Italy report
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Executive Summary

The state of Italian governance, as well as its sustainability, can be summarized with the following points:

(1) The Italian system has shown significant resilience and an ability to muddle through difficult situations such as the current global economic and financial crisis, yet continues to display significant difficulties in solving some of its traditional and most serious weaknesses.

(2) The recurrent alternation in power between center-right and center-left governments, which took place again with the 2008 elections, is sign that the mechanisms of democratic accountability are working more smoothly than in the past. This enables citizens to express their dissatisfaction with incumbent governments by bringing the opposition into office. On the other hand, the fact that no coalition has thus far won a second subsequent term of office suggests that the challenge of governing and providing satisfactory solutions to Italy’s problems has proven to be beyond the abilities of either side of the political spectrum.

(3) One leader, Silvio Berlusconi, has been able to survive as a central actor throughout this period. However, this longevity has not yet been translated into the ability to acquire and display the qualities of a statesman. His leadership style, highly effective in generating strong voter loyalty and in building winning coalitions, has been undermined by his evident unwillingness to address the conflicts of interest deriving from his position as one of the country’s most prominent entrepreneurs and owner of a large media empire. As a result, conflict with the judiciary linked to the conduct of his personal affairs has persisted. After the victory in the elections of 2008, with a large majority parliamentary majority behind him, Berlusconi was offered a final chance to show that he could transform himself from a very successful economic entrepreneur and founder of the largest Italian party of these years into a true statesman.

(4) The functioning of democracy displays a number of evident weaknesses. The first concerns the quality of political debate in a bipolar political environment. This bipolar model of competition in place since the early 1990s, in which voters effectively have a choice between center-right and center-left coalitions, has enabled elections to be decided much more decisively, and governments to be created more simply and effectively, but has also generated political debate focused more on personal aspects and attacks than upon serious discussion of policy alternatives. Second, the relationship between politics and the judiciary (particularly when the center-right is in
government) has reached a very negative level. This has translated into reciprocal attacks, and has left little space for a much-needed judicial reform that would make courts more effective and more respectful of the rights of the accused, while continuing to guarantee their independence. Finally, the public media system remains too exposed to political influence, while the private sector has been dominated by the influence of Berlusconi and other economic groups, and is not sufficiently devoted to improving the quality of its reporting.

(5) Improving the effectiveness of the public administration, traditionally been one of the Italian system’s major weaknesses, has also been a rhetorical focus of the current government. However, while the leadership has made significant promises, only limited implementation was evident by the close of the period under review. In this area, a crucial test will be the implementation of fiscal federalism, a model introduced by this government, but one which will require some years for a full application. The approved school reforms, and a separate set of university reforms underway, show the government’s positive determination to improve a crucial sector of public administration. Nevertheless, it is too early to evaluate the results: Continuous attention to this sector will be required, as well as a larger amount (and better management) of financial resources before positive effects can be expected.

(6) In the field of economic and fiscal policy, substantial innovation is needed in order to free the economy from excessive burdens, improve its competitiveness and stimulate a greater rate of growth. However, the global crisis has taken the upper hand, generally preventing or delaying major reforms. Prudent management of the public budget has become the priority. Some improvements in labor relations, including positive cooperation between the government, employers’ associations and some of the trade unions, indicate that there may be common ground from which to create a more flexible labor system. In the field of pensions, some new steps have been taken toward a more sustainable system, by linking gradual increases in the retirement age to indicators of the aging of the population.

(7) Family policies aimed at increasing gender equity in the workforce, or at helping women to reconcile work and family roles, have made no significant advance. Many European case studies and reform success stories show that a tangible family policy, which brings women into workforce and allows them to pursue a career despite having children, thus encouraging the founding of families, is a key factor for the economic and political sustainability of modern nation states.

(8) With regard to immigration, the government has been effective in reducing the entry of illegal immigrants from the Mediterranean
coasts, using both coercive means and cooperation agreements with North African countries. However, it has lagged behind both in the promotion of integration policies aimed at immigrants already on Italian territory and in protecting these individuals’ rights.

(9) Some significant successes with respect to arrests of high-level mafia figures have taken place during this period, but broader activity at fighting organized crime and corruption in general has been less significant. In fact, corruption – or at least clientelism and patronage – seem to be a rather serious issue with the government under review.

(10) Compared to other OECD countries, Italy is suffering from a severe political culture crisis, which has made people lose faith in democratic values and the rule of law. This results from a political class – in this case, the Berlusconi government in particular – which does not work on behalf of citizens, voters and the common welfare, but rather answers primarily to special interests and the personal interests of the coalition parties and their representatives. Evidence of this can be seen in the debate – especially inside the government parties – over diminishing the role of the parliament. A substantial number of important legislative proposals have come from outside the parliament, and the Chamber of Deputies and Senate have been used by the government as a kind of “approval machine.”

(11) Looking at the performance of the last several years, one surprising conclusion might be that Italy’s EU membership has not helped as much as might be imagined in coping with challenges that are also on the broader EU agenda. This raises the question of just how important EU membership in fact is for the development of policy, both for longtime members like Italy and the new accession states.

(12) As a result of all these shortcomings, Italy has a broad modernization deficit across a wide swath of policy areas. Compared to other big OECD countries such as Germany, France, the United Kingdom or even the United States, Italy lags in developing a modern, future-oriented concept of its political, social and economic system.

Strategic Outlook

Italian policy has been deeply marked by the world financial crisis in the last two years. However, Italy and its governance system displayed a better-than-expected ability to face this period’s most dramatic challenges. Thanks to the often-underestimated resources of Italian society (for instance, the low levels of private debt and the resilience of small enterprises), a relatively conservative banking system (less internationalized than other national banking and finance
systems) and prudent budgetary policies on the part of the serving government, Italy has emerged from the crisis without suffering substantial economic damage. Italy’s situation is not comparable in its economic structure to that of the European Union’s other relatively weak economies of Portugal, Ireland, Greece and Spain (along with Italy, the so-called PIIGS group). With an economy still largely based on manufacturing rather than services, Italy faced GDP losses similar to those of Germany, but the overall economic and budgetary situation did not decline substantially, at least in comparison to other countries. The most important challenges are now ahead, as Italy – like the rest of Europe – must define its crisis exit strategy and seek to revitalize growth. As with any big crisis, this one has offered opportunities to address traditional problems Italy has thus far been unable to solve. Yet such opportunities can easily be missed by the lack of focused and determined political leadership.

Given the substantial public debt that Italy has carried since 1980s, the room for spending increases is limited, while spending cuts risk producing recessionary economic effects. Maneuvering room is thus tight. Only a disciplined and sustained effort to significantly improve the quality of public outlays (and thus their positive effects for the economy in general), and to reduce the most counterproductive impacts of high fiscal pressure, can enable the country to avoid the opposite dangers of a strangled economy or pushing public finances to a point of unsustainability.

If this challenge is to be successfully faced, significant improvements must be made in the quality and efficiency of the central and local public administration. Bold but nevertheless management will be necessary in reforming the institutional relationship between the central administration and the regions, which falls under the heading of fiscal federalism. Italy should not sacrifice this reasonable and perhaps also overall cost-efficient and fair political project as a result of political campaigning by coalition partner Northern League. This reform has so far been defined only in its guiding principles, but its practical implementation will determine whether it makes the Italian administrative system more effective or even more cumbersome and costly than it currently is. A profound reform of the tax system is needed, and policymakers should seek to make it simultaneously more equitable for the weaker strata of the population, more effective in preventing tax evasion, and less discouraging to entrepreneurial activities.

