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Between European Integration and Regional Autonomy: The Case of Italy from an Economic Perspective

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ABSTRACT: Italy has experienced a double political phenomenon over the last few decades: a transfer of powers to a supranational entity like the EU and a move towards regional autonomy. This paper aims to evaluate how policy competences are attributed to and exercised by the European, national and regional institutions. It develops a set of quantitative indicators analysing the legislative production of the EU, the Italian parliament and the Italian regions in various policy areas. The main findings indicate a certain substitutability between European and national legislation and that different levels of government share competences in a larger number of sectors than suggested by the economic theory.

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1. Introduction

Over the last few decades, a double tendency has characterised some European States: the transfer of certain powers to a supranational entity like the European Union (EU), on the one side, and a move towards regional autonomy, on the other. Italy represents a very interesting case in this respect, because, besides being one of the founding members of the EU, it implemented a process of decentralisation during the 1970s, further strengthened by a constitutional reform in 2001.

Moreover, the issue of the allocation of competences among the EU, the Member States and the regions is now especially topical. The process leading to the drafting of European Constitution (even if then it has not come into force) has attracted much attention from a constitutional political economy perspective both on a normative and positive point of view (Tabellini 2003a,b, Alesina and Perotti 2004, Breuss and Eller 2004, Mueller 2005). The Italian parliament has recently passed a new thorough constitutional reform, still to be approved by citizens in a referendum, which includes, among other things, the so called “devolution”, i.e. granting the regions exclusive competence in public health care, education and local police.

The goal of this paper is empirical. Following and extending the methodology proposed in a recent influential article by Alesina et al.(2005), which only concentrated on the EU activity (treaties, legislation, and European Court of Justice’s rulings), we develop a set of quantitative indicators measuring the intensity of the legislative activity of the Italian State, the EU and the Italian regions¹ from 1973 to 2005 in a large number of policy categories. By doing so, we seek to answer the following broad questions. Are European and regional legislations substitutes for state laws? To what extent are the competences attributed by the European treaties or the Italian Constitution actually exerted in the various policy areas? Is their exercise consistent with the normative recommendations from the economic literature about their optimum allocation among different levels of government?

The main results show that, first, there seems to be a certain substitutability between EU and national legislations (even if not a very strong one), but not between regional and national ones. Second, the EU concentrates its legislative activity mainly in international trade and agriculture, whilst social policy is where the regions and the State (which is also the main actor in foreign policy) are more active. Third, at least two levels of government (in some cases all of them) are significantly involved in the legislative activity in many sectors, even where the rationale for that is, at best, very

questionable, indicating that they actually share a larger number of policy tasks than that suggested by the economic theory.

This paper is structured as follows. Section 2 briefly outlines the framework for our analysis, drawing on the normative recommendations for the optimum degree of centralisation or decentralisation of competences suggested by the economic literature on integration and disintegration processes and fiscal federalism. Section 3 describes the rules governing the actual allocation of policy tasks among the EU, the Italian State and the Italian regions. Section 4 introduces the empirical analysis by discussing the relation between national legislation, on the one side, and European and regional ones, on the other. Section 5 presents our indicators measuring various aspects of the involvement of the three level of governments in different policy sectors. Section 6 concludes.

2. A simple framework: "who should do what?"

The recent economic literature on integration and disintegration processes provides a useful framework for a discussion about the optimum allocation of policy competences among different levels of governments.² Alesina et al. (2001, 2005a) analyse the determinants of the degree of centralisation and the size of international unions by modelling a union as a group of countries deciding together on the provision of public goods or policies which produce a spillover effect across members. Bolton and Roland (1997) employ heterogeneity in economic fundamentals (income or productivity) and distortionary taxation to study the conditions under which a majority in favour of secession (or unification) arises in the regions of a democratic country.

These papers focus on a basic trade-off between the benefits of centralisation, arising from economies of scale or externalities, and the costs of harmonising policies as a consequence of the heterogeneity of preferences, which suggest decentralisation of policy tasks. The normative conclusions imply that competence in areas with large economies of scale and relevant externalities to be internalised should be attributed to a supranational level of government, whilst sectors whose dominant feature is heterogeneity of preferences should be of national or local competence. These ideas are also related to theories of fiscal federalism, pioneered by Tiebout (1956), Musgrave (1959) and Oates (1972).³ Fiscal federalism, however, is especially relevant when discussing about allocation of competences between national and sub-national levels of government (thus leaving aside the supranational level), because it emphasises the roles of individual mobility and fiscal transfers, which are both much larger inside a single country than in an international union like the EU.

The application of the theoretical principles outlined above to the real world first requires a classification of policy areas. Throughout the paper we will follow that proposed by Alesina et al. (2005b), which presents the advantages of being quite simple and broadly consistent with existing data sources, and identify the following nine policy categories (some of them are further split into sub-categories in order to obtain more homogeneous policy sectors):

International trade: it includes external trade provisions;

Common Market: this area encompasses all the provisions aimed at promoting the free movement of goods, services, capital and people inside the EU, and at harmonising or establishing mutual acceptance of national norms;

Money and Fiscal: this broad chapter covering economic policy is divided into two sub-categories. *Money and macro policy* concerns monetary and macroeconomic policy, including budgets. *Taxation* refers to provisions concerning direct and indirect taxation;

Education, research and culture: this category encompasses a wide range of policies, including also youth policies, tourism and sport;

Environment: it includes protection of the environment and measures against pollution;

Sectoral business relations: this broad area is further split into three sub-categories: *Agriculture and fisheries, Industry and energy, Transport*;

Non-sectoral business relations: it includes competition policy, undertaking laws and state aid;

International relations: this chapter encompasses foreign policy (except for commercial policy), defence and foreign aid;

Citizen and social protection: this area covers a wide range of policies and therefore is divided into three sub-categories: *Justice and migration* (including home affairs, civil rights and fight against crime)

Health, employment and social protection (including consumer protection), *Regional aid*.

<Table 1 here>

The normative insights about the allocation of competences among different levels of government from the economic literature are summarised in Table 1, with the caveat that inevitably judgements on such issue are quite tentative and include a certain degree of subjectivity. For a more detailed discussion see Alesina et al. (2005b) and the extensive survey by Breuss and Eller (2004).

