



**Éupolis**lombardia

Istituto superiore per la ricerca,  
la statistica e la formazione

# THE LOMBARDY PROJECT

**Budapest - 19 September 2012**

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# THE LOMBARDY PROJECT – TOPICS

- Regions in Italy: short history
- Regional reforms: Constitutional law 1 (1999), Title V reform (2001)
- Constraints to Italian regionalism
- Fiscal federalism
- The Lombardy region
- Subsidiarity
- Governance practices and policies



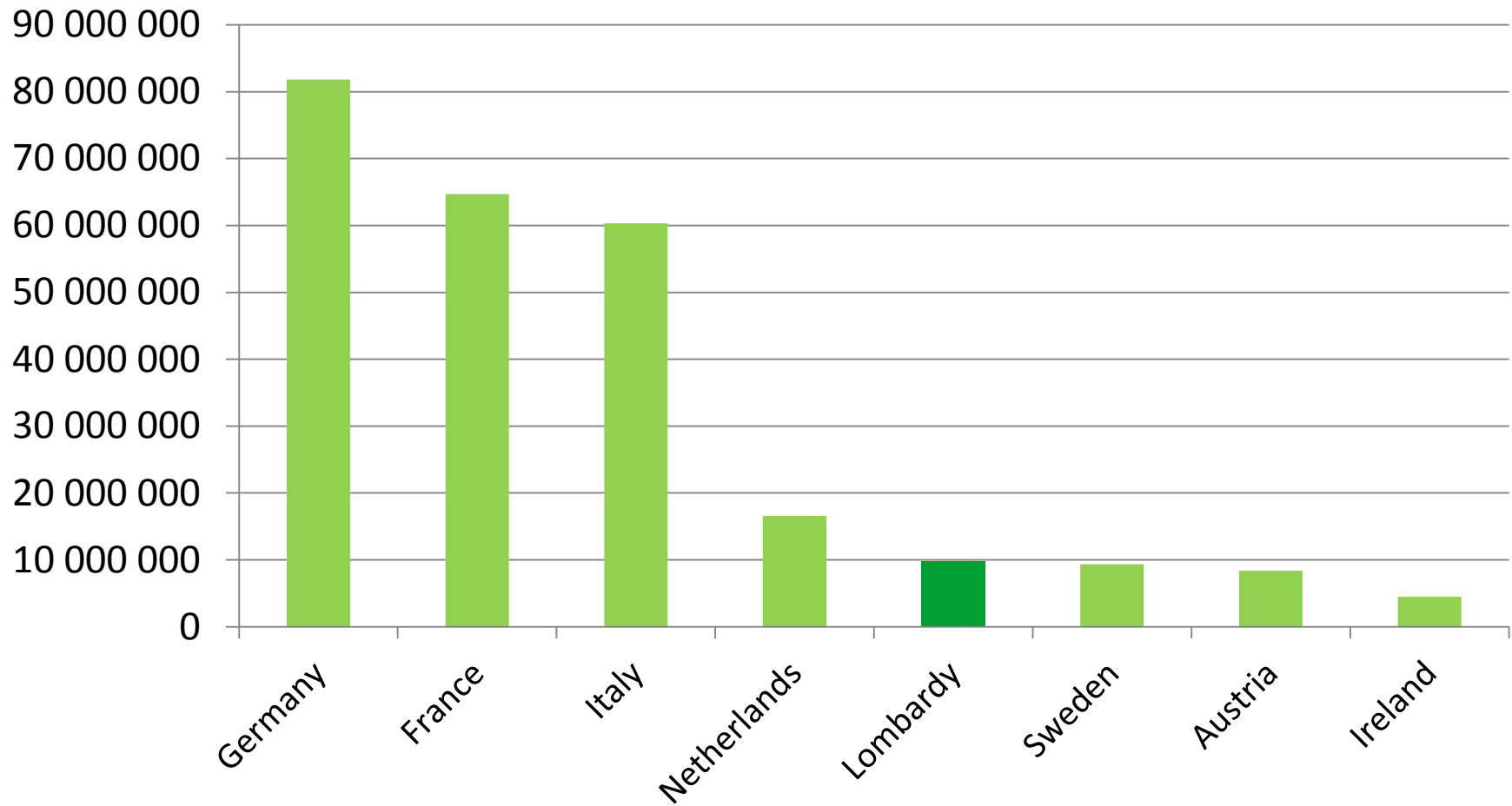


20 regions  
Established in 1970s  
NO federal system  