Reform efforts should not stop at the symptoms of a political crisis. A new electoral law should be discussed, looking beyond the next set of elections. The current system is neither equitable in the sense of political representation nor functional in the sense of producing stable
governing majorities. All parties should try to offer a clear vision of how a future Italy can be constructed. This is particularly true of the political system; despite a federalist approach when it comes to institutions, little real reform in this direction has taken place. As has taken place in other European countries, a coherent discussion of the roles of the president, the prime minister, the Chamber of Deputies and the Senate, and of Italy’s territorial and administrative structure at the central, regional, provincial and municipal level is necessary. This should be bipartisan, and should obviously involve citizens and voters by means of a referendum.

Significant improvement of the school and university systems should be a high priority, in such a way as to make them more flexible and able to respond to the changing needs of society, while at the same time guaranteeing higher levels of quality and openness of access. Only in this way will the country attain the highly skilled workforce and the sophisticated knowledge and research capacities required to compete at the global level.

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

To achieve some of these crucial goals at least partially, the strong leadership which has been achieved by the current government should be coupled with a less aggressive approach to the opposition and other institutions (such as the judiciary), and greater willingness to explore the possibility of consensus.

On the European, international and global scales too, Italy could perform better. The country should try not just to defend its national interests in institutions and organizations like the European Union, but rather take a more active role and ask for cooperation in achieving those interests. There are exceptions where Italy already is part of a vanguard, but the country should open itself more to cooperation with neighbors and partners with the same or similar interests or needs.

For Italy itself and for its subsystems (politics, economy, society, religion, culture, media and so on) the key idea for the next decade will be competition. Only in a system that produces a contest for ideas and concepts will citizens have the opportunity to choose and select offers which can modernize politics, society and the economy.

Last but not least, it should become the duty of the government and the rest of the nation to safeguard the country’s natural resources. Environmental challenges are not only a threat to the health of Italian
citizens, but are literally taking Italian soil away. A real green revolution is necessary in Italy, perhaps even more so than in other OECD countries.
Status Index

I. Status of democracy

Electoral process

Registration regulations are defined by national laws and enforced by the judiciary. The bureaucratic requirements for validating voter signatures, required in order to present party lists and candidacies, are fair and nondiscriminatory but are rather burdensome, and may in some cases make this presentation difficult (particularly for smaller groups). In fact, in the recent regional elections of March 2010, some of the local lists of one of the major parties (Popolo della Libertà) were rejected, largely as a result of human error on the part of the person in charge of delivering the list. However, in spite of some minor barriers, the procedures have regularly enabled even very small parties to participate in elections.

Access to television by parties and candidates is regulated by a law (Law 28/2000) that provides for equal time for each party during electoral campaigns. An independent oversight authority (Autorità per le garanzie nelle comunicazioni, AGCOM) ensures that the rules are followed and has the power to sanction violations. This power is effectively used. The fact that major private television companies (Mediaset) are controlled by the current prime minister and leader of the largest party enables the parties of the center-right to enjoy somewhat more favorable treatment in the news services. Public television is controlled by a parliamentary committee which reflects the composition of the whole parliament. Although the government in office typically attracts more air time than the opposition, the treatment of the different parties by the public broadcaster is overall fairly balanced. In the print sector, the large variety of newspapers both with and without a clear political orientation provides a sufficiently balanced coverage of all positions. However, parliamentary outsiders (such as new parties) have virtually no access to the media. This was evident in the regional elections in March 2010, when Beppo Grillo’s Movement 5 Stars entered the political scene. A good example of media politicization is the way that RAI TG1 (the main evening TV news program on the first public channel) director Minzolini politicized this news program.
All citizens are automatically registered, notified at home of their voting rights and supplied with the relevant information. Citizens are entitled to appeal to independent judicial bodies if they are mistakenly excluded from registration. Citizens living abroad are also entitled to vote. There are no significant complaints about the working of the process.

In the 2008 general elections, there was some discussion about Italians abroad who had trouble getting on the electoral rolls.

The financing of parties is to a large extent public. State financing is regulated by a 1993 law (Legge del 10 dicembre 1993 n. 515, e successive modificazioni recante norme sulla “disciplina delle campagne elettorali per l’elezione alla Camera dei deputati e al Senato della Repubblica”), and is monitored by an independent judiciary organ, the Court of Accounts (Corte dei Conti), which checks the accounts provided by parties and can sanction infringements.

Private financing must be declared by candidates and parties, and is controlled by regional judicial bodies.

**Access to information**

In any examination of the media system in Italy, a distinction must be made between printed media and television. Printed media (newspapers and weekly publications) are quite pluralistic both in terms of ownership and of ideological orientation, and the influence of the government is limited. More relevant in this domain is the influence of economic groups.

The influence of the government is more keenly felt in the television sector. The state-owned broadcast system has traditionally been organized along a “consociational model,” which provides for representation of all major political positions. The influence of the government is in part counterbalanced by the role of the parliamentary committee (“Commissione parlamentare per l’indirizzo generale e la vigilanza dei servizi radiotelevisivi,” established by law in 1975) tasked with overseeing radio and television, which is always chaired by a member of the opposition party. The serving government typically has the strongest influence on the news services of the first channel (and its director is typically a person “friendly” to the government). Other channels are closer to the opposition.

All in all, there is strong evidence that Italy media independence is being damaged. Its rank in the Reporters Without Borders Press Freedom Index has continued to fall, reaching 49th place (worst of the six European Community/European Union founding countries) in 2009. Since 2008, Freedom House has listed Italy as the only “partly free” country in Western Europe, with all others receiving the “free”
rating. Mafia actions against journalists, the government’s draft wiretap and “gag” law, and agitation and legal action by Berlusconi against journalists and their media employers have all strongly interfered with the independence of the media.

The printed media (daily newspapers and weekly publications) show a significant level of pluralism both in terms of ownership (three to four major groups, and a number of additional minor ones) and of ideological orientation. They provide a large variety of opinions. Even when the analysis is restricted to the newspapers with the largest circulation, it can be seen that the pluralism of political and cultural positions is significant.

With regard to television the system is dominated by a duopoly formed by the state-owned broadcaster and Mediaset, but with other actors (in particular News Corp. and its Sky TV) slowly growing in importance in the cable and satellite sector. The Mediaset group is owned by Silvio Berlusconi, the leader of the main center-right party (Popolo della Libertà) and the serving prime minister during the period of under review. Some degree of pluralism of political positions exists between in the different channels of Mediaset, but the breadth is limited. Other TV channels (Sky TV and TV 7) cover a larger spectrum of opinions, but are not equally important. There are also programs which are highly critical of the government’s positions. Some of these are seen in prime time and have a large audience. Once again, due to the dominance and the importance of television as the nation’s and Italians’ main information medium, a wide diversity of opinions is not immediately available. Only by consulting electronic media and newspapers, as only a minority do, can media users, consumers and citizens produce for themselves a certain pluralism.

The first freedom of information act was introduced by Law No. 241 in 1990. Its provisions were amended and made less restrictive by Law No. 15 of 2005. Disclosure can be denied only under specific circumstances (such as national security reasons, protection of privacy, etc.) which must be explicitly identified by administrative offices. Special offices (Uffici Relazioni con il Pubblico, URP) dealing with requests for access to information have been established in all administrative offices, both nationally and locally. Access has become increasingly easy and effective. Both judicial and nonjudicial mechanisms of appeal exist, and are increasingly used. Among these should be mentioned the Commission for Access to Public Documents (Commissione per l’accesso ai documenti amministrativi) of the Presidency of the Council of Ministers, which receives appeals in cases of information-disclosure denials, and can public administrative bodies to reconsider their decisions. The commission, which is composed both of parliamentarians and of technical officers,
transmits an annual report to the parliament. Regional administrative tribunals can judicially enforce the disclosure of documents.