Firstly, there exists a group of competencies which should be attributed to only one level of government. Among them, the areas of *International trade* and *Common Market* should quite clearly be assigned to the EU; consequently the EU should have exclusive competence in *Non-sectoral business relations* too, since the maintenance of different national regulations about competition policy or state

aid could distort the functioning of the Single Market. On the contrary, *Agriculture and fisheries*, *Industry and energy*, *Regional aid* should be assigned to the national level, because they do not provide public goods on an international scale (the first two policy sectors) or because of large heterogeneity of preferences (the last sector).

Secondly, some competences should be shared among different levels of government. *Environment*, *Transport* and *Justice and migration* may reasonably involve the EU, the Member States and the regions, because they present some effects of scale or some kind of externalities calling for EU-wide action (for instance, problems of global warming, international transportation and communication network, international crime), but have also a clear national or local dimension (think of preservation of environmental heritage, national or local transportation network, local crime). *International relations* shows significant economies of scale and externalities to be exploited at the EU level (especially in the defence sector), but also preference heterogeneity because of different national geo-political interests; therefore both the EU and the Member States should probably have competence on such policy area.

Finally, in a certain number of policy sectors the optimal allocation of competences is quite controversial and hotly debated in the literature. This is the case for *Money and fiscal*, *Education*, *research and culture* and *Health, employment and social protection*. The first has been the subject of a long debate concentrating on the benefits and costs of centralisation of monetary policy at the EU level in the light of the theory of Optimum Currency Area (Mundell 1961, De Grauwe 2003) and of coordination of national fiscal policies (Eichengreen and Wyplosz 1998, Brunila et al. 2001); another issue in this field concerns the assignment of taxing powers to the different levels of government according to the principles of fiscal federalism. The second policy area presents heterogeneous national or local preferences and limited externalities as regards educational and cultural matters, but it has been pointed out that there exists economies of scale in research and development which might call for a supranational intervention (Hoeller et al. 1996). The last category is characterised by large differences in the level of protection offered by national welfare systems, which have led many authors to identify different 'European social models' (Sapir 2005). Heterogeneous preferences also provide a strong argument in favour of decentralisation at the sub-national level; however, a role for the EU has sometimes been advocated with a view to avoiding the risk of social dumping, which could produce a negative externality between Member States (Persson et al. 1997).

In order to provide a rough guide for our subsequent empirical analysis, we may argue that *Money and macro policy* should be shared between the EU and the Member States (with an obvious role for the sub-national governments in defining their own budgetary policy), whereas *Taxation* and *Health*,

employment and social protection and *Education, research and culture* between the national and the sub-national levels. As regards the latter area, however, economies of scale in research activities suggest at least a supporting role for the EU in that field.

3. The actual allocation of competences

This section gives a concise presentation, only providing the essential background for our empirical analysis, of the actual allocation of competences between the EU and the Member States and between the State and the regions in Italy (for more details on the former, see Hix 2005, Nugent 2002; on the latter, see Rescigno 2005).

The evolution of the EU's policy responsibilities is shown in Table 2. It can be easily noted a pattern characterised by more and more competences assigned to the EU in an ever larger number of policy sectors, which have added to the Community's original tasks (concerning international trade, common market and agriculture). Such transfer of competence has taken place over the last twenty years through the Single European Act (1987), the Maastricht Treaty (1993), the Amsterdam Treaty (1999) and, to a lesser extent, the Nice Treaty (2003).⁴

<Table 2 here>

According to the European Constitution⁵ and the working documents of the European Convention which drafted it (European Convention 2002a,b), three categories of EU competence can be identified: exclusive, shared and complementary. The first confers the EU the exclusive right to legislate in a specific area; the Member States can only act to implement EU law. This category includes: customs union, competition rules for the internal market, monetary policy for the Euro area, common commercial policy and conservation of marine biological resources under the common fisheries policy. The second applies to areas in which 'the Member States shall exercise their competence to the extent that the Union has not exercised [...] its competence' (Art. I12). In other words, once the EU has adopted a legislative act, Member States may no longer legislate in the field covered by it and EU laws prevail over those of the Member States. Most policy areas fall into this category, including, among others, agriculture and fisheries, internal market and environment. The third is defined as the 'competence to carry out supporting, coordinating or complementary action' (Art. I17); the EU's activity cannot supersede Member States' competence nor entail harmonisation of their laws. Areas falling into this category are, for instance, industry, education and culture.

The EU's activity has to conform to the principles of subsidiarity and proportionality. According to the former, the EU should not act unless its action is more effective than that taken at national, regional or local level. It is intended to ensure that decisions are taken as closely as possible to the citizen and that constant checks are made as to whether any proposed action at the EU level is actually justified by reason of its scale or effects; however, subsidiarity does not apply to the areas falling into the EU's exclusive competence. The latter states that any action by the EU should not go beyond what is essential to achieve the objectives envisaged in the Treaties. Nevertheless, since they are rather general, these principles are often difficult to translate into practice (Begg 1993; Berglof et al. 2003).

The primary source of EU law is represented by the Treaties, which also identify the main legal instruments available to the EU institutions (secondary law). Here the classic division is between binding acts (regulations, directives and decisions) and non-binding acts (recommendations and opinions). As regards binding acts, both regulations and directives are of general scope, and are by their nature normative. The former are addressed directly to citizens and are binding in their entirety, whereas the latter are addressed to Member States and are binding with regard to the objective, but leave Member States the freedom to choose the appropriate legal instrument to achieve it.⁶ By contrast, a decision 'constitutes an individual act which is not of general scope' (European Convention 2002b, p.5): it is usually addressed to specific individuals, firms or countries and is binding in its entirety.

The 1948 Italian Constitution provided for the formation of regions as autonomous entities with own powers and functions, but they were actually created only in 1970 and started to function in April 1972 after a series of decrees had operated a first (and quite restrictive) transfer of competences, which was then widened and completed in 1977 by legislative decree 616/77 (Putnam 1993). There are two categories of regions: most of them (15 out of 20) are classified as "ordinary", while the other five are called "special", as they are granted a slightly larger degree of autonomy because of their peculiar geographical and cultural characteristics.⁷

The ordinary regions were given legislative power in policy areas falling into their competence, but all their laws had to respect the 'fundamental principles' established by state law and could not go against the 'national interest' or the interests of other regions. Therefore the regions had no exclusive competence in any matters; their legislative power always had to be shared with the State. In 2001, a constitutional reform changed such system.⁸ Now the Constitution provides a list of matters in which the State retains exclusive legislative competence, has enlarged the number of areas of shared competence (called 'matters of concurrent legislation') and attributes exclusive competence to the

regions in all other matters. A detailed comparison between State and regional competences before and after 2001 is provided in Annex 1.

