels are lower in universities and independent authorities. The situation of gender representation in the business sector is generally less satisfactory. With regard to immigrants and especially illegal immigrants, discrimination is widespread. Whereas immigrants generally enjoy access to the health care system, their rights in other areas – labor relations in particular – are not well protected.
Italy’s constitution and the political reality grants considerable political autonomy and cultural rights to regions with non-Italian or non-mainland minorities and majorities such as Val d’Aosta, Trentino and South Tyrol, Sardinia, Sicily but also to ancient ethnic groups such as the Alberesh, which originated in Albania.

Rule of Law

The actions of the government and administration are systematically guided by detailed legal regulations. Multiple levels of oversight – from a powerful Constitutional Court to a system of local, regional and national administrative courts – exist to enforce the rule of law. Overall the government and the administration are careful to act according to the existing legal regulations and thus their actions are fundamentally predictable. However, the fact that legal regulations are plentiful, not always consistent and change frequently reduces somewhat the degree of legal certainty. The government has backed efforts to simplify and reduce the amount of legal regulation but has yet to obtain the results expected.

The excessive burden of regulations requires too often that in order to face critical situations exceptional powers are granted to special authorities (“commissari”) who are not subject to oversight. This often results in arbitrary decisions being made and opens up opportunities for corruption.

Courts play an important, vital and decisive role in the Italian political system. The just and fair functioning of the state is guaranteed by control of political decision-making not only by the president of the republic but also by courts and higher courts. The Italian judicial system is strongly autonomous from the government. Recruitment, nomination to different offices and careers of judges and prosecutors remain out of the control of the executive. The Superior Council of the Judiciary (Consiglio Superiore della Magistratura) governs the system as a representative body elected by the members of the judiciary without significant influence by the government. Ordinary and administrative courts, which have heavy caseloads, are independent from the government, and are able to effectively review and sanction government actions. The main problem is rather the length of judicial procedures, which sometimes reduces the effectiveness of judicial control.

At the highest level, the Constitutional Court ensures the conformity of laws with the national constitution. It has often rejected laws promoted by current and past governments. Access to the Constitutional Court is reserved for courts and regional authorities. Citizens can raise appeals on individual complaints only within the context of a judicial proceeding, and these appeals must be assessed by a judge as “not manifestly unfounded and irrelevant.” Conflicts
between executive and judiciary which were frequent under the Berlusconi governments have become more rare under successor governments.

According to the constitution, members of the Constitutional Court are appointed from three different and reciprocally independent sources: the head of state, the parliament (with special majority requirements) and the top ranks of the judiciary (through an election). Members of this institution are typically prestigious legal scholars, experienced judges or lawyers. This appointment system has globally ensured a high degree of political independence and prestige for the Constitutional Court. The Constitutional Court has frequently rejected laws promoted by the government and approved by the parliament. The court’s most politically relevant decisions are widely publicized and discussed by the media. Contrary to past situations, the government in office for most of the period of this report was careful to avoid any criticism of the Constitutional Court.

The Italian legal system has a significant set of rules and judicial and administrative mechanisms (both ex ante and ex post controls) to prevent officeholders from abusing their position, but their effectiveness is doubtful. The Audit Court (Corte dei Conti) itself – one of the main institutions responsible for the fight against corruption – indicates in its annual reports that this remains one of the biggest problems of the Italian administration. The high number of cases exposed by the judiciary and the press suggests that the extent of corruption is high, and is particularly common in the areas of public works, procurement, and local building permits. It suggests also that existing instruments for the fight against corruption must be significantly reconsidered to make them less legalistic and more practically efficient. Under the Monti government some efforts have been made to improve the situation through a new anti-corruption law (Legge 6, Novembre 2012, no. 190), but these efforts have faced significant opposition in the parliament and had been interrupted by the end of this government. The Renzi government has initiated the discussion of some new measures, but their final approval in parliament is still pending.
Governance

