

SGI Sustainable Governance
Indicators 2009

Italy report



Executive summary

Since 1993 when the country's electoral system was changed, the process of Italian political reform has been constant but not very systematic. Major drivers of future reforms include the further development of Italy into a federalist system as well as the needed consolidation of the party system. Increased international competition will be a significant driver in the economic sphere. However, the crisis of confidence in Italy's political elite and more generally in the political system as a whole constitutes a significant barrier to reform. Italy is paralyzed by a patronage system in which large parts of the political and economic elite are entangled. The population's will to reform is curbed by actors who strongly benefit from the status quo of the current system.

The electoral system's evolution, while constant, has been highly politicized; the results of a 2005 electoral law however produced a stalemate in the process and in effect cemented the strong left-right political rift within Italian society.

The media, especially the TV sector, is essential to Italy's political system. Reforms failed to establish a third (in addition to privately owned Mediaset and state-owned RAI) national TV group. Free competition, the implementation of national laws and regulations based on European Union law should encourage a more pluralist TV sector in Italy.

Reforms in state administration and other political elements of the system are lagging. This is especially true for the judiciary, which should be praised for its independence, autonomy and ability to self-govern, yet often fails in the service of justice as its workings are always slow-going.

A more or less religious uniformity (Catholic), the strong role of the Italian Conference of Catholic Bishops, the Catholic-orientation of at least three parliamentary parties and the Vatican's close role in politics could be seen as interfering with the principles of religious non-discrimination and the general secular values of the Italian Republic.

Affiliation with and membership in international organizations has helped Italy to adapt and reform its political system. This is exceptionally true for the country's European Union membership, which often is used by the Italian government to promote matters of national interest and govern Italy according

to EU law.

Policies on integration, social affairs, family issues, the environment, research and development as well as general business interests are underdeveloped. The government (at the time of writing) has tried to activate movement in these areas to boost the Italian economy and as well modernize society. Policies on taxes and a balanced budget, as well as for health care and pensions, represent serious challenges to the fiscal sustainability of Italian society and the state. Any strategic reform initiatives in these areas are practically absent. The next economic slowdown, or even economic crisis, should severely impact the country – yet might also set free more societal pressures for reform.

Italy's performance in external security since the end of the Cold War is surprisingly good. Despite its location amid a difficult "neighborhood" of developing states and its geographically challenging exposition to the Mediterranean Sea, Italy has developed strategies and instruments which while not overtly coherent, have generally responded very well to security challenges.

Because of the strong presence of Mafia-styled organized crime groups in Italy (especially in the south) and the resulting restrictions on citizens' economic and personal freedoms, government should strengthen the rule of law and public order as well as re-establish territorial control in affected regions. There is a serious need for reforms in this area.

There are several structural problems to be addressed. The weak powers of the prime minister, the dominance of party politics, the absence of nearly any strategic planning and the lack of academic advice within political decision-making are all issues that need to be addressed. Together with the surprisingly strong loyalty of the entire political elite in "closed shop" politics, government is at risk losing its connection with the populace at large. Principles of responsibility and accountability are either weak or ignored. On single issues (such as the position of the prime minister) there are constant political discussions and many (failed) reform projects, but mostly a consensus over action is what's missing.

Few strategic improvements in government have been observed at the time of writing in setting up or following guidelines established by the ministry in charge of the implementation of government programs. Where reform has really taken hold is with the amendment of Title V of the Italian constitution starting in 2000, with the decentralization, devolution and conversion of Italy into a more federal state. One reform idea that is part of this process is to transform the Senate from its current status into a real regional parliament. Another development is the state-regions conference, which is expected to be a

government organ with a great political future.

During the period under examination, the center-right Berlusconi government was defeated in the 2006 election by the center-left Prodi II government. The change could not have been clearer, as the new electoral and parliamentary majority had defined itself “united to throw Berlusconi out.”

The Prodi II government has thus been, to a significant extent, defined by this motivation. Because of this “negative” stance and also because of some long-term characteristics of the left in Italy (typically divided among many parties) the government and its majority have been defined by a particularly high level of political and ideological fragmentation. The coalition included at its beginning eight parties, from the extreme left to the center of the political spectrum. As a consequence of party splits, this number has risen to 10. To a significant extent, the government has also defined its program in negative terms vis-à-vis that of the previous government, and some of its crucial points concern the deep revision or even rejection of major reforms adopted by the former Berlusconi government (in institutional, pension, judicial and fiscal policies). This original stance has made the positive elements unifying this governmental team often less evident (and perhaps even less well-sorted out) than its negative elements.

In its organizational outlook, the new government has been characterized by its size; with the addition of the positions of minister, vice-minister as well as multiple undersecretaries, it has reached the highest number of government members in Italian democratic history. Another feature of the government is that the prime minister (contrary to the previous government) is a leader without a party. This is obviously an element of weakness, as it leaves the prime minister without allies who will systematically support his position; on the other hand, it puts the prime minister above partisan struggles and identifies him closely with the coalition. As he is not seen as favoring one party, the prime minister is in a better position to mediate among the majority parties.

Partly because of this, the prime minister has had to rely to an even greater extent than past ministers upon his staff and his office. To this loyal group should be added a small number of ministers who are highly devoted to him and not dependent on coalition parties. The finance minister has a crucial role among these actors. By not being a party professional but instead a technician of high international standing and directly accountable to the prime minister, the finance minister has had the crucial role of keeping under control the “spending ministers” and to maintain a minimum of coherence within the actions of the ministerial team.

The task of steering effectively such a unwieldy team has proven so far more

demanding than expected, and many observers believe that only the fear of new elections brought on by an early dissolution of parliament, tied with the high probability of electoral defeat, has forced the majority to stick together.

With regard to policy initiatives, the Prodi II government has focused its attention on budgetary policy on one side, and on the other to the revision of policies of the past government.

A more positive economic outlook during the government's first months and a greater willingness amid European pressure of the center-left to conform to a European consensus induced the cabinet to adopt in the fall of 2006 a budget more in line with European criteria than previous efforts under Berlusconi. At the same time, the government did not have to raise taxes too much. Some redistribution for the lower-income brackets was also implemented. The cabinet made a point to engage in a much more determined fight against tax evasion, which is a major Italian problem.

The center-left was initially able to display a fairly high degree of cohesion in its efforts to revise some policies of the previous Berlusconi government. In foreign policy, the cabinet agreed to backtrack on support initially offered by the Berlusconi government toward U.S. efforts in Iraq. Also, the government worked to smooth the previous government's most severe measures and paid greater attention to the requests of the judiciary. Prodi's government also worked toward a revision of labor laws facilitating temporary employment. In pension reform, the coalition addressed the center-right law which abruptly increased the retirement age. In all or most cases, however, the new cabinet experienced much greater difficulties when time came to formulate new, independent policies in response.

The cabinet's internal struggles between moderate groups and left-wing factions constantly made the headlines of newspapers, while reaching policy compromises proved a difficult and time-consuming task. The government was repeatedly close to falling apart, and the endurance and mediating capacities of the prime minister were put to the test. As a result, the first year of the government coalition proved not particularly effective and many of the long-lasting Italian problems (huge state debt, slow economic growth, ineffective public administration, sluggish innovation and so on) were not seriously tackled.

Strategic Outlook

The experience of the past and present governments suggests that in spite of the voters' opportunity to choose between two clearly identifiable, alternative coalitions and a somewhat greater average stability of cabinets, the effectiveness of the government in leading the country and addressing its problems is still far from satisfactory.

To some extent, this is also a consequence of greater expectations on behalf of the populace of the Italian government. It was more acceptable 20 years ago that a government would spend most of its energy in ideological debate or in the sheer attempt of surviving politically. Today public opinion as well as the media expects from government concrete solutions to the country's important internal and external problems. The ambitions of government itself have also grown. The programs adopted by government when it takes office typically detail a great number of important and innovative pledges. When it comes to the implementation of such programs, however, governments still are much less successful.

At the core of this problem, there are a number of factors that need to be faced with greater determination. First is undoubtedly the fragmentation of the Italian party system. To this should be added the instability of party groups, which makes the frequency of party splits and of individual transfers between parties frequent. Party fragmentation leads to an excessive concentration within each party on the idiosyncratic aspects of identity, policy platforms and clientele, which in turn significantly increases the difficulty in getting allied parties to agree on common policy goals. This problem has plagued both coalitions in the period under review, but has been so far particularly serious for center-left governments, where the number of parties needed to reach a majority is very large (eight to 10 parties) and there is no clearly dominant party with a strong leader (as is the case with the Forza Italia party, with Silvio Berlusconi for the center-right).

