

**MANAGING ACROSS LEVELS OF GOVERNMENT
ITALY**

1. Institutions and authority

1.1 Structures

Description of levels

The Italian Constitution approved in 1948 provides for a three-tier system of sub-national government: regions, provinces and municipalities. The total area of Italy is 301 200 square kilometres and the population in 1993 was 57 190 000.

The regions are of two types: ordinary statute regions (of which there are 15) and five special statute regions. The latter are classed as “special” in that they have wider legislative and administrative powers. They were founded between 1946 and 1948, mainly with the aim of containing separatist movements (two, Sicily and Sardinia, are large islands and the others are frontier territories). One of the special statute regions, Trentino-Alto Adige, has delegated almost all its legislative and administrative powers to the two component provinces of Trento and Bolzano which, although called autonomous provinces, can for all intents and purposes be considered to be regions in their own right.

Table 1. Area and population of sub-national governments (1992)

	Regions		Provinces		Municipalities	
	area (km ²)	population	area (km ²)	population	area (km ²)	population
Largest	25 708	8 939 429	7 520	3 986 838	1 508	2 791 354
Smallest	3 262	115 995	212	94 146	0.10	30
Number of municipalities and population distribution						
	Population size		Number of municipalities			
	0 - 1 000		1 935			
	1 000 - 5 000		3 964			
	5 000 - 10 000		1 166			
	10 000 - 50 000		898			
	50 000 - 100 000		95(1)			
	over 100 000		44(1)			

(1) figure supplied in 1996

Source: *Structure and Operation of Local and Regional Democracy: Italy*, Council of Europe, 1993.

There are two types of provinces: ordinary statute provinces (of which there are 101) and two autonomous provinces. Both types have rather limited and specific functions.

There are 8 104 municipalities which are the sub-national governments in closest contact with citizens. A number of other sub-national government entities have been created through national legislation. Some of these are multipurpose (like the 344 highland communities operating between the province and municipality) while others are monofunctional, e.g. the approximately 200 local health authorities. Table 1 summarises the distribution of sub-national authorities by size.

Central government at sub-national levels

In each of the 101 provinces there is a “Prefect of the Republic” modelled on the French example, nominated by the Council of Ministers and acting as a general representative of the government in the province. He is responsible to the Minister of the Interior. Up until 1970, the powers of the prefect were considerable. Today, his principal function is to ensure public order. Each municipality has attached to it a “municipal secretary” who is also directly responsible to the Minister of the Interior. He is a State civil servant and ensures the legality of municipal actions.

Creation, elimination and restructuring

This three-tier system of sub-national government is laid down in the Constitution and hence can be modified only by constitutional amendment which is a complicated procedure. Constitutional amendment is also necessary to alter the number of regions or regional boundaries. The regions are empowered to legislate the suppression or creation of municipalities and make boundary changes. The creation of municipalities or the redrawing of their boundaries may be done after consultation with the local inhabitants concerned.

Regional authorities may, in certain cases, create associations of municipalities for the management of activities and services concerning adjacent areas. Consortia of municipalities may be formed between municipalities and provinces for the joint management of one or more services. Each consortia has its own legal personality and autonomy and its status is approved by the councils of directors of the associated authorities. Each consortia has a deliberative body, the Assembly, composed of the political heads of the associated authorities which in turn elects an administrative board.

Unions of municipalities may also be established between two or more municipalities with less than 5 000 inhabitants in the same province, in anticipation of their eventual merger, for the joint execution of a number of various functions or services. They are run on a system similar to that of the municipality. If no merger occurs within ten years, it is dissolved.

