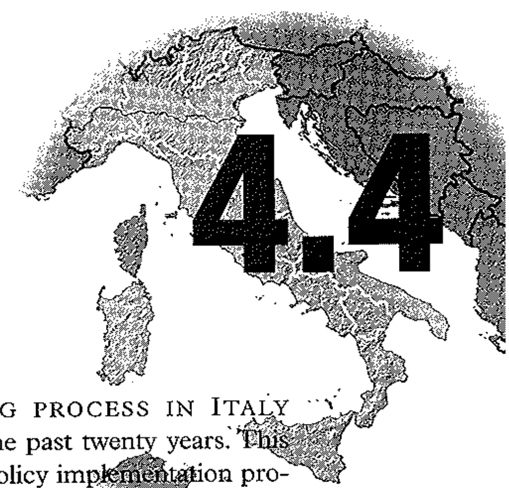
# How Is Power Used?




CHAPTER 4.4 DISCUSSES THE DECISION-MAKING PROCESS IN ITALY and how these decisions have been implemented over the past twenty years. This chapter briefly describes and analyzes the policymaking and policy implementation processes in place in Italy before the 1990s in order to highlight the legal procedures that have remained the same over the entire period, but it will mainly concentrate on the post-1992 period when the characteristics of the present Italian multilevel systems of governance were put into place. The chapter will look at the important changes that have taken place in terms of specific policy outputs related to immigration, the flexibility of labor and wages, and the outlines of the economic crisis of 2008 to 2009 and then the recession of 2012 to 2013 that are linked to the sovereign debt crisis and the euro. These three areas represent the important pillars of policy making in Italy and have determined the ability of governments to remain in power since 2011. Therefore, this chapter will look at how power is used and what it is used for in the Italian political system.

## The Multilevel Governance System in Italy

The analysis of public policy making in Italy needs to look at the process at different levels of the system of governance. Policies in Italy and in most regional and federal states such as, respectively, Spain and Germany are based on a policy making process that depends on the interaction of different levels of government. In the literature, it is referred to as *multi-level governance* (MLG).[1] The MLG system in Italy is based on two legal foundations: (1) the Italian constitution of 1948 and (2) its modification in 2000 that created a regional system of government at the subnational level giving the regions responsibilities for significant "low" policy areas: from agriculture to health, from vocational education to regional planning, and from transport to business services. The 2000 constitutional reform went even further in identifying the "exclusive"—where regions have the exclusive right—and "concurrent"—where the regions need to agree with the national government—legislative powers. In this manner the constitutional reform brought into existence a system of policy making that required a close interaction between the state, the regions and in some cases the local authorities. For this purpose a coordinating body (state–regional committee)[2] was set up to oversee the policy making process and make certain that each level was in a position to carry out its policy making responsibilities. This body meets at least once a month and is crucial in moving the policy making process forward. The second source of MLG is represented by the Europeanization of "high" policy areas, such as regulation of the market, the management of the currency, fiscal policies, and competition policies. Through the European integration process these policy areas have become the subject of joint policymaking involving the European level institutions (i.e., commission, council and European Parliament) and the national level. The process of the Europeanization of policies has been a gradual one but it has also become a growing characteristic of the policy making process in general. The important treaty provisions for MLG involving the national and European level institutions were provided by the Single European Act (1986), Maastricht treaty (1992), Amsterdam treaty (1997), Nice treaty (2001), and Lisbon treaty (2009). The latter has outlined a list of "exclusive," "shared," and "supporting" competences exercised by the European Union. The exclusive competences allocate to the European level responsibilities with regard to the customs union, commercial policy, euro, competition, and certain international commercial agreements while the shared competences cover the internal market; economic, social, and territorial cohesion; agriculture and fisheries; environment; transport; trans-European networks; specific areas of social policy covered by the treaty; energy; and freedom, security, and justice affairs. Where MLG is of primary importance in governing the policy process in Europe is in the area of "shared" competences. Thus, the policy making process in Italy finds itself as a result of both constitutional provisions and the treaties at the European level in a vast area of shared competences where policy making at one level—that is, the national level—is not sufficient to complete the cycle of policymaking to say nothing about implementation. The latter is usually left to the lower level of government that is closest to the actual delivery of services based on the principle of "subsidiarity." What this implies is that the study of who makes policy, how policies are made, and who is responsible for the implementation of policies cannot be confined to only one level of government. Instead, the policy process, as a whole, is the responsibility of different levels of government working in unison but responsible for different phases of the policy process.

There are a number of definitions of MLG that are used in the academic and policy making literature, but the most useful is the one formulated by the Committee of Regions in 2009. The concept was defined in a manner that captures the essential features of the interactions necessary for MLG to operate. For the Committee of Regions MLG is based on the following:

> Coordinated action by the European Union, the Member States, and local and regional authorities, based on partnership and aimed at drawing-up and implementing EU policies. It leads to responsibility being shared between the different tiers of government concerned and is underpinned by all sources of democratic legitimacy and the representative nature of the different players involved.[3]

In a similar fashion Simona Piattoni defined MLG as a concept that not only makes room for the interaction of formal institutions but also involves interactions with social and economic groups or organizations operating in civil society. For Piattoni, MLG is "an inherently dynamic concept that crosses several analytical boundaries or 'gates': namely the gates between centre and periphery, between the domestic and the international, and between state and society."[4] Therefore, MLG represents the ideal system for operationalizing policy making and implementation in systems of governance based on multiple levels of interaction and policy responsibilities.

In the Italian context the MLG of policies requires a close coordination of initiatives on the part of national and regional authorities in line with the regulations and directives that originate at the European level. This is particularly clear with regard to policies dealing with immigration, labor, and the economy. The management of the euro crisis is more of a question of the coordination between European and national policies. Before looking at the specific policy areas it is worthwhile defining how exactly the policy process is carried out within the formal institutions at the national level.

## Policy Formulation

The process of policy formulation begins with proposals. In any democratic country, policy proposals are brought to the attention of policymakers at the national level by parties, pressure (interest) groups, higher civil servants in the bureaucracy, and individual legislators. However, in a system of MLG proposals can originate outside of the confines of national institutions. At the European level the institutions (i.e., commission, council, and European Parliament) are in a position to pass regulations and directives that are binding on member states. Regulations do not require member states to undertake any further legislative activities, and they are usually concentrated in those policy areas where the European Union has the "exclusive" powers listed previously. Instead, policy areas foreseeing "shared" or "supporting" responsibilities require member states to pass enabling legislation in order for the policy objectives to be attained. Subnational level governments are, in turn, involved in the policy process in those areas where they are constitutionally provided with primary or shared responsibilities with the national government. Such is the case in regional development and social policy, professional training, aid to firms, and the environment. Two of the policy areas that we will be discussing in this chapter—immigration and labor—strongly involve the regions and localities in providing an important supporting role in implementation while in the other two policy areas—the economic and sovereign debt crisis—the MLG mechanism is more one emphasizing the role of national and European institutions.