I. Executive Capacity

Strategic Capacity

The concept of strategic planning is not particularly developed in Italian governmental and administrative culture. This is in part due to the fact that governments have been predominantly preoccupied with coalition problems, and that the administration is still very much guided by a legalistic culture. Some progress has been made, however, in the last few Councils of Ministers when relatively more detailed coalition and government programs have become significant instruments for organizing and planning government activity. Within the government office (called the Presidency of the Council of Ministers, or Presidenza del Consiglio), a special department guided by a minister without portfolio has been created to oversee the implementation of this program. This department produces regular reports on the program’s implementation status. The financial aspect of strategic planning is more developed, as the Treasury has to implement rigorous budgetary stability goals, and works within a triennial perspective. Under the Monti government the presence of personnel with technical and expert backgrounds in ministerial positions had increased the long-term perspective in the formulation of policy solutions. On the other hand, however, the limited time span originally assigned to the government and the crisis situation had reduced somewhat their positive impact. The current Renzi government, which features a strong personalization of leadership, does not seem particularly inclined to strengthen the role of strategic planning bodies.

The current government does not regularly consult non-governmental academics. A small group of academics loyal to the prime minister frequently offer technical advice, but more independent academics are not regularly consulted. Important bills rarely benefit from a public and transparent consultation of scientific experts. Under the Letta government in 2013, a process of this type was however organized for the constitutional reform proposals. A commission of experts involving highly qualified academics was
set up and produced a comprehensive report. The Renzi government has been less keen to adopt similar procedures.

**Interministerial Coordination**

The Prime Minister’s Office (PMO) as a rule evaluates all draft bills before they are submitted to the Council of Ministers for approval. This scrutiny however mainly deals with legal aspects (which now increasingly concern compatibility with European laws) as the PMO itself does not have the systematic sectoral expertise that would allow it to conduct a detailed policy scrutiny. This means that intervention by the PMO is more reactive than proactive. The office gets more deeply involved in issues when problems emerge during the policymaking process. Important draft bills are in general scrutinized by the office with regard to the effects a bill may have on the cohesion of the majority coalition. A detailed scrutiny of the financial implications of each bill is conducted by the Treasury, which has a kind of preventive veto power. The strong personal role played by Prime Minister Renzi means that both he and his personal political staff exert greater influence in steering the cabinet on legislation. But this small staff seems less able to control the technical aspects of legislation, which results in the same government correcting its own proposals.

In Renzi’s cabinet, the position of the prime minister vis-à-vis the other ministers is particularly strong. This has in part to do with the strong leadership style pursued by Renzi, who is also also the unchallenged leader of the heavily reformed Democratic Party, but is also a result of the limited impact waged by other coalition parties. As a result, the Prime Minister’s Office has played a particularly strong gatekeeping role throughout the period under review. This is particularly evident in policy matters given top priority by the government.

The Prime Minister’s Office was regularly kept informed of the development of policy proposals generated by line ministries. With regard to the policy proposals of particular political relevance for the government program, the consultation process started from the early stages of drafting and was more significant, involving not only formal but also substantive issues. In the fields less directly connected with the main mission of the government, exchanges were more formal and occurred only when proposals had been fully drafted.

A significant number of policy proposals require de jure scrutiny by a Council of Ministers committee or even the explicit consent of a plurality of ministers. In a number of cases this is only a formal exercise and the Council of Ministers committee is not a very important mechanism. It is more significant that a number of important issues are de facto dealt with through consultations among a few ministers (and their ministerial cabinets) before being brought to
the Council of Ministers, or are sent to this type of proceeding after preliminary discussion in the council. These consultations usually include the Treasury.

Before every Council of Ministers meeting there is a preparatory meeting – the so called “pre-consiglio” – where the heads of the legislative offices of all the ministries filter and coordinate the proposals to be submitted to the Council of Ministers meeting. Further informal meetings between officials of ministries take place at earlier stages of drafting. However, the bureaucracies of individual ministries are jealous of their prerogatives and are not very keen to surrender the autonomy of their ministry.