A second, related aspect that has created significant difficulties for governmental action is the nature of political discourse. Party fragmentation and intense competition not just between coalitions but within each coalition has made it difficult to focus on the fundamental problems of the country and solutions for those problems. It has rather diverted coalition attention to the protection of sectional interests. In general, the debate conducted by the government and by the opposition has focused much more on political

skirmishes (coalition problems, leadership and relations with the opposition) than on concrete problems.

A third issue is the excessive level of departmental autonomy and the absence of effective controls over this autonomy. The combination of configuration (party fragmentation and harsh competition for cabinet spoils) with administrative traditions (highly isolated ministries with limited personnel exchanges and entrenched interests), has resulted in ministers and ministries being extremely reluctant to coordinate activities. This makes it difficult for the government to rally the troops and concentrate on important issues, which delays the implementation of the common program and puts budgetary policy under constant strain.

A fourth issue is the still-unsatisfactory organization of the “center of government.” Although the situation has improved over the last decade, the prime minister’s office has not yet acquired all the resources it needs to effectively coordinate the cabinet’s policy agenda and its activities. In particular, the PMO’s ability to monitor from the early stages line ministry policy initiatives and evaluate the content of initiatives appears insufficient. One aspect not to be taken lightly is the fact that the cabinet is still not unified in its message; it speaks with too many voices, regularly presenting the media with a cacophony of confusing information.

All these issues make for frantic yet ineffective government action, characterized by its disorder and lack of focus on the country’s crucial problems.

This state of affairs is particularly serious as the country urgently requires well-thought and coherent ideas in many strategic policy fields. With such large state debt, Italy’s budgetary policy claims top priority. Sound budgetary policy has two sides. On income, the system must work to reduce tax evasion to produce sufficient revenue and spread the tax burden equitably. On expenditures, the government must be able to effectively keep under control current state spending. On the first front the government so far has dedicated a good deal of energy (that will in any case need to be sustained to produce any significant effect); on the second front, very little has been done and ideas are still muddled. A serious plan for the reduction of current expenditures based on solid data and bolstered with effective instruments needs to be put in place.

Public administration reform is probably the second most urgent policy field and one which is directly connected with budget priorities. The two main aspects that require prompt action are the strengthening of a system of meritocracy and flexibility in the working of the public administration at all levels, which includes a streamlining and significant reduction of personnel.

The first aspect requires a rethinking of recruitment and salaries (fixed and automatic amounts should be reduced, and evaluation-dependent components should be increased) and more freedom in firing inefficient employees. The second item requires that given the increasing amount of tasks that have been transferred in past years to local authorities, the central bureaucracy should be made leaner to better concentrate on its strategic missions.

In economic policies, three are the major requirements for Italy, a country that still lags in growth within the European group. Italy must reduce obstacles to competition, foster the ability of business firms to innovate and preserve and improve a flexible labor market. At the same time, the existing jungle of ad hoc contributions to firms should be drastically reduced. A crucial contribution to the economy and its growing dynamism can be offered by innovative policies in education. Effective evaluation mechanisms must be put in place to raise the average standards of all higher-learning institutions and at the same time, to promote and reward centers of excellence. More selective recruitment processes for teaching and administrative personnel as well as greater autonomy in teaching programs and internal organization are required.

Finally, social and family policies should be made more adequate to meet the needs of current economic and social conditions. In a more flexible labor market, allowances in case of temporary unemployment must be increased to protect those affected by economic restructuring and to make innovation a more acceptable path for companies; if women are to better reconcile family life and the raising of children with employment opportunities, taxation must take into account family burdens and the organization of labor must be adapted to these needs. Retirement policies must take into account the longer life expectancies of the population and the less favorable ratio of the elderly to the young in today's Italy.

So what are the remedies needed to make the government better able to tackle present policy challenges? The strongest remedy to address governmental weakness would be to reduce party system fragmentation to achieve more cohesive and less troublesome governmental majorities. Some steps in this direction have been achieved with two parties of the center-left (Democrats of the Left and Daisy-Democracy is Freedom) initiating a process of unification to create the new Democratic Party (PD). However difficult, it is undoubtedly an encouraging step. What's more, consolidation effects would be even more significant if center-right parties felt the need to start a similar process. A change to current electoral law that would encourage the formation of larger parties and discourage party splits or the creation of mini-parties would obviously help to strengthen this process.

The government should pay greater attention in defining its strategic goals, coordinating the policy positions of parties that support it and tightening the organization of its legislative agenda. Instead of infrequently calling for summits of all party leaders when forced by crisis situations, the cabinet should hold meetings of an inner cabinet on a regular basis, which would represent and invite all majority groups to take collective responsibility for the government agenda's main points.

To this end, the prime minister's office should be equipped with stronger expert resources and the means to monitor systematically and from the early stages policy initiatives of all government members.

The government should also encourage more open and pragmatic debate on the main problems facing the country. To do this, the government should adopt a practice of producing "green papers" on main issues that could stimulate and help structure debate before important decisions are taken. The definition of policy positions by the government should be regularly and more systematically supported by empirical analysis, with regard to the expected effects of proposed measures. In a parliamentary system, the government should also devote greater attention to improving the dialogue with its own majority. Listening carefully to members of its parliamentary groups and providing them with detailed, timely information about policy initiatives should never be considered by cabinet members as a secondary preoccupation.

Finally, among the crucial prerequisites for better government, one should not underestimate the importance of a more constructive relationship with the opposition. During the past decade, regardless whether the center-left or center-right was in office, the relationship between the two sides has been characterized by deep distrust, a portraying of the other side as a danger to democratic principles, all too frequent slander campaigns and a general low level of political fair play. This is not to say that the more adversarial character of Italian political life during the 1990s and electoral campaigns that revolved around the two competing coalitions should be considered entirely negative. On the contrary, this situation has empowered voters with a greater ability to choose and has opened the doors of the executive to all parties. A competitive political system should not exclude, however, a modicum of consensus between government and opposition, and in particular more attention should be paid to the need of reaching a broad agreement on basic rules. But on many policy matters, the government in office should be ready to open talks with the opposition without the fear of being considered weak; and conversely, the opposition should be ready to consider the merit of government proposals without the fear of being considered too accommodating.

In sum, Italy faces the following challenges:

- Elaborating a new electoral system in consensus with political and social groups. A new electoral law should have bipartisan backing and be linked to the idea of a new political system with better strategic capacity. Furthermore, the electoral law should set out guidelines for the fragmentation of political parties (such as a clause which excludes the formation of new parliamentary groups during an election period). The current system of pre-election coalition building artificially restricts the formation of government coalitions.
- Aligning Italy with the European Union. The country should rise to the average standards of its EU partners in basic policy fields such as media regulation, which enables a democracy to work properly.
- Initiating via key laws a new constitutional reform process. This process should aim to bring together a more federalist system and introduce a stronger role for the prime minister.
- Consolidating the country's budget policy. Better fiscal policy is needed to ensure the proper functioning of basic public services.
- Developing a set of efficient, integrated government policies. Movement on integration, social, family issues, educational, health care, research and development/innovation, pension, business and environmental policies, which would allow the government to better confront demographic and other social changes, is strongly needed.
- Reforming public safety policies. The government needs to better evaluate the policies of public safety to fight and defeat Mafia-styled organized crime.
- Creating better political and social guidelines. Italy's citizens deserve clear and binding codes of conduct for its government, to discourage patronage and clientelism.

Status Index

I. Status of democracy

Electoral process

Fair electoral process

Score: 9

Italian regulations for election registration procedures are basically fair and non-discriminatory. The requirement that candidates submit a substantial number of signatures for registration tends to favor existing parties over newly formed ones, but it is not too difficult to achieve.

Elections in Italy are generally fair. There is – in the framework of political parties – equal opportunity to become an election candidate. Indeed, the process of party registration is very liberal, as it even tolerates parties which hold political views that are not in line with key principles of the Italian constitution (such as the unity of the republic). Thus interests of national security or public order seem to be subordinated when considering the registration of new political parties.

There is no independent election-monitoring agency. The only agency that monitors elections (and which appears to be effective) is an arm of the Department for Local Affairs, located within the Ministry of the Interior.

Fair electoral campaign

Score: 6

With regard to print media (newspapers and magazines), one must distinguish between the three to four main national newspapers which typically provide fairly balanced coverage of all the different political parties, and other less important but more politically engaged newspapers, which tend to privilege ideological positions of either the right or the left. With regard to private and public TV, political party and candidate broadcast access during electoral campaigns is strictly regulated by law (law 28/2000), which provides for the equal treatment of all parties. Candidates and parties are subject to an equal conditions law, which aims to ensure equal access to media. The law is

implemented by the Guaranty Authority of Communications, which imposes sanctions when the law is violated.