Here we highlight the discrepancies between the actual allocation of competences among the EU, the Italian State and the Italian regions and the normative recommendations outlined above in Table 1.

Table 3 shows that the policy responsibilities of the State are broadly in line with the theoretical prescriptions, except for *Non-sectoral business relations*, where its role does not seem justified. The EU has an excessively large role in *Sectoral business relations* and *Citizen and social protection*, even if this does not sound very surprising if some politico-economic reasons are taken into account. For instance, as regards *Agriculture and fisheries*, the Common Agricultural Policy was the first genuine European policy, put in place when the European Community was a net importer of food products and a large share of its workforce was still employed in agriculture, in order to guarantee food self-sufficiency and a fair income to farmers (Tracy 1992). Another prominent example is *Regional aid*, where the role of the EU has found a political justification as a provider of side payments for those Member States supposed to be penalised from the completion of the Single Market and the creation of the Economic and Monetary Union (Allen 2000). With regard to the Italian regions, they can play a large role in *Money and macro policy* (especially as regards banking and coordination of public finance) and have also been granted (quite surprisingly) some responsibilities for *International trade* and *International relations*, where, according to the economic theory, they should have no competence at all.

<Table 3 here>

In all, each level of government seems to have an excessive number of competences and can thus act also in areas where its involvement is, at best, very questionable. However, what has been discussed so far is only the situation “on paper”, according to the European Treaties and the Italian Constitution. In section 5 below, we will investigate to what extent such competences are actually exercised.

4. The evolution of legislative activity

This section provides a general overview of the evolution of the legislative activity carried out by the Italian State, the EU and the Italian regions, before moving to a sectoral analysis in the next section. First, we have to define what kinds of acts are to be included in our definition of “laws”. In order to

make meaningful comparisons, for each level of government only the following categories of acts are taken into account:

- Italy: ordinary laws passed by the Italian parliament (henceforth, the State);
- EU: regulations and directives (decisions are excluded because they are not of general scope);
- Regions: regional laws passed by both ordinary and special regions.

All legislative acts passed by each level of government from 1973 (when the ordinary regions started to operate) to 2005 are counted, regardless of whether they are still into force or not. The split into three sub-periods in Table 4 shows that the number of state laws remained almost stable from 1973 to the mid-1990s, then sensibly declined over the last decade. The opposite is true for the EU: just a slight increase in 1984-94 from the number registered in 1973-83, then a dramatic rise over the last decade. The pattern followed by regional laws is quite similar to that of state laws, even if their declining trend is smoother. If one looks at the ratio of EU to state laws and to that of regional to state laws, the former has been marked by a spectacular increase in the last sub-period (from 7.7 to 17.4), whilst the latter has not varied very significantly throughout the 1973-2005 period.

<Table 4 here>

The number of state laws is negatively correlated (-0.41) with that of EU laws and positively correlated (0.40) with that of regional laws (Table 5). Therefore there appears to be a certain degree of substitutability between EU laws and state laws, while regional laws and state laws tend to be complementary. The latter phenomenon may seem surprising at first sight, but can be accounted for if we consider the different characteristics and timing of the transfer of competences from the State to the supranational and sub-national levels respectively. In the former case, a certain number of policy areas are of exclusive competence of the EU and even when they are shared with Member States, EU legislation prevails over national ones; moreover, the transfer has been progressive but almost continuous during the last two decades, mainly through the 1987 Single European Act, the 1993 Maastricht Treaty and the 1999 Amsterdam Treaty. Hence EU and state laws may be substitutes.

In the latter case, on the contrary, over most of the period considered the ordinary regions had no exclusive competences and in areas of shared competence regional laws were submitted to the 'fundamental principles' established by state laws; moreover, the process of transfer of competences was concentrated in a short time span (from 1972 to 1977), then no further increase in regional powers took place until the 2001 constitutional reform, which, however, is too recent to produce notable effects. These features thus explain why regional laws actually add to state ones, not substitute for them.

May these statistical correlations imply a causal relationship between the annual number of EU and regional laws, on the one side, and the annual number of state laws, on the other? In other words, is the latter really influenced by the former? From the above discussion, we may suppose that the growing legislative activity of the EU does have played a role in reducing that of the State, whereas we should not expect any significant effect of the number of regional laws on that of state laws.

Obviously, before testing econometrically these hypotheses, it must be noted that the number of state laws passed in a certain year should be influenced also by other factors; in particular, it should be lower in years where parliamentary elections take place, which impose a few-month stop to the legislative activity. According to the Constitution, the two chambers of parliament are elected for five years, but, throughout the 1973-2005 period, early elections have been very frequent (they took place in 1976, 1979, 1983, 1987, 1994 and 1996), whilst regular elections (at the end of a complete five-year term) were only held in 1992 and 2001. One may suppose that the negative impact of early elections on the number of laws is larger than that of regular elections, because in the former case, which usually takes place after a government crisis, the dissolution of parliament is not anticipated by the institutional actors, while in the latter they expect the dissolution of parliament and can adapt their behaviour accordingly (for instance, by intensifying their legislative production in the months prior to the dissolution). To test whether the number of EU laws and that of regional laws significantly affect the number of state laws after controlling for election years, we estimate the following two equations:⁹

$$LAW_ITA_t = a + \beta_1 LAW_EU_t + \beta_2 LAW_REG_t + \beta_3 EL_t + e_t \quad (1)$$

$$LAW_ITA_t = a + \beta_1 LAW_EU_t + \beta_2 LAW_REG_t + \beta_3 EARLY_EL_t + \beta_4 REGULAR_EL_t + e_t \quad (2)$$

$t = 1973, \dots, 2005$

where

LAW_ITA_t is the number of ordinary laws passed by the State in year t ;

LAW_EU_t is the number of regulations and directives adopted by the EU in year t ;

LAW_REG_t is the number of regional laws passed by the Italian regions in year t ;

EL_t takes a value of 1 if parliamentary elections took place in Italy year t , 0 otherwise;

$EARLY_EL_t$ takes a value of 1 if early parliamentary elections took place in Italy in year t , 0 otherwise;

$REGULAR_EL_t$ takes a value of 1 if regular parliamentary elections took place in Italy in year t , 0 otherwise;

e_t is the normally-distributed error term.