Regulatory power

The "MOST" in  
everything  
POPULATION :  
9,917,714



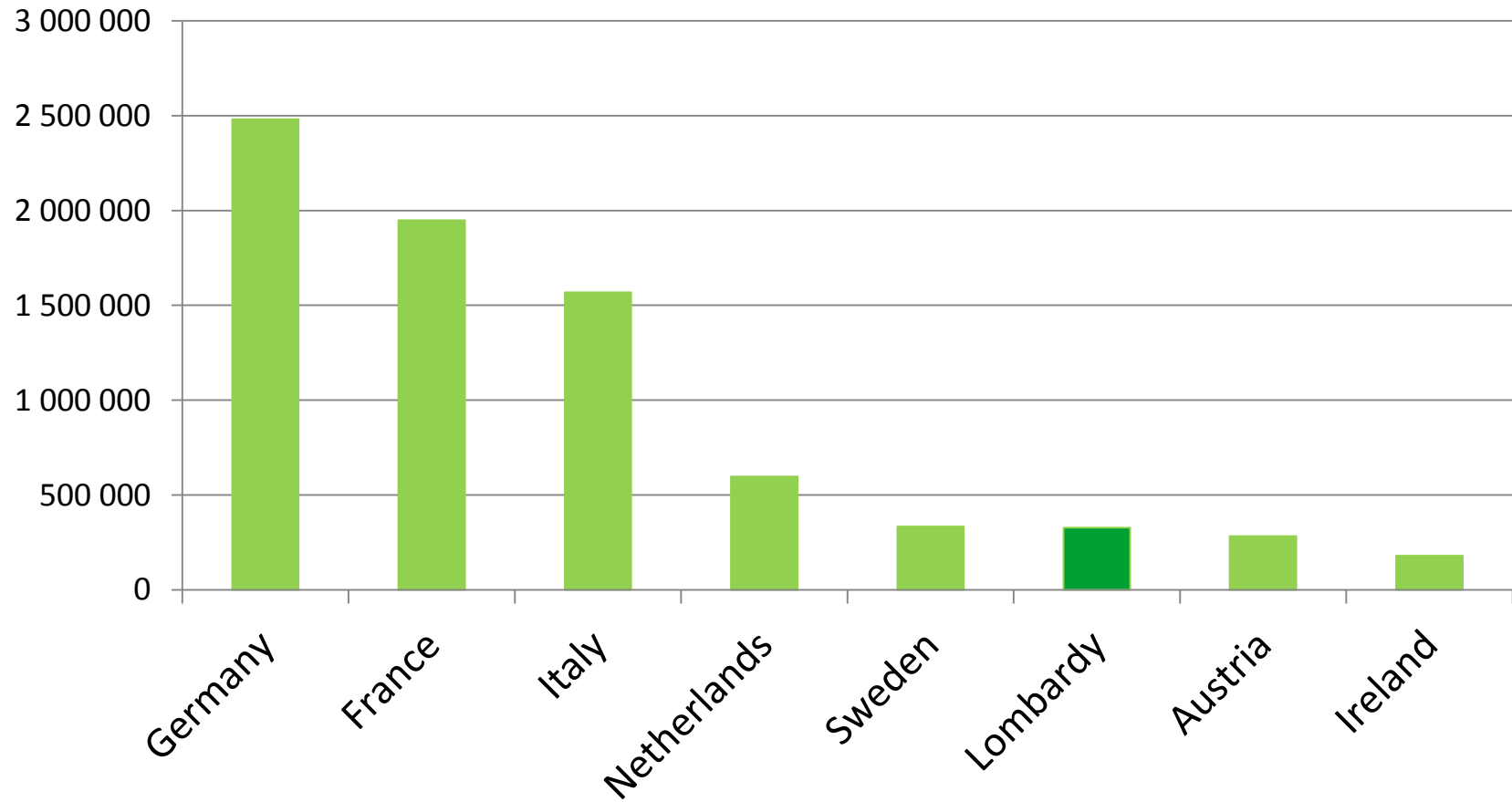
# Population



Eurostat, 1st January 2010



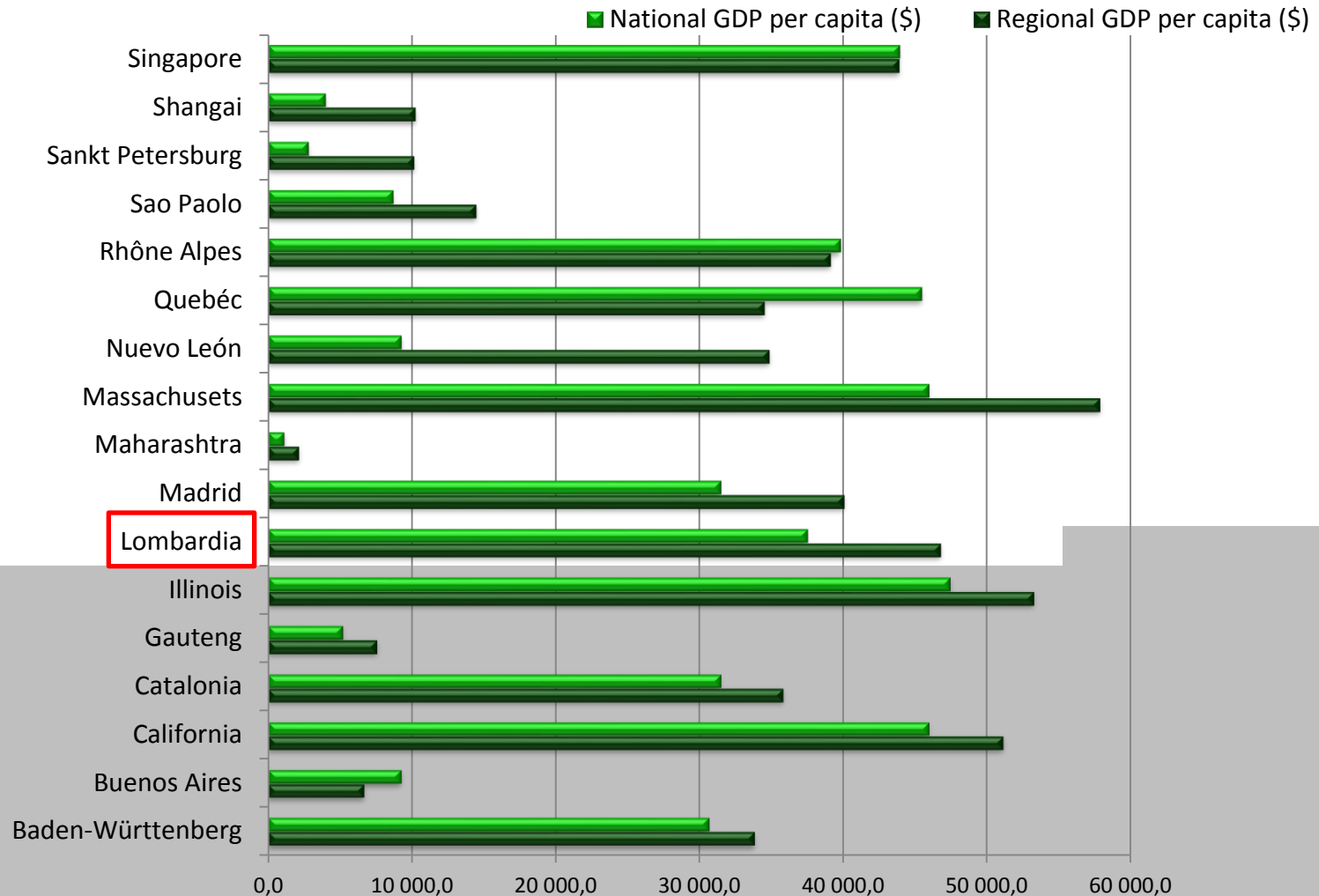
# GDP (millions of Euro)



Eurostat  
2008



# GDP per capita



WRF 2011 (data  
2008-2010)