During the Letta government, interministerial coordination was predominantly based on traditional forms of interparty consultations among the coalition partners. Under the current Renzi government, the stronger role acquired by the prime minister (who is also the undisputed leader of the coalition’s largest party), has placed the informal mechanisms of coordination into the hands of the prime minister and his staff, including the undersecretary to the presidency.

**Evidence-based Instruments**

RIAs are in principle required from all ministries and local authorities (under laws 50/1999 and 246/2005). RIAs at national level fall under the responsibility of the Prime Minister’s Office (PMO). The PMO is responsible for the review and quality control of RIAs produced by ministries, as well as for the coordination of activities associated with an RIA. The Presidency of the Council of Ministers, with its department for juridical and legislative affairs, is the body responsible for the elaboration of RIA methodology.

However, it is questionable whether sufficient resources are available within the presidency to implement RIA effectively. Implementation has in fact been far from systematic since the beginning of the RIA program. As a consequence, a new plan adopted in July 2007 by the Prodi II government created new, simpler RIA forms that were implemented from November 2007 onwards. Further implementation rules were approved in 2008 – 2009 by the Berlusconi IV government (DPCM 170/2008 and Directive 26 February 2009). According to this framework, the performance of RIAs at the ministerial level is intended to be enforced by a prohibition on Council of Ministers’ discussion of any proposal lacking this assessment. However, in February 2010, the parliamentary committee (Comitato per la Legislazione) responsible for monitoring the quality of legislation at national and regional levels discovered that in a sample of 20 regulations approved by the government in the previous 10 months (March 2009 – January 2010), only eight laws had been accompanied by the requested RIA.
In May 2012, under the Monti government, the third report on the implementation of RIAs was presented to the parliament. This report highlighted an increase in the number of RIAs but found them to be, on average, not satisfactory. Most RIAs were identified as being more formal than substantial, or too legalistic. Not much has changed on this front during the current review period. Qualified observers have found that while RIAs conducted by independent authorities are sound, those of ministerial departments continue to be rather formalistic (Osservatorio air 2013).

Citation:

The RIA process is still in its infancy in Italy. The participation of stakeholders remains limited and is not systematically pursued. The reports regularly presented every year by the Prime Minister’s Office to the parliament indicate a slow but constant improvement in this field. Communication to the public needs to be significantly improved.

Sustainability checks within the framework of RIA are still underdeveloped. The reports of the Prime Minister’s Office to the parliament show they are not yet systematically integrated within RIA and they are not exhaustive from the point of view of the indicators included (economic indicators play a greater role than social and environmental ones).

**Societal Consultation**

Cabinet consultations with economic and social actors have not been one of the main priorities of the Renzi government. Pressed by the need to face a very difficult budgetary and economic situation, recent governments have been reluctant to involve themselves in long and unproductive consultations. Prime Minister Renzi in particular, who is keen to communicate the image of an innovative and rapid-response government, has tried to avoid entangling himself in official discussions with trade unions, which are increasingly less popular. He has also publicly criticized trade union leaders as being too conservative and focused on the privileges of certain categories of workers, that is, of people in work and not the unemployed.

The labor law reform now under discussion in parliament has been promoted by the executive office without engaging social interests in the early drafting stages. This does not mean that contacts with individual trade union leaders have not taken place and that low level consultations do not exist. Relations with entrepreneurs and with their association (Confindustria) have been more intense.
Policy Communication

Italian governments have in general coordinated communication rather weakly. Ministers and even undersecretaries have been able and willing to express their personal positions without coordinating their comments with the Prime Minister’s Office. Under the Renzi government the prime minister himself (especially with the use of social media, such as Twitter) and his press office have largely overshadowed the government’s other communication components. Instances of uncoordinated and contradictory communications have nonetheless taken place. This has mainly to do with the fact that information from the presidency has often anticipated the political relevance and details of measures still undergoing finalization within their respective ministries. As a result, the communicated finalized policy often differs from that policy communicated earlier by the presidency. This has required corrections in communication and has sometimes given the impression that certain government policies are not sufficiently well thought out.