<Tables 5 and 6 here>

The two specifications explain respectively about 40 and 45 per cent of the variance of the dependent variable (Table 6). The Ljung-Box *Q-statistic* shows no sign of autocorrelation of the residuals; this is not surprising, since the variables in the model do not have an economic nature. The coefficient of LAW_EU is negative and always highly significant, while that of LAW_REG is positive but not significant. However, their quantitative impact is fairly low. An increase of 100 in the annual number of EU laws implies a decrease of almost 3 in the annual number of state laws. The hypotheses on elections are fully corroborated by the data. According to specification (1), in an election year the Italian parliament approves on average 55 laws less than in a normal year, but equation (2) shows that this negative effect is much larger for early elections than for regular ones (-70 against -12) and is only significant in the former case.

With the caveats that the number of available observations is necessarily quite limited, what conclusions can be drawn from these regressions? The progressive transfer of competences to and the consequent growing legislative activity of the EU actually seem to have contributed, albeit not to a very large extent, to the diminution of the legislative activity of the State. By contrast, the regions have played no role in it. As discussed above, from the late 1970s to the beginning of this century their policy competences did not change and all of them were shared with the State; their legislative production has followed a pattern similar to that of the State, but, as expected, the statistical effect of the former on the latter is not significant.

5. Sectoral breakdown of legislation

We now proceed to analyse the sectoral distribution of all the legislative acts passed in the 1973-2005 period by the State, the EU and a sample of ordinary regions composed of the five most populous ones (Region-5): Lombardy, Campania, Lazio, Veneto and Piedmont, together accounting for 50% of the Italian population (29.5 million people out of 58.5 million).¹⁰ Laws are classified according to the policy categories defined in Section 2 above. For details on data sources, see Annex 2.

Our exercise is purely quantitative and presents the advantage of being objective and transparent. However, laws may be more or less influential. For instance, the Italian parliament has traditionally made frequent use of the so called *leggine* ("small laws"), targeted at satisfying very narrow and

specific, often local, interests (Spotts and Wieser 1986). The approach followed in this paper does not permit to assess the quality of legislation, but, if one assumes that differences in the relevance and effectiveness of legislative acts are randomly distributed across policy areas, this problem becomes much less severe, since we use very large samples and thus can reasonably rely upon the law of large numbers (Alesina et al. 2005b).

Tables 7 and 8 provide an overview of the legislative activity of the State, the EU, and the Region-5 in the various sectors. A further category, termed *Institutional provisions*, is added for practical reasons, namely to ensure that all legislative acts can be classified. This is not a real policy sector, but a residual category covering all those norms concerning the internal functioning and organisation of the institutions (including elections and referenda), which could not enter the other policy areas. The bulk of State's activity is in *Citizen and social protection* (27.6%), *International relations* (17.8%), *Sectoral business relations* (17.3%), *Money and fiscal* (12.0%) and *Education, research and culture* (11.7%). The fall in the number laws passed in 1995-2005 mainly came from *Citizen and social protection* (especially *Health, employment and social protection*), *Sectoral business relations* and *Money and fiscal*, while *International relations* registered a considerable increase. With regard to the EU, almost 90% of its legislation is concentrated in just two areas: *Agriculture and fisheries* (54.7%)¹¹ and *International trade* (33.5%). It is interesting to note the increase in *International relations* in 1984-94, mainly due to the development of tools such as association or cooperation agreements and financial assistance to third countries¹², and in *Citizen and social protection* (notably in *Health, employment and social protection*) and *Money and macro policy* in 1995-2005, as a result of the new competences in social and economic policy attributed to the EU by the Maastricht and Amsterdam Treaties. The Region-5 are active, above all, in *Citizen and social protection* (25.7%), *Sectoral business relations* (18.4%), *Money and macro policy* (17.4%)¹³ and *Education, research and culture* (15.6%). The number of laws experienced a decline in all categories in 1995-2005, but it was particularly sharp in *Health, employment and social protection*.

<Tables 7 and 8 here>

The basic data presented so far can only give a partial and quite fragmented picture of the involvement of the State, the EU and the Region-5 in the various policy domains. In particular, they do not yet enable us to effectively compare the activity of the three levels of government in a specific sector, because the size of their legislative production is very different (6124 laws for the State, 61325 for the EU, 8944 for the Region-5). To do so, we construct a few summary indicators whose values depend on the relative weights of the nine policy categories¹⁴ for each level of government, but not on

the absolute number of legislative acts. Such indicators permit us to extend our analysis and answer the following questions: in what categories is the activity of each level of government more intense, both in absolute terms and in comparison with the other levels? What are the most heavily regulated sectors? In which areas are competences actually more shared between different levels of government or more exclusively exercised by a single level?

We proceed in two steps. First, following the methodology proposed by Alesina et al. (2005b), we create a new indicator for each of the three level of governments, termed *ITA*, *EU* and *REG* respectively, by dividing the number of laws in each of the nine policy categories in Table 7 by the column mean (reported in the last row of Table 7) and then normalising such new values so that the column mean in Table 9 equals 1 (columns 1, 2 and 3).¹⁵ Hence a value above (below) 1 indicates large (small) legislative activity of the corresponding level of government in a certain area. We term this feature "absolute involvement" (Table 10).

Afterwards, we construct three more indicators (Table 9, columns 4, 5 and 8): arithmetic mean (*A*), geometric mean (*G*) and minimum value (*M*), defined as follows:

$$A = (ITA + EU + REG) / 3 \quad (3)$$

$$G = \sqrt[3]{ITA * EU * REG} \quad (4)$$

$$M = \min (ITA; EU; REG) \quad (5)$$

We also calculate *M* and *G* with respect to *ITA* and *EU* only, and *ITA* and *REG* only (Table 9, columns 6, 7, 9, 10). The values of *A*, *M*, and *G* are normalised so that their column mean in Table 9 equals 1.¹⁶ The three indicators serve different purposes. *A* performs two functions: first, it provides a measure of how heavily "regulated" a policy sector is, irrespective of which levels of government actually legislate in it (the column labelled *TOTAL* in Table 10); second, by comparing its value to those of *ITA*, *EU* and *REG*, we may evaluate the "relative involvement" of each level of government in a certain category, i.e. whether its legislative activity is more or less intense than that category's average (Table 11).¹⁷ By contrast, both *G* and *M* measure the intensity of the joint legislative activity of all the levels of government considered;¹⁸ the former indicator gives equal weight to the values of *ITA*, *EU* and *REG*, whereas the latter only takes into account the smallest among them. We use their arithmetic mean to assess whether legislative competence is shared among the three levels of government (or between two of them) or exclusively exerted by a single level of government (Table 12).