TV and radio stations have to offer equal access to all parties for free, but limited, political advertising. Campaigning via the Internet is highly developed in Italy and has become a viable alternative to traditional communication channels. Outside the electoral period, political coverage is less balanced; yet state TV ensures a fundamentally balanced presentation of all party positions (with some advantage to the parties in government at the time). Privately owned TV stations, in contrast, are much more oriented toward center-right parties (as stations are owned predominantly by the leader of the center-right coalition). Mediaset, a commercial television network, is controlled indirectly by previous opposition leader Silvio Berlusconi. This led, during Berlusconi's premiership, to nearly 90-percent direct or indirect control of all national television broadcasters by the government.

Coverage of political positions by Italian television is traditionally quite poor and follows more or less a system of proportional statements by the most important political parties.

*Inclusive
electoral process
Score: 10*

All Italian citizens at least 18 years of age can participate in national elections for the Chamber of Deputies (the country's lower house), while for the Senate, the voting age is 25. All Italian citizens registered in the country or living abroad are automatically included as part of the electoral lists, unless a citizen has lost the right to vote either temporarily or permanently. Voting rights can be lost when a citizen is bankrupt (for the duration of the bankruptcy), when a citizen is barred from holding public office, or when a citizen is subject to special security measures.

The registration process is automatically performed by local authorities, and effective guarantees make sure that all citizens are registered. Special provisions exist to enable the elderly or the handicapped to access polling places.

Access to information

*Media freedom
Score: 6*

The state of affairs in Italy's media structure is mixed. The government in office (or rather, the parliamentary majority) is generally able to influence somewhat the public television sector (which represents almost half of the media market), especially in terms of the selection of managers and news directors.

In this way, the government assures coverage generally more favorable to its aims. However, the main news programs tend to be careful in providing equal

airtime for all parties, even smaller ones. As for private TV (which carries about the same weight as public TV), the main networks are owned by the leader of the center-right coalition and are much more directly influenced by center-right politics. Major newspapers show more independence from government and from other political parties.

Reporters Without Borders ranked Italy in its 2006 Press Freedom Index in the fortieth position, one legacy of the previous Berlusconi government (2001-2006). This ranking is justified because of the dependency of not just executive personnel but also of journalists from public national broadcaster RAI on the goodwill of Berlusconi during his premiership. Acknowledging the central role television plays in communicating with and informing Italian society, nearly every government tries to install in key media positions executives who are in favor of the government's program. Thus RAI appears to be just another prize for the winning coalition in general elections.

The same is true for Mediaset under the former Berlusconi government. Under the second governing coalition of Romano Prodi (2006-2008), the media situation changed. One might stereotypically judge the RAI as government-dependent or friendly, while viewing Mediaset as independent from or hostile to the government. There are of course exceptions in both TV companies, and journalists that espouse contrary political views are often tolerated.

Media pluralism

Score: 5

The ownership structure in the TV sector inhibits pluralism. Together privately owned Mediaset and state-owned RAI control as much as 90 percent of the national TV market. This situation is why the TV market could be described as oligopolistic – or in this special case, duopolistic.

The existence of four or five major newspaper owners plus a number of other smaller holdings and of a quasi-duopolistic TV ownership structure (one state-owned public TV group, one major private outfit plus a few smaller operations) produces a situation that while not perfect, does allow for a wide range of opinions. If the TV sector experiences excessive influence from the government when the center-right is in office, it appears more balanced when the center-left is in power.

In any case, newspapers offer a more balanced scope of coverage (with perhaps a slight bias for the center-left). Associations (such as employers' association Confindustria) and nearly all political parties own media groups, which are mostly built around traditional newspapers. These media groups gradually are adopting new information channels such as radio and online, but because of the status quo in the TV sector, entering this key market is nearly impossible.

Thus, because of the exceptionally strong position of television in Italy as a

*Access to
government
information*

Score: 8

main information source, the variety of private radio stations, newspapers and magazines still can't counterbalance the TV duopoly. There is media pluralism for the intellectual elite, a group which is able to choose its mix of information, but not for the general populace.

Membership to the European Community initially forced Italy to pass a law regarding the accessibility of government information. The Italian constitution also lists in article 97 some general provisions for good public administration.

Access to administrative documents is possible but limited to cases in which an individual can show that the request represents a general public interest. Requests can be written or verbal. Public bodies must respond within 30 days, but can delay the release of information if doing so would "prevent or severely impede the performance of administrative action." Information relating to state secrets, fiscal procedures, policy development or the rights of third parties is excluded. Information relating to national defense, international relations, monetary policy, public order and crime prevention, personal privacy or professional secrets can be withheld but must be given when such information is necessary to defend an individual's or the public's legal interests.

Non-disclosure must generally be justified in terms of "concrete damage" to the public interest, but laws also state that access may be denied if there is a threat of specific and identifiable damage to national security and defense or to international relations; if there is a danger of damaging monetary or foreign exchange policy; and if the information relates to the enforcement of laws or the privacy and confidentiality of individuals, legal persons, groups, enterprises or associations.

Mechanisms for appeal include an ombudsman (Difensore civico), a committee (Commissione per l'accesso) and the right to appeal to the courts, typically a regional administrative court. The decision of the court can then be appealed to the Council of State.

Civil rights

*Civil rights
protection*

Score: 7

The protection of civil rights is ensured by detailed constitutional provisions and general laws, and by the action of the powerful Constitutional Court and an independent judicial system. However, the low efficiency of the judicial system – in particular its lengthy procedures – can significantly reduce just how effective the protection of civil rights are. The costs of drawn-out judicial procedures may in particular be more of a burden on the less well-off.

Italian citizens enjoy many personal liberties and freedoms. To the contrary, however, according to Amnesty International's 2007 report on the state of

world's human rights, migrants – mostly irregular migrants – face considerable problems. State authorities in some cases have not granted migrants access to asylum procedures. Migrants also have been subject to expulsions without regular judicial oversight or authorization. Civil liberties are often not ensured for migrants, especially when they are illegally employed (in the agricultural sector, as one example). The question of irregular immigration, which is an issue in particular along the coast of southern Italy, may also have the added dimension of questions of right to life.

Police violence still seems to be an issue, as various authorities of public security in recent riots obviously violated civil rights (during the G8 summit in Genoa in 2001, or police strikes in football-related melees). International bodies such as the U.N. High Commissioner for Human Rights have offered the criticism that Italy has not of yet entered torture as an offence into its penal code.

Non-discrimination

Score: 7

A constitutional provision (article 3) guarantees – de jure – equal rights and assures the practice of non-discrimination. The Constitutional Court and a government department (Dipartimento per le pari opportunità) safeguard the practice of non-discrimination in Italy. In reality, the state of affairs here is mixed. The main linguistic minorities which are well-established in the country (such as German-speaking groups in southern Tirol and French-speaking groups in the Aosta Valley) have achieved over the years a very effective system of protection based on representation and autonomy rights. The same applies fundamentally for physical disabilities, although implementation in this area has been less effective. Protections are limited for new minority groups that are a result of recent (and to an extent, illegal) immigration.

Immigration is still quite a new phenomenon and shortcomings are evident in integrating newly arrived minorities (such as Chinese, Tamil or East Europeans). In northern Italy, there have been instances of strong discriminatory acts by right-wing politicians from the Northern League (Lega Nord) party. Another dimension is the continuous debate over the integration of Sinti and Romany minorities, groups which experience discrimination by individual citizens. With regard to gender, any discrimination is legally prohibited, but in practice policies vary significantly and positive discrimination policies have been rarely applied.

However, in Italy, the most common example of discrimination is one against women at work, as they tend to be treated less favorably in terms of salary and career prospects than male colleagues, in addition to having less job protection in general. Little has been done to improve this situation. Some levels of discrimination against homosexuals are often observed. Progressive political

forces have experienced serious trouble in pursuing, for example, equal rights for same-sex unions.

Rule of law

Legal certainty

Score: 7

The government and its administration tend to act on the basis of legal certainty, but this is often effectively undermined by corruption and the presence of a well-established shadow economy (Italy's National Institute of Statistics (Istat) estimates that tax evasion amounts to about 18 percent of GDP; the Department of Fiscal Policies goes further to say 27 percent). In almost all cases, the country's complex framework of laws should leave little room for discretion, but often – and paradoxically – the excess of regulations and technicalities creates a fertile ground for a larger degree of discretion and a general lack of transparency, therefore increasing the possibility of corruption and evasion.