# Regions in Italy – short history

- 1948 Constitution: Italy as asymmetrical regionalized country
- 1970: ordinary-statute regions are created
- 1972-77: transfer of state functions to regions
- 1996-99: Bassanini laws, new decentralization
- 1999: constitutional law no.1
- 2001: constitutional amendment
- 2009: fiscal federalism (law no. 42)



# Constitutional law 1/1999

- Regions are provided with autonomy over their own statute, form of government, and electoral law
- The President of the region has to be directly elected by citizens; he/she appoints and sacks regional government ministers





# Constitutional reform 2001/I

- Regions have exclusive legislative powers in matters not reserved to the State. Regions may in future obtain further exclusive competences;
- formal hierarchical superiority of the state over local authorities is abolished, as well as pre-emptive central government control on regional legislation;
- **Principle of subsidiarity** (art. 118):
  - *vertical*: administrative functions are allotted to territorial authorities which are closest to citizens;
  - *horizontal*: State, regions, and local authorities favour the autonomous initiatives of citizens, both single and aggregated, for the functioning of general-interest activities;
- Regions may levy their own taxes and are autonomous as for their own expenditure → **fiscal federalism** (art. 119).



# Constitutional reform 2001/II

Exclusive national competences are explicitly defined to include:

- foreign and EU affairs, defence, immigration;
- religious affairs;
- state institutions and administration;
- the currency, saving, and state taxes;
- security and the judiciary;
- 'basic civil and social rights' to be guaranteed throughout the national territory, social security;
- national, provincial, and communal electoral law;
- safeguarding of the environment;
- culture.



# Constitutional reform 2001/III

Policy fields with shared State-regions competence are also identified: international relations of the regions, foreign trade, the labour market, education, research, health, food, sport, civil defence, land use planning, ports and airports, major transport infrastructures, energy, communication, environment and culture promotion. Here, regions have administrative-regulative competence, while central government sets the general framework for regional action.

In these fields (Art. 117), national law sets the main principles and regions issue regulations.



# Italian regionalism: constraints/I

Three main limits to regional autonomy persist:

- (a) frequently, rather than merely stating general principles and consistency rules, national-level legislation still prescribes the content of regional powers and activities in detail >> mushrooming of conflicts before the Constitutional Court. This is notable true for welfare (LEA);
- (b) the fragmentation of local authorities yields long and complex decision-making processes and dispersion of power;
- (c) the regions still have little financial autonomy: their budget is mainly funded – and thus limited – by block grants, allocated by the central government according to rules nominally inspired by ‘equal distribution’; the structure of regional expenditure is rigid, mainly (over 60% on average) devoted to health services.