Implementation

The evaluation of the government implementation performance is made more difficult because of the two cabinets which have governed during the period under consideration and the changing economic expectations. The Letta cabinet lasting until February 2014 was guided by more optimistic forecasts about economic recovery and thus expected a slower and more gradual reform path. Given that cabinet’s short duration, it is difficult to assess its performance. Its successor, the Renzi government, soon realized the need to increase the speed and scope of its policy action. It proclaimed therefore a broad set of ambitious economic, administrative and institutional policy reforms to be decided and implemented rapidly. Like its predecessors, the Renzi government faces significant difficulties in getting its policies approved by parliament. It should also be noted that when a new policy is approved, in most of cases (approximately 65%) its implementation requires ministerial decrees which often lag behind either because of the resistance of ministerial bureaucracies and pressure groups or because of internal incongruences in the law. This might apply in the “Jobs Act” labor market reform, which is little more than a framework in need of being filled with individual laws and provisions.

Citation:
Although Italian prime ministers have historically held weak executive powers, the dominant role played by Prime Minister Renzi – who also heads his Democratic Party – has generally guaranteed that ministers will promote the main points in the government’s program. A significant number of ministers are Democratic Party members and are intensely loyal to Renzi. There are also ministers from other parties, but these parties are weak and their ministers cannot exercise a great deal of autonomy. However, departmental self-interests have obviously not disappeared, and this may mean that decisions adopted are not always followed with adequate speed by the more detailed implementation measures required.

The monitoring of the implementation of the government program is delegated to a minister (without portfolio) attached to the Presidency of the Council and is conducted by a special office of the presidency (Ufficio per l’attuazione del programma di governo). This office monitors the main legislative activities of the ministries and more recently has started to monitor regularly also the implementation activities related to the legislation adopted. The resources devoted to this function are however not yet sufficient to conduct a systematic and in-depth control.

Autonomous executive agencies are not very common in Italian ministries, but they have increased with time. Although their activities are monitored, this monitoring is neither systematic nor particularly effective. There are some exceptions: for example, the monitoring of the tax agency (Agenzia delle Entrate) by the Finance Ministry is more effective than many other oversights. The Corte dei Conti – the main Audit Office – performs a systematic monitoring of bureaucratic offices and also of executive agencies but this monitoring is mainly focused on legal and procedural aspects and is much less effective in covering other aspects such as cost efficiency. A full monitoring of regional health care agencies, their spending and procurements has to date not been established. Despite major regional differences and deviations from “standard costs,” established by recent studies, systematic oversight is not in place. There is considerable doubt surrounding regional government’s capacity to manage health care funds and resources properly, a fact that has cast doubt on decentralization efforts.

In recent years, a double and to some extent contradictory trend has taken place in the relationship between central government and local administrations (regions, provinces and municipalities). On the one hand, constitutional reforms and normal legislative and administrative changes transferred broader tasks to local governments. This has particularly been the case for regions where the devolution of functions in the field of health care has been particularly extensive, for example. On the other hand, however, because of budgetary constraints and strong pressure from the European Union and international markets, the central government has increasingly reduced transfers to local governments in order to balance its own budget. The current
government, guided in part by a spending review that found considerable financial waste at the local and especially at the regional levels, has continued this approach. Local governments have tried to resist this fiscal squeeze without great success and have had to increase local taxation. As a result, functions delegated to subnational governments are now often underfunded, and local authorities have been forced to cut services.

The constitutional and legislative changes which have substantially increased the powers and scope of activity of regions in recent years have not made the relationship between different levels of government easier and less antagonistic. The fact is that in an increased number of fields central government and regions have concurrent legislative powers. In these areas, the central state should simply define general guidelines, leaving the definition of specific legislative contents to regional assemblies. However, the national government and parliament have a tendency not to respect this division of competences, impinging upon the sphere of regional autonomy instead.