## Policymaking Up to the 1990s, National Policy Making Monopoly

In Italy, before the changes introduced in the 1990s, decision making was much more a "national" affair than was the case after the creation at the European level of the Single Market in 1993. Before then, market regulatory decisions were exclusively taken at the national level as was the case with fiscal and monetary policies. At the same time the role of the regions also took a back seat to the national level in that they had no independent role at the European level and were in no position to comanage policies with the state regarding important economic issues such as regional development or social policies. Before the 2000 constitutional reform, national policymaking was an exclusive top-down process. A case in point was the "regional" development policies that were managed exclusively by the national level with no real role attributed to subnational regional or local authorities. Thus, the origin of the decision-making process was in the hands of the national government, parliament, political parties, and interest groups operating at the national level. Individual members of parliament were given a comparatively strong voice in the process of policy initiation in contrast to the role of the executive in the United Kingdom and France. Italy was one of the few Western democracies that placed no restrictions on the introduction of private-member bills in parliament. Even though a majority of the bills *introduced* in parliament were private-member bills, the executive still had an important role to play in managing the legislative process because in the last analysis any law requiring an expenditure of public funds needed a government provision to ensure that the necessary financial coverage was provided. Therefore, all private member bills affecting the expenditure of resources had to receive tacit or explicit government backing.

The political parties affected the policy process in various ways. They did stimulate the introduction of broader bills of general application.[5] Parties had a major impact on detailed and specific policy initiatives, especially after the opening to the left in the early 1960s, a tendency emerged toward allocating policymaking positions in various national executive and administrative agencies to the political parties supporting the cabinet. The distributive spending decisions made by such government agencies were, for all intents and purposes, made by the political parties that participated in managing the agencies. In effect, then, the Christian Democratic–dominated spoils system was broadened to include other parties, with pieces of the action distributed on a quota basis.[6]

In addition to political parties, Italian pressure groups initiated proposals that ministries adopted as their own. One reason for the accentuated role of pressure groups was that the Italian bureaucracy was not able to generate many proposals on its own—in part because of the inadequacy of the research facilities available to the bureaucracy and to parliament and in part because of the quick rotation of ministers and their administrative staff. As a result, both the bureaucracy and parliament were unusually dependent on pressure groups (interest groups and parties) for information and expertise.

One device for redressing the apparent weakness of the executive branch in relation to parliament, the parties, and the pressure groups was the use of decree laws to obtain quick, temporary action and bypass the normal legislative procedures. Although decree laws expired within sixty days unless approved by parliament, at least some kind of action had been taken. Moreover, if parliament, during the sixty days, rejected or drastically modified a decree law, the cabinet did not feel obligated to resign.[7]

## Changes in Policymaking Introduced in the 1990s, The Diffusion of Power

In the 1990s some major changes were made in the Italian policymaking process—changes that were accelerated by the political cataclysm of the early 1990s, but were already under way in the late 1980s. First, the political parties began to play a smaller role in initiating policy proposals, because many of the parties had become more patronage oriented. In fact, their heavy reliance on patronage and subsidies to a wide variety of beneficiaries began to pile up an unsustainable burden of debt and injure Italy's ability to compete in world markets. With the passage of the Maastricht treaty in 1992 and the gearing up to create the Economic and Monetary Union (EMU), the Italian system had to focus on austerity and stability rather than on satisfying pressures for patronage. In fact, after the precipitous fall of the lira on the foreign exchange markets in September 1992, the Amato government introduced a severe cut in government spending that crippled the Christian Democracy and Socialist Party patronage machines and contributed to the collapse of the duopoly of power exercised up to that point by the two parties.[8]

Second, technocrats and academic experts assumed the central role in initiating major economic and financial policies. Officials from the Bank of Italy, the technocrats at the helm of the Treasury Ministry, the professors of economics at the head of the Ministry of Finance, and the financial and economic advisers in the prime minister's office replaced the career politicians who used to dominate the economic and financial ministries. The ministerial cabinets that provide ministers with crucial advice on economic and financial policy matters were staffed by technocrats and social scientists rather than legalistically inclined high civil servants. And think tanks, such as the Europe Research Center, Institute of Social Research, and Rosselli Foundation, serve as forums for the discussion of economic and financial policy and help to shape the prevalent elite consensus on the desirability of maintaining economic stability, cutting deficits, and reducing spending.[9] Moreover, with increasing frequency, ministries have strengthened their own technical capacity by creating special research units within their ranks, such as the evaluation unit in the Ministry of the Economy that is responsible for both assessing the economic impact of the European structural funds and offering the ministry strategic input to formulate effective policy decisions.

Third, the executive branch gained strength. It began to exercise greater control over the budget-making process, particularly in setting forth the main objectives, controlling the timetable, and rejecting amendments by parliament to the government's financial proposals. In addition, the cabinet relied more frequently on decree laws to bypass potential resistance in parliament, and was not reluctant to reissue those decree laws again and again when parliament failed to approve them within the sixty-day time limit.[10]

Fourth, the government made use of the referendum as a device for overcoming parliamentary resistance to a controversial policy proposal. The legalization of divorce and abortion and the establishment of a plurality system for the election of three-fourths of the members of the Chamber of Deputies were goals ratified by the Italian public in referendums. One result has been a significant voter backlash against what is seen as overuse and abuse of the referendum.

Fifth, since 1992 and the launch of the Single Market at the European level and the implementation of the convergence criteria for the realization of EMU, Italy has experienced even greater "Europeanization" of policymaking in the areas of monetary policy, market regulation, competition, and regional policy. Like other EU countries, Italy has often found itself in a position of accepting directly into its legislation European regulations and transposing into law European directives that were the product of European-level rather than national decision-making procedures. These changes, affecting important "high politics" policy areas, have introduced a more complex two-level decision-making process. This process involves the interaction of domestic and European politics, as well as separate institutions at the European level (Council of Ministers, European Commission, and European Parliament) that no longer adhere to the kinds of policy linkages in place before 1992. Such changes have forced interest groups to mobilize their lobbying efforts at multiple levels and have challenged administrative structures to manage issues successfully at both the national and European levels.

Finally, in the 1990s the Italian decision-making process introduced a further complicating factor that was tied to the active devolution of "low politics": socioeconomic policies were gradually transferred to the regional and local levels for management. Ministries were no longer in a position to decide on their own the course of such policies but had to agree to policy choices and contents in conjunction with an increasing number of relevant actors at the subnational level. It is this evolving context, in which government officials must coordinate at the European level the choice of basic policies and agree with the regions and local governments on how to implement specific socioeconomic policies, that has served to change the structure of decision making in the Italian political system from a single-level to a multilevel process. Now, the important centers of decision making are represented by the Conference of Regional Presidents, which formulates the position of the regions and subsequently the State and Regional Conference, which assumes the final decision on policies requiring the coordination of national and regional policymaking initiatives. The same process is the case where the state and local governments share joint decision-making powers.

