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End of an era? The Monti government approach to central-local relations

An outline and some tentative explanations

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The problem

In the fall of 2012 the Italian Government, chaired by Mario Monti, has taken a series of decisions going in the direction of a strong re-centralisation of Italian public administration. In particular it has proposed a constitutional reform transferring back to the State several competencies devolved to the Regions in 2001, and has also proposed to re-establish external ex ante controls on the local and regional expenditure (entrusted to the Court of Accounts, the financial police and the Ministry for the Economy), as well as a strong limitation to the statutory freedom of the Regions.

This is in reality only the last episode of a policy orientation that can be only described as centralistic, and that encompasses the reduction of the financial transfers to the territorial government, the proposed abolishment of the Provincia (the county level administration) as a directly elected body, the imposition of a string of stringent rules on the administrations. Actually it has re-established the municipal tax on the real estate that was abolished by the Berlusconi government in 2008, but it has also decided that half of the revenue has to be transferred from the Communes to the State: for the first time in Italian history are the local governments that finance the central administration and not vice-versa.

Such a sharp reorientation of the Italian tradition begs for an explanation that, maybe, can shed light also on analogous processes at work in other European countries.

In particular the first answer that comes to the mind is that all these moves are somewhat related to the main agenda of the Government, i.e. the fiscal readjustment needed as a response to the market pressure on the Italian sovereign debt. From this point of view the centralisation drive should be put in the same box as the pension reform, the labour market reform, etc.

Quite naturally this is how the Monti Government, and most of the pro-establishment media, tries to "sell" the proposed measures to the public opinion and to the interested parties.

It has to be noted however that in the previous Italian financial crisis - the currency devaluation of 1992 - the answer was exactly the opposite, going in a direction of strong decentralisation.

In order to contextualise the present measures I will proceed in the following way. In the next paragraph I will provide a short history of Italian intergovernmental relations starting from the situation at the end of the 1980ies and proceeding to the 2001 Constitutional reform. Then I will talk about the interruption of the process between 2001 and 2008 and the novelty represented by the Monti government. In the following section I will discuss some tentative explanation of the puzzle, and, in a short conclusion, I will try to draw some more general lessons.

A sketch of Italian central-local relations and the rise of decentralisation

Traditionally the Italian intergovernmental scene can be characterized through the concept of fragmentation. I have discussed these characteristic elsewhere (Dente 1997) and it not worthwhile to elaborate further.

Suffice to say that, albeit the legal resources since the beginning of the unitary State and the financial resources at least from the fiscal reform of the late 1960ies were strongly in the hands of the central government, the reality of the Italian local government was by no means an uniform picture of weakness and backwardness. The fact was that the structure of the Italian political system, based on mass parties, made the local political actors rather powerful in their relationship with the centre. Furthermore the traditional weakness of the Italian central administration, whose level of professional competence, with few exceptions, was absolutely not adapted to the needs of a modern welfare state, made the actual exercise of central powers much less effective than what could be expected by reading the law.

It is not surprising, then, that the most entrepreneurial local authorities were able to extract financial resources from the centre, to initiate and develop their own policies, to represent, in a word, the most dynamic and innovative section of the Italian public administration. The largest cities were often able to provide an array of services totally

comparable, both in quantity and quality, to their competitors elsewhere in Europe, and in the smallest ones the quality of life was often very good. This phenomenon, however, was, by and large, limited to the wealthiest part of the country, namely the northern and central regions. The picture was totally different in the southern regions and the two major islands where the domination of a clientelistic political system, the general backwardness of the civil society and, last but not least, the presence of organised crime, made them totally dependent on the State, and in general rather inefficient and ineffective: the service provision was very poor and the trust in the local authorities largely below their Northern counterparts and even lower than the trust in the central government.

The birth of the regions in the 1970ies, as the well known Putnam book has documented, simply reinforced this situation increasing the gap between the "two Italies".