# *The Decentralisation Pendulum*

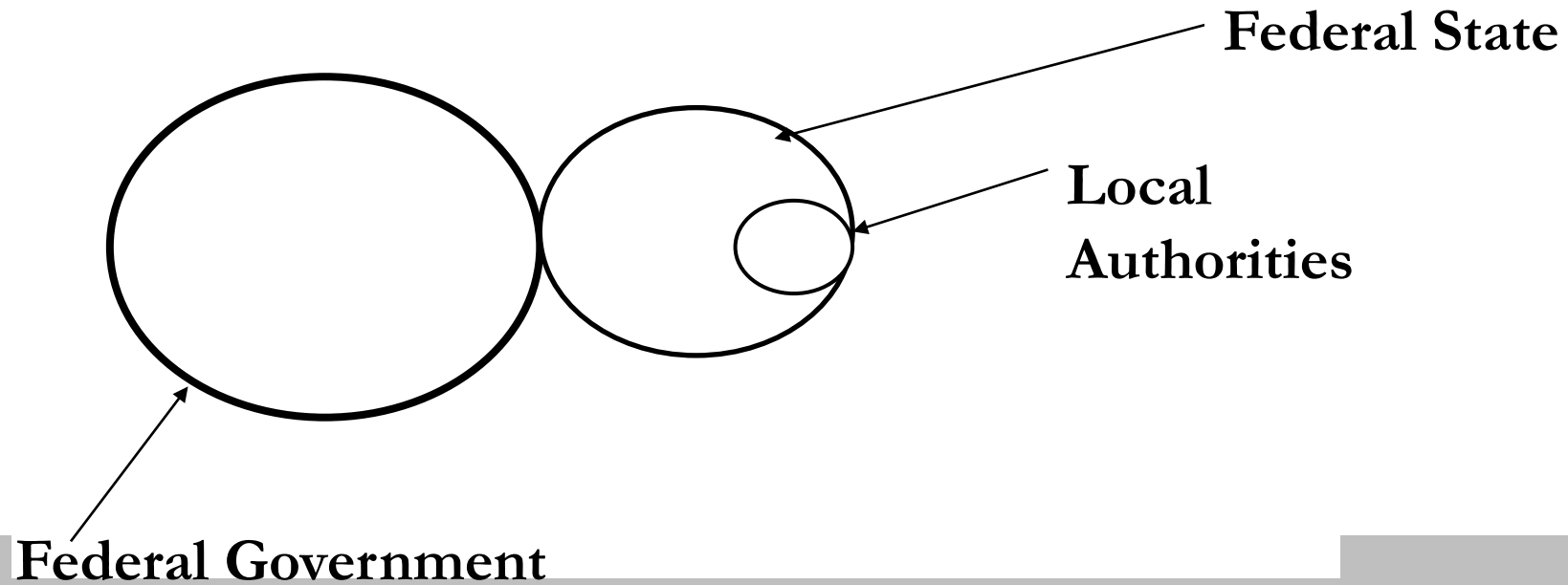


Less  
State

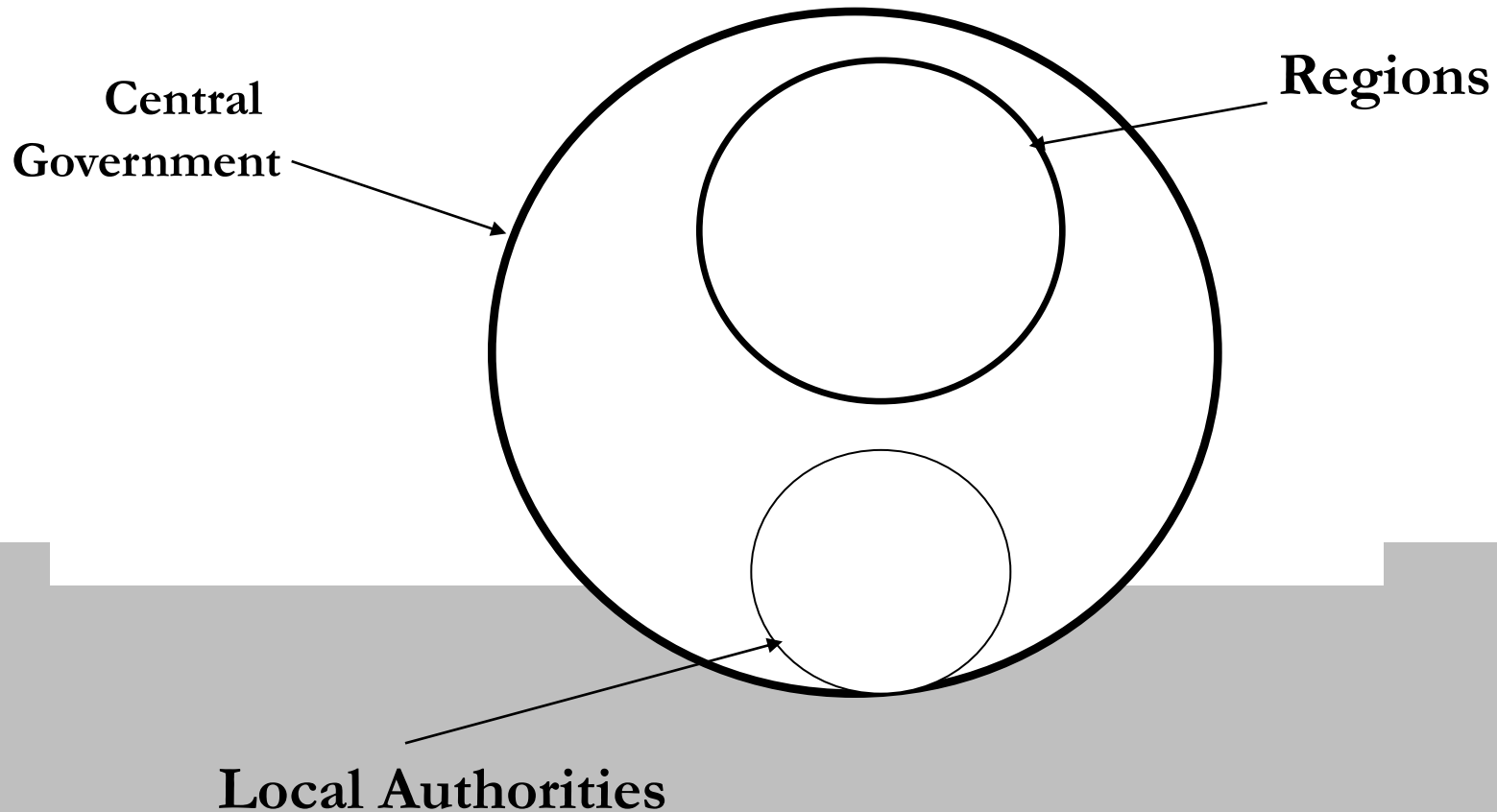
More Region



# *The Classic Federal Model*



# *The Classic Centralised Model*



*Il governo centrale stabilisce e controlla le competenze di regioni ed enti locali,  
i due livelli infrastatali sono indipendenti*



# Italian regionalism: constraints/II

**Regional differences between fiscal revenue and public expenditure:  
average 2007-2009. Per capita (€). Source: Il Sole24Ore**

<b>Residuo fiscale (media 2007-2009)</b>		
valori in euro procapite		
(migliore)		
1	Lombardia	7.198
2	Emilia Romagna	4.203
3	Veneto	3.405
4	Piemonte	3.047
5	Lazio	2.346
6	Toscana	2.098
7	Marche	1.342
8	Friuli-Venezia Giulia	640
9	Trentino-A.A.	359
10	Liguria	205
11	Umbria	178
12	Abruzzo	108
13	Campania	-1.042
14	Puglia	-1.368
15	Sicilia	-1.859
16	Molise	-1.869
17	Sardegna	-2.270
18	Basilicata	-2.415
19	Valle d'Aosta	-2.532
20	Calabria	-2.797
(peggiore)		





# Italian regionalism: constraints/II

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# Fiscal federalism

The law no. 42 of 2009 tries to overcome these limits by:

- putting an end to the system of public finance based on historic expenditure: standard costs for public services make up the basis for resource distributions to the regions;
- strengthening regional financial autonomy thanks to new resources and the allocation of shares of the revenue of VAT and personal income tax;
- introducing a national equalization fund to support regions with a reduced per-capita fiscal capacity.

In consultation with Parliament, Regions and local authorities, the previous government has issued several decrees to implement this law. The new system should come into force from 2013.



# The Lombardy Region

Thanks to the 1990-2000s reforms, Lombardy's regional government has taken advantage of the new opportunities to develop new policies and an original model of governance, notably inspired by subsidiarity.

All this has been fixed in the Regional statute (2008), whose fundamental values are:

- centrality of persons
- protection of family
- subsidiarity
- partnership
- role of functional and social autonomies



# Subsidiarity/I

- **Origins:** political philosophy, Catholic social thought
- **Dimensions:** vertical (EU) and horizontal/functional



# Subsidiarity/II

## **Implications** for governance:

- State as regulatory instrument
- acknowledgment of public contribution of private actors (trust)
- current economic & fiscal crisis: state action alone is not enough



# Governance practices and policies/I

- experience developed since 1995 in an incremental way
- subsidiarity as guiding principle for idea-inspired policies (not as mere technocratic effort to public action efficiency)
- main technique: quasi-markets (the regional government regulates, programmes, finances, and commissions services; public and private service providers compete; citizens/consumers freely choose).