## Policy Implementation and the Principle of Subsidiarity

The responsibility for implementing policies that emerged from the policy formulation process lay originally with the Italian national bureaucracy but that responsibility has slowly been diffused down to the regional and local levels as part of the process of devolution and the reconfiguration of the delivery of policies emerging from the multilevel system of governance. The principle of subsidiarity—i.e., the levels of government closest to the eventual beneficiaries of the policy should be involved—has been generally applied in determining who is ultimately responsible for policy implementation.

## Changes in Policy Implementation Introduced since the Late 1980s

Since the late 1980s, a thoroughgoing, coordinated reform of Italian public finance and administrative structures has been under way. In addition to the modernization of procedures and the increased professionalization of administrative elites, Italy has been undergoing a three-part de facto restructuring of the Italian state apparatus through the Europeanization of certain policy areas, the devolution of policy to the regional and local levels, and the privatization of large firms and banks.

The *Europeanization* of policy has taken the form of moving certain policy areas from individual to collective decision-making processes that are no longer subject to the exclusive influence of party politics or interest group interactions at the national level. In these cases the national level is ultimately responsible for policy implementation, but there is also a resort to regional and local implementation when the policy areas that have been Europeanized fall into the category of shared responsibilities between the national and regional levels.

The *devolution* of policy (e.g., the national health system) has taken the form of effectively regionalizing and localizing many other policy issues through strengthening subnational government based on putting the dictates of the Italian constitution into operation. With the transfer of policy areas to the regional and local governments, local parties, as well as the local branches of interest groups, have been reinforced but there has also been the need to reinforce regional and local governments in their delivery of the services. Another contributing factor to the devolution of policy has been the greater visibility and clout of regional and local executives. With the direct election of regional presidents and mayors, the decision-making process has been simplified and no longer has to go through a complex process of mediation among the governing parties.

The policy of *privatization* pursued by successive governments during the 1990s and continuing into the 2000s has removed some important policy problems associated with the distribution of financial resources from the public sphere and has shifted important policy sectors (e.g., energy, transport, and public utilities) out of the control of the national government, parties, or interest groups. As a result, it is more difficult for political considerations to affect the decisions of the large industrial firms or banks that must compete in the market or must adhere to European rules and procedures. The effects of these changes are readily evident in the balance sheets of the businesses and banks involved. Before 1992 the Enel (electrical energy) and the Eni (petroleum and gas) produced more losses than gains even though they enjoyed monopolies in Italy's energy sector. Since privatization, they have become among the most profitable companies in Europe. The same is true in Italy's banking sector. Before privatization, all of Italy's major banks were owned and controlled by the state, and they were lucky if they broke even at the end of the year. Now, after a considerable reorganization of the sector, the Italian banks have become highly profitable in Europe and therefore attracted the attention of German, Spanish, and Dutch firms that have entered the Italian market. The Italian banking system has been greatly affected by the latest financial crisis that has hit European banking firms since 2008, but none of the Italian banks have needed bailouts from the national government as has been the case in other European countries (United Kingdom, Germany, and Spain). The lack of the need for emergency interventions reflects the fact that Italy had not in the pre-2008 period experienced the type of real estate bubble that had characterized Spain or Ireland, nor did the banks overextend themselves in providing credit to individuals or firms during that same period. In Italy the pattern has been that the state has accrued high levels of debt over time but not individuals. Banks have always been reluctant to provide individual loans in Italy other than to finance mortgages.

The combined effect of these three forces (Europeanization, devolution, and privatization) has significantly changed the nature of Italian decision making and implementation. Gone are the days when national political leaders had a stranglehold on policy matters and when decisions could be made behind the scenes without public knowledge or without the scrutiny of other levels in the governance structure. Today, the policy process in Italy is more transparent and more accessible to different institutional and socioeconomic actors. It is still unclear whether this change has brought about an overall improvement in policies, but it has certainly decreased the level of manipulation exercised by the political parties and national administrative elites.

## Policy Outputs

In discussions about policy, there may be confusion about the differences between policy outputs (which may include passing legislation, spending government budgets, implementing sectoral policies, and enforcing the laws) and policy outcomes, which could include growth rate of the gross domestic product (GDP), unemployment, activity rates, inflation rates, interest rates, trade balances, levels of foreign direct investment, and rate of domestic investments. The policy outcomes in Italy during the postwar period have already been described in some detail in the previous chapters, and more will be said in Chapter 4.5 about the future of Italy. This section, therefore, focuses on Italy's policies in three areas: immigration, labor flexibility, and economic policy.

### Immigration

Until the beginning of the 1990s immigration had never been an acute problem in Italy. Indeed, to the contrary, Italy has traditionally suffered from the problem of outmigration (or emigration) of Italians to other parts of Europe and beyond. Up until the mid-1960s, Italy consistently exported its excess labor to other parts of the world, while undergoing significant shifts of population from the southern part of the country to the north. It was only with the restructuring of large industry during the 1970s and the diffusion of small- and medium-size industry in the center and south that significant population flows stopped within the country and Italians began to return to the country and to their regions of origin in small numbers.

Around the same time the signs of an influx of foreign nationals began to appear. By 1977 an estimated 300,000 to 400,000 foreigners were present in Italy, and the numbers continued to rise.[11] By 1985 the official number of foreign-born residents in Italy was 423,000. Six years later, that number had doubled to 896,000.[12] By 2004 the total was about 1.5 million and in 2010 the total had risen to 4.8 million. Expressed differently, the number of immigrants has steadily climbed, from about 0.6 percent of Italy's population in 1991 to 3.4 percent in 2004 (see Table 4-6).[13] In 2003 the largest contingent of immigrants was from Europe. Southern Europeans represented half of the European total. Of these, most were from the Balkans—Albania (187,162), Macedonia (26,210), and Yugoslavia (40,237), but a surprising number came from the older EU member states such as France (26,274), Germany (36,320), Spain (20,930), and the United Kingdom (24,491). Many emigrated from the new EU member states—such as Poland (34,980) and Romania (94,818). Of those emigrating from the Americas, the majority came from Latin America (96,685, of which large numbers were from Argentina, Brazil, and Peru), and the United States (45,642 in 2003). In 2010 approximately 6.3 percent of the EU population was born in a non-EU country; in Italy that total represented 5.3 percent of the population. With its 4.8 million foreign born population in 2010 Italy was behind only Germany (7.4 million) and Spain (5.5 million) and ahead of the United Kingdom and France in being host to a large contingent of noncitizens. In 2010 the foreign born portion of the resident population had risen to 7.2 percent,[14] but the increase in the noncitizen population has not had a significant political impact in terms of the rise of new far-right parties such as Golden Dawn in Greece. In the last analysis, immigrants are seen in Italy as making positive contributions to the economy. In fact, the activity rates among foreign-born immigrants is much higher (74 percent) than among Italian citizens (61 percent). In addition, the lack of a national policy of income support for those who have never been employed has prevented immigrants from being viewed as economic parasites living on the public dole. Thus, the main thrust of the Italian legislation on immigration has been placed on stabilizing the presence of immigrants in the country and facilitating their contribution to the economy.