This was by and large the scenario when the monetary crisis of 1992 exploded. Just in order to recall its main elements it entailed a devaluation of the Italian currency by 30% against the Deutsch Mark and a huge budgetary readjustment (more than 15% of GDP in one year).

But this offered the opportunity first to the centre-left government chaired by Giuliano Amato and subsequently to the semi-technical government chaired by the former governor of the Bank of Italy, Carlo Azeglio Ciampi, to initiate a large number of reforms in a sincere attempt to finally modernise the country and its administration.

This was made possible by the fact that the monetary and financial crisis was preceded and accompanied by a deep political crisis. The corruption scandals that emerged, at all levels of government, in practice destroyed all the political parties that were in government since the end of WW2 and offered the opportunity to bring about a total renewal of the political élites. Already in the regional elections of 1990 a new political force had emerged - the Lega Nord (Northern League) - that with almost 20% of the vote in Lombardy quickly become the single largest political party in the northern part of the country.

The wave of reforms of the early Nineties was very encompassing, including the start of a process of privatisation of the state owned banks and industries, the general increase in taxation, the attempt to transform the administration and the civil service, the first timid

steps toward liberalisation. As far as the local government was concerned the three most relevant reforms were:

1. already in the 1990 law the strong decrease of external controls and the strengthening of the powers of the mayor and of its "cabinet" (the Giunta) vis à vis of the Council;
2. the reintroduction of fiscal autonomy by the creation of a tax on real estate, with a certain level of freedom for the Communes to fix the rate; not only this was a major step in increasing the levels of freedom of the local authorities but was also critical in the re-establishment of a circuit of accountability between the citizens and the elected Mayors;
3. the total transformation of the municipal and provincial governance by forecasting the direct election (with a double ballot) of mayors in the cities above a population of 15.000; furthermore the winning Mayor had an assured majority in the council as well the right to appoint its own cabinet outside the elected council.

The sum of these three reforms was quite spectacular: the new mayors elected in 1993/1994 were considered the vanguard of a total renewal of the political scene not only at the local level. Some of the new mayors had no previous political experience (Castellani in Turin, Albertini in Milan, Sansa in Genua, Di Cagno in Bari) or were sort of maverick politicians (as Cacciari in Venice, Rutelli in Rome or Orlando in Palermo). The mobilisation of the civil society was apparent also in the fact that the members of the municipal and provincial governments (the *assessori*) were often chosen with more regard to their professional competences than to the political affiliation. The idea of a “municipal renaissance” was widely shared and was actually partly realised through a series of important policy innovations at the local level from Turin to Naples. Somehow an old Italian tradition of communal “centrality” seemed to re-emerge from the past and was considered the real hope for Italy as a whole.

The story of the Regions was somewhat different, as their renewal occurred later and was much less spectacular. In fact the original sins, that in practice the new entity was never able to fully overcome were:

1. despite the fact that they were forecasted in the 1948 Constitution they were created only in 1970 basically for political reasons, namely to somehow associate the powerful Italian Communist Party, excluded from the central government, to the actual governance of the country by giving to the CP the responsibility of governing Emilia Romagna, Tuscany and Umbria:

2. the transfer of powers from the central government was slow and limited maintaining important competences at the centre, and not giving to them any fiscal power;

3. the staffing of the new entities was rather poor both on the political side (the majority of the regional councillors were local politicians with no experience whatsoever of using the legislative tools) and on the administrative side (for the large influx of clientelistic appointees)

This meant that even before the 1992 political crisis they were in what some observers described as a *cône d'ombre*, meaning that they were not perceived by the citizens as an important part of the institutional landscape: they lacked both the powers of the central state and the visibility and proximity of the municipalities. The crisis actually worsened the situation, basically because despite the fact that they were deeply implicated in the corruption scandals (in some Regions the single largest group in the council was the one that aggregated the councillors who, being indicted in the courts, were expelled from their own political parties) they refused to dissolve themselves and go to new elections. While between 1992 and 1996 there were three general elections at the central level and between 1993/1994 all major cities renewed their political personnel with the new electoral laws referred above, all the regions, elected in 1990, were renewed only in 1995. Of course this behaviour, largely due to the willingness of the elected members to maintain their position and the not irrelevant financial perks that it entailed, had the effect of enlarging the gap between the ordinary citizens and their regional representatives and further decreasing the credibility of the Regions themselves.