With Italy, it is more useful to assess exclusively the government on a national level, as local and regional levels tend sometimes to be not quite predictable with regard to executive actions. Furthermore, predictability depends strongly on the government's party affiliation. The former Berlusconi government, for example, displayed a high degree of inconsistency and some of its legal actions were blocked or reviewed by the president or the Constitutional Court. This situation changed after the Prodi II government came into office.

Judicial review

Score: 6

The court system has achieved a high level of independence from the government and is therefore, in principle, fully able to control the conformity of executive actions with the law. The president acts as an underwriter of legislation and has the right to send back bills to parliament for a new round of voting. The Constitutional Court ensures the conformity of laws to the state constitution. Italian citizens however cannot appeal directly to the Constitutional Court on individual complaints.

Administrative jurisdiction is based principally on administrative regional tribunals (Tribunali amministrativi regionali, or TAR) which operate under the Council of State (Consiglio di Stato) as the court of appeal and supreme administrative court.

A structural problem weakening the effectiveness of the courts' powers of control is the lengthy average duration of proceedings which de facto delay the examination of government and administrative action and could discourage citizens from taking legal action in the first place.

*Corruption prevention**Score: 4*

Corruption is widespread in Italy. Only recently did investigations of the state university system bring to light that students were allowed university admission through bribes. There are regulations for the public financing of political parties, but informal structures established during the First Republic did not solidify rules over asset declarations or issues of conflict of interest. Such issues are still not resolved, as witnessed in former PM Silvio Berlusconi's mixed role as leader of the opposition and influential entrepreneur involved with the largest media group in Italy.

The state has introduced over the years a number of integrity mechanisms (the systematic auditing of state spending, regulations over party financing, public procurement rules and so on). The effectiveness of such measures in preventing corruption varies in terms of geography (efforts are less effective in southern Italy as compared to the rest of the country) and are still not fully satisfactory. The number of corruption cases that have come under the scrutiny of the courts suggests that prevention mechanisms are not as effective as they should be.

In tandem with certain international agreements Italy passed a law (Law 3/2003) to establish a High Commissioner in the fight against corruption. This institution has so far achieved very limited results, a situation that is commonly agreed upon and pointed out by the press.

II. Economic and policy-specific performance

<i>Basic socioeconomic parameters</i>	<i>score</i>	<i>value</i>	<i>year</i>
GDP p.c.	3.93	28094 \$	2005
Potential growth	1	1.2 %	2008
Unemployment rate	6.83	6.8 %	2006
Labor force growth	4.52	0.5 %	2007-2008
Gini coefficient	6.11	0.333	2000
Foreign trade	2	-29.59	2005
Inflation rate	8.09	2 %	2007
Real interest rates	7.81	2.4 %	2007

A Economy and employment

Labor market policy

Score: 6

Labor market policy in Italy might not be described as overly successful, yet unemployment rates have crept downwards over the past 10 years (which can, partly, be ascribed to a more flexible labor market). Official employment figures place Italy in a middle position among OECD countries. But government action to increase employment numbers is still lacking a clear strategy and importantly, has not led to an overall coherent labor market policy. In the context of the European Union's Lisbon strategy, Italy must increase its employment rate to better manage demographic changes and its related problems.

In the last few years the labor market has undergone significant changes, which has led to more fixed-term contracts while traditional employment has declined. This development addresses younger people in particular, and a large part of the country's unemployed has thus shifted to work in unstable situations. Discussions in France and Spain over such tenuous work opportunities and the growing, young and educated underclass, or "generation 1,000 Euro," have outlined concerns for this generation which seems to be struggling in their desires to live autonomous lives.

In sum, the labor market seems to be improving at the cost of an unsustainable pension system and a widening gap between a younger, professional generation and an older, pensioner generation.

Enterprise policy

Score: 4

Enterprise policy cannot be considered successful for several reasons, even beyond the fact that the country's large public debt prevents the government from easing Italy's heavy corporate tax burden or investing significantly in infrastructure. Several possible measures to improve the business climate would actually be budget-neutral. The elements that make Italy a relatively unfriendly country for business are listed as follows.

- Enterprise policy is based mainly on subsidies and subject to a high degree of lobbying; thus resources often are unproductively allocated.
- Competitive hurdles, such as the virtual impossibility of companies to lay off employees, the few instances of decentralized wage settlement negotiations and

the added tax burden on overtime work, prevent companies from being nimble or flexible. (The last two examples have been partly mitigated by the Welfare Protocol bill, recently submitted to parliament but not yet approved at the time of writing.)

- Current policies don't address issues of company size or human capital. The former would suggest favoring concentration, as larger firms tend to better exploit economies of scale, invest more in R&D and have easier access to credit. The latter requires an education system that is based more on meritocracy, both with respect to teachers and students.
- The Italian bureaucracy draws out the process of starting a business (though some measures to improve the process have been introduced by the Prodi II government).
- The political decision to ban nuclear power has resulted in a situation where Italian firms pay more for energy than do their EU peers; higher energy bills add to a company's cost structure.

Tax policy

Score: 4

There are strong doubts about Italy's taxation policy in fulfilling the desired goals of equity, competitiveness and the generation of sufficient public revenues. A high degree of tax evasion on regular work, services and goods as well as the existence of a large black market (such as Mafia-related operations) have driven the whole system to a critical point. Opposition parties have suggested a tax-paying strike as one instrument in fighting against government parties. Italy's political culture seems to exclude bipartisan efforts in backing programs to collect taxes. Due to massive fiscal evasion, taxation policy is equitable only on paper. In fact, to guarantee debt sustainability, the fiscal pressure must remain very high on those households or companies that do regularly pay taxes, which in turn results in lower disposable income and a general loss of competitiveness for those who are tax-compliant. Particularly for enterprises, official data has shown that the total tax rate on profits is extremely high, and certainly the highest among all OECD countries. A large part of the low rating given to the assessment of taxation policy is that revenue from high taxes is often used toward largely unproductive public spending. On a more positive note, the government under Prime Minister Romano Prodi has done a good job in fighting tax evasion, although a lot more remains to be done.

Budgetary policy

Score: 4

Italian budgetary policy is fiscally unsustainable, and it appears implausible that the country's public debt will be reduced significantly in the next few years. Italy is still able to pay its financial obligations, but international rating agencies have several times downgraded Rome's creditworthiness, despite Italy's status in the Euro zone. Economic growth is predominantly sustained by patronage-inspired election pledges, which only later consume limited financial resources.

The country's huge debt-to-GDP ratio (which is the second-highest among OECD countries) and its fast-growing current expenditures which are characterized by inefficiency and its subdued growth of potential GDP make for a troubling budgetary picture. Surging tax revenues over the last two years, in large part the result of PM Prodi's efforts to curb tax evasion, have led to an only moderate reduction of the deficit-to-GDP ratio, as extra receipts have been used mostly to finance higher spending in what looks like a textbook, pro-cyclical fiscal stance. Given that the Italian economy is slowing down, and with confirmation of the government's traditionally strong reluctance to trim current expenditures, a fiscal adjustment risks being postponed once again with the debt burden shifted to future generations.

B Social affairs

Health policy

Score: 7

Italy's national health system is administered by 20 regional health authorities. The system is universal, comprehensive and funded through general local taxation. However, the quality of public health care is not always exemplary. Public services are inefficiently organized in some areas of the country, thus making overall care less effective.

There appears to be some difference in quality standards between the north and the south, which is also less wealthy, even though resources allocated by the central government to the regions are proportionally very similar. Lower efficiency and bribery are to blame for at least part of this gap in quality. In this context, wealthier people often prefer to subscribe to private health insurance or pay out-of-pocket so they can choose any doctor or specialist as well as

avoid the long waiting lists common in the public system.

An effort to improve efficiency nationwide was put in place a few years ago by introducing a private-sector managerial approach to the public health care system, and by making regional governors responsible for local deficits, forcing them to balance the health care budget through higher local taxes on households and corporations.

Overall, the health care system provides quality health care for a majority of the population at no or limited cost. Preventative health care in many sectors is still underdeveloped.

Social cohesion

Score: 5

Socioeconomic disparities are addressed mainly through the country's progressive tax system and a complex set of deductions and benefits for low-income earners. Italy's poverty rate is relatively high when compared to the OECD average, and poverty is more common in southern Italy, among the elderly and in families with more than one child and where only one parent is employed. However, there are relatively few targeted measures that are aimed at preventing poverty. Although Italy's welfare state is generous, current measures can't be considered well-suited for the prevention of poverty outright, as most redistribution policies are targeted at low-income earners through tax benefits while little is done for those who don't pay taxes at all, as they earn less than the minimum taxable income. The lack of significant provisions for the unemployed, low pension levels for some important groups and weak allowances toward the cost of supporting a family do little in the prevention of poverty nationwide.

