

Italian government

Silvio Berlusconi's constitutional exercise

Oct 14th 2004 | ROME
From The Economist print edition



Devolution, or the consequences of changing the Italian constitution

MOST Italians do not want it. The opposition hates it. President Carlo Azeglio Ciampi and the governor of the Bank of Italy, Antonio Fazio, have both expressed concerns. The employers' leader has "many, many doubts"; union bosses have "grave misgivings". What they are talking about is an overhaul of Italy's 56-year-old constitution that has become the legislative centrepiece of the second half of Silvio Berlusconi's government. It has also given the prime minister a more tranquil autumn than once seemed likely.

For over a month, Mr Berlusconi's followers have been voting through article after article of a bill to increase the clout of the prime minister and president at the expense of parliament, to change the way parliament makes laws and to confer new powers on Italy's 20 regions. Despite a row this week between the Northern League and the former neo-fascists, the National Alliance, patched up through the mediation of Mr Berlusconi, the bill was expected to clear Italy's lower house as *The Economist* went to press.

The right's unwonted unity on the constitution has, at least for now, spilled into other areas, notably the budget. Late last month, the cabinet approved plans by the new finance minister, Domenico Siniscalco, a former civil servant who joined the cabinet in July after infighting had seen off his predecessor, Giulio Tremonti. Mr Siniscalco aims to trim the projected budget deficit by €24 billion (\$30 billion) to keep it below the euro area's precious ceiling of 3% of GDP. Almost €10 billion will come from curbs on public purchasing and current spending that are likely to put renewed strain on the coalition when the details go to parliament. Beyond that looms a bruising confrontation with the prime minister, who remains set on making early tax cuts of €6 billion, some of which his finance minister would like to defer.

A brief calm interlude

For now, though, constitutional reform has created an unnatural calm. It grew out of the demands of Umberto Bossi's Northern League, the most volatile and vociferous party in the coalition government. Surprisingly, it has since won the support of two other coalition parties, the National Alliance and the Christian Democratic Union of Centre Democrats. Both parties have largely southern electorates who fear that decentralisation will further enrich the already prosperous north. The credit for allaying such fears goes to Roberto Calderoli, a Northern Leaguer who joined the cabinet last July, after Mr Bossi was incapacitated by heart problems. Once dismissed as a bombastic populist, Mr Calderoli has proved an adroit conciliator, yielding on key issues to reassure his allies.

There has long been pressure for constitutional reform in Italy. That its parliamentary chambers have equal powers makes it inordinately hard to legislate. Yet many constitutional experts fear that the government's cure will prove worse than the ailment. Giovanni Sartori, a former professor at Columbia University, foresees endless disputes between the lower Chamber of Deputies and a new federal Senate. Others have noted that, while future prime ministers would wield enhanced powers over the lower house, they would be almost powerless to impose their will on a recalcitrant upper house. That is one reason for believing that Italy's experiment with decentralisation could yet acquire a momentum that few but the Northern League would welcome.

Many constitutional experts fear that the government's cure will prove worse than the ailment

The bill hands the regions new powers over health, education and even policing, similar to those of some of Spain's autonomous regions. Nothing wrong with this idea in principle. What worries critics is the absence of any official cost estimate. It should be close to zero, as increases in regional spending ought to be balanced by reductions in the central budget. But this is Italy, where public employees can refuse to move indefinitely, forcing the authorities to hire anew. A study of a more limited exercise in devolution in 1997 concluded that central administration had actually expanded as a result.

The unions fret that devolution will undermine their ability to enforce national deals on pay and conditions. In Spain, salaries of publicly employed doctors, for example, vary widely between regions. This is, however, a good thing. In Italy, as in Spain, there are big regional discrepancies in recruitment problems and living costs.

From the other side, some critics fret that Mr Calderoli, in his quest for compromise, has watered down the bill so that it no longer delivers enough decentralisation. Health policy, for example, will continue to be decided nationally, but implemented regionally. But Spain's experience suggests that such misgivings are wrong, for it has seen endless competition among regions for extra powers. The Italian bill leaves plenty of loopholes. For example, it gives regional governments the power to make laws in "every other area not explicitly reserved" for parliament in Rome.

With the conservatives enjoying an outright majority in both houses, there is little chance of any significant amendments. Even so, the bill has some way to go. Constitutional reforms in Italy must be passed by both houses twice. If the centre-right were ousted before the end of Mr Berlusconi's term in 2006, the bill would probably not become law.

The opposition is pinning its hopes on a referendum that even Mr Calderoli agrees is needed to approve the changes. In a recent poll, only 38% of Italians said they wanted them. And that highlights another big difference with Spain. There, power was handed to the regions in the 1970s after widespread dissatisfaction with a state that had become over-centralised under Franco. In Italy, it is being done to satisfy the Northern League, a party that, at June's European elections, won the support of only 5% of Italy's voters.