The turbulent political scene of the early nineties with 4 governments in less than 4 years [Amato June 1992 – April 1993, Ciampi April 1993 – May 1994, Berlusconi May 1994 – January 1995, Dini January 1995 – May 1996] found a certain equilibrium after the general

elections of 1996 and the victory of the centre-left Olivo coalition that lasted, albeit with 3 different Prime Ministers, until the natural end of the legislature in 2001.

Its programmes were largely pro-decentralisation and the reforms that it approved were quite coherent. In particular the administrative reforms introduced at all governmental levels (the so-called Leggi Bassanini) increased the levels of freedom of all public administrations, for instance allowing them to hire managers from the outside, and providing tools for a new and hopefully better territorial government. It streamlined the channels between the centre and periphery by reforming the State-Regions permanent conference and instituted the State-Cities permanent conference. A good example of this decentralist trend is provided by the management of the European structural funds that reversed the proportion of money entrusted to the national departments and to the Regions (from 70%/30% to 30%/70%). Furthermore the so-called *federalismo a costituzione invariata* (federal reform without changes in the Constitution) transferred to the Regions and to the local authorities a large amount of legislative and administrative powers.

The crowning point of this trend was the Constitutional reform of 2001, approved by the centre-left majority of the Parliament. Its basic features were the following:

1. first and foremost it reversed the logic of the devolution: while the 1948 Constitution listed the matters in which the Regions had concurrent legislative powers with the State, the new text listed the matters that were reserved to the State and those where the power was shared, stating that all the rest was solely entrusted to the Regions; this amounted obviously at enlarging seriously the sphere of influence of the regional governments
2. however, in order to secure a certain level of equality in the provision of public services, it introduced the Livelli Essenziali di Prestazione (LEPs), that is it reserved to the State the power to fix the minimum standards for public services and the power to intervene in case they were not met by some Regions;
3. it abolished all ex ante external controls both on the Regions and the local governments;
4. it allowed, at least in theory, the possibility of differentiated federalism, some Regions getting more powers than others.

However the new section of the Constitution:

1. on the request of the local government themselves, worried about regional centralism, maintained at the national level the competence on local government;

2. basically left unsolved the question of the fiscal autonomy of the regions, that, in the given situation, meant maintaining at the centre the strings of the purse.

There is a certain amount of debate as to the reasons for this constitutional reform, which, as we have already mentioned and will see again, was bitterly opposed by the centre-right opposition, who, we have to remember, included the Lega Nord, a strongly federalist if not separatist party.

One possible hypothesis is that the federalist reform was aimed at improving the centre-left coalition electoral chances in competition with the Lega. Actually this explanation is not fully convincing: the message of the Lega was then and still is much more radical – at least verbally – than the one of the centre-left parties and its electorate very different from the middle classes who voted Prodi in 1996.

A second possible explanation is that the centre-left coalition, at least from the fall of the Prodi government at the end of 1998 and certainly after the electoral defeat at the 1990 regional elections, was quite convinced that the Berlusconi coalition will be running the show after 2001. Being worried by the authoritarian streak in the centre-right coalition discourse, they wanted to reinforce the checks and balances. From this point of view to strengthen the role of the Regions (even in the worst possible scenario the centre-left coalition will govern half of them) was perceived as a viable measure to take.

Finally one cannot discount the suspicion that the constitutional reform was simply a tactical ruse. Being clear that the majority of the electorate was not any more supporting the government, the President of the Republic was inclined to dissolve the parliament and call new elections. To initiate the lengthy process of constitutional reform could have been a way to postpone as late as possible the electoral reckoning (and in fact the Parliament was actually dissolved immediately after the second vote on the reform itself).