Civil rights

Civil rights are legally protected by detailed constitutional provisions and ordinary laws. Independent courts serve to guarantee their implementation. However, inefficiencies in the judicial administration and the heavy work backlog of many courts can make the protection of civil rights (such as property rights) less effective. The legal protection of the rights of immigrants, especially if illegal, is far from satisfactory. Cases of police violence are reported with some frequency. Actions by the security agents of the various authorities (including the state police) sometimes seem to contradict the principles of the rule of law. Forms of racist discrimination against immigrants, foreigners and gays are also not uncommon. Politicians from the Northern League, a member of the governing coalition, have at times shown particular hostility to ethnic minorities and Islam. Despite growing awareness among society at large, racism against immigrants, Sinti and Romany individuals is quite common. Illegal immigrants (mostly of African origin) in southern Italy suffer from exploitation. The dominant position of the Catholic Church, the Italian Bishops’ Conference, the nearby Vatican City as the seat of the pope, and the strong representation of Catholic pressure groups in nearly all political parties give little space to other religious groups, or to secular and nonreligious groups within Italian society.

Political liberties

Political liberties are guaranteed and effectively protected by the constitution and by an independent judiciary. Individuals of different political, religious and cultural positions enjoy substantial freedom of expression. The ability to assemble, organize and demonstrate for political purposes is largely used without major limitations.

Non-discrimination

Legal rules aimed at preventing discrimination both in general and on the basis of specific individual characteristics are well developed. However, their practical implementation is often much less satisfactory, and cases of discrimination on the basis of gender, physical ability and ethnic origin are significant. In the public administration there is an increasing effort to monitor the impact of gender discrimination on a regular basis. The 2009 report of the Department for Equal Opportunities, containing data for 2008, indicates a persistent and significant imbalance in gender representation in the higher levels of the state administration, as well as the limited extent of affirmative action programs aiming to change this state of affairs.

Discrimination against Muslims has been given rhetorical support by
the Northern League. A lack of effective welfare state elements such as sufficient child care in practice results in discrimination against women and mothers. The presence of women in the higher ranks of the public administration and of private businesses remains an exception.

Citation:

Rule of law

The actions of the government and administration are systematically guided by detailed legal regulations. Multiple levels of oversight – from a powerful Constitutional Court to a system of local and national administrative courts – exist to enforce the rule of law. To some extent, however, the bulk and complexity of legal regulations can produce the paradoxical effect of reducing rather than increasing the certainty of the legal framework. Moreover, the length of judicial procedures can undermine the implementation of legal rules.

The Italian constitution provides for a strong and independent system of judicial controls. At the highest level, the Constitutional Court ensures the conformity of laws with the national constitution. It has often rejected laws promoted by the current and past governments. Access to the Constitutional Court is reserved to courts and regional authorities. Citizens can raise appeals on individual complaints only within the context of a judicial proceeding, and these appeals must be assessed by a judge as “not manifestly unfounded and irrelevant.” Ordinary courts are independent from the government, and are able to effectively review and sanction government actions. The recruitment and careers of judges are overseen by the Superior Council of the Judiciary (Consiglio Superiore della Magistratura), a representative body elected by the members of the judiciary without significant influence by the government. However, the action of the judiciary is undermined by the fact that courts are often overloaded, and judicial procedures are lengthy and cumbersome as a result. The role of the judiciary has been also weakened by the climate of extreme conflict with the Berlusconi government, leading to reciprocal accusations of politically biased prosecutions, and creating obstacles to the functioning of the justice system.
Members of the Constitutional Court are appointed from three different sources: the head of state, the parliament (with special majority requirements) and the top ranks of the judiciary. This appointment system has ensured a high degree of political independence, and the Constitutional Court has frequently rejected laws that were promoted by the current or past governments and approved by the parliament. In fact, the current prime minister has more than once complained that the Constitutional Court is politically prejudiced against the government. The court’s most politically relevant decisions are widely publicized and discussed by the media.

At the close of the period under review, the serving government was preparing a revision of the judiciary system which could result in less independence and stronger political alignment on the part of justices.

A variety of mechanisms aimed at corruption prevention exist in Italy. These include systematic auditing of administrative spending, regulations concerning party financing, mandatory asset declarations for office holders, codes of conduct, and more. However, evaluating and measuring their ability to effectively prevent the misuse of public resources with any degree of certainty is not easy. The number of cases of corruption of public officials reported by the press suggests that the extent of corruption is high, and is particularly prevalent in the areas of public works, procurement, and local building permits. Evaluations based on different measures of perception also indicate high levels of corruption compared to other OECD countries. Attempts to measure the extent of real corruption were initiated by the Anticorruption and Transparency Service (Servizio Anticorruzione e Trasparenza, SAeT) of the Ministry for Public Administration in its first report to the parliament of 2009. This report is based on the number of reported cases of corruption; however, it obviously cannot report on cases that have not been reported, which are presumably numerous but the quantity of which is difficult to estimate with precision.

In addition, prosecution of corruption remains quite ineffective because Italian officeholders do not meet the integrity criteria maintained in other OECD countries. Thus, politicians and members of parliament only rarely resign after being convicted in the first instance of a law suit, instead continuing their political career. Members of the government revised the “Bribesville” (Tangentopoli) scandal of the early 1990s, trying to rehabilitate protagonist and former Prime Minister Bettino Craxi, who had escaped trial in Italy. There are many voices who speak today about a second and new “Bribesville” existing in Italy.

Some Italian public officeholders seem to be quite happy to abuse their positions for private interest. Indeed, a part of the government’s legislative projects matches perfectly the personal interests of Prime
Minister Silvio Berlusconi. His personal conflicts of interest as an indirect owner of the Mediaset Group (and other companies) are still far from resolved. Berlusconi has also called people (crime suspects) whose phone lines had been tapped by the police. According to many observers, it was this fact that gave rise to the wiretapping draft law. This proposal would restrict wiretaps and media use of wiretap transcripts so completely that police unions, judges, the OSCE and the United States all have expressed opposition to the draft law. Berlusconi’s government serves as a good example of how Italy’s public administration uses power and influence for personal and private benefit. The government during the period under review has faced substantial accusations of corruption or of benefiting illegally from officeholders’ positions. Minister for Economic Development Claudio Scajola had to step down shortly after the close of the period under review. Guido Bertolaso, powerful head of the Civil Protection Agency, is under investigation.

Citation:

II. Policy-specific performance

A Economy

Economy

The economic policy of the government in the period under review was guided mainly by the need to respond to problems generated by the global financial crisis. The government has concentrated its activity on several goals: assuring the ability of the banking sector to survive the shock, providing credit to the market and guaranteeing the sustainability of the large existing public debt. Both goals have been achieved; no bank default has taken place, and the state’s conditions for access to international credit in order to refinance its debt have not worsened. To attain these goals, the government has in general tried to keep the expansion of public spending under control, and has provided only limited stimulus to the economy (mainly targeted at the car industry and at domestic appliances during 2009). It has also expanded the amount of resources devoted to sustaining employment
levels through the use of salary integration programs (cassa integrazione). Overall, these policies have succeeded in containing the worst effects of the crisis, but the economic policies have not introduced any significant innovations that might make the economy more competitive.