Control bodies

Regions: A supervisory commission, chaired by the State commissioner for the region, oversees the administrative actions of the region. Constitutional legitimacy of regional legislation is exercised by the Government (the Council of Ministers). Administrative acts of the regions are subject to ex ante control by the Supervisory commission. The types of act falling under this control were drastically reduced in 1993. A presidential decree may, after consultation with the parliamentary committee on regional affairs, dissolve the regional council if it performs unconstitutional acts or seriously violates the law. The Chairman of the Council of Ministers may suspend by a decree regional officers found guilty of serious crime

Provinces and municipalities: The supervisory committee for the region (a regional body operating according to a national law) exercises control over the legality of administrative acts of provincial and municipal councils. The President of the Republic may dissolve (by decree) a provincial or municipal council if it performs unconstitutional acts or seriously violates the law. For the same reasons, the Minister of the Interior may by decree remove any mayor, provincial chairman or member of a council.

The Court of Audit is the national audit office responsible for auditing the regularity of expenditure by both the central and sub-national public administration (see section 2.2).

1.2 Powers

Nature of sub-national institutions

Regions: Legislative and administrative powers are uniform for the 15 “ordinary statute” regions. Legislative power lies with the Regional Council which is elected for five years by residents in the region using a mixed voting system with a large majority component. The regional council elects from among its members its president, the regional executive council and the president of the executive council.

The deliberative body of the provinces and the municipalities is the council. The executive body of the provinces and the municipalities is the “junta”. The electoral system for the municipalities was changed in 1993 such that the mayor and council members are now elected by majority rule, if necessary with a second ballot. The mayor appoints members of the junta -- who need not necessarily be councillors.

Type and degree of autonomy

The regions enjoy considerable independence in matters of internal administration and organisation. They also have legislative and regulatory power for the areas of responsibility assigned to them. Article 117 of the Constitution lays down the functions of the ordinary statute regions. Those of the special statute regions are broader and are contained in special legislation with constitutional force. Legislation passed by ordinary statute regions must receive the *null osta* of central government that it is not in conflict with the general principles contained in national legislation, nor with the Constitution. Laws of special statute regions are not, in some matters, subject to the basic principles of State legislation. Conflict between national and regional legislation is very common and in the last instance is resolved by the Constitutional Court. Regional councils propose legislation to the national parliament and issue opinions on territorial changes to regions and provinces; they also approve the regional budget and determine regional taxes.

The statute (constitution) of a region lays down the structure and organisation of its administrative apparatus and the powers of the individual regional government departments. The regions delegate most responsibility for programme implementation to the municipalities, provinces, highland communities, local health authorities, etc. along with the necessary funds. Under Law 142, the municipalities and provinces have their own statutes and decide on their internal organisation and the structure of their administrative apparatus.

1.3 *Responsibilities*

Distribution of competences

The most important responsibility for the regions is health care. This accounts for well over half of their total expenditure. The regions have also an important role in the implementation of European Union agricultural structure policy, economic development, manpower training, housing and capital programmes for environmental protection. They also cover the operating deficits of regional and local transport systems and finance their capital expenditure. The regional role goes beyond financing lower levels of government and also includes planning, regulation and auditing. The regions also co-ordinate the capital programmes of the municipalities and provinces located in their territory.

The provinces have a limited number of functions -- in particular the maintenance of designated provincial roads, school building maintenance and pollution control. The municipalities, on the other hand, perform a wide range of functions, either directly or using contracted suppliers (for example, citizen records, street lighting, garbage collection and disposal, urban transport, local police, nursery schooling, public welfare and public housing). Some of these services -- especially urban transport and garbage collection and disposal -- may be delivered by communally owned companies. This may mean that they compete with the private sector (for example, in the sale of fresh milk and milk derivatives) or with public companies operating at the national level (in the case, for example, of gas and electricity distribution).

The municipalities, like the regions, have important regulatory functions including land use zoning, environmental control and the issue of trading permits.

The period since 1970 has seen the transfer of numerous functions from the State to the regions: for example in the fields of agriculture, manpower training, health care, transport, environmental protection and economic development. This has been accompanied by a transfer of resources, personnel and facilities. Law 142, passed in 1990, set the stage for a reorganisation of the provinces and municipalities. This should lead to a major reallocation of functions between the different government levels. Law 142 also provides for the creation of nine metropolitan cities and also (in article 3) that the region should establish the functions of the provinces and municipalities, other than those guaranteed by national legislation. However, many of the directives provided by this law have not been implemented, and it is probable that it will be amended.