Be as it may, the point is that the 2001 reform, for all its limitations, was the highest point in the trend towards decentralisation of the Italian republic.

From 2001 to 2012 (and 2013): the blockage of the process and the U turn

When the new Berlusconi government was created in 2001 the prospects for a further evolution towards decentralisation were quite good. Three factors were pushing in this direction or, at least, made this continuity possible.

The first was of course the strength of the junior partner in the Berlusconi government, i.e. the Lega Nord. Despite the harsh rhetoric and its sudden changes of direction, the Lega was (and is) strongly embedded in the northern Italian regions and therefore naturally interested in a process of devolution. The biggest beneficiaries of such a process are exactly the same regions from which they take the bulk of their electoral consensus.

The second factor, too often forgotten, is the fact that by then the first result of the administrative reforms of the '90ies were appearing. As we have already said they were largely based on the idea of increasing the autonomy of the administrations, and therefore they were pushing in the same direction.

Finally the Euro dividend was by then apparent. The strong reduction in the interest rates reduced the pressure on public finance making possible further investments in the improvement of public services and administration at large.

However the federalist hopes were bashed: the process was firstly blocked and in the most recent years reversed.

As far as the blockage is concerned the most apparent culprit is the strong radicalisation of Italian political life. The first reaction of the centre-right opposition in 2001 was to call a referendum against the federalist reform. This was actually held in November of the same year and actually upheld the reform. However the centre-right parties decided that they were making a reform of their own, and in the meantime not implementing the one already approved by Parliament and by the electorate. It took almost all the legislature to approve the final text of the reform that, if much more encompassing than the one

approved 5 years before (it included also the reform of Parliament, of the Government, of the Constitutional Court, etc.), was less generous as far as devolution was concerned. True to form, the centre-left opposition called for a referendum against it that actually won. In June 2006 therefore the situation was exactly as in November 2001: the centre-left reform was standing and the centre-right one was repealed. Five years were totally lost.

It must be said that the same dynamics occurred in other fields. For instance also the administrative reforms were modified and the same went for many other issues. The total opposition between the two coalitions, the lack of any mediating force and finally the underdeveloped institutional culture of the Italian political parties made the whole issue of decentralisation and devolution a battle ground. The Berlusconi coalition declared that the centre-left reform was not "true" federalism, even if it was in fact more generous with the periphery than their own project. On the other hand the left parties attacked the Berlusconi proposal on the grounds that it was undermining the unity of the country, even if it was devolving fewer powers than the one they had already voted.

A second element worth emphasizing is the rise of a populist streak in Italian politics. In its right wing variety it emphasized the willingness to reduce taxation even if the state of public finances was not able to support it. In the left wing variety it stressed the need to increase protection for instance by banning or making very hard temporary employment and by defending the (unsustainable) Italian pension system. In this race to promise more to their electorate the two opposed coalitions simply forgot about decentralisation, devolution, institutional reform and the like.

The brief and troubled life of the second Prodi government (2006-2008) did not bring any real innovation while the first act of the new Berlusconi government elected in 2008 was to actually decrease local autonomy by repealing the taxation on the house of residence thus increasing the dependency on central transfers and decreasing the accountability to the taxpayers of the local governments.

Quite ironically, if one considers that they were supported by the Lega Nord, the Berlusconi governments were all in all quite centralistic. In the previous legislature they attempted quite unsuccessfully to diminish the role of the lower levels of governments in infrastructure policy through the so called Legge Obiettivo. In the 2006-2008 the two major

reforms they produced (the one on civil service and the one on university) were both reducing administrative autonomy in favour of a more centralistic approach. Again it is dubious that these two pieces of legislation will really have a major impact on the realities they wish to regulate, but the fact is that the message – again quite populist and rhetoric – is that the central government will use the whip by strengthening its own prerogatives.