Generally, Italian economic policy is not exactly strategic or forward-directed. Only in the two years of the Prodi II government were incentives introduced that gave a stimulus not only to the consumption but also to new businesses such as green energy and high technology. Italy’s economy, as well as the government serving during the review period, are still benefitting from these provisions, but also from an opening of Italy’s markets to more competition. This too helped to attract foreign companies to Italy. However, the arrival and presence of foreign investors is not so much the result of wise economic or regulatory policy, but is rather attributable to the bad quality and the low level of competition of the country’s essential and general services, which has left big gaps to be filled by foreign companies (e.g., the German company Lufthansa Italia, German energy supplier e.on, the German insurance Allianz, and others).

**Labor market**

The center-right government has promoted some policies that increase the flexibility of labor contracts. In addition, in agreement with two of the three largest trade unions (CISL and UIL) and with the employers’ association, it has encouraged the introduction of less rigid contractual agreements that would give greater freedom to local enterprises in setting salaries. In combating the effects of the crisis, the government has also increased the resources devoted to salary integration programs (the so-called cassa integrazione), which temporarily partially or fully subsidize the salaries of workers kept idle by private companies, thus encouraging firms to avoid dismissing employees. Overall, these various mechanisms have enabled Italy to contain increases in unemployment during the crisis. However, labor policies have on the contrary had little success in significantly changing the overall conditions of the labor market, and in particular in increasing the relatively low proportion of people actually at work.

It is doubtful whether it is the government’s labor market policy which brought down unemployment. As there are only minimal welfare state benefits, there is no choice for most Italians: Either they work or they do not have resources to survive. In recent years, the labor market became much more flexible with new forms of employment (short-term employees) or self-employment (partita IVA) becoming more common. Italians are well used to mobility: Immigration abroad or to
Northern Italy is a strong phenomenon. But it reflects not just a highly mobile workforce, but also – even after 150 years of national unity – the failure of economic, structural and labor market policy to create enough jobs in southern Italy.

Protection against dismissal is very strong in Italy, but is of course active only for the old, classic and “typical” forms of employment. Collective agreements persist, but in a very fragmented landscape of trade unions and small industrial sectors.

**Enterprises**

The Berlusconi government’s 2008 program listed the creation of a more favorable environment for enterprises as one of its main goals. However, action in this direction has been limited. There have been a number of fiscal and regulatory provisions aimed at enabling greater flexibility in wages and overtime work, favoring new technological investments, and making bureaucratic requirements for opening new businesses somewhat less burdensome. The government has also decided to implement a new nuclear energy policy, with the goal of reducing energy costs and diversifying sources of generation. But in spite of some positive elements, enterprise policies introduced to date have not represented major improvements in several areas of significant weakness. Some of these areas of particular importance include: (1) the burdens created by the inefficiency of the public administration and by cumbersome and complicated regulations; (2) the excessive tax burden; (3) the economic environment’s low degree of competitiveness; (4) infrastructural backwardness, and the limited public resources devoted to research and the promotion of advanced investments; and (5) the high costs of energy.

Policymakers have also discussed the introduction of single points of contact (sportelli unici), where business founders can perform all the operations necessary in setting up a company in a short time. Italy lags behind many other countries in terms of the days consumed in the process of opening a business. Another problem and obstacle to new enterprises in the manufacturing and trade sectors is the difficult geography of the Italian peninsula (mostly mountainous areas, only a few plains, large North-South split), exacerbated by the old and limited road and rail transportation system. A further obstacle to foreign enterprise investment is the relatively weak command of foreign languages on the part of potential employees.
Taxes

The Italian tax system has been characterized on the one hand by the need to sustain the burden of rising public expenditures, which governments have proved unable to reduce, while continuing to repay very high levels of public debt accumulated over the past decades; and on the other hand by its inability to significantly reduce the very high levels of tax evasion or the size of the black economy. As a result of this situation, levels of fiscal pressure have increased over the years, and the tax burden has become far from equitable. The fiscal pressure is very high on those households or companies that do regularly pay taxes, and is on the contrary very low for all those who want to and can evade taxation (for instance many enterprises, and large shares of independent workers and professionals). This results in significant competitive distortions acting to the advantage of the noncompliant earners.

One of the first measures of the current government was to eliminate a local tax on houses (ICI), but this has not affected the level of fiscal pressure, which has continued to rise. The government was forced to shelve a more significant reform of the tax system, envisioned as part of its incoming program, due to the more pressing concerns associated with the economic crisis and the need to ensure the sustainability of the public debt.

Overall, the system is able to generate sufficient public revenues but does not ensure satisfactory levels of equity and competitiveness. The level of fiscal pressure is not balanced by the quality and effectiveness of the public services provided for citizens and enterprises.

Budgets

With the onset of global financial crisis, Italy's negative budgetary situation, with high public debt and endemic difficulties in controlling the rise in public expenditures, has further worsened. The state deficit has risen to 5.5% of GDP, and the public debt to 123.6% of GDP. However, on a comparative basis it can be said that the government has been able to contain the negative effects of the crisis and that the sustainability of its debt is for the time being assured. Whether avoiding the worst crisis outcomes in the short term will also nurture a willingness and capacity to put budgetary policies on a more virtuous track in the medium term is a question which cannot be answered yet. However, this must be done if Italian public budgets are to preserve solvency, support economic growth more effectively than in the past,
and start redressing the serious deficits in intergenerational fairness which currently have a very negative impact on younger generations. At the beginning of 2010, and throughout the spring of that year, Italy’s Ministry of Economy and Finance struggled to convince credit rating agencies, markets, media and the public of the sustainability of Italy’s public debt. At least through the end of the review period, Minister Giulio Tremonti and his staff proved successful in this goal. The spread between Italian government bonds and German bonds did not get out of control. However, in the crisis year of 2009, the government was not able to implement a significant stimulus package, as other European governments did. This is evidence that there is no longer any margin for discretionary action in the Italian budget. But as Italian banks were not deeply exposed to the financial crisis, sovereign debt remained – on a high level – more or less stable. Nevertheless there is need of additional money to modernize the public administration and the country’s transport and communication networks, which can not be done solely with private money, as well as to reduce the public debt.

B Social affairs

Health care

Italy’s national health system provides universal comprehensive coverage for the entire population. It is funded predominantly by the national budget, but is administered by regional authorities. Overall, it provides almost completely free, medium- to high-quality health care for the whole population. However, due to significant differences in local infrastructures, cultural factors, and the political and managerial proficiency of local administrations, the quality of public health care is not nationally uniform. In spite of similar levels of per capita expenditure, services are generally better in northern and central Italy as compared to those of southern Italy. In these latter regions, due to lower quality levels and typically longer waiting lists, wealthier individuals will often turn to private sector medical care. Regional disparities also lead to a significant amount of “health tourism” heading north. Early moves in the direction of fiscal federalism are now stimulating efforts to change this situation through the introduction of a system of national quality standards (correlated with resources), which should be implemented across regions. Especially in the south, health care is affected by corruption, inefficiency and high prices. For example, in the autonomous region of Sicily it is reported that mafia activity has entered the public health
care system. All across Italy (but again, more often in southern Italy) authorities often shut down hospitals or wards in hospitals because of sanitary deficiencies. Costs for health care in some regions are definitely out of control. Preventive health programs are virtually nonexistent or are not well publicized, at least for the average health care user.