2. **Management functions**

2.1 *Policy-making and co-ordination*

Coherence, consultation and conflict resolution

Although the regions and an intricate network of local governments exist, government in Italy is still highly centralised and the national government possesses a variety of instruments for co-ordinating and controlling the activities of sub-national governments. These are broadly of two types: general instruments and instruments for specific sectors or fields of activity. An important general instrument is the power, noted above, to oversee regional legislation and to supervise the administrative activity of all sub-national governments.

All regional statutes require that the region consults with the labour and industrial organisations and with the provinces and municipalities when preparing its annual and pluri-annual budgets and sectoral plans.

Formal and informal mechanisms

Perhaps the most important specific instrument for co-ordination by the regions is the Permanent Conference on State-Region Relations. This is made up of the presidents of the regional executive councils. Recently, a "State-City Conference" has been created, composed of representatives of the provinces and municipalities and the Ministers of the Interior and of the Regions. Central government must, by law, transmit to the Conference questions of direct and significant pertinence to regions (general Acts such as the State budget and Acts regarding individual fields such as health care, environmental protection and European Union programmes). The opinions expressed by the Conference are not however binding on central government.

The Central Commission for Local Finance is a co-ordinating body which reviews the annual accounts of municipalities and provinces which are officially declared to be in financial crisis and examines the measures which they propose for re-establishing financial health.

The regions, but even more so the municipalities and provinces, have powerful lobbies in the form of their national associations which can exert considerable influence over the national legislative process. These associations also co-operate with government authorities in the drawing up of sectoral policies by representing their members' interests and issuing opinions as sometimes provided for by state law. Such associations exist at the regional level (Centre for Interregional Studies and Documentation), at the provincial level (Union of Italian Provinces) and at the municipal level (National Association of Italian Municipalities and the League of Autonomies).

2.2 Financial management

Sources of revenue

Government in Italy is still highly centralised in the area of finance. The main sources of funding for sub-national governments are specific and global transfers. In 1991, transfers represented 93 per cent of total revenues for the ordinary statute regions, 89 per cent for the special statute regions, 75 per cent for the provinces and 55 per cent for the municipalities. 14.5 per cent of municipal revenues came from local taxes and 17 per cent from service tariffs. Three quarters of the transfer revenue of communes came directly from the State and only 18 per cent from the region. Moreover, the major part of regional transfers to the municipalities is pass-through funding from the State.

Table 2. Revenues of sub-national governments (1989, 1991)

(billion lira)							
Level of government	Year	Own taxes	Tariffs and other own source income	Global transfers	Specific transfers	Loans	TOTAL
A) Regions, ordinary statute	1989	636	497	6 834	71 897	1 603	81 467
	1991	2 128	405	6 946	88 765	4 416	102 660
B) Regions, other statute	1989	163	528	13 627	19 177	1 327	34 822
	1991	205	767	17 315	19 100	3 714	41 101
C) Provinces	1989	593	439	4 595	2 418	1 560	9 605
	1991	633	627	5 362	2 181	1 170	9 973
D) Municipalities	1989	10 259	10 808	30 019	13 969	15 826	80 881
	1991	12 993	15 235	34 588	14 828	12 196	89 840
percentages							
A) Regions, ordinary statute	1989	0.8	0.6	8.4	88.3	2.0	100
	1991	2.1	0.4	6.8	86.5	4.3	100
B) Regions, other statute	1989	0.5	1.5	39.1	55.1	3.8	100
	1991	0.5	1.9	42.1	46.5	9.0	100
C) Provinces	1989	6.2	4.6	47.8	25.2	16.2	100
	1991	6.3	6.3	53.8	21.9	11.7	100
D) Municipalities	1989	12.7	13.4	37.1	17.3	19.6	100
	1991	14.5	17.0	38.5	16.5	13.6	100

Source: Based on data from Ministero del Bilancio e del Tesoro *Relazione generale sulla situazione economica del Paese 1993*, Istituto Poligrafico dello Stato, Rome, 1994.

