

Federalism, privatisation and an individualist philosophy

ALESSANDRO MESSINA MARTINO MAZZONIS



Currently Italy is experiencing several radical institutional changes that are causing traumatic transformations in the life of its citizens. As a result of an ongoing debate, an institutional reform to decentralise the organisation of the State was implemented. This is a dangerous mechanism that occurs in a general framework where impulses towards privatisation are multiplying. The government is using it instrumentally in order to reduce the State's role as guarantor of individual rights.

This reform, which was hastily approved by Parliament and lacks an appropriate institutional structure, has resulted in an unprecedented shift of jurisdiction over the delivery of important services, such as health and education. Specifically, certain responsibilities were transferred to the regions without enough transfer of resources with which to deliver essential services. There was no decentralisation of taxation, and with the last budget law for 2003 Berlusconi has cut the transfers to local authorities. Moreover, there were no instruments envisaged to create a balance between poorer and richer regions (per capita GDP in Lombardy is more than double that of Calabria).

The European Union in its latest Councils meetings of Prime Ministers is still suggesting to all members that public services should be privatised. At the same time, Italy's internal stability pact (signed by the regions and the central government), which proposes the obligations agreed upon between national states and the European Union at a national level, imposes fiscal restraints on the country's twenty regions and forces them to cut local welfare. This is the context in which the change of government (Berlusconi's takeover) took place, as well as the neo-liberal choice of the new cabinet inviting the local authorities to privatise municipalised companies (transports, waterworks, etc.). Article 35 of the budget law for 2002 asked local authorities to privatise public services such as transport or water distribution, echoing the decisions of the European Union. All in all, the outcome produced by federalism, the European Union and the government threatens to become a potpourri where services are privatised, consumer prices grow and the differences between regions increase.¹ The enormous gap already existing in terms of the quality of services and structure of the labour market is in danger of widening if the decentralisation reform of the State fails to include instruments with which to balance resources at a central level.

U-turn on rights

Italy is the European country with the fewest instruments of income protection (unemployment benefits). Flexible employment results in very few part-time contracts, which are prevalent in Europe. On the other hand, temporary employment in Italy is very widespread – Italian companies choose to lower the cost of labour and to have low levels of social protection in order to be competitive in international markets. The number of persons who are defined as self-employed by Eurostat is almost double the European average and equals 26.2% of the total work force (only Portugal and Greece have higher percentages). Such a high percentage of self-employed citizens certainly does not refer to professionals,

but rather to those who have collaboration contracts,² although the tasks they carry out are typical of full employment. According to ISTAT, the National Institute of Statistics, 20% of the labour force, work in these conditions and this is the segment of labour where poverty is more frequent.

According to ISTAT, in 2001 12% of the population lived in relative poverty (7.83 million persons; 2.63 million families), 66% in the South, while those who lived in absolute poverty were 3.28 million, 4.2% of the population, 75% in the South. Between 2000 and 2001 countrywide poverty decreased 0.3%, but it increased in the South where long-term, female and youth unemployment rates, and the spread of irregular labour still reach very high levels.

The impact of monetisation of welfare

Italy's poor ranking in gender empowerment is due in part to the trend towards the monetisation of the welfare system. Many regions tend to substitute the assignment of money (detaxation, vouchers, allowances) for assistance and care systems (of the elderly, children, handicapped). In practice, however, poor families tend to prefer using these assignments as general income support consequently increasing the burden of women, who must now also perform the jobs of care and assistance. These additional household responsibilities make the participation of women in the labour market more difficult, or subsidiary to men's (part-time, alternation between outside employment and domestic care, etc.).

In addition, monetisation of welfare can be socially regressive. In certain cases, as with school vouchers that are intended to grant a right to education, traditional welfare instruments have been transformed into a veritable instrument of redistribution towards the upper classes: in some regions 90% of the school vouchers have been bestowed on private school students, children of the upper class, who comprise no more than 5-7% of the student population.

Plummeting public expenditure

In such a difficult social framework, political debate on welfare is constantly tied to the debate on resources: proponents of privatisation maintain that Italy's public sector is too expensive. However, is a private system really cheaper? And, is it true that Italians spend too much on rights?

If we compare Italian public expenditure with that of other European countries, Italy tends to be below average.³ Its relatively low level of public

1 It goes without saying that no serious debate has taken place in the country on the reform of the State in a federal direction or on privatisation. The government continues with covert reforms with a strong impact, local bodies differentiate their welfare models and public resources are redirected in favour of the richer classes, with a manoeuvre of reverse redistribution.

2 Contingent workers, subcontractors that go to the office every day, have a working schedule and a boss, but are treated as self employed in juridical terms: no vacations, no medical insurance, no pension scheme, etc.

3 In the EU expense for social protection reached 27.6% of GDP in 1999. In that period Italy spent 25.3% of its GDP for social protection and only came above Spain, Luxembourg and Portugal among EU countries. Between 1990 and 1999 the percentage of Italian expenditure of its GDP grew 0.6%, compared to the EU's growth of 2.1%, France's 2.4%, Germany's 4.2% (but it underwent reunification), Great Britain's 3.9%.

expenditure is largely the result of lower spending on welfare assistance and, to a certain extent, health care. In 1999 Italy spent 5.8% of its GDP on health care, against France's 8.1%, Germany's 8%, Great Britain's 6.4% and an EU average of 7.1%. In 1998 the United States, whose system is almost totally private, spent 5.7% of GDP on public health care. Besides, we should take into consideration that per capita GDP figures for all these countries are higher than Italy's. Therefore, in absolute terms, per capita expenditure is also higher: according to the UNDP, Italy is third from the bottom in per capita expenditure among the twenty largest economies and spends, on the whole (private plus public expenditure), 61% less than the United States, while delivering health care that is nevertheless judged much superior.