Family policy

Score: 4

Increased labor flexibility over the last few years has somewhat improved the position of women, who are now more easily able to find part-time jobs. Italy still lacks an effective family policy that would guarantee affordable child care, at the least for young children. At present, public child care for children ages 0 to 1 is extremely limited; only mothers who earn an above-average salary and can afford private child care find it convenient to return to work. Private, employer-sponsored day care seems to be one good solution, but no government has so far acted to further this idea. State aid for families is not sufficient for a country which must bring more people, let alone more women, back to work. Italy's population claims the oldest average age among European

countries.

More and more, Italian couples are deciding to have just one child or no children at all. There is a strong need across the country for day care facilities for children and infants. Italian politics and politicians however are absolute latecomers to this issue. One should not really discuss family policy in Italy as, substantially, there is no such thing.

Pension policy

Score: 4

Pension policy has been awaiting major reforms for more than ten years that, at the time of writing, have still not taken place. Current policy still tends to favor the current generation, offering rather generous retirement age levels to the disadvantage of future generations. Such decisions leave also significant groups of the population with thin pension coverage. The provision adopted by the former Berlusconi government to increase the retirement age was only partially maintained by the Prodi II government. Given the imbalance between a larger, elderly population and the smaller younger generation, further corrections of the retirement age will be needed to ensure a sustainable pension system and prevent old-age poverty.

In 2005 Italy paid €15 billion toward pensions, which is 15 percent of GDP. Furthermore, according to research by Italy's National Institute of Statistics, families that live with pensioners suffer on average a significantly higher risk of poverty.

C Security and integration policy

Security policy

External security

Score: 8

Military expenditure is quite low, totaling 1.8 percent of GDP, based on the CIA World Factbook estimation for 2005. But with its membership in both NATO and the European Union, and its strong commitment in the United Nations and the Organization for Security and Cooperation in Europe (OSCE), Italy is well protected and generally is a source of support for worldwide stability, democratic progress and peace.

There is a widespread consensus that its international agreements and the present level of military expenditures well ensure Italy's security needs. Direct conflict in neighboring regions over the last few years has calmed significantly. Serious threats to Italy's national security are no greater than those directed at

other EU-member states.

The 9/11 attacks and following events had an impact on the country's efforts to modernize emergency response and internal security efforts. An alliance by the former Berlusconi government with the United States under President George W. Bush and the government's decision to send Italian troops to Iraq elevated the country's security risk.

Italy, which formally repudiates war in its constitution, was and is quite active in dispatching its armed forces for international peacekeeping operations and policing missions such as in the Balkans (the Italian navy and army were twice sent to Albania to help restore order, ensure the food supply and generally assist in rebuilding the nation). The Italian government tries to present a friendly and cooperative face to all sides in crisis areas such as in the Middle East or the Gulf States. The recent adaptation of the country's armed forces to a professional army model moves the country in the direction of providing a more effective instrument of national defense.

Internal security

Score: 6

Italy's actual internal security is generally better than the image that is often portrayed through the media – which focuses on a few extreme cases – and through public opinion surveys on security – which are in turn largely informed by such media reporting. Yet it should be pointed out that the same surveys often indicate a high level of trust within the population in the country's police forces. This suggests that there may be some ambiguity amid the perceptions of insecurity that the polls present.

As for other policy areas, the overall picture for the country is varied. Internal security situations range in areas of southern Italy (where different Mafia groups are active and individual and business security is more frequently at risk) and in the rest of Italy (where such problems are less systemically relevant). The police forces have been able over recent years to conduct successful campaigns against Mafia groups in the south and have captured some of the groups' leading figures.

If the most extreme internal security violations can be considered homicides and terrorist acts, Italy's security policies have been successful in keeping the occurrence of such crimes to low levels. Less effective, however, has been security policies dealing with lower-level violations, which are often more relevant in determining the perception of security for the average citizen. The expenditure in this field has been significantly increased by the fragmentation of police forces and by law enforcement redundancy that this has produced in some regions.

New security

The Prodi II government pursued (and to some extent, strengthened) a policy of

*policy**Score: 8*

international cooperation in the prevention of new security risks. Italy's participation in peacekeeping operations in the Balkans, the Middle East and Afghanistan is active and shares broad domestic approval. Italian intelligence services cooperate effectively with other countries' agencies to prevent international criminal activity. Expenditures for international aid are on the contrary rather limited and are to a significant extent dependent on perceived national advantages. The Prodi government has tried to resist the demand for economic protectionism, which over the past years has arisen in response to increased competition from Asia (in particular with regard to the textile industry).

Conscription was abolished in January 2005; yet since the 1980s the Italian armed forces have increased their strategic potential despite heavy financial constraints. Security and humanitarian challenges surrounding the Italian peninsula have always had an effect on Italian domestic policy, as irregular migrants attempt to enter the country or in some cases, perish in such attempts in the Mediterranean. This is why Italian armed forces have acted at times as an external police force, to protect homeland security and stability, or have pursued action in weak states such as neighboring Albania. Italy is threatened by human trafficking and drug trafficking, and has experience in dealing with instability and strife as a neighbor to the western Balkans. It is also a participant in the most advanced EU initiatives geared to strengthen cooperation in domestic and judicial affairs.

Integration policy*Score: 5*

The improvement of immigration and integration policy is a relatively new issue in Italy. Up to now, Italy's policies have been aimed mainly at avoiding (rather unsuccessfully) illegal immigration, with virtually no effort to promote integration, as data on naturalization efforts seem to reflect this. In contrast to other larger EU-member states, immigration to Italy has increased dynamically in a comparatively short time. Groups from Romania, Albania, Morocco, China and Ukraine are the most prominent immigrant groups in Italy.

In 2007 there was an uprising of Chinese immigrants in a ghetto-like area of Milan, an event that was suppressed by police. The Prodi II government passed a bill that introduced some modifications to the existing immigration framework and moves toward the more effective integration of migrants into Italian society. The bill envisages long-term residence (1 to 3 years) for immigrants and welcomes qualified workers. However, a lot more needs to be done, particularly in education.

D Sustainability

Environmental policy

Score: 4

While environmental policy has not been a priority in previous government programs, the Prodi II government seemed to reinforce environmental objectives. Rightly so, since climate change foresees warmer weather as a vital threat to a third of the Italian coastline over the next 50 years.

Since the Kyoto protocol became effective, Italy has taken few steps to enforce its most important principles and in general, the country lags far behind its targets. First of all, Italy remains still very much dependent on fossil fuels (such as coal and oil), and little has so far been done to stimulate uses of renewable energy sources. This is a particularly negative situation, considering that it would be relatively easy for Italy to exploit solar energy in a simple and efficient manner. Secondly, nothing has been done so far to improve energy efficiency in civil or industrial areas. Last but not least, there are no signs of improvement in the sustainability of the mobility and building industry.

Carbon dioxide and other greenhouse gasses have been augmented from 2000 to 2005 by 12.3 percent – in contrast to goals to reduce them by 6.5 percent. Further, Italy has been strongly hit by typical climate change phenomena such as wildfires and erosion. Particulate matter is a serious problem of air quality in most Italian cities.

Particularly in southern Italy, waste disposal and recycling seem to be difficult challenges for municipalities and regions. It is reported that a large part of the “waste business” is attached to Mafia-type organized crime groups. Natural resources such as rivers and coastal waters close to large towns are strongly polluted and air quality in urban centers is often poor.

Research and innovation policy

Score: 4

Aside from the relatively scarce resources involved (as a percentage of GDP, Italy spends significantly less on R&D than its European peers, 1.1 percent versus the EU-15 average of 1.9 percent), Italy’s defunct research and innovation policy at the national level is visible in both the public and business sector. In the former, resources made available by the government are actually increasing, but funds tend to be earmarked mainly for specific sectoral projects rather than for structural projects that could have a potentially broader

economic impact.

Furthermore, the lack of transparency and the high degree of discretion when it comes to allocating government funds among public research institutions needs to be pointed out. In this respect, meritocracy often is not at the top of the list. In the private sphere, Italy faces the problem of having on average many small firms, which lowers the attractiveness of investing in R&D for companies. A few incentives for companies to merge and gain “critical mass,” together with (limited) tax breaks on R&D spending, haven’t yet stimulated significant improvements. The relatively low number of patents in Italy also reflects this situation.