## Governance practices and policies/II

Example of policy sectors: education. Beneficiaries (no. of students), total budget, and average school subsidy

Tabella 1. Numero dei beneficiari, ammontare del finanziamento erogato e contributo medio del Buono scuola dal 2000 al 2008 – Dati Regione Lombardia

	Beneficiari (n° studenti)	Finanziamento	Importo medio del contributo
2000/2001	47,241	€ 30,740,742	€ 651
2001/2002	57,527	€ 36,012,743	€ 626
2002/2003	57,914	€ 37,024,750	€ 639
2003/2004	61,404	€ 40,092,605	€ 653
2004/2005	63,044	€ 42,054,000	€ 667
2005/2006	64,805	€ 43,889,544	€ 677
2006/2007	65,411	€ 45,123,437	€ 690
2007/2008	64,594	€ 45,388,123	€ 703



## Governance practices and policies/III

Example of policy sectors: education. Beneficiaries (no. of students), total budget, and average school dowry

**Tabella 2. Numero di beneficiari, ammontare del finanziamento erogato e contributo medio della componente Buono scuola nell'ambito della Dote scuola dal 2008 al 2012 – Dati Regione Lombardia**

	Beneficiari (n° studenti)	Finanziamento	Importo medio del contributo
<b>2008/2009</b>	61,440	€ 44,777,814	€ 729
<b>2009/2010</b>	67,299	€ 50,226,841	€ 746
<b>2010/2011</b>	66,418	€ 50,930,956	€ 767
<b>2011/2012</b>	50.515	€ 31,194,896	€ 618





## Governance practices and policies/IV

These innovations in public policies place Lombardy in the frontline of a process of modernization of the Italian state – characterized by a debt crisis and rarely efficient public policies.

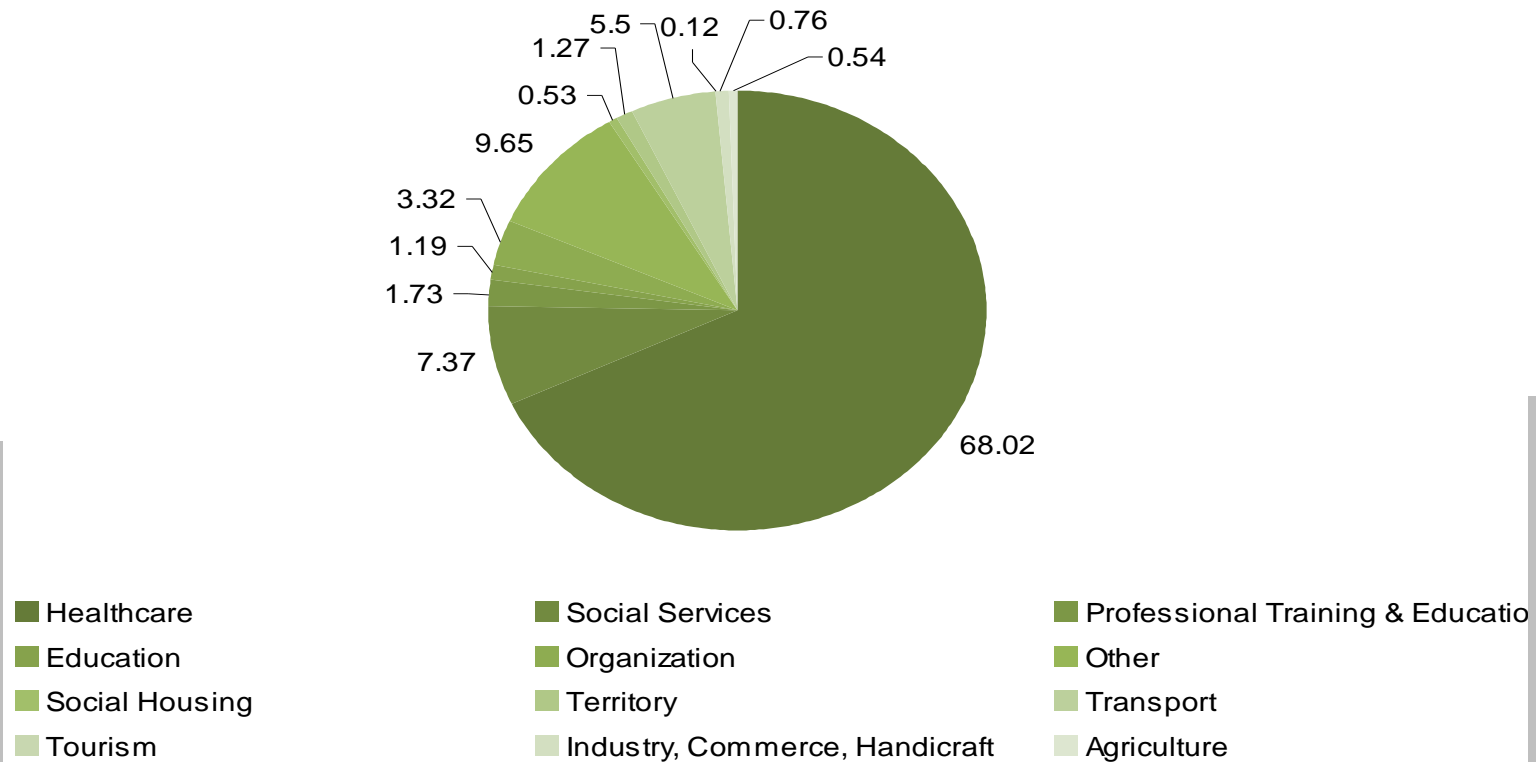
1990-2000s decentralization in Lombardy has not brought about “decentralized centralism”: policy reform and administration has been pursued through partnerships with local authorities, functional autonomies, social partners; the aim was to strengthen institutional co-operation, learning processes among stakeholders, and social capital.