Financial equalisation arrangements between municipalities and provinces are based on criteria taking into account the cost of services weighted by coefficients including the size of the area, the population of the municipality or province, and per capita income.

Other sources of income for regions, provinces and municipalities comprise charges, rents, receipts for public services and revenue from bond issues.

Regional level: The ordinary statute regions rely more on own-tax revenues. These are raised mostly from vehicle taxes and piggy-back taxes (on electricity and gas consumption); the regions can select tax rates to be applied within upper and lower limits set by national laws. The two types of region are however broadly similar in how they spend revenues from specific transfers. By far the most important area is health care which alone accounts for over 60 per cent of regional revenues, followed by regional transport and agriculture. Specific transfers to finance European Union agricultural structures programmes are also important.

Local level: The main municipal taxes are the urban garbage tax, property taxes and a tax on the income of the self-employed. The municipalities rely increasingly on own-tax and tariff revenues. These rose by eight percentage points as a share of total revenues between 1989 and 1991.

Expenditure responsibilities

In 1992 most expenditure by the regions was on social affairs, i.e. healthcare (see Table 3). This accounted for 78.3 percent of total expenditure in the "ordinary statute" regions, but only 46.5 percent in

the special statute regions. The latter devote a substantial part of their overall expenditure to economic development (16.8 percent compared with 5.9 percent in the ordinary statute regions). Amounts spent on general administration, education and housing is also relatively more significant in the special statute regions than in the others. Current expenditure, compared with capital expenditure, is more important in the ordinary statute regions. The provinces devote their expenditure primarily to education and culture (27.7 percent) and to transport (26.6 percent). The municipalities, on the other hand, spend most on social affairs (28.4 percent).

Table 3. Sectoral breakdown of expenditure by regions, provinces and municipalities, 1992⁽¹⁾

Sector	(Percentage)		Provinces	Municipalities
	Regions			
	ordinary statute	special statute		
General administration	4.8	8.1	15.9	15.4
Justice	0.0	0.0	0.0	0.5
Police	0.0	0.4	0.0	3.1
Education and culture	1.4	4.8	27.7	13.6
Housing	1.1	3.5	⁽³⁾	2.7
Social affairs ⁽²⁾	78.3	46.5	5.9	28.4
Transport	6.2	3.7	26.6	13.3
Economic development	5.9	16.8	10.9	4.8
Non attributable	2.0	12.0	6.4	10.3
Repayment loans	0.3	4.2	6.7	8.0
Total current expenditure	86.7	60.3	67.7	63.3
Total capital expenditure	13.3	39.7	32.3	36.7
TOTAL (billion lire)	104 098.0	46 064.6	10 441.3	93 977.3

1. Or nearest year.

2. Mainly health care for the regions, mainly social welfare and public health for the provinces and municipalities.

3. For the provinces, expenditure on housing is included in social action.

Source: Based on data from *Relazione generale sulla situazione economica del paese per il 1993*, Istituto poligrafico dello Stato, Rome, 1994.

Balance between discretion and control

Increasingly, specific transfers are being made conditional on prior presentation by the region of detailed indications of how the funds will be used and on donor ministries monitoring implementation. Moreover, Parliament is now asking for more information on the activities of sub-national governments, requiring central ministries and the Court of Audit to report on the state of implementation of key sectoral laws. The crisis in public finances has created much more interest in performance. The State and the regions are signing agreements for specific policy sectors (for example, environmental protection, public works, depressed areas) which establish priorities, quantify funding levels, set completion times and assign tasks to different levels of government.