Education policy

Score: 5

The Italian school system can be characterized as a centralized, public system that is financed by the government through taxation and provides the same quality of education to all citizens. Thus, a low-income Italian family should have access to the same level of education as does a higher-income family. However, despite this attempt at equal opportunity, Italy, in comparison to other European countries, has displayed lower intergenerational mobility not only in terms of occupation but also in terms of education level.

Moreover, notwithstanding the low level of tuition fees and absence of other barriers, Italy’s education system remains characterized by low educational achievement at the university level. In Italy, annual expenditure per primary and secondary student is well above the corresponding OECD averages, while Italy spends comparatively little on tertiary education relative to its OECD peers. With the allocation of only 0.9 percent of GDP, Italy is the only OECD country that spends less than 1 percent of its GDP on tertiary education.

Thus, the education system is severely underfunded, does not provide for the effective and selective recruitment of teachers and offers too-limited resources for supporting children from poorer families. The amount of school-age individuals who do not complete their studies is very high. While significant additional investments in education will be important, it is clear that more money alone will not be enough. Investment in education needs to become more efficient. Productivity in education has declined because the quality of schooling has remained constant while the price of maintaining the system (primarily providing teachers’ salaries) has increased, although more slowly than the OECD average.

Management Index

I. Executive Capacity

<i>Cabinet composition</i>	<i>Prime minister</i>	<i>Parties in government</i>	<i>Type</i>	<i>Mode of termination *</i>	<i>Duration</i>
	Berlusconi	Forza Italia (FI), National Alliance (AN), Northern League (LEGA), Union of Christian Democrats and Centrist Democrats (UDC)	surplus coalition	1	06/01-05/06
	Prodi	Democrats of the Left (DS), Democracy is Freedom (DL), Communist Renewal (RC), PCdI (Italian Communists), RnP (Rose in the First), Green Federation (VER), Union of Democrats for Europe (UDEUR), Italy of Values (IdV)	minimal winning coalition	-	05/06-

- *The following modes of termination should be distinguished: elections = 1; voluntary resignation of the prime minister = 2; resignation of prime minister due to health reasons = 3; dissension within cabinet (coalition breaks up) = 4; lack of parliamentary support = 5; intervention by head of state = 6; broadening of the coalition = 7.*

A Steering capability: preparing and formulating policies

Strategic capacity

Strategic planning
Score: 5

The ability of the prime minister and of the prime minister's office to plan strategic government decision-making is weak. Given the fragmentation of the government majority and the fact that ministers' loyalty often is directed primarily to their own party, it is very difficult to conduct serious strategic planning. The prime minister's office has a number of branches that try to

coordinate the proposals of different ministries, but often in a more reactive way than through any strategic planning.

The previous Berlusconi government created a department for the implementation of the government program, which was headed by a minister without portfolio; the Prodi II government has continued this institution to ensure that the government plan is put into effect. This office has gained under Prodi a somewhat greater importance, also in part because Prodi was not able to count upon the help of a party (as he had no party allegiance) to help him guide the cabinet.

Some bodies are often created to deal with ad hoc issues and therefore lack continuity of work. One of the most important examples of the former is the planning unit known as CIPE (Inter-Ministerial Committee for Economic Planning), which covers a huge range of topics and established the general guidelines for the government's economic policy in almost all sectors of activity (infrastructure, industry, depressed areas and so on). As for the latter, consultancy by professors and ad hoc committees are notable examples.

Scientific advice

Score: 6

The influence of experts on government is rather modest. However, several external academic experts have de facto entered the perimeter of public administration via a consultancy post or by joining permanent or ad hoc commissions, which are often the most common ways for the government to take advantage of the cooperation of experts. Academic experts brought in by ministers are often involved as consultants and contribute significantly to the drafting of bills. However, the practice of consulting experts in decision-making is in general not well regulated and is therefore more dependent on the political discretion of policymakers. Consultation efforts are also somewhat weakened by the fact that each political force has its own experts, the autonomy of whom is understandably not well established. The influence of academic experts is average, although with regard to specific, highly technical pieces of legislation, their influence can be greater.

Inter-ministerial coordination

GO expertise

Score: 5

The evaluation of policy content brought forth by line ministry proposals is not systematically performed by the prime minister's office. The PMO concentrates typically upon the budgetary implications of initiatives and on problems of compatibility with European law, but otherwise the office is not able to evaluate all substantive details of the many bills proposed by different ministers. This means that the intervention of the prime minister's office is more reactive: the office gets involved when problems emerge during policy-

making. Important draft bills are in general scrutinized by the office with regard to the effects a bill may have upon the cohesion of the majority.

In many policy fields such as foreign and security policy, the GO, or the Presidenza del Consiglio, seems not to have policy expertise. This is true also for other policies where line ministries have full expertise. The GO as its own government office is still historically quite young. The constitution foresaw the formation of a GO but it was established as a smaller prime minister's office only in 1988. Many experts see the prime minister and his office as more of an arbitrary institution, which in some cases, might give also a certain power to the prime minister.

GO gatekeeping

Score: 6

The prime minister's office can return most items on policy grounds. Before every cabinet meeting, there is a preparatory meeting ("pre-consiglio") which is chaired by the undersecretary to the presidency of the Council of Ministers, which screens all draft bills submitted to the cabinet meeting and can also reject them. Rejection of a bill is, however, often a politically sensitive question and it is difficult to imagine, given the composition of government majorities, that the prime minister's office would want to do this too often. The prime minister can use conflicts between different ministers to exert some influence upon the agenda, however.

Line ministries

Score: 4

There is no regular practice of briefing the prime minister's office during the early stages of bill drafting by line ministries. This does not mean that the office is not aware through more informal channels of what is taking place. A more formal consultation often happens only at a later stage. This late coordination makes the emergence of intra-cabinet conflicts a common aspect of cabinet life.

Cabinet committees

Score: 6

Although there are both formal and informal ministerial committees to which issues and draft proposals are submitted, it cannot be said that there is a systematic filtering process by cabinet minister-staffed committees. A filtering process of a more bureaucratic nature is performed in the "pre-consiglio," where the heads of the legislative offices of all the ministries meet a few days before a cabinet meeting.

As a consequence, cabinet meetings have to deal with large number of issues that have often been prepared only at the ministerial level without previous political coordination between different ministers and the prime minister. The "pre-consiglio" also separates issues with a high degree of consensus from those where is little or no consensus.

Senior ministry officials

Senior ministry officials (typically the heads of the ministry legislative offices) regularly review bill drafts to be submitted to the cabinet, with

Score: 7

particular attention to the legal aspects of bills. This preparatory work does not mean that the cabinet will be left to deal only with strategic matters; many politically relevant details might remain unsolved.

*Line ministry
civil servants*

Score: 5

Civil servants coordinate some policy proposals informally, but ministries tend in general to be rather jealous of their specific competencies. The amount of coordination is not so established to enable the cabinet to focus on strategic aspects. Line ministries play the role of a political fortress for coalition parties, at least on the highest political level. The superficial ideological tendencies of policy proposals are clearly shaped by ministers and their political advisers. But there is also a strong ministerial organization with its own administrative interests.

Regulatory impact assessments

RIA application

Score: 3

Regulatory impact assessments at the national level fall under the responsibility of the prime minister's office. The PMO is responsible for the review and quality control of RIAs produced by ministries as well as the coordination of activities associated with an RIA. With regard to methodology, a flexible approach to RIA evaluations is followed. A cost-benefit analysis is one possible path in evaluating the economic impact of a proposed rule, but the final choice of assessment is up to the responsible ministry. In recent years there has been a growing focus on RIAs at the regional level, where RIAs have been adopted or tested.

The Presidency of the Council of Ministers, as a government office with its department for juridical and legislative affairs, is the body responsible for the elaboration of RIA methodology. With the reorganization of the office to serve as a coordinator of each ministry, it is questionable whether sufficient resources are available within the Presidency to seriously further RIA efforts.

Although RIA are in principle required from all ministries and local authorities (according to laws 50/1999 and 246/2005), implementation has been far from systematic. As a consequence a new plan adopted in July 2007 by the Prodi II government decided that new and simpler RIA forms will be detailed by September 2007 and implemented in November 2007.

Needs analysis

Score: 4

RIAs mention the purpose of and the need for a certain regulation but do not offer specifics.

*Alternative
options*

Score: 3

RIAs mention the purpose of and the need for a certain regulation but do not offer specifics.