The first major bill to confront the problem of immigration was passed in 1986 (Law No. 943). It permitted foreign workers to be granted the same rights as Italian workers and permitted foreigners who had been in the country for a period of time to be granted residence status. Union support was crucial for passage of the 1986 bill, because the unions were afraid that undocumented workers would inevitably drive down wages and because about two-thirds of the immigrants were in the workforce. The pressure was strong to "regularize" workers—that is, to give them access to the status of resident and to grant them the benefits of unionization and the services provided by the Italian welfare state.[15] Three years later, a legislative decree (Decree Law No. 416 of December 30, 1989, popularly known as the Martelli law) set out to codify the existing practices of allowing nationals

**Table 4-6 Migration into Italy, 1997–2003**

| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
|---|---|---|---|---|---|---|---|
| Africa | 301,305 | 310,748 | 316,434 | 389,532 | 388,327 | 401,927 | 401,442 |
| Americas | 129,625 | 133,461 | 138,726 | 161,237 | 162,790 | 170,343 | 177,852 |
| Asia | 186,947 | 197,365 | 213,167 | 263,055 | 271,593 | 287,084 | 288,135 |
| Europe | 365,265 | 378,423 | 419,546 | 523,794 | 554,035 | 585,915 | 632,562 |
| Oceania | 2,201 | 2,225 | 2,282 | 2,420 | 2,430 | 2,547 | 2,680 |
| Stateless | 677 | 674 | 665 | 617 | 574 | 576 | 615 |
| Total | 986,020 | 1,022,896 | 1,090,820 | 1,340,655 | 1,379,749 | 1,448,392 | 1,503,286 |
| Percentage of total population | 1.5 | 1.7 | 1.9 | 2.2 | 2.5 | — | 2.7 |

*Source:* Migration Information Source, www.migrationinformation.org/GlobalData/countrydata/data.cfm Originally published by the MPI Data Hub, a project of the Washington, DC-based Migration Policy Institute, an independent, nonpartisan, nonprofit think tank dedicated to the study of movement of people worldwide.

from non–European Community countries to enter for purposes of tourism, education, health, or work; to codify expulsion procedures; and to establish the grounds for a second amnesty campaign. The Martelli decree was the first legal provision to set out the procedure through which non-European refugees could be protected. In 1990 the Martelli decree was converted into law, along with Italy's signature of the Schengen Agreement on the free circulation of people among the signatory countries of the European Union. At the same time that these steps toward liberalization were being taken, there was an upsurge in immigration from across the Adriatic.

Until 1990 the Italian government did not have a specific policy to attract immigrants to the country or to block immigrants from arriving. All of this changed in 1991 because of exogenous factors linked to the collapse of the Soviet Union, the growing interethnic conflict in the former Yugoslavia, and the collapse of the pyramid schemes in Albania.[16] In 1992 Italy experienced its first significant wave of immigrants from the eastern part of the Adriatic, who reached Italy either by boat or by walking across its border with Slovenia and Croatia. After the initial wave of immigrants from the Balkans, people began arriving from Africa (both from the north and the sub-Saharan region), eastern Europe (Poland, Russia, Ukraine, and Moldova), and Asia (China, the Philippines, and Sri Lanka). Most immigrants initially entered the country illegally (i.e., without papers) or on temporary tourist or education visas. Once the visas expired, they awaited the subsequent amnesty. Nevertheless, the demand for foreign workers continued to outstrip the supply produced by the official immigration procedures created by Law No. 943 and the Martelli law, because undocumented workers began to play an important role in the economy by filling the jobs that Italians preferred not to take. Foreigners tended to fill many of the jobs in the steel and iron foundries in the north and take on the heavy work in the fields in southern Italy.[17] Another growing sector for foreign female workers is the care of the elderly in the home. In the past, the close-knit Italian family usually looked after the elderly without relying on outside help. But that pattern changed as more women entered the workforce and Italian families found themselves with more income at their disposal to pay for caregivers. As for

**Immigrants line up at the post office in Siena to apply for work permits and the chance to become permanent residents of Italy.**

*Source:* AP Images/Fabio Muzzi.

the distribution of legal immigrants, the vast majority settled in the north (more than half) and center (one-third) of the country, and only a small number went to live permanently in the south.

The increase in the demand for foreign workers forced the Dini government in 1995 and the Prodi government in 1998 to pass two more amnesty laws, but they, too, represented temporary solutions to the problems of regularizing the vast number of undocumented workers present in the country. The goal of the 1998 law (No. 40), sponsored by the then minister of the interior, Giorgio Napolitano, and the minister of social affairs, Livia Turco, was to stem illegal migration by reinforcing border controls and permitting the expulsion of those immigrants who became involved in crime and the exploitation of other immigrants. Moreover, for the first time the Turco-Napolitano law separated the issue of refugees from immigration and set up a procedure for granting refugee status to those fleeing persecution in their own countries. It also instituted a system of quotas for immigration.

Even though expulsions increased dramatically and greater control was achieved over the illegal flow of refugees, immigration became an important issue in the 2001 parliamentary campaign. The center-right insisted that illegal entry into the country should be turned into a criminal offense and that non-EU immigrants should be barred from gaining permanent residence. Spearheading the attack on the Turco-Napolitano law were the parties led by Gianfranco Fini of the National Alliance and Umberto Bossi of the Northern League (NL). Once the center-right came to power, the two leaders presented a bill that became Law No. 189 on July 30, 2002. The center-right proposal on immigration began as an attempt to undermine the fundamental elements of the Turco-Napolitano law, but as the proposal passed through parliament, the restrictive measures foreseen in the initial proposal were gradually softened to the point that a general amnesty of illegal immigrants already living in Italy was introduced on September 9. This law therefore repeated the attempts of previous governments to find a temporary solution to the presence of thousands of undocumented workers on Italian soil. The NL insisted that the amnesty would be limited to foreigners assisting in the care of the elderly, but the pressures brought by the employers' association (Confindustria) and Catholic groups succeeded in extending the amnesty to all other types of workers. Finally, just before the 2006 election the center-right proposed a new decree to introduce an amnesty for foreign workers *after the election* as a means of responding to those voters who were heavily dependent on non-Italian workers to fill positions in manufacturing and agriculture as well as for domestic care.