Social inclusion

The impact of policies aimed at preventing economic disparities have been seriously weakened by the increasing ineffectiveness of the main instruments used. The progressive tax system and a series of deductions and benefits for low-income individuals, which should have accomplished redistributive functions, have largely ceased to work in this direction. The rise in tax rates and the erosion of benefits and deductions due to inflation, as well as the prevalence of tax evasion among certain parts of the population, have curtailed the system’s redistributive effects. Moreover, the system’s redistributive effects fail to reach that part of the population which earns less than the minimum taxable income. Provisions for sustaining the monetary income of the extremely poor are thus very limited. In general, allowances for families with children are rather small, and do not compensate for the costs of raising a large family. The problem of poverty is thus particularly serious for young families, especially where only one adult is employed. Some of the pensions of the elderly are also extremely low. During the crisis, the government introduced a social card applicable to private consumption (worth €40 per month) for the poorest sectors of the population, and moderately increased some of the lowest-level pensions. An effective poverty reduction policy would require larger and more effective instruments.

Families

Italian society has traditionally relied very much upon its very strong family institutions. The family (often in its extended version) today remains a major provider of welfare for its weakest components (children, young couples with precarious jobs and elders). Within the family, significant amounts of monetary redistribution take place, and important services are provided (see for instance the role of grandparents in the care of preschool age children). Partly because of this reliance, family support policies have been generally weak. Apart from relatively generous rules on maternity leave (paid for by social insurance) and limited tax deductions for children, the state has not offered much. Public day care facilities for preschool children are
available on a limited scale (and vary significantly across regions); and private firms and public offices have only recently started offering similar services, with some support from the state. The lack of more significant policies has contributed on one hand to the limited participation of women in the workforce, and on the other to very low birth rate (except in the immigrant population).

In its 2008 program, the Berlusconi government proposed to introduce important changes in the tax treatment of families (the “quoziente familiare”), but these ideas were put aside during the crisis, and the government has to date introduced only limited subsidies for families and children in the lowest income brackets.

New and innovative Scandinavian-style concepts which go beyond maternity allowance (such as parental leave) are not widely used. The whole child care sector, and indeed the state of the public debate over the ability of women to combine work and children, lags behind that of the wealthier European countries.

Pensions

In recent years, Italy’s pension policy has undergone partial reforms that have somewhat improved its sustainability by slowly and gradually increasing the age of retirement, and by reducing benefit levels. To the end of further strengthening sustainability, the current government has introduced a mechanism linking the rise in the official retirement age to the aging of the population. Given the imbalance between an increasingly elderly population and the relatively smaller size of the younger generations, further reforms to the pension programs will probably be needed in the future. The current situation guarantees only limited intergenerational fairness, as the younger generations contribute to the pensions of today’s retirees, but will receive smaller amounts themselves upon retirement. Already, today’s pensions are unable to prevent old-age poverty fully for a significant share of the population.

More broadly, the central problem of pension policy in Italy is that pensions absorb the largest share of the welfare state’s financial resources. This fact helps stabilize and benefit the elderly, but punishes younger generations who are paying for the system today, in such a way as to contribute to the low birth rate that will ultimately make the pension system itself less sustainable, by ensuring a shrinking of the working age cohort.
Integration

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

Policies dealing with the topic have concentrated more on controlling illegal immigration than on matters of integration. However, given the failure of measures designed to prevent illegal immigration, successive governments have adopted provisions for the large-scale regularization of immigrants, especially those working for and within families. In spite of these measures, a large number of immigrants are still involved in the black economy and are thus subject to economic exploitation, dangerous working conditions and a lack of respect for their rights. The school system has proved to be a positive factor in the process of integration, but schools have not received sufficient resources for achieving the best results in this field. In many cities there are ghetto-like areas where immigrants live in extremely poor housing conditions.

After a period of ambivalence influenced by the Northern League and parts of the People of Freedom (Popolo della Libertà, PDL) party, the national government seems to have developed a more pragmatic approach to integration. A new point system will encourage migrants and their mainly Italy-born children to integrate more closely into Italian society and culture. After a series of spectacular xenophobic incidents, but also revolts by legal and illegal immigrants (Lampedusa in 2009, and Rosarno in 2010), the government has perhaps learned at last to see migrants not only as a burden but as a commodity: Employers of legal (but also illegal) immigrants often make the politicians understand that they are able to continue to operate in Italy only thanks to the high number of migrants available in the workforce. Private-sector elderly care, and often child care and private cleaning services are often dependent on illegally employed immigrants. In upcoming years, Italy’s score in this section is likely to rise.
C Security

External security

Italy’s defense and security policy is fundamentally grounded in collective security agreements (NATO in particular), but also in bilateral agreements (among which those with the United States are especially important). Membership in the European Union is the other increasingly important factor in guaranteeing national security and a friendly external environment, even if the EU’s military component is weak. Although its geographical location puts Italy close to the crisis-prone area of the Middle East, effective policies of friendship and cooperation with the states of this area have sheltered Italy from major risks (even of a terrorist nature) on this front.

Italy has been a very active participant in international peacekeeping missions, seeing this as a crucial instrument for the construction of a more peaceful external environment. Due to budgetary restrictions, the financing of the security apparatus is underfunded in comparative perspective, but the recent shift of the country’s armed forces to a professional army model has moved the country in the direction of providing a more effective instrument of national defense and international security cooperation.

Obviously Italy is no global player in security policy, but after facing quite serious challenges in a complex geographic context (sitting on the Cold War front line; being part of the Mediterranean basin, with indirect links to North Africa and the Middle East countries, as well as Turkey, Greece and the Western Balkans; its own long coast line serving as the European Union’s external border), it has used bilateral treaties with potentially disruptive countries and leaders (such as Libya) to transform its environment into a manageable area – at least for the moment. On the issue of the Middle East, the Berlusconi government has pursued a strange strategy evidently seeking to assure both sides that they have Italy’s full support. International commitments such as armed forces military missions (Afghanistan) are surprisingly strongly backed both by politicians and citizens. However, the country has yet to transform its military capabilities and its international commitment into more substantial weight inside the United Nations, NATO and European Union. Indeed, keeping its size in mind, Italy has had an impressive and mostly successful experience in stand-alone military missions abroad (Albania, Lebanon).
Internal security

The internal security situation in Italy is often portrayed by the Italian media as much more serious than it is in reality. This picture is also reflected in the wider population’s feelings of insecurity, which often emerge in public opinion polls. In reality, crime rates are in many aspects less severe than in other advanced countries, as demonstrated by international statistics. Public perceptions about the police forces are also somewhat ambiguous. For instance, polls indicate a high popular level of trust in the police forces (see the ITANES poll of 2006, with 81% of the population expressing trust, a level reached only by the president of the republic), but also show a lower confidence in their ability to enforce the law (World Economic Forum data). As for many other aspects of Italian life, it is important to make a distinction between regions. It is mainly the southern regions of Campania, Calabria and Sicily where the existence of mafia-like organizations negatively affects the security situation and creates particularly serious problems for businesses. In other parts of the country, the impact of organized crime is more limited. Though the Berlusconi government has been portrayed by the opposition as comparatively uninterested in fighting against the mafias of southern Italy, the police forces have in fact continued to conduct very effective actions against mafia and camorra groups in the region, and have been able to capture some of the leading bosses of these groups. With regard to terrorism the ability of internal security forces to prevent serious attempts has been notable. The levels of expenditure for police forces have not been increased significantly. The fragmentation of public security authorities between the national police (Polizia di Stato), the gendarmerie (Carabinieri), the strong and even paramilitary customs and finance police (Guardia di Finanza), and provincial and town police (Polizia Municipale) wastes money and limits efficiency. Among the biggest law-enforcement topics are corruption and white collar crime, which are very common in politics and the broader economy. When politicians and businessmen can and do routinely steal taxpayers’ money, it is certainly a question of internal security.
D Resources

Environment

Italy’s environmental record is mixed. With regards to CO2 emissions in comparison to GDP, and the percentage of renewable sources in its overall energy mix, Italy ranks among the best performers. On other dimensions, such as water efficiency and waste management, it fares less well. In general, environmental policies were not a strong priority for the government during the period of evaluation. However, the government did devote substantial energy to solving the waste emergency that had developed in the region of Campania and in the city of Naples under the previous government. Particularly in the field of waste management, disparities between northern and central Italy on one side and southern Italy on the other remain significant. In the field of renewable energies, where Italy traditionally fares well thanks to its large hydroelectric (and geothermic) plants, promotion of new sources such as solar or eolic energy has been limited. The government has provided some incentives for sustainable house building, and has started to discuss a return to nuclear energy with the purpose of further reducing CO2 emissions. However, this policy remains in the very early stages of implementation.