For their part, regions often adopt a posture of resistance to national rules. This has produced a significant amount of litigation before the Constitutional Court which is common in a recently decentralized political system. Tensions between the two levels have increased as a result of the strained fiscal context: the central government is seeking greater oversight over local governments (often perceived as the culprits of unrestrained spending) and cutting transfers to them. This was mainly true for some regional governments which had trouble offering public services because of mismanagement and/or corruption. It should be emphasized that in several emergencies, the national government has given substantial financial aid to municipalities and regions.

Minimal standards for decentralized public services (such as public health, utilities, etc.) are agreed upon and set at national level in a number of areas. The permanent conference for relations between the state, regions, provinces and cities (Conferenza Stato-Regioni ed Unificata) is an important forum in which national standards are discussed. However, the implementation of these standards is far from satisfactory: as the administrative quality of different local authorities varies significantly, standards can differ substantially from one area of the country to another. In many fields the north–south divide remains significant and seriously affects equality of opportunities and national cohesion. Efforts to overcome it have not proven very successful.

National standards have increasingly been adopted for utilities (water, electricity, telephone, etc.), but, in most cases, independent authorities are responsible for their definition and implementation. Implementation in this field is fairly adequate.
Adaptability

In the medium term, the most significant impact that international, and particularly supranational (EU-related) developments have had upon the structure and working of the government concerns the role of the minister of finance and of the treasury. Because of budgetary requirements deriving from European integration and participation in the eurozone, the minister of finance has acquired increasing weight in the governmental decision-making process, exercising an effective gatekeeping role with respect to line ministry proposals. A very good example of this is the quite strict internal stability pact, which is designed to guarantee that Italy meet the EU’s stability and growth pact obligations across all administrative levels.

Starting with the Monti government, the structure of the government has been further streamlined by keeping the number of ministers and undersecretaries smaller than in the past. The Renzi government has slightly increased their number (there are 13 ministers with portfolio, 3 ministers without portfolio, 9 vice-ministers and 34 undersecretaries). In response to the difficult requirements of the national and international economic situation, the joint action by the prime minister and the finance minister has played a crucial role in steering the implementation of the government program and guiding the most important decisions. Other ministers have had a secondary role.

The Renzi government has actively articulated Italy’s policy demands at the EU level in an attempt to influence the European decision-making process. But Renzi himself has sometimes had little institutional support at the EU level for these efforts.

The ability of the Italian government to take a leading role in international efforts is generally limited. This is in part due to the country’s relatively small size, but also because Italian politics tends to focus on internal matters and the fact that frequent changes in political leadership make it difficult to provide a strong and clear position in international efforts. There have been occasional exceptions when the government has been more active on a specific issue (such as the abolition of death penalty, or in the promotion of peace talks in the Middle East). The Renzi government efforts have mainly focused on the European level and the Italian executive is actively engaged in the European institutions to stimulate the adoption of common policies that are oriented to promoting economic growth and not just fiscal balance. The Italian Presidency of the European Council in 2014 represented a good opportunity in this regard and yielded some positive results, including the EU Frontex “Triton” mission, which is designed to replace Italy’s “Mare nostrum” mission tackling (illegal) immigration to the EU in the Mediterranean Sea.
Organizational Reform

In general the attention paid to the internal organization of the government machine has been only selective and sporadic. No systematic monitoring is accomplished on a regular basis. The spending review initiated under the Monti government has been continued under the Letta and Renzi governments. It has focused mainly on financial aspects, but has also involved some monitoring of the institutional arrangements of government (with particular attention given to the structures of local government). The minister for public administration has further developed existing projects aimed at monitoring the effectiveness of the state administration.