Like the previous Prodi government the last Berlusconi cabinet was not very successful. The banking crisis of 2008, the strings of scandals about the premier private life, the misuse of money by the political parties both in the left and in the right and the divisions within the coalition made its life hard enough. But in the end it was mostly the sovereign debt crisis of 2011 coupled with the strong international pressure after the dismal performance at the G8 summit in Nice that forced the resignation of Berlusconi and the creation of the present Monti government, whose overarching goal is the need to re-establish the trust of the markets and of the international partners towards Italy's prospects (and its immense public debt).

Its life span from the beginning was defined in no more than 18 months and consequently all the decisions had to be almost self-implementing as there is no time for fine tuning or institution building.

The Monti cabinet is supported by a vast parliamentary majority including the two main Italian parties (the Berlusconi's Popolo delle Liberta' and the centre-left Partito Democratico) as well as a minor centrist party (the UDC). It has opposition both in the right (the Lega Nord the traditional ally of the Popolo delle Liberta') and in the left (the IDV party, normally an ally of the Partito Democratico).

Obviously this large parliamentary majority can also be seen as a problem as the two main parties are very strange bedfellows having passed the last 20 years to fight each other bitterly. However one has to take into consideration the context: the developments of the last few years brought the Italian people confidence in the political parties to an all time low of 4% and therefore the Monti government, far from being an hostage of its majority, has the upper hand in getting its bills through Parliament.

It is at the end of this complex evolution that the recent and less recent decisions of the Government I mentioned at the beginning of this paper saw the light. We must,

therefore, go back to the initial question. How it is possible to explain such a sharp break with the Italian tradition and such a reversal of the decentralisation trend?

A couple of possible explanations

As I already pointed out the first answer that comes to the mind is that all these moves are somewhat related to the fiscal readjustment, and in fact some commentators have spoken of the need to stop the "explosion of regional and local expenditure" putting also some figures (90 additional billions of Euros in 10 years).

The fact is that this is simply not true as shown in the following table that summarises the quota of GDP absorbed by local governments and central administration (excluding pensions and interests on the debt).

Tabella 1: La crescita della spesa locale e centrale

	2000	2005	2010	2011	Tasso di crescita medio
Governi locali	13,3	15,2	15,6	15,1	1,2
Centro	9,9	11,6	11,7	11,2	1,1

Fonte: RGS su dati ISTAT (spesa primaria, al netto di previdenza; quota su PIL)

(Balduzzi and Bordignon, 2012)

The last column shows how the growth rate of the local expenditure is only marginally higher than the central one and furthermore it is almost totally due to the increase in health expenditure, that in turn is largely a consequence of the aging of the population (and in any case in Italy is lower that in other comparable countries). If one adds that it is the task of the central state to define the minimum standards (LEPs) of health service, the "explosion" of local expenditure due to the constitutional reform of 2001 simply disappears.

Therefore there are no real economic and financial reasons for the centralist attack on local autonomy, and one has also to remember that the so called "internal stability pact" had already reinforced the central control on local and regional expenditure. If we want to explain the Monti government initiatives we have to look elsewhere.

A first possible explanation has to do with the composition of the cabinet. It is a very limited body composed by 19 ministers in all (by comparison, the Prodi 2 cabinet was

composed by 30 ministers). If we look at their background we find 8 University professors (3 professors of economics, 2 lawyers, 1 engineer, 1 political scientist and 1 historian), 1 banker, 1 chartered accountant, and 9 civil servants (all at the national level).

The first suspicion is then quite obvious: a prefect as Minister of Interior, an admiral as Minister of Defence and an Ambassador as Minister of Foreign Affairs are not likely to decrease central expenditure or to transfer powers to the periphery. One could also add that the present Minister of the Economy was the previous head of if Financial Inspectorate (the Ragioneria Generale dello Stato) and that the ministers for Agriculture and Environment former directors general in the same departments.