A highly motorized nation (worldwide, Italy has among the highest numbers of cars per capita) and poor short-, medium- and long-haul public transport make life in Italian cities very difficult, as well as the transport of goods and persons across Italy. Smog, particulate matter, poor air quality, traffic jams and car-crowded city centers undermine the quality of life significantly in Italian towns. In many parts of Italy, waste water flows unfiltered into rivers or the sea. Erosion is even more a danger in many parts of Italy than in the last period under review. Soil sealing continues in an excessive way across the country. Perhaps more so than any other policy area, the environment demands an immediate strategy and corresponding political action.

Research and innovation

Italian government research policies in recent years have been weak, without strategic orientation and underfunded. In particular, financial support for basic research has been significantly reduced. The current government has continued along these lines. The only change of potential importance in this field during the period under review is the reform of the university system under discussion in the parliament.
This proposal contains some interesting innovations, including a strengthening of university governance systems with the inclusion of external representatives such as enterprises and local authorities, as well as assigning a greater role to a national evaluation system. If approved, this reform could stimulate more research in university settings. Support for applied research has been sporadic, largely in the form of limited tax incentives for enterprises. The government has also discussed a project aimed at speeding the availability of high-speed Internet connections, helping to finance the required infrastructure, but the project has been delayed because of budgetary restrictions.

Research and innovation policy is more effective inside state-owned companies such as Finmeccanica. The air, space and defense industry has created several high-tech clusters in Italy. The automotive and pharmaceutical industries have also contributed to overall research and innovation. However, a strategic concept for the creation of new products and industries is missing. For example, much more could be done in environmental technology. There is a strong brain drain of professionals in high tech fields to other EU countries or elsewhere abroad.

Education

The Italian education system, which is predominantly a national state system with some participation by local authorities, alongside a limited private sector, is in principle open to everybody without discrimination. Students pay limited fees only at the university level. In practice, however, access is seriously limited at the upper secondary and tertiary level by the limited amount of resources devoted to scholarships or similar support mechanisms for financially needy students. As might be expected, the share of individuals who do not complete their studies is very high. The share of education expenditure devoted to the salaries of teachers, professors and technical staff, the number of which is often unnecessarily high, is too large. Selection of school and university personnel is still not sufficiently meritocratic. Although there are significant areas of high-quality education at both the secondary and tertiary levels, the system as a whole does not ensure satisfactory standards of quality.

The current government has produced a reform of the secondary level, which was largely guided by the need to reduce expenditure for personnel. However, it also had the aim of strengthening discipline and the authority of school principals, and supports the development of technical education. A reform of the university system is also under way.
Management Index

I. Executive Capacity

A. Steering capability

Strategic capacity

The concept of strategic planning is not particularly developed in the Italian governmental and administrative culture. This is in part due to the fact that governments have been largely preoccupied with coalitional problems, and that the administration is predominantly guided by a legalistic culture. However, in the last several cabinets (Berlusconi II and III, Prodi II and he current Berlusconi IV), relatively more detailed coalition and government programs have become an important instrument for organizing and planning government activity. Within the government office (called the Presidency of the Council of Ministers, or Presidenza del Consiglio), a special department guided by a minister without portfolio has been created to oversee the implementation of this program. This department produces an annual report on the program’s implementation status. The financial aspect of strategic planning is more developed, as the Treasury has to implement rigorous budgetary stability goals, and works within a triennial perspective.

Citation:

Scholarly advice

Academic experts are often involved in the drafting of bills and other policy instruments, but tend to be selected more on the basis of political affiliations or their personal relationship with ministers or the prime minister than for their reputation as independent experts. For example, the current government’s university reform bill benefited from the expertise of a few university rectors and experts close to the minister, but did not go through a systematic and open consultation process. More or less the same can be said about the proposals for constitutional reform. With regard to specific, highly technical pieces of legislation such as labor law or pension reforms, the influence of academic experts can be greater.
Inter-ministerial coordination

The Prime Minister’s Office (PMO) evaluates all draft bills before they are submitted to the Council of Ministers (the Italian cabinet) for approval. This scrutiny mainly deals with legal aspects (which now increasingly concern compatibility with European laws) as the PMO itself does not have the systematic sectoral expertise that would allow it to conduct a detailed policy scrutiny. This means intervention by the PMO is more reactive than proactive. The office gets more deeply involved in issues when problems emerge during the policy-making process. Important draft bills are in general scrutinized by the office with regard to the effects a bill may have on the cohesion of the majority coalition. A detailed scrutiny of the financial implications of each bill is conducted by the Treasury.

In the current Berlusconi government, the prime minister has acquired a much stronger leadership position. This has meant the PMO has the ability to return items, particularly when policy aspects conflict with the government’s strategic views. This is particularly evident on policy matters that are close to the prime minister’s own policy priorities. The PMO must obviously take into account the fact that the government is a coalition cabinet, and that the views of the different parties must be respected. Moreover, once the government program has been agreed upon and the main policy goals defined, line ministries are given a significant amount of policy discretion, which the PMO will typically respect.

The PMO is regularly kept informed of the development of policy proposals coming from line ministries. But with the exception of policy proposals of particular political relevance, this consultation process is rather formalized, with more significant exchanges occurring only when proposals have been fully drafted.

Some policy matters require de jure scrutiny by a cabinet committee or even the explicit consent of a plurality of ministers. More significant is that a number of important issues are de facto dealt with through consultations among a few ministers (and their ministerial cabinets) before being brought to the Council of Ministers, or are sent to this type of proceeding after preliminary discussion in the council. However, it cannot be said that there is a systematic filtering process by cabinet committees composed of ministers. 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 each cabinet meeting.
A very significant role in the preparation of cabinet meetings is performed by a government office undersecretary and by senior ministry officials. The so-called pre-council (pre-consiglio), a meeting of senior officials from all the ministries and the PMO, chaired by the abovementioned undersecretary, meets a few days before every Council of Ministers meeting. Its role is to filter out most of the problems before the cabinet meets. The pre-council meeting also separates issues with a high degree of consensus from those with little or no consensus. These latter issues are typically sent back to the ministries originating them. The role of this body is more bureaucratic than political. Political questions arising at this stage will be dealt by other bodies, such as a meeting of the leaders or deputy leaders of the coalition parties.

Some degree of consultation and coordination with regard to policy proposals, with special attention devoted to the legal aspects of bills, is conducted by the individual ministries’ civil servants (typically the heads of the legislative offices of each ministry). However, the effectiveness of this process is limited by the strong independence of the various ministerial bureaucracies. The consequence of this limited coordination is that conflicts between ministries in areas of overlapping competencies are frequent. Typical examples are conflicts between “spending ministries” (such as the ministries of Education or Industry) and the Treasury, which is undoubtedly the strongest gatekeeper.