Since 1991 it has become evident that legislation will not stem the tide of immigration, nor will it solve the demand for foreign labor generated by the Italian economy. Italy's geographic position in the middle of the Mediterranean and its long and mostly unpatrolled 4,720-mile coastline make it an ideal transit point for the illegal traffic of immigrants.[18] Italy needs, in fact, a radical reform of its approach to immigration within a European rather than a strictly national perspective. Italy's exposed borders call for a clear and enforceable *European* policy on immigration that can treat the problem at its source rather than at its point of arrival. The European Union has slowly moved toward establishing a policy of entry and regulation of flows with the countries along its borders. The flow from the Western Balkans has been reduced significantly, and with the imminent entry of Croatia in the European Union (July 1, 2013), the opening up of negotiations in 2011 with Serbia to enter the European Union by possibly 2014, and Greece's 2010 agreement on immigration with Albania have served to gain control over immigration from the Western Balkans. Where problems still exist is on the EU southern border with North Africa and on the eastern border between Greece and Turkey. It is the former and to a lesser extent the latter that supply the significant flows of immigrants to Italy. The latest immigration from North and sub-Sahara Africa has been spurred by the instability generated by the Arab Spring and the impact of regime changes in the area.

An agreement aimed at stemming some of the flow of immigrants through Libya had been reached with Muammar Gaddafi, who promised to take back all immigrants using Libyan ports who are intercepted in the Mediterranean. But the overthrow of the Gaddafi regime once again placed into question the ability to control immigration flows departing from Lybian ports that have significantly impacted Malta and Italy. The creation of the EU external border fund has significantly helped Italy and its local governments to manage the flow of immigrants on the basis of EU directives, and the presence of the Shengen agreement has allowed a majority of the immigrants from North Africa to eventually move to France and Germany. However, for those who choose to stay in Italy, the question remains: how to first acquire residence status and then eventual citizenship. The Letta government has placed on its legislative agenda the introduction of measures to speed up the citizenship process for immigrants residing in Italy and for the children born in Italy to become automatic citizens. The proposal has been greeted with support by the governing parties and the left opposition, but it has received a negative reaction from the NL and the Five Star Movement (M5S). Grillo has expressed a generally negative stance toward the possibility of citizenship for immigrants of the first or even of the second generation. Aside from the stance of the political parties, a significant impact on public opinion has been produced by the fact that one of Italy's major soccer players and star of the last European Cup, Mario Balotelli, is black. He was born in Italy but became a citizen in order to play on the Italian national team. The number of soccer players from immigrant families is steadily increasing, and they have been able to change the public discourse on citizenship.

Immigration as a policy issue concerning citizenship remains mainly a national issue given that within the European Union there are a variety of approaches to the acquisition of citizenship or granting citizenship to those born in the country. The EU legal provisions in general control the rules, structures, and financial provisions for those entering the territory of the European Union, but what happens once these immigrants are inside is basically left to each national government. In Italy that approach has changed over time given the ebb and flow of immigration and the economic needs tied to the presence of immigrants in the country. There is considerable pressure from the local level to define an effective path to citizenship for those immigrants who have settled in the country and for the children born in Italy due to their de facto right to access health and educational public services (immigrants with residency permits have the right to access all public services in Italy). Therefore, the next logical step is to provide a process leading to citizenship in line with the expectations of the national political parties and local governments.

## Labor Flexibility

The flexibility of the Italian labor market has been an important component of the ongoing debate on the competitiveness of the Italian economy since the Workers' Statute came into effect in 1970 (Law No. 300). The issue is of vital concern for the trade unions and the representatives of the employers because it is at the heart of the issue of being able to hire and fire workers on the basis of economic conditions or, as it is termed in the Italian debate, "due to legitimate cause." On the heels of the workers' mobilization of 1969, the trade unions made significant strides in institutionalizing the rights of workers through the courts. One of the main features of the 1970 statute was Article 18, which permitted workers to go to court to contest their dismissal without just cause by an employer. This article applied only to businesses with more than fifteen employees—not smaller companies. The impact of the provisions of Article 18 was cited as one of the reasons why Italian industry remained small and why companies preferred to remain below the fifteen-worker mark. During the 1980s and the 1990s the employers' organization Confindustria periodically emphasized the need to eliminate Article 18 and bring greater flexibility to the Italian labor market. In 2002 Antonio Fazio, the governor of the Bank of Italy, cited the results of a comparative study by the Organization for Economic Cooperation and Development (OECD) on labor mobility to argue that Italy's labor laws were far more restrictive than their counterparts in the rest of the OECD: "Italian legislation on individual dismissal from work is one of those where the degree of workers' protection in the case of unfair dismissal is particularly high. This is due to both the considerable number of cases where the law provides for the workers' reinstatement, and to the costs involved."[19]

The perceived wisdom was that the rigidity of the Italian labor market was contributing to the sluggish growth of the economy and its inability to respond to foreign competition.[20] The goal of having a free hand in the hiring and firing of workers was particularly important to Confindustria, and in April 2001 Prime Minister Silvio Berlusconi appeared at the organization's annual meeting to suggest that his party's electoral manifesto was close to that of the employers' confederation when it came to reform of the labor laws.

With the victory of the center-right in the 2001 election, Article 18 of the Workers' Statute and the desire to open up the Italian labor market came to the forefront. In suggesting some solutions to the problem, the center-right government built on some developments before 2001. First, in 1998 the Treu Law (named after Minister of Labor Tiziano Treu in the Prodi government) had introduced a series of new labor contracts for beginning workers (temporary, part-time, and training contracts) to encourage more young workers to enter the labor market. The Treu Law left untouched the status of workers who already were employed. Second, in 2000 the Radical Party launched a referendum to abolish Article 18 and to dismantle the trade union movement's presence in the *Patronati* (agencies to help laid-off workers receive compensation and apply for pensions). The results of the referendum were nullified by the failure to reach the required number of votes (50 percent plus one of voters). Nevertheless, Confindustria, under the leadership of Antonio D'Amato, took up the banner of abolishing Article 18 and placed pressure on the government to fulfill its electoral pledge.[21]

The new Berlusconi government responded with a "White Paper on the Italian Labor Market" that sought to restructure employment relations, reconsider existing labor laws, and open up the job market by eliminating the government's role in the stipulation of national contracts and by emphasizing the need to move toward regionally based negotiations between employers and labor.[22] Trade unions responded in a muted fashion. Although the unions did not denounce the contents of the government's white paper, they had little enthusiasm for it. Even the trade unions closest to the center-right—that is, the Italian Confederation of Workers' Unions, or CISL (National Alliance), and the Labor General Union, or UGL (Forza Italia)—remained silent. As the implications of the government's white paper began to sink it, however, opposition began to mount. The Italian General Confederation of Labor, or CGIL (the largest and most leftist trade union), denounced the government's intention to refuse to enter into tripartite agreements with employers and unions in regard to national labor contracts. The other two unions—the CISL (Catholic), and the Italian Union of Labor, or UIL (moderate Socialists)—initially attempted to work with the government. In July 2002 they signed an agreement, the Pact for Italy, with the government on the need to increase the flexibility of Italian labor markets. When the CGIL refused to join the pact, it appeared that the Italian labor movement had been outmaneuvered by the government. But the government hesitated to introduce its proposed legislative initiatives in the hope that the labor movement would become permanently split between the more radical CGIL and the more moderate CISL and UIL.