If we go on to analyse the health care system, one of the notable successes of Italian welfare (the second highest quality in the world according to WHO classification), we may observe that, within the regional management of health care, the regions spending more are those that redirect resources towards a private health system. While the public system is bound to efficiency criteria rather than profit, the private system tends to hospitalise people who have no need of it, to prolong hospitalisation, and to prescribe more expensive treatments in order to receive higher refunds from the regions' coffers. The deficit of Lombardy, leader in the privatisation process, and the country's richest region, grew tenfold in five years, and it grew more than the average of other regions in the public health sector.

Immigrants: between xenophobia and exploitation

The new laws passed by the government amount to a form of semi-slavery for foreigners who come to work in Italy. These laws seriously undermine immigrants' social conditions and rights, because they directly link the permit to enter the country to the existence of a contract, which gives the employer great power. If the contract is broken, the immigrant, no matter how long he/she has been living in the country, has to leave. Foreigners are employed by families to take care of children and the elderly, particularly in big cities. This is often irregular and badly paid labour, with few rights and a subservient relationship to the employer. Many of these people live with the family that employs them and depend on that family for a home. This is one of the factors leading to the placement of this labour force in vulnerable segments of the labour market, while at the same time there is a lack of corresponding public services (where foreign citizens could be actually employed with the same rights as other workers).⁴

The situation of asylum-seekers is even worse, as procedures have become more selective and available financial resources to process asylum requests constantly diminish. Asylum is not regulated by a law although it is guaranteed by the fact that Italy has signed the Geneva Treaty.

An individualist philosophy

Attention towards individual rights, the well being of the community, and the valorisation of a common heritage, apparently do not seem to be a prevailing trait of the Berlusconi administration. Many of its proposed or already approved regulations relieve public institutions of their social responsibilities and leave the individual halfway between the market and charity, to the exclusive advantage of big companies, especially large ones that can avoid competition, or to those colluding with political power.

⁴ Paradoxically, the political and social sectors that most oppose immigration (especially *Alleanza Nazionale* and the *Lega Nord*, members of the government coalition) contribute to the increase of the entry of foreign persons in a poorly protected and unstable labour market through their promotion of private and family-oriented welfare. This is because the best solution for a family that is left with complete responsibility for an elderly person is often to employ a foreigner irregularly.

It is certainly not due to chance that one of the Berlusconi administration's first acts was to render non-punishable the crime of fraudulent accounting practices. In other words, accounting fraud committed by a company administration was decriminalised. This measure, along with many others taken in the realm of judicial administration, besides partially undermining the administration of justice itself, is a clear result of Prime Minister and Foreign Secretary Berlusconi's judiciary problems⁵ as well as those of some of his party's Parliament members.⁶

It is noteworthy that no measures are being taken to improve the quality of justice itself (e.g., legal processes take an extremely long time). Rather, they are all intended to protect the president's allies. As a matter of fact, Berlusconi's lawyers' strategy for his trials is centred on deferring the hearing until the offence for which the Prime Minister is judged becomes barred by limitation resulting from new legislation that he proposed, rather than demonstrating that no offence has been committed in the first place. In this case the government's strategy goes beyond an individualist philosophy and goes so far as to transform the ruling classes' private interests into national legislation.

From development aid to voluntary corporate charity

From this class perspective the suggestion of de-taxation made by the Italian government at the 2002 World Summit in Johannesburg is also emblematic: companies are granted tax relief and thus invited to dispense charity, replacing the states' contribution to development. The present government may transform the whole structure of development aid (ODA), depending on the will of corporations to spend on ODA to get tax benefits from the government. Worst yet is Berlusconi's and José María Aznar's proposal to tie development aid (in Italian *APS - Aiuto per lo Sviluppo*) to the repression of underground emigration («We will help you if you keep your citizens from emigrating»). Fortunately, the proposal did not pass at the European level. On the issue of development, the government's search for good publicity and the growing absence of the state go hand in hand, giving a clear picture of the government's tendency to engage in media-oriented political action. Tellingly, on different occasions the Prime Minister/Foreign Secretary has forcibly stated it was «a shame» that Italy should be the country with the lowest expenditure in Europe (and OECD) for development aid, but the allocated sum in the 2002 finance bill remained a meagre 0.13% of GDP.

In the meantime, there is no sign of a new law on development aid. Spectacular announcements without substance of financial commitments multiply (such as the proposal of a Marshall plan for Palestine), while trifling measures are heralded as grand interventions (the anti AIDS fund at the Genoa G8).

In 2002, at the International Conference on Financing for Development, in Monterrey, Mexico, the Italian government agreed to the commitment of increasing ODA to 0.39% of GDP within 2006. We shall see. The danger is that in order to declare the growth of ODA it will use the bookkeeping trick of adding up the money destined to reduce poorer countries' debt to the sum allocated at present. ■

Sbilanciamoci – Lunaria
<mazzonis@lunaria.org>

⁵ The Prime Minister, Paolo Berlusconi, MP Cesare Previti and others have been prosecuted for corruption and for many fiscal crimes, and they are changing both laws and the judiciary system in order both to avoid punishment or to postpone the trial until the terms for being judged are expired.

⁶ The latest proposal (which is being discussed while this report is being written) introduces the possibility for the defendant to advance a «legitimate suspect» claim (where the person being judged asks to move the process from one Court to another because he has a legitimate suspicion that the court is not fair towards him, and that he is being persecuted) on the impartiality of the court that has been summoned to judge him. Although this legal recourse already exists, within certain limits, these limits are eliminated by this proposal.