The own-source revenue raising capacity of sub-national governments (taxes, charges and borrowing) has been tightly controlled and sub-national governments rely rather heavily on central transfers. Specific transfers are particularly important for the regions where over 70 per cent of revenues come in the form of central specific transfers. Central government grants specific transfers either directly to the provinces and municipalities or through the regions in fields where the region has responsibility.

Specific transfers may be made conditional on minimum performance or service delivery levels being guaranteed by the beneficiary governments.

Regional level: Ordinary and special statute regions differ markedly in terms of their command over resources. The latter have 16 per cent of the national population but receive over 29 per cent of the total funding available to the regions as a whole. They are also more independent in how they spend: in 1991, 55 per cent of their revenues were in the form of tied transfers compared with over 88 per cent for ordinary statute regions. Global transfers to special statute regions take the form of revenue sharing. Quotas are set by special legislation having constitutional force and therefore with particular procedures for modification. They relate to individual income tax and value added tax revenues raised within the regional territory and are returned to the region. Levels of global transfers for the ordinary statute regions, amounting in any case to only 7 per cent of their revenues, are decided annually by central government.

Local level: Since the early 1980s, central government policy has been to strengthen the own-source revenue raising capacity of the municipalities. Both they and the provinces have considerable independence on the expenditure side of the budget: untied revenues (own taxes and tariffs plus global transfers) account for 70 per cent of municipal and 66.4 per cent of provincial revenues. As with the regions, the municipalities are free to select tax rates within a centrally set band.

Central government's intent in increasing municipal own-source revenue raising capacity, accompanied by a reduction in central transfers, is to make the municipalities more accountable for how they manage their resources and limit central expenditure obligations. Central government has ceded authority for property taxation to the municipalities. The own-source revenue raising capacity of the regions has also been increased, mainly since 1990. Central transfers, particularly specific ones, remain, however, the principal revenue source for the regions.

2.3 *Performance management*

Mechanisms

In Italy, external and internal government audit has traditionally been seen in terms of ascertaining if individual acts of the public administration conform with the laws and regulations governing them. This legalistic approach has conditioned the introduction of performance auditing in the public sector. Attempts have been made to "normalise" performance by legislating what constitutes acceptable or unacceptable performance in public agencies with the hope of thereby making it possible to legally sanction deviation from these norms. Not surprisingly, this approach has had little success.

Despite the predominance of the conformity audit, many individual administrations, particularly at the sub-national level, have for some time been active in developing internal auditing systems aimed at improving economy, efficiency and effectiveness. It was not, however, until 1990 that central government addressed the question of performance auditing at the sub-regional level. Law 142 requires municipalities and provinces to adopt accounting systems which allocate expenditure by individual programmes and which relate costs to results. Annual accounts must be certified by external auditors (who may be from private accountancy firms). These auditors are also required to make public reports on the performance of municipalities and provinces.

The civil service reform introduced in 1993 makes managers accountable for the performance levels of their departments or offices. It also requires all government agencies to begin measuring staff work loads using methodologies approved by the Civil Service Department. A law approved in

early 1994 reduces the scope of the conformity audit while strengthening the external performance audit of sub-national governments. Additional powers in this respect are given to the Court of Audit.

2.4 *Human resource management*

Statutory distinctions

Sub-national government employees are civil servants in all respects and, broadly speaking, enjoy employment conditions similar to those of central government staff. Since 1993, these conditions (pay, working hours, career structures, pension rights, etc.) are set out in private law contracts (privatisation of public employment) which are negotiated by the civil service trade unions, representatives of sub-national government associations and the Civil Service Department of central government.

Managerial autonomy

Sub-national governments have only limited independence in human resource management, i.e. in terms of numbers of staff to be hired and specific posts to be filled; payment of overtime and incentive awards (the special statute regions can vary basic pay rates); and, last but certainly not least, day-to-day utilisation of personnel. Hiring freezes have been applied on a number of occasions at all levels of government as part of broader strategies to contain public expenditure. Exemption from these freezes has required central government authorisation.