Although the need to improve the effectiveness and efficacy of the institutions of central government has been a constant topic in the political debate of Italy in recent years not much was done in the past. During the period under review, the Letta government more or less delegated this area of reforms to parliament, and the Renzi government has raised this issue to a central position in its program. A junior minister without portfolio, a close ally of the prime minister, has been in charge of a department for institutional reforms within the government office. A constitutional reform bill has been promoted and approved in its first reading by the Senate. Among other objectives, this bill changes the existing “perfect bicameralism” and reduces significantly the legislative powers of the second chamber with the purpose of enabling the government to push forward its programs more speedily.

II. Executive Accountability

Citizens’ Participatory Competence

Existing public opinion studies indicate that only a minority of citizens (about 35%) are significantly interested in politics and that about a similar percentage talks regularly about politics and follows TV programs featuring political debate. A large majority (85%), however, regularly follows the TV news where political news has a significant weight. While data show that the level of sophistication and knowledge about parties, personnel and composition of government is not low, data concerning levels of information about policies were not easily available. They probably vary greatly depending on the policy field.
On certain policies (concerning major economic and fiscal aspects, education, health care, foreign policy) which parties use to define their position, levels of information are fairly high. On other policies they drop significantly. As Italian politics are fast changing, not very stable and strongly personalized it should be difficult for the citizens to be well informed about the contents of government policymaking. Television – by far the main information source in Italy – can’t give in-depth information.

Citation:

Legislative Actors’ Resources

Members of parliament can draw on significant resources of highly qualified personnel to monitor the activities of the government. The permanent staff of both chambers is quite large and is selected through highly competitive mechanisms. Most staff members possess legal expertise. The parliamentary staff regularly produces studies on issues and reforms under discussion. The two chambers also have extensive libraries at their disposal. Members of parliament also have at their disposal some resources for personal parliamentary assistants. The selection of these assistants is much less merit-based and their quality highly variable. Whether in general MPs are really interested in using systematically the available resources for monitoring the government is another matter. Probably only a minority take frequent advantage of these resources.

Italian committees are comparatively powerful. They can significantly amend legislation and they have extensive oversight powers. Committees have the right to ask for documents from the government. Delivery of the documents may not always be prompt, but there is no significant evidence that the government fails to comply.

Article 143 of the Chamber of Deputies’ rules of procedure enables parliamentary committees to summon ministers for hearings. Similar rules apply for the Senate. Summoning ministers is a regular practice, and ministers normally comply with such requests.

Parliamentary regulations provide for the right of committees to invite any person able to provide important information. The rights of committees are not limited, and committees frequently use this opportunity to summon experts. This also reflects the fact that the Italian committee system plays a more prominent role in the legislative process than do committees in other European parliamentary regimes.
The tasks of committees and ministries mostly coincide. However, there are a few cases where more than one ministry is overseen by a single committee (for instance, this happens with the Presidency of the Council and the Ministry of the Interior, for the Ministries of Cultural Affairs and Education, and for the Ministries of the Environment and Public Works). Parliamentary committees have instruments at their disposal enabling the effective monitoring of ministry activity.

Committees meet frequently and their members are assisted by highly qualified technical personnel. However, parliamentarians are not always interested in fully exploiting these possibilities. Often they prefer to concentrate on issues with high media visibility or of local relevance rather than on the more important administrative processes taking place far from the spotlight.

General auditing functions are conducted in Italy by the Court of Accounts (Corte dei Conti), which oversees all administrative activities. The court regularly reports its findings to the parliament, but cannot be said to be accountable to the parliament as it is an independent judicial body. The court can review ex ante the legitimacy of executive acts (although its decisions can be overruled by the government), and is responsible for the ex post review of the management of the state budget. The court oversees the financial management of publicly funded bodies. It is protected from political influence; its judges remain in office until they are 70 years old, and cannot be removed without cause. Judges are nominated through national competitive exams, and members of the court nominate the court president. The court has a highly skilled professional staff. Citizens may access court decisions via the internet, at no cost, shortly after decisions are rendered.