Societal consultation

*Mobilizing
public support
Score: 7*

The government often consults groups (in particular trade unions) on matters of particular importance. In the 1990s, Italy developed its own method of dialogue with social partners called “concertazione.” On the regional level, in the field of health policy as just one example, dialogue with social partners is compulsory. On the national level, an agreement was instead agreed upon in 1993 which is, however, not legally binding. This agreement sets out that on matters of wages, occupation and other related state policies there should be extensive governmental consultations, and whenever possible, a broad accord on politics which have an impact on such matters.

The government, as well as the size and composition of its parliamentary majority, are key in determining whether such societal consultation is taken seriously. The Prodi II government – also because at least two essential coalition partner parties had close ties to trade unions – involved trade unions in its reform projects. However, it did not always succeed in securing the support of trade unions, and there are often complaints from such groups that consultations are not effective or satisfactory. Policies related to science, new technologies and ethics enjoy the broad participation of social and related lobbies. In such cases, the government office (Presidenza del Consiglio) has even established standing departments and committees which include high-ranking external experts.

Policy communication

*Coherent
communication
Score: 2*

Italian governments (the Berlusconi and Prodi cabinets are not an exception) are particularly weak in communications. Even if in principle, only one cabinet speaker is identified to explain the position of the government, government ministers are continuously able and willing to express their personal position without coordinating such comments with the prime minister or his office.

Disputes over the government program and ministerial bickering are normal in Italian politics. This state of chaotic communication stems also from the weak constitutional position of the prime minister and the still-weak coordinative powers of the government office. A further blow to the powers of the prime minister and his position as *primus inter pares* is his inability to dismiss ministerial colleagues. That is also why the government spokesperson is generally not able to speak or act for the government and the

ministers as a whole. After some months of contradictory statements by different ministers, the Prodi government explicitly decided in March 2007 that the prime minister's speaker should be the one and only voice for the government. But this decision has had almost no consequence.

B Resource efficiency: implementing policies

	<i>Total</i>	<i>Share</i>
<i>Legislative efficiency</i>		
Bills envisaged in the government's work program	31	
Government-sponsored bills adopted	29	93.55 %
<i>Veto players</i>		
Second chamber vetos	5	4.59 %
Head of state vetos	0	0 %
Court vetos	10	12.82 %

Effective implementation

Government efficiency

Score: 6

As two cabinets spent time in government under the review period, this evaluation combines the two. The former Berlusconi government was able to attain some of its major goals (such as constitutional reform and judicial system reform), yet it could not lower taxes and complete its reform of the tax system as desired. For the Prodi II government, given its limited majority in the Chamber of Deputies, the implementation of its program proved slower and more difficult than expected.

Among the period's major results is Italy's 2006 budget, which included some provisions for economic liberalization. But it has shown that the implementation of stated policy objectives is often difficult. In particular, this applies to structural reforms that typically require unpopular measures that prove difficult to pass when the ruling coalition is not solid, a time often when short-term policy goals prevail. One clear example of such a situation is the attempt to bring government spending under stricter control.

Ministerial compliance

Score: 5

Although the government is guided by a comprehensive, detailed program and coalition summits take place from time to time, the partisan fragmentation of coalitions and the pressure of departmental interests offer a strong impediment to the smooth implementation of a common government program. Ministers see themselves only in part as members of a team; loyalty to their own party and its specific political agenda often takes priority.

The Italian prime minister has no power to dismiss his ministers. Dismissing ministers in Italy's large coalition governments could also mean that the minister's party leaves the government. But without the power to dismiss, the head of government has no instrument to discipline his cadres or push through tough political objectives. Government programs are set up during the electoral campaign. There are normally no coalition agreements made after the elections. Prime Minister Romano Prodi resolved a government crisis by threatening his partners to step down and forced party presidents to sign a document which listed new political priorities and a coalition code of conduct. This is a classical maneuver to align cabinet members.

Monitoring line ministries

Score: 4

The monitoring of line ministries by the prime minister's office was increased under the Prodi II government, but remains still rather limited and not very effective. As a government office, the Presidency of the Council of Ministers is too small to monitor line ministry activities. While this institutional aspect is essentially missing in Italy's political system, it is replaced by strong party competition, especially within coalition governments. Parties and party ministries monitor the activities of other parties' ministries. Institutionalized monitoring then is replaced by party competition. In 2001, the incumbent government created the Ministry for the Implementation of the Government Program. The Ministry's main responsibilities consist of guaranteeing a comprehensive and strategic evaluation and monitoring of the implementation of the executive program. However, gauging whether this effort has been successful is still difficult.

Monitoring agencies

Score: 5

Executive agencies are not very common in Italian ministries. If they do exist, the monitoring of their activities by the ministries is not very effective. There may be some exceptions; for instance, the monitoring of the tax agency (Agenzia delle Entrate) by the Finance Ministry is effective.

Task funding

Score: 5

To balance the budget, the government has not hesitated to substantially cut fund transfers to local authorities. In such cases, local authorities are faced with cutting services. Both under the Berlusconi and Prodi governments, protests from municipal and regional authorities against funding cuts have been strong. Maastricht deficit constraints, for example, have pushed the central government to deliberately cut funds to local governments, a move which has forced local authorities to either reduce services or raise local taxes. The 2007 budget is a clear example of such a strategy.

Constitutional discretion

Score: 6

In many policy fields, state and local authorities (or regions) have concurrent legislative powers. While general guidelines are defined nationally, specific rules are left to the jurisdiction of regional assemblies. It often happens, however, that the national government and parliament, instead of defining

guidelines and leaving the definition of legislative details to regional assemblies, tend to assume a broader role and thus limit the de facto autonomy of local authorities. This produces frequent legal conflict before the Constitutional Court.

National standards

Score: 4

Minimal standards for decentralized public services (such as public health) are agreed upon and set at the national level. There is no standard for the quality of services, however; implementation is only partially ensured, and as a result standards can differ substantially from one region to another.

The forum where national standards are discussed is the permanent conference for the relations between the state, regions, and the autonomous provinces of Trento and Bolzano (conferenza Stato-Regioni). Through negotiations and agreements between regional heads, senior civil servants and the central government, regional activities are monitored and common standards for public services are elaborated and implemented.

In cases of emergency or public security threats, national government powers are allowed to supersede regional powers, such as to guarantee or ensure national unity with regard to judicial, economic, civil and social rights.

C International cooperation: incorporating reform impulses

Domestic adaptability

Domestic adaptability

Score: 7

Over the years, the central government has sought to adapt its structures to needs that originate from international or supranational developments. The impact of European integration and its constraints and opportunities has been particularly significant. The growing role of the finance minister and of the Ministry of Finance within the cabinet is probably the most visible aspect of Italy's adaptation to a post-Maastricht environment. This has meant that the Ministry of Finance conducts a much more careful monitoring of policy proposals from other ministries than in the past. The Ministry of Defense has too in the past years deeply reshaped its organization to face the country's growing involvement in peacekeeping operations.

As of 1987, the list of Italian ministers also includes a minister in charge of coordinating Italian government policies with those of other European Community countries. Emma Bonino was the minister under the Prodi II government, and was also appointed as head of the Foreign Commerce Office, created by Prodi in 2006. The persistent weakness of the prime minister in guiding the cabinet's strategic planning has not allowed the

Italian government to always maintain its credibility in the international arena.

External adaptability

International coordination activities

Score: 9

The government is in general quite ready to participate in the international coordination of reform initiatives. However, when it comes to the more practical development and implementation of initiatives, the government is sometimes distracted by internal problems. Italy is a promoter of international initiatives, especially in Central Europe, the Mediterranean and the western Balkans, and plays a lively role in the framework of the United Nations. Concerning meeting and coordinating joint efforts in the field of international security and human rights, Italy has from January 2007 become a non-permanent member of the Security Council of the United Nations, and has also contributed to U.N. peacekeeping as part of several missions (the most recent in Lebanon, 2006). Outside the U.N., Italy has also contributed to peace missions in Afghanistan and Kosovo (both under NATO) and Iraq.

Italy has also contributed to the creation of an International Criminal Tribunal geared to help in judicial matters in the former Yugoslavia and Rwanda. The Italian government has often been an active player in respect to human rights, by influencing the agenda at the United Nations on the death penalty. In economics, as a member of the European Union, Italy has participated in the Lisbon strategy, but the reform process at home has so far been very slow.

Exporting reforms

Score: 5

The abilities of the government to work actively through supranational and international channels to build coalitions and promote its policy goals are not very impressive. The government acts more often than not as a late follower in the reform process. The Prodi II government did try to be more active within the EU framework than did the previous government.