This hope began to crumble in 2003 as the relationship between the trade unions and Confindustria began to evolve. At the beginning of 2003, a new referendum on Article 18 proposed by Fausto Bertinotti, leader of the Communist Refoundation Party (PRC), to extend coverage to small companies with fewer than fifteen workers was accepted by the Constitutional Court as valid. Therefore, the referendum could be put to a vote. Bertinotti had initiated the collection of signatures in support of the referendum in an attempt to split the Democrats of the Left (DS) and throw the center-left into turmoil, but the result was quite different. First of all, the trade unions assumed a lukewarm attitude toward the referendum and did not become actively involved in the campaign. Even the CGIL preferred to abstain, as did the main leaders of the center-left such as Piero Fassino and Francesco Rutelli. On June 15, 2003, only a quarter of voters bothered to participate in the referendum, thereby nullifying the proposal. Three days later, the trade unions signed an agreement with Confindustria to work together to spur investment in the south and in new technologies, and they pledged to return to the bargaining table to work out mutually acceptable solutions to working conditions and salaries. By late June the trade unions and

Confindustria had put to rest the controversy over Article 18 and were able to focus their attention on the issue of labor market flexibility. Another casualty of the June 2003 referendum was the Pact for Italy.

The conflict generated during 2001–2002 by the leaders of Confindustria and the government in their single-minded drive to suspend the provisions of Article 18 led to the rise of internal dissent within Confindustria—between small and large industries and between the leaders closest to the center-right and those who wanted the confederation to maintain a neutral response. In April 2003 D'Amato was replaced at the helm of Confindustria by Luca di Montezemolo, the head of Ferrari and Fiat, who campaigned on a more open approach toward the unions and for a less dogmatic position on Article 18.

Despite the growing rapprochement between Confindustria and the trade unions, in October 2003 the government passed Law No. 30 (the Maroni law) and introduced a greater variety of work contracts. According to Lucio Baccaro and Marco Simoni, the new law "introduced a wide range of new contractural frameworks (from on-call jobs to new forms of apprenticeship) with the aim of bringing together the various productive needs that might emerge in the Italian economy."[23] The expectations were that the new law would build on the job creation schemes introduced by the previous Treu Law, which by 2001 had given rise to the emergence of new "atypical" jobs on the basis of part-time, flexible time, and temporary contracts. In 2001 more than 20 percent of the jobs in industry and services were based on "atypical" contracts, and this sector of the labor force was booming.

The center-right government was not so lucky. Two years after the introduction of its labor law, the boom in job creation petered out. During the third quarter of 2005, the Italian labor market continued to exceed the previous year's figures by 57,000 jobs, but in the meantime more than 294,000 people stopped looking for work.[24] The dropout rate from the labor market particularly affected female workers and young people in southern Italy.

The fate of the two different legislative initiatives of the center-left government in 1998 and the center-right government in 2003 illustrate the point made at the beginning of the chapter: policy outputs should not be confused with policy outcomes. For the Treu Law, the Italian economy was already in the midst of an upward surge in new jobs that began in 1995. Between 1995 and 2002, the labor market increased by 1.2 percent each year, but as economic growth started to lag under the Berlusconi government, so did the rate at which new jobs were created. It is undeniable that one of the factors accounting for the growth in jobs, aside from the increase in "atypical" employment, is the regularization of immigrant workers. In 2005 the new jobs created were those filled almost exclusively by immigrants in light of the 0.7 percent increase in the GDP. Job creation continued for two more years as GDP began to grow again and the employment rate grew to its peak at 63.0 percent of the labor force in 2008; the unemployment rate hit a low of 6.1 percent in 2007 but rose to 8.5 percent in 2009.

In retrospect, the Treu Law appears to have had great success in generating new jobs and opening up the Italian job market to new forms of employment contracts, whereas the Maroni law proved to be less successful because the job market and economic conditions had, in the meantime, worsened. Italy's economic indicators for 2008 and 2009 document the worsening economic situation characteristic of all of Europe and the United States. In Italy the fall in GDP and rise of the deficit indicated that the country was to a great extent limited in the choice of policies that it could make in response to the crisis and was, to a great extent, dependent on the policy choices made by others in lifting the country's economy back to growth through the increased demand for Italian exports.

The Monti government of 2011–2012 tried to tackle both the problems of the pension system and the labor market by introducing a series of reforms that were best known on the basis of the then minister of labor and social policy, Elsa Fornero. The first major legislative change was introduced through a legislative decree (D.L. 201/2011) of December 6, 2011, which changed the requisites for receiving a state pension. According to the Fornero pension reform Italians had to be at least 62 years of age on January 1, 2012, before they could receive a pension, and that retirement age was to increase to 65 in 2016 and 66 in 2018. This provision effectively changed the average retirement age in Italy from the previous level of 60 years of age, and it is reflected in the data on the activity rates among older (55–64) workers. During 2007 only one-third in that age group was actively employed; five years later the level had risen to over 40 percent. The Fornero reform will undoubtedly have a significant impact on the future rates of employment among older workers and bring them closer into line with the average in other European countries.

The second Fornero reform (Law 92, June 28, 2012) tried to tackle the problem of the flexibility of the labor market introduced by the previous legislation. The 2012 Fornero law attempted to focus on the creation of more stable labor contracts by limiting the "temporary" nature (part-time and short-term provisions of individual employment) of new jobs offered to those entering for the first time the labor market and creating incentives to hire on the basis of full-time and long-term employment. The 2012 Fornero law did not produce the expected results due to the overall contraction of the labor market. In 2012 the labor market continued to contract by 0.3 as had been the case during the previous three years (–1.6 in 2009, –0.7 in 2010, and –0.3 percent in 2011). The contraction of the Italian labor market was not as dramatic as what took place during 2012 in other southern European countries (Greece, –8.3; Spain and Portugal, –4.2 percent), but it did have a negative impact on the popularity of the Monti government and fueled a popular reaction by turning the voting public against the main traditional parties. The fear that gripped public opinion at the time of the 2013 elections was that Italy was heading toward a "Greek disaster." As a result, the new Letta government was forced to focus on the creation of new jobs for the young as its first legislative and policy priority.