In April 2014, the parliament created the Parliament Budgetary Office (Ufficio parlamentare di bilancio), which is tasked with assessing the government’s macroeconomic and fiscal forecasts and monitoring compliance with national and European fiscal rules. This new body plays a particularly important role during the budgetary session, and enables the parliament to have its own independent source of information in evaluating government proposals.

Italy does not have a national ombuds office. Some functions are performed by regional ombudsman offices. Through questions and other oversight instruments, members of parliament perform with significant vigor an analogous advocate’s function with regard to issues and complaints raised by citizens.

Citation:
Media

The space allocated to political themes in Italian media is quite significant in the 10 most important mass media brands (the two main national newspapers, Corriere della Sera and la Repubblica, who have print and online versions; the three state television channels RAI1, RAI2 and RAI3; the two Mediaset channels 5 and 4; and two other private TV channels –Skynews and La7). Television time (both public and private) allocated to political themes is substantial throughout the year, averaging more than seven hours per week. A large part of this time is devoted to debates and talk shows involving politicians, journalists and experts, and to covering the most important aspects of current political controversies.

However, detailed, in-depth analysis of government decisions is much rarer, and debates tend to focus on the personality-driven dimensions of power politics. National newspapers provide more in-depth coverage of government decisions, often providing detailed dossiers on their content. Some radio and internet programming gives high-quality information in advance. The broader public has no access or does not seek access to these media.

Parties and Interest Associations

With regard to intra-party democracy, Italy’s major parties differ significantly. At one end of the spectrum lies the Forza Italia party (previously called the People of Freedom Party’s or Popolo della Libertà), where decision-making and leadership selection are both fundamentally dominated by its leader, Silvio Berlusconi. Requests to adopt primaries to designate candidates for leading positions at national and sub-national levels are recurrently aired but have always been stopped by Berlusconi. The situation is rather different in the main center-left party, the Democratic Party, where leadership has in past years been selected through primaries open not only to party members but to any one willing to subscribe a declaration of support for the center-left coalition. A similar procedure was adopted for the selection of parliamentary candidates. Given the increasingly strong power acquired by the current leader of the party and prime minister, Matteo Renzi, the space for minority positions inside the party has increasingly narrowed.

The Five Star Movement (Movimento Cinque Stelle) of Beppe Grillo has also introduced new mechanisms of online direct consultations for decisions and for candidate selection. At the same time, behind the scenes (and sometimes openly), the leader of the movement has maintained for himself a very strong
steering role. Internal oppositions have found it very difficult to have a space for voicing their positions and cases of dissidents expelled from the party have been frequent.

Overall intra-party democracy in Italy’s political system is not well developed. In particular it seems difficult to balance an increasing personalization of leadership and the preservation of internal debate.

The big interest associations (employers associations and trade unions) have developed research units which regularly use experts and rely upon scholarly knowledge. Their proposals are often detailed and based upon substantive policy know-how. However, it must be noted that trade unions generally have a rather conservative outlook, and are reluctant to adopt innovative policies in the areas of labor relations or pensions.

Employers associations (the most important of which being Confindustria) in general adopt a more innovative perspective, and are less defensive of the status quo. Their policies are more prudent on issues associated with increasing competitiveness or reducing government subsidies. In recent years, two of the largest trade unions (CISL and UIL) have shown a somewhat greater willingness to negotiate with the government and employers associations over measures designed to increase the flexibility of labor relations.

The landscape of non-economic interest organizations is increasingly rich and diversified. But only few of them are able to formulate articulated policy proposals and most operate in a reactive mode instead. Among the most professional associations, some religious ones (such as Caritas, which deals with immigration policies) and environmental groups (such as Legambiente, WWF, etc.) deserve special mention and are able to provide well-articulated or scholarly grounded analyses of significant breadth. An increasing number of single-issue movements are gaining ground in Italy and are contributing policy proposals.

There are also a series of foundations and think tanks in the field of international affairs, social and economic problems producing critical studies and conducting oversight activities. But their infrastructures, resources and personnel are in general limited.
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