Italy's participation has been much appreciated in international peacekeeping and in the protection of human rights, as the country has attempted to export, spread and build supranational consensus on the values of democracy and social justice. However, Italy is also a clear laggard in terms of economic reforms (the country's growth potential is just above 1 percent), fiscal policies (the country's debt-to-GDP ratio is the highest in the European Union), and environmental policies (particularly the Kyoto protocol).

D Institutional learning: structures of self-monitoring and -reform

Organizational reform capacity

Self-monitoring

Score: 4

Attention paid to self-monitoring is rather sporadic, as the government during the period under review seemed overwhelmed by coalition problems. Attempts to modify the working of the cabinet and its procedures have also taken place but have had limited effect.

Institutional reform

Score: 5

It is standard procedure that a new government changes the structure of the government office, the composition of the ministers without portfolio and also the number and responsibilities of line ministries. This happens primarily following the composition of the government and the division of powers. As a consequence, prime ministers always try to improve their strategic capacity as compared with the ministers. One example is the creation by the Prodi II government of a ministry which monitors, controls and enforces the implementation of the government program. Overall and in spite of rather vague talks about the need to change the government's institutional arrangement to improve its policy-making capacity, however, no serious project was developed and implemented in the period under review.

II. Executive accountability

E Citizens: evaluative and participatory competencies

Knowledge of government policy and political attitudes

Policy knowledge

Score: 6

Information over major policies (such as pension, labor or taxes) is rather well disseminated among the general population, although information often doesn't concern many specific policy details. More sectoral policies are less well known to the majority of citizens. As television is by far the predominant information source in Italy, citizens learn about politics through TV's extensive coverage of political power struggles and single political issues. Other and more serious topics get attention only in the fall, when the government and parliament discuss the following year's national budget.

Indeed, the budget discussion is related to hard policy issues and might give

citizens a good opportunity to know the government's political projects and the positions of its parliamentary majority. In-depth information is retrievable via newspapers, which reach a small part of the population, and online media, such as the government's Web site.

As the parliament is strongly divided between the two antagonistic center-left and center-right camps, substantial information and debate about government policy-making is often lost in the turmoil.

People generally claim either little interest in the country's political debates or the inability to understand the content of the debates.

F Parliament: information and control resources

Structures and resources of parliament, committees, parliamentary parties and deputies

Number of deputies	630
Number of parliamentary committees	14
Average number of committee members	46
Average number of subcommittee members	-
Pro-government committee chairs appointed	14
Deputy expert staff size	1
Total parliamentary group expert support staff	10
Total parliamentary expert support staff	200

Obtaining documents

Score: 8

Summoning ministers

Score: 9

Summoning experts

Score: 9

Parliamentary committees have the right to ask for government documents, but the resistance of the government to supply full documentation somewhat reduces a committee's ability to conduct oversight activities.

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

The regulation of parliamentary committees envisages that committees can invite any person able to provide important information. The Italian committee system plays a more prominent role in the legislative process than

do committees in other European parliamentary regimes. The impression is that the rights of committees are not limited, as committees have the power to summon experts and do so frequently.

*Task area
coincidence*

Score: 7

The task areas of committees generally correspond with task areas of ministries, and vice versa. There are, however, some exceptions; when one committee faces more than one ministry (for example, the committee for cultural affairs deals both with the Ministry of Education and the Ministry of University and Research) or two committees are concerned with one ministry (as with the budget and finance committees, which deal with the Ministry of Economy). In general, it can be said that committees have the instruments to monitor ministries. This does not mean, however, that they do monitor. The Prodi II cabinet counted 18 “primary” (or first order) ministers and eight “secondary” ministers; there are 14 permanent committees.

Audit office

Score: 7

The main audit institution is the Supreme Audit Court (Corte dei Conti). It presents an annual report to parliament, but cannot be considered institutionally accountable to parliament as it is an independent judicial body. Parliament has its own internal (but limited) resources for conducting basic auditing of governmental expenditures, mainly in connection with the budget. The Court can review whether executive acts are legitimate, and has the ex post review of the management of the state budget. The Court participates, when provided by law, in the financial management of publicly funded bodies and reports the results to both parliamentary chambers. The Court is protected from political influence; its judges remain in office until they are 70 years old and cannot be removed without justification.

Judges are nominated through publically competitive exams, while members of the Court nominate a court president. The Court has a professional, full-time staff. Its decisions have the same effect as law. Citizens may access the decisions of the Court via the Internet, at no cost, shortly after decisions are rendered.

Ombuds office

Score: 2

Parliament does not have an ombuds office. To some extent, questions asked by parliamentary members often in response to citizens’ concerns perform the same function as would an ombuds office. Italy nationally has neither an ombudsman nor a committee to handle citizen petitions.

G Intermediary organizations: professional and advisory capacities

Media, parties and interest associations

*Media reporting**Score: 5*

The airtime allocated by TV (both public and private) to political debates is quite substantial (more than seven hours per week) during the year; but a detailed analysis on television of government decisions is much more limited and often superficial, except over decisions that are or become controversial.

Media outlets tend to provide broad coverage of political events and decisions, though often the debate lacks precise guidelines and the information provided doesn't always allow the public to clearly evaluate government decisions. Often the debate between politicians overshadows the effective context of the discussion.

Fragmentation

Parliamentary election results as of 4/9/2006

<i>Name of party</i>	<i>Acronym</i>	<i>% of votes</i>	<i>% of mandates</i>
Olive Alliance	Ulivo	31.26	34.92
Forza Italia	FI	23.66	22.22
National Alliance	AN	12.31	11.27
Communist Renewal	RC	5.83	6.51
Union of Christian Democrats and Centrist Democrats	UDC	6.75	6.19
Northern League	LEGA	4.58	4.13
Rose in the Fist	RnP	2.59	2.86
Italian Communists	PdCI	2.31	2.54
Italy of Values	IdV	2.29	2.70
Green Federation	VER	2.05	2.38
Union of Democrats for Europe	UDEUR	1.40	1.59
Christian Democracy/New Italian Socialist Party	DC/New PSI	0.75	0.63
South Tirol Peoples's Party	SVP	0.48	0.63
Others		3.74	1.43

Party competence

In recent elections, most parties participated through the electoral coalition and contributed to a common coalition program. These programs are lengthy

Score: 6

(but typically are lengthier for center-left coalitions) and contain a high number of specific proposals (or pledges). In the 2006 elections, the center-left program was 281 pages, while the center-right program was only 22 pages. While not all pledges are equally well defined and carefully assessed from the point of view of cost, benefits and consequences, it can be said that programs are more pragmatic than ideological and that they contain a significant amount of fairly plausible proposals. The overall coherence of all program points, however, is weaker.

*Association
competence*

Score: 5

Trade union and employers' associations are historically two of the most powerful interest associations in Italy. These large groups have at their disposal a significant number of technical staff, and their policy proposals are in general well-articulated. Their attention, however, tends to drift more to short-term interests rather than to the long-term and indirect effects of policy proposals. Italy's industrial relations have been traditionally characterized by the so-called social concertazione, which has given relatively strong powers to trade unions in particular in influencing economic and social policy decision-making.

In the last few years, trade unions have often been opposed to efforts to modernize Italy's inefficient and costly welfare system and have delayed reforms aimed at increasing labor flexibility and productivity. To the extent that unions tend to safeguard the interests of their members at the expense of the majority of population – particularly young people – and of the long-term sustainability of public finances, some recent policies can be considered unreasonable.

The Prodi II government's agreement for pension reform is indeed a clear example of this, as it took a step back from the Maroni Law which would have cut the costs of the pension system more substantially, thus making it more suitable for a population with a higher life expectancy. Conflicts between unions and employers' associations (such as the Confindustria) are often extraordinary, and this often prevents any agreement over reasonable policies. For instance, when proposing pension reform, trade unions will be more attentive to the interests of workers close to retirement age but will devote much less attention to long-term, intergenerational effects, while an employer's association will carefully calculate the advantages of public incentives for businesses but perhaps be more reticent on the costs of such policies.

*Association
relevance*

Score: 7

In the period under review, the government did pay attention to proposals originating from interest associations, particularly in the case of unions and employers' associations. However, given the fragmentation of the

government majority and often also of interest organizations, the government was often unable to effectively take into account or discuss seriously such proposals. This situation depends not only on the size of the interest associations but on the fact that associations usually represent powerful interests and, particularly with unions, have the power to blackmail any weak government. Religious communities hardly get into official talks with the government; however, religious beliefs often influence the political debate on subjects where the party position counts less than an individual's set of moral values.

This country report is part of the Sustainable Governance Indicators 2009 project, which assesses and compares the reform capacities of the OECD member states.

More on the SGI 2009 at www.sgi-network.org

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