## Italy's Economic Policy, 2000–2012

Table 4-7 provides some of the basic data on the Italian economy between 2000 and 2012. The year 2000 was the last year when Italy benefited from a robust level of economic growth, and since then it has languished at the bottom of the European ranking for economic growth. Though the economy did not grow significantly Italy did benefit from increased activity rates and lower levels of unemployment. That positive trend ended in 2008, and the economic crisis that began at the end of 2008 continues to characterize the Italian economy up through 2013. It is expected that in 2014 the country will return to growth assuming that the initiatives of the Letta government bear fruit. As the data in Table 4-7 indicate, Italy went into recession in 2008 and 2009, emerged from the recession temporarily in 2010 and went back into decline beginning in the fourth

**Table 4-7 Italian Economic Indicators, 2000–2012 (Percentage)**

| Indicator | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Change in gross domestic product (GDP) | 3.7 | 1.8 | 0.5 | 0 | 1.5 | 0.7 | 2 | 1.6 | -1.3 | -5.0 | 1.7 | 0.4 | -2.4 |
| Employment rate | 57.4 | 58.5 | 59.4 | 60.0 | 61.5 | 61.6 | 62.5 | 62.8 | 63.0 | 61.7 | 61.1 | 61.2 | 61.0 |
| Unemployment rate | 10.1 | 9.1 | 8.6 | 8.4 | 8.0 | 7.6 | 6.8 | 6.1 | 6.7 | 8.5 | 8.4 | 8.4 | 11.3 |
| Deficit/GDP | -0.6 | -3.2 | -2.7 | -3.2 | -3.2 | -4.3 | -3.3 | -1.5 | -2.7 | -5.6 | -4.5 | -3.8 | -3.0 |
| Debt/GDP | 109 | 108 | 105 | 104 | 104 | 106 | 106 | 103 | 106 | 116 | 119 | 121 | 127 |

*Source:* Eurostat, June 1, 2013.

quarter of 2011. During the last two years the GDP figures have been in negative territory. This decline has also had a negative effect on the rate of employment, unemployment, annual government deficit, and overall national debt levels. Given that approximately 6 percent of national GDP goes to finance the national debt, the sovereign debt crisis of 2011 and 2012 had a particularly negative impact on deficit and debt levels in 2012.

Table 4-7 illustrates the relative performance of the Italian economy under Silvio Berlusconi, Romano Prodi, and Mario Monti. When Berlusconi came to power in 2001, he was preceded by the best performance of the Italian economy in a decade. Soon thereafter the terrorist attacks of September 11, 2001, on the United States and the general economic downturn in Europe undermined Italy's economic prospects. Growth rates declined precipitously, and so did the prospects of internal investments and the financing of an ambitious program of public infrastructure championed by the Berlusconi government. All attempts by the Minister of the Economy Giulio Tremonti to prime pump the economy through deficit spending (the annual deficit immediately climbed back over 3 percent in violation of the provisions of the EU Stability Pact) proved incapable of reversing the economic trend. When Prodi returned to power in 2006, he was able to bring the deficit back below 3 percent for 2007 and 2008. Meanwhile, the flexibility of the labor market lost its aura; it was unable to help pull the country out of its economic malaise. The subsequent inability by the fourth Berlusconi government to provide the investment policies needed to stimulate the economy and to use the reserves set aside by the Prodi government to stimulate productive investments doomed the country to economic decline. The reserves created by Prodi were used instead to finance Berlusconi's pet projects, such as the elimination of the property tax, the bailout of Alitalia and the payment of the milk fines imposed by the EU on milk producers in northern Italy. So when the economic crisis hit in 2009 the Italian government was completely incapable of responding with adequate financial provisions. Under Berlusconi the Italian economy started to lose jobs and investments, but its financial system was not brought to the brink of collapse as was the case in other southern European countries.

The governor of the Bank of Italy, Ignazio Visco, who took over from Mario Draghi in November 2011,[25] wrote that the recession that gripped Italy during the latter part of 2011 and the whole of 2012 was in large part due to the "sovereign debt crisis."[26]

The impact of the sovereign debt crisis is well illustrated in Table 4-8, containing the data on the interest rates on three-, five-, ten- and thirty-year bonds issued by the Italian Treasury in order to cover the payment of government debt. The interest rates spiked during the fourth quarter of 2011 and threatened to surpass what was considered an "unsustainable" level of 7 percent for medium- to long-term bonds. Thus, the pressure on the Berlusconi government become unsustainable. The Monti government was sworn in within six days (on November 16, 2011) to fill the gap left by Berlusconi. The Monti government did not have an immediate impact on the Italian economy other than calming the bond markets. As indicated by the interest rate data in Table 4-8 the costs of refinancing the issuing of government bonds declined significantly, but other economic indicators continued to decline as witnessed by the employment and unemployment rates and the level of annual government deficits and overall level of debt. The recession in 2012 hit particularly hard the manufacturing (−11.1 percent) and construction (−6.2 percent) sectors. The consumption of durable goods fell by 12.7 percent, semi-durable goods (e.g., shoes and clothing) by 9.4 percent, and nondurable goods (e.g., food and beverages) by 4.5 percent. Overall investments by firms and individuals have fallen 8 percent during the year.

The employment impact of the two recessions since 2007 have had two unexpected results. First of all, the gaps in the employment rates of males and females have narrowed: the level of female employment has remained practically the same over the last six years (around 50 percent of the total while male employment has decreased to 71.6 percent in 2012 from a high of 75.8 percent in 2007 (see Table 4-9). In the year 2000 the rate of female employment was almost half of its male counterpart. Second, the brunt of the last two recessions has been absorbed by those under 25 years of age seeking employment. In 2007 youth unemployment represented 20.3 percent of the total; five years later that percentage rose to 35.3 percent of all unemployed. Estimates for the first quarter of 2013 by the Italian national statistical office (ISTAT) have placed that figure at 40.5 percent.[27] This is the reason why the prime minister, Enrico Letta, has identified the creation of job opportunities for the young as his number one priority in 2013 and has succeeded in convincing the other leaders in Europe to make it the focus of the next European summit at the end of June 2013. He has stated that the battle against youth

**Table 4-8 Average Interest Rates of Italian Government Bonds, 2009–2013**

| Year | 3-year | 5-year | 10-year | 30-year |
|---|---|---|---|---|
| 2009 | 2.38 | 3.17 | 4.31 | 5.18 |
| 2010 | 2.17 | 2.90 | 4.03 | 4.92 |
| 2011 | 4.19 | 4.68 | 5.43 | 6.03 |
| 2012 | 3.63 | 4.53 | 5.51 | 6.99 |
| 2013[1] | 2.32 | 3.19 | 4.44 | 5.11 |
| N.B. During the 4th quarter of 2011 the interest rates for new government bonds had risen to the following: | | | | |
| | 5.85 | 6.17 | 6.62 | 6.87 |

*Source:* Bank of Italy, Table 7, *Supplement to Statistical Bulletin*, no. 22, 2013.
[1] 1st quarter of 2013.