One should note that this is quite unusual in Italian politics. While the academia has always been quite important as a recruiting field for filling governmental posts, the promotion of higher civil servants to ministerial responsibilities is almost unheard of, at least in this proportion.

But perhaps one has to look deeper in the curricula of the ministers in order to understand the trend. Actually one of the conditions for the appointment was the fact of not having any prior political experience. The "technical" nature of the government and the fact that it is based on a composite majority has been interpreted in the sense that having been elected to any role was a disqualifying factor.

Now, Italian political life in the vast majority of the cases starts at the local level. From this point of view the lack of previous political experience means that the Monti government is one of the cabinets in Italian history with less first hand experience of territorial government. This is probably one of the reasons why there were few voices inside the Cabinet (according to the media and simply taking into consideration the length of the meetings, this is one of the governments in recent Italian history in which the debates in the council are more lively and effective, a not surprising fact given the absolute lack of party discipline) trying to contrast the proposals.

However the composition of the Cabinet and the personal trajectory of the ministers are more likely to be a facilitating factor than the first link in the causal chain that generated the present centralist attempts. If one wants an explanation of the blockage and mostly of the reversal of the trend is better to look elsewhere.

My contention is that the main explanation has to do with the *discourse* that emerged in Italy in the last 6/8 years and from this point of view there certainly is continuity between the present policies and the ones developed at least from 2005.

This discourse has many possible facets, some of them specific to the intergovernmental relations and some more general.

One of the most general discourses, that in Italy like in many other countries has been used widely in order to justify painful choices, is the one stressing the <u>need of emergency measures</u>. Obviously the present financial crisis fully qualifies as an emergency that has to be tackled by swift action. Cutting the transfers from the State budget to the local authorities is one of the simplest possible measures, as it requires only a modification of the budget itself, and this explains why this government, like some of its predecessors, has done so. However, it must be noted, modifying the Constitution is a much lengthy process and has very little to do with reassuring the markets in the short run. The stress on the exceptional situation, we contend, does not really justifies some of the most recent proposals, the ones we referred to in the first lines of this paper.

The second facet is much more to the point. Here the discourse is about the necessity of <u>simplification</u>, of reducing the complexity of the decision making processes implicit in the intergovernmental dimension. Its economic version, which certainly appeals to most of the economists in the Cabinet, including the premier, is the need to abate transaction costs. Its legal version points out how shared competences and multilevel governance diminish the "certainty of the law", and eventually the citizens' rights. This is certainly a powerful discourse that the ordinary citizen can appreciate and share. To have a simple system of government, in which there are few actors in charge and their competences are clearly defined, is considered quite naturally the best possible situation. Nowadays one of the main evidences of the need for simplicity, hierarchy, clear allocation of power and the like is supposed to be the economic rise of China, where it is argued the power is strongly in the hands of the Communist Party and this allows the deployment of clear and coherent strategies. It is easy to see how the discourse, in its extreme form, is potentially very dangerous as it undermines the very foundations of western democracy, with is emphasis on the division of power and the need for checks and balances. But, as

Charles Lindblom pointed out many years ago in his books *The intelligence of democracy* and *Politics and markets*, the quest for simplicity and a hierarchical system of government based on knowledge simply ignores the fact that the bulk of social and economic development occurred exactly in countries with a complex government system and that were based on expressed preferences, which, in other words, were democratic in the normal sense of the term.

However there is little doubt that this need for simplification is one of the main drivers of the recent centralist trends in Italy. The idea that four levels of government are excessive, for instance, is so widespread that simply ignores the fact that all large countries have them, and certainly is behind the campaign for the abolishment of the provincial administration. The same goes with the fight against the special agencies created in the last 50 years both at the centre and in the periphery in order to deal with a variety of public programmes. But the same applies to organisational design: for instance there is the idea that a single secretary general in a national ministry is much better that 3 or 4 heads of departments, despite the fact that this should entail the impossible task of coordinating the actions of 36 directors general, a task clearly beyond human capabilities. The author of this paper was asked by some television interviewer questions like "Don't' you think that at the Prime Minister Office there are too many departments and that one secretary general is enough?"