<Tables 9-10-11-12 here>

The main findings for each policy sector can be summarised as follows:

International trade: this category offers the clearest example of EU's exclusive competence; the EU's involvement is very high (both in absolute and relative terms), but, since the role of the State is negligible and that of the regions is nil, this policy sector presents, as a whole, a medium degree of regulation.

Common market: it shows many similarities to *International trade* (almost exclusive EU's competence, limited role of the State, no role for the regions), but the EU's absolute involvement is very low and thus the degree of regulation is very low too.

Money and fiscal: in both *Money and macro policy* and *Taxation*, the EU's absolute and relative involvement are very low; *Money and macro policy* is shared between the State and the regions and is a highly regulated sector, with a higher involvement of the regions; *Taxation* is of almost exclusive State's competence and presents a low degree of regulation.

Education, research and culture: the competence in this category is mainly shared between the State and the Regions, with a higher involvement of the latter; the EU plays a very small role and the overall degree of regulation is medium.

Environment: this is a lowly regulated sector, where the main role is played by the regions, which display a medium absolute involvement, while the presence of the State and the EU is much lower.

Sectoral business relations: competences in all three subcategories are highly shared among the three levels of government; *Agriculture and fisheries* is the only policy area where the absolute involvement of the EU, the State and the regions is high or very high and therefore it is very highly regulated; in relative terms, the EU's involvement is however much higher than that of the other two levels; both *Industry and energy* and *Transport* show a high absolute involvement of the State and the regions and a low one of the EU; the former sector is characterised by a medium degree of regulation, the latter by a high one.

Non-sectoral business relations: this category is mainly of State's competence, with some role played also by the regions, whereas the EU's involvement is very low; however, the overall degree of regulation is very low.

International relations: the competence in this area is partially shared between the State and the EU, with high absolute and relative involvements of the former and small ones of the latter; the role of the regions is negligible and the overall degree of regulation is low.

Citizen and social protection: the situations of the three subcategories are rather different, even if the EU's involvement in all of them is low or very low; *Justice and migration* is a highly regulated sector, shared between the State and the regions, which are both highly involved in it; *Health, employment and social protection* is highly shared among the three levels of government and very highly regulated, with a high involvement of the State and the regions; finally, *Regional aid* presents a low degree of regulation and is mainly of State's competence.

The overall picture emerging from our analysis suggests two main remarks. Firstly, whereas the situation in some areas (such as *International trade* or *Education, research and culture*) is in line with the previous normative recommendations, in too many policy sectors competences appear to be really shared among the three levels of government, contrary to what the economic theory would suggest. This is especially true for *Agriculture and fisheries*, *Industry and energy* and *Health, employment and social protection*. The first area is particularly interesting, not much because of the very large role of the EU, which is well documented in the literature, but just because, despite it, also the State and the regions intervene heavily. The lack of clarity stemming from the joint involvement of different levels of government in too many areas may make it difficult for citizens to understand "who actually does what".¹⁹ Secondly, in spite of an extensive transfer of competence to the EU and to the regions, the legislative role of the State in Italy is still crucial in most sectors. This is broadly consistent with an intergovernmentalist view of the European integration process (Moravcsik 1998, Milward 2000) and contrast with the vision of a "Europe of the Regions" predicted by some observers a few years ago (for instance, Drèze 1993), where increasing international economic integration would possibly lead to domestic political disintegration.

7. Conclusions

This article has analysed the legislative production of the EU, the Italian parliament and the Italian regions in various policy sectors over the last three decades, in order to evaluate the effects of two phenomena occurred in Italy almost at the same time: the progressive transfer of powers to a supranational entity like the EU and the move to regional autonomy. The main findings have shown that European and national legislations (but not regional and national legislations) are, to a certain extent, substitutes and that an excessive number of competences are actually shared among different levels of government.

From an economic perspective, it may well be recommended that some competences be shared, but only when the balance between scale or spillover effects and heterogeneity of preferences suggests so. When, on the contrary, too many levels of government are involved in a certain policy area, the distinction between their different responsibilities easily becomes unnecessarily blurred. This may not only leads to a slower and inefficient policy-making process, but also risks to make it too complicate to understand for citizens, who, on the contrary, should be able to know who is really responsible for a certain policy when they vote in national, local or European elections or in referenda on national or European constitutional issues.

This latter remark raises relevant issues of accountability in modern democracies. An unclear allocation of competences, on the one side, makes politically convenient for the central government to criticise the EU for unpopular domestic decisions (the “blame Brussels” strategy, in press jargon); on the other, if a regional government is run by a different coalition of parties than that supporting the central government, it provides a strong incentive for the former to blame the latter (or vice-versa) in case of some local political problems or policy failures. However, such strategies can become very costly, because, when they are called to express their opinion, citizens may even block the political processes promoting European integration or regional autonomy through their vote.²⁰ In the last few years, the issue of the optimum allocation of competences is therefore likely to become not only of increasing academic interest, but also more and more pressing for policy-makers.

Finally, our research could be extended to other EU countries characterised by a federal structure or strong regional autonomy (such as Germany, Spain, the United Kingdom). This would permit to make interesting comparisons and probably to generalise our findings about the relations among national, supranational and sub-national levels of government in Europe.

Notes

1. Throughout the paper, we will define the sub-national level in Italy as the regions, since more local levels of government (provinces and municipalities) have no legislative power.
2. See Ruta (2005) for a detailed survey of this strand of literature.
3. An excellent survey of fiscal federalism can be found in Oates (1999).
4. The years in parentheses refer to the entry into force of the treaties.
5. Even if it has not entered into force, the European Constitution provides a very useful classification of the present system of EU competences.
6. In Italy, since 1989, most directives are implemented in the following way: parliament passes an ordinary law, known as *legge comunitaria* (“Community Act”), delegating the government to adopt the necessary measures by means of legislative decrees or other instruments (Rescigno 2005).