The government program plays a significant role as an instrument for reducing controversies within the majority. Informal mechanisms of coordination such as meetings between the prime minister and other party leaders of the majority coalition, or simply among the party leaders themselves, play a significant role in guiding the policy-making process. In the Berlusconi government, a fairly institutionalized informal mechanism of coordination is the weekly dinner with Umberto Bossi, the leader of the Northern League. When conflicts emerge between different ministers or between parties of the governing coalition, informal mechanisms play a particularly important role.

**RIA**

Regulatory impact assessments (RIAs) are in principle required from all ministries and local authorities (under laws 50/1999 and 246/2005). RIAs at the national level fall under the responsibility of the PMO. The PMO is responsible for the review and quality control of RIAs produced by ministries, as well as for the coordination of activities associated with an RIA. The Presidency of the Council of
Ministers, with its department for juridical and legislative affairs, is the body responsible for the elaboration of RIA methodology. However, it is questionable whether sufficient resources are available within the Presidency to seriously further RIA efforts. Implementation has in fact been far from systematic since the beginning of the RIA program. As a consequence, a new plan adopted in July 2007 by the Prodi II government created new, simpler RIA forms that were implemented starting November 2007. Further implementation rules were approved in 2008 – 2009 by the Berlusconi IV government (DPCM 170/2008 and Directive 26 February 2009). According to this framework, the performance of RIAs at the ministerial level is intended to be enforced by a prohibition on cabinet discussion of any proposal lacking this assessment. However, in February 2010, the parliamentary committee (“Comitato per la legislazione”) responsible for monitoring the quality of legislation at the national and regional levels discovered that in a sample of 20 regulations approved by the government in the previous 10 months (March 2009 – January 2010), only eight laws had been accompanied by the requested RIA.

According to the rules adopted, RIAs should be characterized by a high level of analytical depth concerning proposed regulations’ purpose and governing need. However, these lofty intentions are often undermined by sporadic implementation.

In theory, RIAs should assess alternative options and measure their costs and benefits. However, these requirements are largely irrelevant, as RIAs are only sporadically implemented.

**Societal consultation**

Consultations with economic and social actors are frequent but not systematically institutionalized. After a time in the early 1990s when it seemed that institutionalized consultations (concertazione) with the largest trade unions and employers’ associations had become almost politically compulsory, governments in recent years have been less rigorous in their sue. Under the current Berlusconi government, consultations with two of the main trade unions (but not with the third and largest one) have been frequent on matters of labor and pension policies. This practice has smoothed the acceptance of some government policies.

Dialogue with the opposition on bipartisan political or constitutional affairs has not proved productive. The government treats the governing coalition and its supporting parties as representative of Italian society. Consultation with other territorial authorities such as regions and municipalities has also proved unproductive in recent
Policy communication

Italian governments have been in general rather weak in the field of communication. Ministers and even undersecretaries have been continuously able and willing to express their personal positions without coordinating their comments with the PMO. Under the current Berlusconi government, communication is to a more significant extent dominated by the prime minister and his office. However, ministers maintain some degree of autonomy, and some elements of incoherence still emerge.

At the beginning of the period under review, it was always Berlusconi himself that communicated the government's projects, policies and successes. But at a certain point, an increase in comments and criticisms by the president of the Chamber of Deputies, PDL cofounder Gianfranco Fini, began weakening the coherent communication of the government's policy. In addition, new political constellations have emerged. In the autonomous region of Sicily and other parts of southern Italy, there has been an informal split in the governing PDL, between a kind of southern party group and Berlusconi loyalists. Political cooperation on the regional level between local or regional PDL forces and the PD (the national opposition party) gives some idea as to the fragility of the coalition in Rome. In addition, PDL leaders Berlusconi and Fini and Northern League leader Bossi often contradict one another, as do line ministers such as Minister of Economy and Finance Giulio Tremonti.

B Policy implementation

Effective implementation

The Berlusconi government has a double agenda with respect to policy objectives. It is performing quite well with regard to "normal" political projects. However, many votes in the Chamber of Deputies and the Senate have essentially been used as a vote of confidence on Prime Minister Berlusconi. This shows that the coherence of the government’s (large) parliamentary majority is in fact quite weak. The other part of the government’s policy objectives is represented by personal interest legislation, which often touches on constitutional issues and is contradictory to EU, OECD and Western standards, the rule of law, democratic fundamentals, existing law and the constitution itself. In these cases, the government has provoked
resistance from the opposition, constitutional bodies, media and civil society, and even from within the governing coalition itself. Unfortunately this “personal interest” agenda is often given priority by Berlusconi and his government, with the effect of blocking reasonable and necessary policy objectives.

The dominant role of the prime minister in the center-right coalition has undoubtedly increased the ability of the government to ensure that ministers will implement the government’s program. The existence of a fairly comprehensive coalition agreement and government program, which has received significant media coverage and is monitored by the government, is another significant instrument for ensuring ministerial compliance. However, departmental self-interests have obviously not disappeared, and often lead to inertia or contradictory pressures.

To be in power and governing Italy should be the greatest incentive for Berlusconi as well for his ministers to do their political work. However, Berlusconi governments have never been strong in implementing their stated electoral program or fulfilling promises given in electoral campaigns. There are no organizational devices providing incentives for ministers, aside from loyalty to government leader Berlusconi himself. This serves a significant role, as many actors in the coalition know that Berlusconi is the only one able to keep the often-warring coalition parties and persons together, and who retains support by the electorate.

Monitoring of line ministries by the PMO remains rather limited, and is not very effective. As a government office, the Presidency of the Council of Ministers is too small to systematically monitor line ministry activities. The minister (without portfolio) for the implementation of the government program, who is attached to the Presidency of the Council, monitors the main legislative activities of the ministries.

Autonomous executive agencies are not very common in Italian ministries. In the cases of those that do exist, monitoring of their activities by the ministries is not very effective or systematic. There are some exceptions: For example, the monitoring of the tax agency (Agenzia delle Entrate) by the Finance Ministry is effective.

The central government has increasingly cut transfers to local governments in order to balance its own budget, and has also reduced their fiscal resources through the abolition of the local housing tax (ICI). This has meant that functions delegated to subnational governments have often become underfunded, and local authorities have been pushed to reduce the level of services provided.
The central government generally enables tasks devolved to the regions (e.g., health care) and municipalities according to the provisions of the Italian constitution. Task funding and transfers are discussed and negotiated with the appropriate regional and municipal assemblies. Regional governments and their presidents (the regional governors) are often made up of high-ranking party officials, who command not just administrative powers but also real political power. Thus, the bargaining for funds – or over the distribution of cuts, as is more common at the moment – is not just a one-way process but rather a more or less fair negotiation between equal partners. It is true that, as in many other OECD countries today, all levels of government are being forced to cut spending. Nevertheless, a devolution process is underway in Italy which has tended to shift funds from the national to the regional level.

As a result of constitutional changes introduced in 2001, the fields in which the national state and regions have concurrent legislative powers have significantly increased. In these areas, the state should simply define general guidelines, leaving to regional assemblies the definition of specific legislative contents. However, the national government and parliament have a tendency not to respect this division of competences, impinging upon the sphere of regional autonomy. For their part, regions sometimes adopt a posture of resistance to national rules. This has produced a significant amount of litigation before the Constitutional Court.

Minimal standards for decentralized public services (such as public health) are agreed upon and set at the national level in a number of areas. The main forum in which national standards are discussed is a permanent conference for relations between the state, regions, provinces and cities (Conferenza Stato-Regioni ed Unificata). However, the implementation of these standards is not fully satisfactory: In practice, standards can differ substantially from one region to another.