**Table 4-9 The Employment Impact of the Two Recessions since 2007**

| Employment Rates | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|---|
| Male | 75.8 | 75.4 | 73.8 | 72.8 | 72.6 | 71.6 |
| Female | 49.9 | 50.6 | 49.7 | 49.9 | 49.8 | 50.6 |

*Source:* Eurostat, June 1, 2013.

unemployment "is the most important issue in both Italy and Europe,"[28] and a similar message is coming from the Commission and the Council of Ministers that have earmarked 6 billion euros of the new 2014–2020 budget for the creation of jobs for those entering for the first time the job market. Another issue that has been raised with regard to youth employment is the pay scales, which are approximately 25 percent lower than those for older workers.

Other economic issues addressed by the Letta government involve the guarantee of low interest loans to firms in order to reactivate productive investments and the definition of an ambitious program of public investments financed through project financing and the support of the European Investment Bank. In essence, the objective in Italy is to move from the austerity program initiated by the Berlusconi and Monti governments to an expansionist one to be undertaken on the basis of both a national and European-wide initiative focused on growth and job creation.

## NOTES

1. For a discussion of this concept, see Charles Charbit, *Governance of Public Policy in Decentralised Contexts:The Multi-Level Approach* (Paris: Organization for Economic Cooperation and Development, 2011); Simona Piattoni, *The Theory of Multi-Level Governance: Conceptual, Empirical and Normative Challenges* (Oxford: Oxford University Press, 2012); Lisbet Hooghe and Gary Marks, *Multi-Level Governance and the European Union* (Oxford: Rowman and Littlefield, 2001).
2. This committee brings together all of the regional presidents and the prime minister to discuss the important policy matters that require national–regional coordination.
3. Committee of Regions, *White Paper on Multi-Level Governance*, Brussels: Committee of Regions, 2009.
4. Piattoni, 2010, p. 27.
5. See Stefano Bartolini, "The Politics of Institutional Reform in Italy," *West European Politics* 5 (July 1982): 207–208.
6. See Carlo Donolo, "Social Change and Transformation of the State in Italy," in *The State in Western Europe*, ed. Richard Scase (London: Croom Helm, 1980), 195–196; and Giuseppe Di Palma, "The Available State: Problems of Reform," in *Italy in Transition: Conflict and Consensus*, ed. Peter Lange and Sidney Tarrow (London: Frank Cass, 1980), 153–157.
7. See Bartolini, "Politics of Institutional Reform in Italy," 208.
8. See Martin Bull and Martin Rhodes, "Between Crisis and Transition: Italian Politics in the 1990s," in *Crisis and Transition in Italian Politics*, ed. Bull and Rhodes (London: Frank Cass, 1998), 4–8.

9. See Claudio M. Radaelli, "How Does Europeanization Produce Domestic Policy Change? Corporate Tax Policy in Italy and the United Kingdom," *Comparative Political Studies* 30 (October 1997): 557–561; and Claudio M. Radaelli, "Networks of Expertise and Policy Change in Italy," *South European Society and Politics* 3 (Autumn 1998): 4–18. Also see the special issue of the *Journal of European Public Policy*, "The Europeanisation of the Italian Political System: Politics and Policy" (November 2004).
10. See Vincent della Sala, "Hollowing Out and Hardening the State: European Integration and the Italian Economy," in Bull and Rhodes, *Crisis and Transition in Italian Politics*, 29–30; Giacinto della Cananea, "The Reform of Finance and Administration in Italy: Contrasting Achievements," in Bull and Rhodes, *Crisis and Transition in Italian Politics*, 196–197; and Vincent della Sala, "Italy: A Bridge Too Far?" *Parliamentary Affairs* 50 (July 1997): 399–400.
11. John Veugelers, "Recent Immigration Politics in Italy: A Short Story," *West European Politics* 17 (April 1994): 33–49.
12. Kimberly Hamilton, "Italy's Southern Exposure," Country Profiles, Migration Information Source, 2003, www.migrationinformation.org/Profiles.
13. The figures for 2004 do not appear in Table 4-6 because geographic breakdowns are not available.
14. James Walston, "Appendix: Immigration Statistics," *Bulletin of Italian Politics* 2, no. 1 (2010): 115–120.
15. Italy has very restrictive provisions for obtaining Italian citizenship: an immigrant must have resided in the country for at least ten years and have been gainfully employed during that period. As a result, about 85 percent of naturalizations are based on marriage to an Italian citizen. See Hamilton, "Italy's Southern Exposure."
16. See Asher Colombo and Giuseppe Sciortino, "The Bossi-Fini Law: Explicit Fanaticism, Implicit Moderation, and Poisoned Fruits," in *Italian Politics: The Second Berlusconi Government*, ed. Jean Blondel and Paolo Segatti (Oxford: Berghahn Books, 2003), 162–179.
17. Damilla Devitt, "The Rosarno Revolt" in Elisabetta Gualmini and Eleonora Pasotti, ed., *Italian Politics Much Ado about Nothing?* (New York: Berghahn, 2011), 220–237. In Calabria 70 percent of the agricultural labor force were in the country as illegal immigrants and therefore without access to health, housing, or educational facilities.
18. Christopher Hein, "Italy: Gateway to Europe, but Not the Gatekeeper," in *Kosovo's Refugees in the European Union*, ed. Joanne van Selm (London: Pinter Publishers, 2000), 139–161.
19. Organization for Economic Cooperation and Development, *International Mobility of the Highly Skilled* (Paris: Organization for Economic Cooperation and Development, 2002), 135–136.
20. See Edmund S. Phelps, *Enterprise and Inclusion in Italy* (Norwell, Mass.: Kluwer Academic Publishers, 2002), 155–186; and Roberto Schiattarella and Paolo Piacentini, "Old and New Dualisms in the Italian Labour Market," in *The Italian Economy at the Dawn of the 21st Century*, ed. Massimo Di Matteo and Paolo Piacentini (Aldershot, UK: Ashgate, 2003), 81–99.
21. Aris Accornero and Eliana Como, "The (Failed) Reform of Article 18," in Blondel and Segatti, *Italian Politics: The Second Berlusconi Government*, 199–220.
22. The coordinator of the team that drafted the white paper was Marco Biagi, one of Italy's leading labor lawyers, who was assassinated by the Red Brigades in March 2002.
23. Lucio Baccaro and Marco Simoni, "Article 18 and Labor Market Flexibility," in *Italian Politics: Italy between Europeanization and Domestic Politics*, ed. Sergio Fabbrini and Vincent della Sala (Oxford: Berghahn Books, 2004), 177.

24. Istituto Nazionale di Statistica (ISTAT), "Rilevazione sulle forze di lavoro," December 20, 2005.
25. On November 1, 2011, Mario Draghi became the president of the European Central Bank (ECB). He had been governor of the Bank of Italy from 2006.
26. See the *Annual Report of the Bank of Italy for 2012* (issued on May 31, 2013).
27. ISTAT, "Employment and Unemployment: Provisional Estimates," May 31, 2013.
28. Corriere della Sera, May 26, 2013.