7. This category is composed of three small regions located at the northern borders of the country, with a large presence of ethnic and linguistic minorities (Valle d'Aosta, Friuli-Venezia Giulia and Trentino-Alto Adige) plus the two largest Italian islands (Sardinia and Sicily).
8. This reform became fully operative in May 2003 after the passing by parliament of the so called "La Loggia Act" (see Bordignon and Cerniglia 2004 for more details).
9. We also tried to include other political variables in the equations, namely the existence of a centre-left or centre-right majority in parliament and the use of proportional or majority electoral rules. However they not only prove insignificant, but also suffered from serious problems of multicollinearity with the other explanatory variables.
10. The correlation coefficient between the annual number of laws passed by the Region-5 and those passed by all the 20 regions in the 1973-2005 period is 0.90.
11. As pointed out by Alesina and Spolaore (2003, p.240), such an impressive figure also reflects the high degree of specificity and detail of EU legislation in this sector.
12. Relations with Central and Eastern Europe after 1989 probably represent the most prominent example.
13. This surprisingly high figure is chiefly due to budget laws and their frequent amendments during the financial year and to laws approving the budget of various regional administrative bodies.
14. *Institutional provisions* is excluded from the following analysis because it is a category not corresponding to a real policy sector.
15. Sub-categories' values are normalised so that their mean equals the value of the indicator for their own category.
16. As before, sub-categories' values are normalised so that their mean equals the value of the indicator for their own category.
17. A level of government may show, at the same time, a low absolute involvement and a high relative involvement (or vice versa) in a certain sector; this is the case, for instance, of the EU in the *Common market* category (see below).
18. Both indicators score 0 in a certain category if at least one level of government is not involved in legislative activity.
19. A notable exception to such pattern is *Environment*, the area in which the involvement of all three levels of government would probably be most justified according to the economic theory, where, by contrast, the role of the regions is clearly predominant.
20. A recent example is the rejection of the European Constitution in France and the Netherlands.

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Annex 1. Allocation of legislative competences between the State and the regions in Italy

	AFTER 2001	BEFORE 2001
State's exclusive legislative competence	1) foreign policy and international relations of the State; relations of the State with the European Union; right of asylum and legal status of the citizens of States not belonging to the European Union; 2) immigration; 3) relations between the republic and religious denominations; 4) defence and armed forces; state security; weapons, ammunitions and explosives; 5) money, protection of savings, financial markets; protection of competition; currency system; state taxation system and accounting; equalization of regional financial resources; 6) state organs and their electoral laws; state referenda; election of the European Parliament; 7) organization and administration of the State and of national public bodies; 8) law, order and security, aside from the local administrative police; 9) citizenship, registry of personal status and registry of residence; 10) jurisdiction and procedural laws; civil and criminal law; administrative tribunals; 11) determination of the basic standards of welfare related to those civil and social rights that must be guaranteed in the entire national territory; 12) general rules on education; 13) social security; 14) electoral legislation, local government and fundamental functions of municipalit�es, provinces and metropolitan cities; 15) customs, protection of national boundaries and international	Any matters not expressly reserved to concurrent legislation

		prophylactic measures; 16) weights, units of measurement and time standards; coordination of the informative, statistical and information-technology aspects of the data of the state, regional and local administrations; intellectual property; 17) protection of the environment, of the ecosystem and of the cultural heritage.
Shared legislative competence (concurrent legislation)		<p>1) international and European Union relations of the regions;</p> <p>2) foreign trade;</p> <p>3) protection and safety of labour;</p> <p>4) education, without infringement of the autonomy of schools and other institutions, and with the exception of vocational training;</p> <p>5) professions;</p> <p>6) scientific and technological research and support for innovation in the productive sectors;</p> <p>7) health protection;</p> <p>8) food;</p> <p>9) sports regulations;</p> <p>10) disaster relief service;</p> <p>11) land-use regulation and planning;</p> <p>12) harbours and civil airports;</p> <p>13) major transportation and navigation networks;</p> <p>14) regulation of media and communication;</p> <p>15) production, transportation and national distribution of energy;</p> <p>16) complementary and integrative pensions systems;</p> <p>17) harmonization of the budgetary rules of the public sector and coordination of the public finance and the taxation system;</p> <p>18) promotion of the environmental and cultural heritage, and promotion and organization of cultural activities;</p> <p>19) savings banks, rural co-operative banks, regional banks;</p> <p>20) regional institutions for credit to agriculture and land development.</p>
Regions' exclusive competence	legislative	Any matters not expressly reserved to state law.

*According to legislative decree 616/77, the regions might legislate in all matters in which administrative functions were delegated to them by the State. In addition to those mentioned in the Constitution, some more matters were thus included, especially in the environmental and cultural sectors.

Source: Italian Constitution (Art. 117)

Annex 2. Data sources and summary statistics

Data on EU legislation are taken from the *EUR-Lex* database, available at <http://europa.eu.int/eur-lex/lex/en/index.htm>. For the breakdown into policy categories, see the classification in Alesina et al. (2005: 316-17). Only the two following modifications have been applied: *Money and macro policy* also includes category 01.6 and *Institutional provisions* includes categories 01.1-5.

Data on national legislation comes from the UTET *LEX + CODEX* database, available at <http://www.utetgiuridica.it/>. Legislative acts have then been reclassified by the author to match the policy categories as defined in the paper.

Data on regional laws is from the House of Representatives (*Camera dei Deputati*) database, available at <http://camera.ancitel.it/rec>. Since no classification is provided by the database, regional laws have been directly classified by the author according to the policy categories as defined in the paper.

Table A.1 displays the summary statistics of variables employed in the regressions presented in section 4.

<Table A.1 here>

Table 1. Allocation of competences: normative recommendations from the economic literature

	EU level	National level	Sub-national level
International trade	X		
Common Market	X		
Money and fiscal			
<i>Money and macro policy</i>	X	X	x
<i>taxation</i>		X	X
Education, research, culture	x	X	X
Environment	X	X	X
Sectoral business relations			
<i>agriculture and fisheries</i>		X	
<i>industry and energy</i>		X	
<i>transport</i>	x	X	X
Non-sectoral business relations	X		
International relations	X	X	
Citizen and social Protection			
<i>justice and migration</i>	x	X	X
<i>health, employment and social protection</i>		X	X
<i>regional aid</i>		X	

X = large role; x = small or supporting role;

Source: adapted from Breuss and Eller (2004) and Alesina et al. (2005b)

Table 2. Evolution of the EU's policy responsibilities (1970-2005)

	Policy category	1970	1987	1993	2005
1	International trade	4	4	4	4
2	Common Market				
2a	harmonization of legislation	4	4	4	4
2b	four freedoms	3	3	3	3
3	Money and fiscal				
3a	Money and macro policy policy				
	money	1	2	3	4
	macroeconomic policy	1	1	2	2
3b	Taxation				
	direct	1	1	1	1
	indirect & common market	1	3	3	3
4	Education, research, culture				
4a	education and research	1	2	2	2
4b	culture	1	1	2	2
5	Environment	1	3	3	3
6	Sectoral business relations				
6a	Agriculture and fishery	3	3	3	3
6b	Industry	1	2	2	2
	Energy	1	1	3	3
6c	Transport	1	3	3	3
7	Non-sectoral business relations (competition/subsidies/company law)	3	3	3	3
8	International relations				
8a	foreign policy	1	2	3	3
	defence	1	1	2	2
	foreign aid	2	2	2	2
9	Citizen and social protection				
9a	Justice and migration	1	1	2	3
9b	Health, employment and social protection				
	consumer protection	1	1	3	3
	health	1	1	2	2
	employment	1	1	1	2
	social protection	2	3	3	3
9c	Regional aid	1	3	3	3

1=States' exclusive competence 2=Complementary competence 3=Shared competence 4=EU's exclusive competence
 Source: adapted from European Convention (2002a) and EC/EU Treaties.