A third facet of the discourse, which, as we will see in a moment, reinforces the quest for simplification, is the polemic against the "costs of politics". Following a bestseller of 5 years ago (Rizzo and Stella, 2007), both politicians and investigative reporters have started to point the finger. at privileges, perks and indemnities of the (many) Italian elected officials and/or politically appointees. This has included the reduction of overblown boards of directors, the cutting of services cars, free travel, pension rights and the like. Being by far the biggest reservoir of elected and politically appointed officials quite naturally the axe has fallen heavily on the regional and local governments. This has included for instance the reduction in size of the elected councils, the merger of many "mountain communities" (the only compulsory form of municipal association), the lowering of the indemnities for participation to the meetings, and so on. This has been done on a sort of frenzy in which

there was very little discrimination between the bodies that were fulfilling useful tasks and those that were useless. This has fuelled a general "anti political" mood which has been alimented, if truth has to be told, by a string of scandals involving both left and right wing parties about the private use of the money that the State and the Regions give to the political parties as reimbursement of electoral expenditures. The discovery that it was used for building villas, buying luxury cars and drinking champagne, and was given to the relatives of powerful political bosses occupied the front pages of newspapers and actually is at the basis of the fall of trust in the political parties that we have already referred to.

The two discourses about simplification and about the "costs of politics" have been largely intertwined. If the governance structure is complex, it has been argued, is because of the egoistical interests of the political elite, who wants to multiply the posts to be filled and increase their own incomes. Actually for many Italians this is the real cause of the present financial crisis and the recipe is therefore simple enough: cut the number of politicians and many of present troubles will simply disappears. This means that, for instance, the newly created metropolitan authorities not only will replace the provincial administrations, as it is correct, but will have governing bodies that will not receive any financial compensation.

The point here is that obviously striving for simplification is a good thing, but, has Albert Einstein famously warned, we cannot be "simpler than possible". Behind the discourse dominating the media, the political debates and, alas, some scholarly proposals there is the willingness to simplify society by decree, and, more important, the lack of the recognition of the intrinsic complexity of modern policies. This is even truer at the territorial level where the multiplicity of legitimate points of view has to be accommodated by a governance process that should have more or less the same level of complexity. Lacking this capacity the risk is one of unbalanced decision making, bad choices and, more often than not, the simple inability to decide. The vast literature on planning has forewarned us against the "terrible simplifiers", but the political discourse – in Italy as in many other countries and mostly during the economic crises - seems unable to take on board these truths. Looking for a culprit appears to be the natural thing and in Italy the polemic against "the globalisation" and "the banks" has been substituted by a campaign

against institutional complexity and politics. And the victim is the local government and the decentralisation trend of the end of the twentieth century.

The fourth and last facet of the discourse I want to point out is possibly at a different level but, in my opinion, not less important. The basic idea that has been presented is a diagnosis about regional and local inefficiency not based on any sound evaluation. In a country and in a political system scarcely accustomed at measuring the outcomes and the impacts of public policies, the use of very simple indicators has become quite popular. What these indicators often have in common is that they are based on simple comparisons between different cases. Now it is certainly difficult to find measures for assessing the efficiency of, say, the Minister of Foreign Affairs or the Financial Inspectorate of the Treasury, but as far as the Regions and the local governments are concerned is certainly easy to find some data to compare. And once one discovers, as it is inevitable, that the performances are very different, the evidence of inefficiency is presented as compelling. What I want to suggest here is that the discourse of evaluation, in the absence of clear criteria and adequate methodologies, has become one of the main arguments in favour of centralisation. Implicit is the idea that there is one good way of behaving and that any variation from this rule is inherently bad. The use of indicators, averages, variance and so on legitimizes the centralisation as a quest for uniformity. It would be easy to show how when the system was centralised the differences were even bigger (a case in point are the Universities whose performances have certainly converged after the establishment of an at least partial autonomy) and how the central departments that, not being comparable are not really measured, are in many ways more inefficient that the local authorities. But actually no one wants to listen: if buying a pencil in one municipality costs more than in another one, this is enough to conclude that decentralisation generates inefficiency, and that we have to centralise the buying of the pencils.