1993 legislation introduced sweeping reform of the civil service at the national and sub-national levels aimed at improving public performance. This gave managers much greater freedom in how they organise and use human resources. To this end, personnel job descriptions, included in the national labour contracts, have been made much less specific and constraining.

Table 4. Public sector personnel (1985, 1990, 1993)

	1985	1990	1993
Ministries ⁽¹⁾	272 188	289 795	278 425
Non-commercial public organisations ⁽²⁾	80 790	77 739	76 641 ⁽⁵⁾
Local authorities ⁽³⁾	697 768	798 228	728 686 ⁽⁵⁾
Autonomous bodies	301 760	298 672	274 261
Local health units	691 954	645 591	657 435 ⁽⁵⁾
Research establishments	19 820	17 384	16 854 ⁽⁵⁾
Schools	1 040 203	1 061 184	998 833
Universities ⁽⁴⁾	90 752	107 708	102 721
Armed forces	273 616	305 493	349 146
Military corps and others	80 936	97 658	130 068
TOTAL	3 549 787	3 699 452	3 613 069

1. Including magistrates, managers, posts to be suppressed, municipal and provincial secretaries.

2. Including managers.

3. Including salaried personnel of regions with special status and of the autonomous provinces of Trento et Balzano.

4. Including university professors, managers, and posts to be suppressed.

5. 1992 figure.

Source: *Public Management Developments: Update 1995*, OECD, 1995.

Table 5. Staff in sub-national governments 1990 (31 December)

Sub-national governments	Staff
Regions	
-- special statute	26 279
-- ordinary statute	56 495
Provinces	
-- ordinary statute	69 305
-- autonomous	13 088
Municipalities	576 830
TOTAL	741 997

Source: ISTAT (1993), *Le regioni in cifre, edizione 1993*, Rome.

3. Trends in redistributing authority across levels of government

3.1 *Evolving tendencies*

Apart from the creation of a small number of regions, all with particular geographical and/or ethnic characteristics, sub-national government has, until recently, consisted of the provinces and municipalities. The provinces, following the Napoleonic model, were in effect the *longa manu* of the State while the powers, responsibilities and organisational arrangements of the municipalities were identical -- as laid down in a 1934 law -- irrespective of their population, economic base and any other distinguishing features. The system was, that is, highly centralised. The chief exception was finance where municipalities had a high degree of autonomy. In 1965, for example, 50 per cent of municipal current revenues came from own taxes and another 14 per cent from non-tax own-sources, while only 16 per cent arrived in the form of State transfers. The system of local government finance had, however, for some time been under attack for horizontal and vertical inequities in the distribution of the tax burden and in levels of provision of local services. There was also concern about expenditure control and high administrative costs. In 1972, virtually all responsibility for taxation was shifted to the centre accompanied by a major expansion in the grants system to compensate municipalities for lost revenues.

Probably, the most important institutional event in Italy after the founding of the Republic in 1946 and the approval of the Constitution in 1947 was the creation of the ordinary statute regions in 1970. The constitutional provision for the regions was finally implemented: although provided for in the Constitution, it took well over 20 years for a political consensus to be reached on their realisation. A rather minimalist view of the regional role prevailed in that the regions were granted concurrent or shared legislative powers with the State rather than exclusive powers -- a source of endless intergovernmental dispute in the future. The regions were not per se, formally represented in the bicameral national legislature, nor were they assigned any revenue raising capacity.

This imbalance between revenue raising and expenditure decision-making became more marked over the years as more functions were transferred to sub-national governments and has seriously marred intergovernmental relations. A leitmotif of State-municipality relations has been how to cope with the accountability problem created by the centralisation of tax authority. Since the beginning of the 1980s, there has been a gradual restitution of revenue-raising power to the municipalities.