Table 3. Actual allocation of competences

	EU	STATE	REGIONS
International trade	X	x	x
Common Market	X	x	
Money and fiscal			
<i>Money and macro policy</i>	X	X	X
<i>taxation</i>	x	X	X
Education, research, culture	x	X	X
Environment	X	X	X
Sectoral business relations			
<i>agriculture and fisheries</i>	X	X*	X*
<i>industry and energy</i>	X	X**	X**
<i>transport</i>	X	X	X
Non-sectoral business relations	X	X	x
International relations	X	X	x
Citizen and social protection			
<i>justice and migration</i>	X	X	X
<i>health, employment and social protection</i>	X	X	X
<i>regional aid</i>	X	X	

X = large role; x = small or supporting role. Characters in bold indicate discrepancy with the desired allocation of competences as defined in Table YY.

* In Italy, before the 2001 constitutional reform, competence in *Agriculture and fisheries* was shared between the State and the regions; afterwards, the regions have been granted exclusive competence in such area, with the important exception of *food*.

** In Italy, before the 2001 constitutional reform, the State had exclusive competence in *Industry and energy*, with the notable exception of *handicrafts*; afterwards, the regions have been attributed exclusive competence in *Industry* (including *handicrafts*), while *Energy* has become an area of shared competence.

Source: EC/EU Treaties and Italian Constitution

Table 4. Number of laws passed by the State, the EU and the regions

	1973-83	1984-94	1995-2005	Total (1973-2005)
State	2246	2218	1660	6124
EU	15436	16974	28915	61325
Regions	13646	11735	9261	34642
EU/State	6.9	7.7	17.4	10.0
Regions/Italy	6.1	5.3	5.6	5.7

Source: see Annex 2

Table 5. Correlation matrix of variables

	LAW_ITA	LAW_EU	LAW_REG	EARLY_EL	REGULAR_EL	EL
LAW_ITA	1					
LAW_EU	-0.410	1				
LAW_REG	0.396	-0.516	1			
EARLY_EL	-0.433	-0.186	0.209	1		
REGULAR_EL	-0.121	0.129	-0.259	-0.119	1	
EL	-0.457	-0.095	0.043	-	-	1

Source: own calculations

Table 6. Estimation results

Dependent Variable: LAW_ITA		
Method: OLS with White Heteroskedasticity-Consistent Standard Errors		
	Equation (1)	Equation (2)
Variable	Coefficient (Std. Error)	Coefficient (Std. Error)
C	191.760 (53.056)*	176.414 (52.162)*
LAW_EU	-0.026 (0.009)*	-0.027 (0.009)*
LAW_REG	0.053 (0.037)	0.070 (0.037)
EL	-54.774 (16.477)*	
EARLY_EL		-69.616 (18.618)*
REGULAR_EL		-12.190 (10.203)
Adjusted R-squared	0.407	0.456
N observations	33	33
F-statistic	8.321	7.702
Ljung-Box Q-statistics (5)	2.660	3.997

* significant at 1% level

Summary statistics are reported in Annex 2

Source: own calculations

Table 7. Sectoral breakdown of legislative acts passed by the three levels of government (1973-2005)

	Number of laws			% of total		
	STATE	EU	REGION-5	STATE	EU	REGION -5
International trade	15	20522	0	0.2%	33.5%	0.0%
Common Market	81	1247	0	1.3%	2.0%	0.0%
Money and fiscal	734	437	1697	12.0%	0.7%	19.0%
<i>Money and macro policy</i>	352	295	1558	5.7%	0.5%	17.4%
<i>Taxation</i>	382	142	139	6.2%	0.2%	1.6%
Education, research, culture	714	107	1399	11.7%	0.2%	15.6%
Environment	200	507	1044	3.3%	0.8%	11.7%
Sectoral business relations	1061	34677	1642	17.3%	56.5%	18.4%
<i>Agriculture and fisheries</i>	336	33554	656	5.5%	54.7%	7.3%
<i>Industry and energy</i>	287	562	418	4.7%	0.9%	4.7%
<i>Transport</i>	438	561	568	7.2%	0.9%	6.4%
Non-sectoral business relations	228	298	264	3.7%	0.5%	3.0%
International relations	1093	1839	40	17.8%	3.0%	0.4%
Citizen and social protection	1693	1291	2302	27.6%	2.1%	25.7%
<i>Justice and migration</i>	588	157	546	9.6%	0.3%	6.1%
<i>Health, employment and social protection</i>	823	930	1756	13.4%	1.5%	19.6%
<i>Regional aid</i>	282	204	0	4.6%	0.3%	0.0%
Institutional provisions	304	399	556	5.0%	0.7%	6.2%
<i>TOTAL</i>	6124	61325	8944	100.0%	100.0%	100.0%
<i>Mean*</i>	646.6	6769.4	932.0			

*Excluding *Institutional provisions*

Source: see Annex 2

Table 8. Sectoral and temporal breakdown of legislative activity (1973-2005)