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

The North-South divide, especially in public services, shows that many efforts since national unity some 150 years ago have failed to produce equality of living conditions in Italy. Obviously, it is the national government’s political responsibility that significant gaps still exist, and have even tended to increase instead of decrease.
C Institutional learning

Adaptability

The most profound impact that international, and particularly supranational (EU related) developments have had upon the structure and working of the government concerns the roles of the minister of finance and the Treasury Department. Because of budgetary requirements deriving from European integration and participation in the euro zone, the minister of finance has acquired increasing weight in the governmental decision-making process, exercising an effective gatekeeping role with respect to line ministry proposals. In addition, the Ministry of Defense has significantly updated its organization and principles in order to face the challenges associated with increasing participation in international peacekeeping operations.

In strengthening the efficiency and also the speed of its decision-making, the Italian government has followed international and supranational developments. But the main structural aspect of decision-making for the government during the period under review remained the checks and balances inherent in the governing coalition. Giving politicians the rank of minister, and creating a new minister without portfolio, is common.

The Italian government is in general quite ready to participate in the international coordination of reform initiatives. However, its ability to play a leading role is reduced by Italian politicians’ preoccupation with internal matters. The attention given to international events and priorities is often overshadowed by problems arising on the domestic scene. Compared to the Prodi government, the Berlusconi government has as a rule been less keen to participate in multilateral international reform initiatives, and has preferred to establish bilateral contacts with different countries. However, in the field of international peacekeeping activities (in Lebanon, in Afghanistan, etc.), it has continued to provide a strong and active contribution.

It is true that in the period under review, the Italian government in fact contributed almost no political proposals or projects on the European level which could also have worked to resolve Italy’s domestic problems. From immigration to internal security to environmental policy, Italy has a multitude of challenges ahead, but the country lags behind in adapting European law and regulations, both in terms of formal adoption and of material or substantive implementation. The idea of a European directorate (focusing on the EU-3, or Germany,
France and the UK) is quite well understood in Italy, and there have been many efforts to bring the government and the country into the “natural” club of the four relatively large EU countries. However, the country’s ambiguity in European affairs, as well as its domestic problems with respect to the status of democracy and the rule of law under the Berlusconi government, has rendered Italy less desirable as a possible strategic partner.

Organizational reform capacity

The attention paid to the internal organization of the government machine has been only selective and sporadic. No systematic monitoring has been accomplished. The minister for public administration has initiated a program aimed at monitoring the effectiveness of the state administration.

Although improving the government’s effectiveness and strategic capacity has often been mentioned by the prime minister and members of the governing coalition as an important goal to be achieved during this term in office, no serious studies or discussions of the problem, or of the means to be used in solving it, have so far been undertaken by the government. The discussion has remained rather abstract, without substantiation by empirical evidence. In fact, political power considerations have remained dominant.

Improving the strategic capacity of the government always remains a subordinate process to the operation of the governing coalition’s checks and balances. The debate over a (federal) reform of the public administration as a whole, and over reorganization of the territorial and administrative units and authorities, stops when discussion turns to the national government itself.

II. Executive accountability

D Citizens

Knowledge of government policy

Data on the public level of understanding of the political environment (such as who occupies different institutional positions) is regularly collected and available (see, for instance, the ITANES Italian National Election Studies polls), indicating a moderate level of information. However, there is no empirical data on the public’s
understanding of government policies. As policy issues are often discussed on television programs that are widely viewed and are the predominant source of information for the biggest share of the population, we can estimate that the general population should have a superficial level of information on major policies (such as pensions, labor issues or taxes). Levels of knowledge about specific policy details and individual sectoral policies are certainly much lower for the majority of citizens.

In-depth information on many policy issues is published in newspapers, which reach only a small part of the population, and also online in locations such as the government’s website.

E Legislature

Legislative accountability

Committees have the right to ask for documents from the government. Delivery of the documents may not always be prompt, but there is no significant evidence that the government fails to comply.

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

Parliamentary regulations provide for the right of committees to invite any person able to provide important information. The rights of committees are not limited, and committees frequently use this opportunity to summon experts. This also reflects the fact that the Italian committee system plays a more prominent role in the legislative process than do committees in other European parliamentary regimes.

The tasks of committees and ministries mostly coincide. However, there are a few cases where more than one ministry is overseen by a single committee (for instance, this happens with the Presidency of the Council and the Ministry of the Interior, for the ministries of Cultural Affairs and Education, and for the ministries of the Environment and Public Works). Parliamentary committees have instruments at their disposal enabling the effective monitoring of ministry activity. However, parliamentarians are not always interested in fully exploiting these possibilities.

The activities of ministers without portfolio might receive less oversight. However, their tasks often fall under the responsibility of
the constitutional affairs committees of the Chamber of Deputies and the Senate.

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

The parliament has also its own offices for checking the budgetary accounts provided by the government. This body plays a particularly important role during the budgetary session, and enables the parliament to have its own independent source of information in evaluating government proposals.

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

**F Intermediary organizations**

**Media**

Television time (both public and private) allocated to political themes is quite substantial throughout the year, averaging more than seven hours per week. A large part of this time is devoted to debates and talk shows involving politicians, journalists and experts, and to covering the most important aspects of current political controversies. However, detailed, in-depth analysis of government decisions is much rarer, and debates tend to focus on the personality-driven dimensions of power politics.
Parties and interest associations

In the 2008 elections, as in the past, the two major parties (Partito Democratico and Forza Italia/Alleanza Nazionale (afterward, the Popolo della Libertà)) participated within the framework of pre-electoral coalitions, but also produced their individual manifestos. Both electoral manifestos were structured as government programs, and listed a number of broad goals (such as support for the family, promoting economic development, improving internal security, etc.), along with more specific proposals (pledges). The programs are fairly long (though the PD platform is longer than that of the PdL) and contain more than a hundred pledges each. Not all pledges are equally well defined, and their costs, benefits and consequences are in general not specified. Some of the pledges have an essentially rhetorical nature, but a significant number also have a more practical character, so that implementation can be verified. Still, when it comes to plausible and coherent policies, there should always be some doubt as to whether pledges will be realized and implemented. Budgetary constraints should be kept in mind by all voters.

The big interest associations (employers associations and trade unions) have developed research units which regularly use experts and rely upon scholarly knowledge. Their proposals are often detailed and based upon substantive policy know-how. However, it must be noted that trade unions generally have a rather conservative outlook, and are reluctant to adopt innovative policies in the areas of labor relations or pensions. Employers associations in general adopt a more innovative perspective, and are less defensive of the status quo. Their policies are more prudent on issues associated with increasing competitiveness or reducing government subsidies. In recent years, two of the largest trade unions (CISL and UIL) have shown a somewhat greater willingness to negotiate with the government and employers associations over measures designed to increase the flexibility of labor relations. Employers association Confindustria is well known for its studies, and functions as a efficient pressure group in Italian politics. But as mentioned above, the Italian landscape of economic interest associations seems to be a closed shop, where the idea of protectionism rather than competition prevails on both the employers’ and employees’ side.

The landscape of interest organizations is very diversified. However, it can be said that not many are able to provide well articulated or scholarly grounded analyses of significant breadth. Among the most professional associations, some religious (such as Caritas, with
regard to immigration policies) and environmental groups (such as Legambiente) deserve special mention.

In addition, numerous foundations associated with banks, political parties or individuals are at work in Italy, delivering ever more policy proposals. But strategic thinking is still quite new in Italian politics, and think tanks or interest associations outside of politics are ultimately seen as rivals, as politicians themselves claim to represent a broad diversity of interests, and to have to power to work on their behalf. Lobbying functions in a personal, clandestine way, performed by the politicians themselves rather than activity flowing through a more transparent, institutionalized system.
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