I will stop here. Probably there are other elements that could be pointed out, but I hope I have presented my case: behind the centralist trend of the present government there are mostly the personal inclinations of some of its members and the willingness to stay in tune with a discourse that has swept Italy in the last years.

Conclusion

Let be clear. Obviously there is more than I have pointed out in the previous pages. For instance there is little doubt that the present financial crisis, being largely linked to the sovereign debt, has seen the resurgence of the sovereign debtors, i.e. the nation states, as major players of the game. If in the previous decades the globalisation on the one hand and the growing importance of the local dimension on the other had generated plausible predictions about the fading away of the national dimension, today we cannot but recognise that the Nation State is back and for staying.

Furthermore, I am totally convinced that much can be done and has to be done in order to make the Italian regional and local authorities more efficient, more effective and more able to answer the demands of their citizens. Personally, I rather doubt that the answer, or at least the main answer, is institutional reform. I believe that investing in the quality of the people – both politicians and bureaucrats – that design and operate public services is by far more important.

Linked to this point is a further consideration. Rather ironically the weakest links of the multilevel governance, the Regions, are likely to fare better than the local government themselves, basically because they have a legal protection in the Constitution that the municipalities lack. This is one case in which the traditional worries of the mayors about regional centralism have backfired, leaving them at the mercy of the central government, the level they trusted to protect their autonomy and that is actually going in the opposite direction.

Finally I am not sure that the reforms proposed will actually be carried out and implemented. Apart from the fact that probably there is not enough time before the next general election to approve the constitutional changes, the point is that the complexity of territorial government is not a pathology but its very essence. In order to make sense of the changes in the context, to really generate social and economical development, to adapt the services to the needs of a growing diverse society, we need more autonomy, not less, and

this logic will sooner or later re-impose itself. It is interesting that as far as the European Cohesion Policy is concerned, for instance, its design and implementation will stay largely decentralised even if some increase of institutional capacity (at the centre not less than at the periphery) will probably be needed. Actually I suspect that some of the more extreme centralist proposals are more a message than an actual policy intention: this would square nicely with the important of the discourse that I have emphasized in the last pages.

However there are two points that it is still necessary to make at the end of this paper.

The first has to do with the fact that in the Italian political culture is still quite present (I wouldn't say dominant) a *Jacobin* approach to the solution of collective problems. The idea that an enlightened elite should steer a reluctant society, possibly using some coercive measures, towards modernity and the common good, appeals to a lot of people. Despite the big impact of Putnam book about the Italian regions in which he pointed out how it was precisely the creation of a powerful and centralised state in southern Italy which explained the weakness of the civil society and finally its inability to get out of the underdevelopment trap, a lot of people believe that imitating a (largely fictional picture of) the centralistic and hierarchical French state is the only way out. A fictional picture because it totally discounts some of the main features of France, but that it is useful in so far it legitimises the preferred centralistic choices. To the virtues of localised social capital, of increasing accountability, of self government some lip service is paid but, at the end of the day, the mistrust towards the society and the grass-root politics tends to re-emerge forcefully.

The second conclusion is that also technical governments seem to be hostage of the dominant discourse. Normally one thinks that only politicians, because of their need to be re-elected, are forced to appeal to the dominant prejudices. The Monti government political message, regardless of the fact that it will become concrete policy, shows that it not so, that also well respected non-partisan personalities are influenced by the dominant mood of the country, even when it is unfounded and basically wrong. I am not in position to say if this is inevitable, but it certainly is quite sad.

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