3.2 *The current debate*

Italy has quite wide interregional economic differentials, expressed in a north/centre-south divide. This has been another leitmotif in public policy: until recently, almost any measure involving concession of central government funding contained special treatment for southern regions, while there was a plethora of programmes specifically dedicated to southern economic development. This created an impression of massive north-south redistribution of resources, but southern development policy has had relatively limited success in reducing the north/centre-south divide.

There has however been a qualitative change in the debate on decentralisation with some regions now demanding a greater voice in the decision-making process for determining levels of, and conditions for, central transfers. Redistributive issues were an element in the emergence of the new political party, the Lombardy League (whose success quickly encouraged the formation of other associated northern leagues). The key feature of the programme of this political configuration is the introduction of a strong version of federalism.

The question of constitutional reform is on the agenda of Parliament, which during the summer of 1996 approved the creation of a bicameral commission to amend that part of the Constitution relating to the regions. However, in order for this commission to start its work its creation must be approved a second time by Parliament, with a two-thirds majority.

3.3 *Driving forces*

Political: The overall context has been one characterised by very considerable historical, cultural and socio-economic heterogeneity at the sub-national level where the sense of local identity is strong. An important route to national politics has been through municipal and regional politics. National politicians have carefully nurtured their local political machines, carrying home whenever possible public expenditure projects. However, with the exception of Alto-Adige, a German-speaking zone in the north-east with a history of separatist movements, national politicians have used their local power base instrumentally and have been projected to the national scene. At least this was true until the advent of the Northern Leagues in the late 1980s.

Financial: The question of public expenditure control has been a factor behind the centralisation of tax powers. Public finance considerations have been a constant feature in the backcloth to decentralisation trends. The annual general government deficit has been above 10 per cent of GDP for the entire period since 1980 and public debt rose from around 60 per cent of GDP in 1980 to just under 105 per cent in 1991. The problem was not only deficit spending; there was persistent deficit “slippage” or overshooting of planned deficit levels. This was particularly a problem in the first half of the 1980s. The reasons for this slippage are several but the more important are: additional expenditure approved by Parliament during the fiscal year; excessive optimism regarding once-and-for-all measures, in the main to increase revenues; failure to implement restrictive measures announced. Structural factors are also important (for example, in health care, social security and education). These make it particularly difficult to secure significant and immediate results in containing expenditure with macro policy measures.

The issue of public expenditure control has increasingly conditioned public policy. Concern with containing expenditure has been a key feature of health care policy virtually since the creation of the National Health Service in 1978, leading, for example, to the extended use of patient co-payments which has gradually pushed the Service toward a kind of “conditional universality”. It was decisive in creating a

climate for the drastic reorganisation of the National Health Service which took place in 1992-3 and accelerated the pace of decentralisation in this sector.

The central public administration: Another constant in the context in which decentralisation has evolved is the character of the central public administration -- which has not been reformed since the transfer of administrative functions to the regions in 1970 and 1977. In November 1996, a branch of Parliament approved a government-delegated law for the reform of ministries. This should be finally approved in early 1997. Civil servants in the upper career levels are, unlike in some other countries, not drawn from socio-economic or intellectual elites. For decades, a large proportion of staff has come from the southern regions -- traditionally, the public administration has been seen as offering job security. Most graduates employed have law degrees which may help to explain the fact that the dominant administrative culture tends not to be managerial or problem solving oriented. For a variety of reasons, senior civil servants tend to have a limited influence on policy-making.

The bureaucracy has been relatively impermeable to attempts at reform; politicians have hesitated to antagonise this lobby, but another obstacle has been the intricate nature of legislation regulating the public administration. Some key ministries, like the Treasury, are an exception to the rule while institutions like Parliament, the Bank of Italy and the Constitutional Court apply extremely rigorous standards in recruiting staff. The generally low technical capacity of the central public administration has probably had an important retarding influence on decentralisation tendencies. Over and above its innate reluctance to cede power, common to all civil services, doubts about its ability to adequately manage a strongly decentralised system and guarantee goals of national interest, such as equity, may have deterred many who might otherwise have been active proponents of decentralisation.