# Governance practices and policies/V

Example of policy sectors: the Regional health care service

Lombardy public expenditure on services (2010)



(Source: Brenna, 2011)



## Health care expenditure (2010)

- Total number of patients treated: 10.111.091 (Lombardy Data Bank of Patients)
- Lombardy has guaranteed the budget balance in public health expenditure since 2004.
- The total health care expenditure: 17.734,377 ML Euro, which represents the 80% of the Regional Expenditure in public services. The expenditure is constantly growing, on a base year by the 3.1% compared to 2009 (Ministry of Finance, 2012).
- Since 1999, the Lombardy is the only Italian case where there has been introduced a full split between purchasers and autonomous providers, being the commissioning in charge of the Local Health Authorities (ASL) and Hospital Trusts (AO).



## The pro-capite health expenditure composition (2010):

Costs of the NHS	Care provided by the private and accredited services		Care provided by the public services		Total Expenditure
	%	euro procapite	%	euro procapite	
Lombardy	43,8	800	56,2	1.027	1827
Italian average	36,5	678	63,5	1.179	1857

(Source: Relazione sullo stato sanitario del paese 2009-2010 (*Report on the National Well-being*), Ministry of Health, 2012)



## The inter-regional patients' hospital mobility

	Region	Total number of inpatients admissions	Patient Mobility towards the Region	Patient mobility outside the Region	Total number of foreigners
			%	%	
Inter- regional Hospital mobility - Long term hospitalization	Lombardy	1.231.934	8,5	3.7	10.721
	Italy	7.253.916	7,4	7.4	60.591
Inter-regional Hospital mobility - Day Hospital	Lombardy	336.040	8,2	5	2.660
	Italy	2.994.569	7,4	7,4	14.943

(Source: SDO Report (Hospital Outpatient activity), Ministry of Health, 2012)



# Conclusions

Throughout Europe, various forms of governance have been experimented as possible responses to the nation-state crisis or “destatization of the political system” (Jessop 1997).

Especially the welfare state crisis (Ferrera, 2007) has attracted widespread criticism of the traditional top-down, hierarchical, state-centric approach.

Thus, regionalism has been interpreted as a means to improve governance, although – frequently – regional action is confined to a few spheres (Keating 2008).



# Conclusions

The Italian state notably is in crisis and, yet, it has failed to fully profit from regionalization during the last 40 years.

In this context, subsidiarity as it has been experimented as a principle of governance in Lombardy, may offer a good example of how to overcome the crisis of the State.

The principle of subsidiarity could offer a ground for a new paradigm of civil society participation and empowerment. More to the point, its anthropological perspective challenges the classical, modern (Hobbesian) idea of State in itself.



# Conclusions

Westfalian  
mode

STATE

TERRITORY

SOVEREIGNTY

CITIZENSHIP  
RIGHTS

Regions

as a result of partialization /  
reduction of monopoly of  
sovereignty

New idea of state

FUNCTIONS

CITIZENSHIP – RIGHTS

“GLOCAL” vs. TERRITORY





Thank you for your kind attention