	State			EU			Region-5		
	1973-83	1984-94	1995-2005	1973-83	1984-94	1995-2005	1973-83	1984-94	1995-2005
International trade	5	9	1	7878	5739	6905	0	0	0
Common Market	26	47	8	336	477	435	0	0	0
Money and fiscal	290	281	163	111	0	326	598	617	482
<i>Money and macro policy</i>	99	161	92	71	45	179	554	564	440
<i>Taxation</i>	191	120	71	40	52	50	44	53	42
Education, research, culture	222	270	222	13	22	72	583	504	312
Environment	63	72	65	67	177	263	381	410	253
Sectoral business relations	477	374	210	7784	11567	15326	813	521	308
<i>Agriculture and fisheries</i>	161	117	58	7381	11331	14842	352	205	99
<i>Industry and energy</i>	123	104	60	306	73	184	172	146	100
<i>Transport</i>	193	153	92	98	163	300	289	170	109
Non-sectoral business relations	86	86	56	25	72	202	79	98	87
International relations	294	341	458	118	845	876	2	24	14
Citizen and social protection	684	607	402	139	254	898	1006	861	435
<i>Justice and migration</i>	199	214	175	0	15	142	202	205	139
<i>Health, employment and social protection</i>	363	288	172	108	189	633	804	656	296
<i>Regional aid</i>	122	105	55	31	50	123	0	0	0
Institutional provisions	99	130	75	63	97	239	201	195	160
TOTAL	2246	2218	1660	16557	19347	25421	3663	3230	2051

Source: see Annex 2

Table 9. Main summary indicators of legislative activity (1973-2005)

	1	2	3	4	5	6	7	8	9	10
	ITA	EU	REG	A	G TOTAL	G ITA-EU	G ITA-REG	M TOTAL	M ITA-EU	M ITA-REG
International trade	0.02	3.01	0.00	1.05	0.00	0.44	0.00	0.00	0.08	0.00
Common Market	0.12	0.18	0.00	0.10	0.00	0.25	0.00	0.00	0.45	0.00
Money and fiscal	1.08	0.06	1.71	0.99	0.91	0.45	1.59	0.29	0.24	1.46
<i>Money and macro policy</i>	1.03	0.09	3.14	1.48	1.33	0.52	2.42	0.39	0.33	2.30
<i>Taxation</i>	1.12	0.04	0.28	0.50	0.48	0.38	0.75	0.19	0.16	0.62
Education, research, culture	1.05	0.02	1.41	0.86	0.53	0.22	1.42	0.07	0.06	1.42
Environment	0.29	0.07	1.05	0.49	0.52	0.25	0.65	0.34	0.28	0.40
Sectoral business relations	1.56	5.09	1.65	2.88	4.35	4.84	1.87	7.06	5.95	2.12
<i>Agriculture and fisheries</i>	1.48	14.77	1.98	6.33	8.85	11.46	2.01	15.88	13.39	2.11
<i>Industry and energy</i>	1.27	0.25	1.26	0.96	1.85	1.37	1.48	2.66	2.24	1.80
<i>Transport</i>	1.93	0.25	1.71	1.35	2.36	1.69	2.13	2.65	2.23	2.44
Non-sectoral business relations	0.34	0.04	0.27	0.22	0.29	0.21	0.35	0.20	0.17	0.36
International relations	1.61	0.27	0.04	0.67	0.48	1.13	0.30	0.18	1.03	0.05
Citizen and social protection	2.49	0.19	2.32	1.73	1.90	1.18	2.80	0.86	0.72	3.14
<i>Justice and migration</i>	2.59	0.07	1.65	1.50	1.43	0.76	2.69	0.37	0.26	2.95
<i>Health, employment and social protection</i>	3.63	0.41	5.30	3.24	4.27	2.18	5.72	2.20	1.56	6.48
<i>Regional aid</i>	1.24	0.09	0.00	0.46	0.00	0.60	0.00	0.00	0.34	0.00

Source: own calculations

Table 10. The "absolute involvement" of the three level of governments in legislative activity*

	STATE	EU	REGION-5	TOTAL
International trade	very low	very high	nil	medium
Common Market	very low	very low	nil	very low
Money and fiscal				
<i>Money and macro policy</i>	medium	very low	very high	high
<i>Taxation</i>	medium	very low	low	low
Education, research, culture	medium	very low	high	medium
Environment	low	very low	medium	low
Sectoral business relations				
<i>Agriculture and fisheries</i>	high	very high	high	very high
<i>Industry and energy</i>	high	low	high	medium
<i>Transport</i>	high	low	high	high
Non-sectoral business relations	low	very low	low	very low
International relations	high	low	very low	low
Citizen and social protection				
<i>Justice and migration</i>	very high	very low	high	high
<i>Health, employment and social protection</i>	very high	low	very high	very high
<i>Regional aid</i>	medium	very low	nil	low

*TOTAL is given by the arithmetic mean of ITA, EU and REG. The degree of "absolute involvement" is calculated as follows. Let " x_i " ($i=ITA, EU, REG, TOTAL$) be the value of indicator i in each policy sector. If $x_i < 0.25$ then "very low"; if $0.25 = x_i < 0.75$ then "low"; if $0.75 = x_i < 1.25$ then "medium"; if $1.25 = x_i < 2.5$ then "high"; if $x_i = 2.5$ then "very high"

Source: own calculations

Table 11. The "relative involvement" of the three level of governments in legislative activity*

	STATE	EU	REGION-5
International trade	very low	very high	nil
Common Market	medium	high	nil
Money and fiscal			
<i>Money and macro policy</i>	low	very low	high
<i>Taxation</i>	high	very low	low
Education, research, culture	medium	very low	high
Environment	low	very low	high
Sectoral business relations			
<i>Agriculture and fisheries</i>	very low	high	low
<i>Industry and energy</i>	high	low	high
<i>Transport</i>	high	very low	high
Non-sectoral business relations	high	very low	medium
International relations	high	low	very low
Citizen and social protection			
<i>Justice and migration</i>	high	very low	medium
<i>Health, employment and social protection</i>	medium	very low	high
<i>Regional aid</i>	very high	very low	nil

*The degree of "relative involvement" is calculated as follows. Let " x_i " ($i=ITA, EU, REG$) be the value of indicator i in each policy sector. If $x_i < 0.25 * A$ then "very low"; if $0.25 * A = x_i < 0.75 * A$ then "low"; if $0.75 * A = x_i < 1.25 * A$ then "medium"; if $1.25 * A = x_i < 2.5 * A$ then "high"; if $x_i = 2.5 * A$ then "very high"

Source: own calculations

Table 12. The degree of "competence sharing" between different levels of government*

	EU + STATE + REGION-5	EU + STATE	STATE + REGION-5
International trade	nil	low	nil
Common Market	nil	low	nil
Money and fiscal			
<i>Money and macro policy</i>	medium	low	high
<i>Taxation</i>	low	low	low
Education, research, culture	low	very low	high
Environment	low	low	low
Sectoral business relations			
<i>Agriculture and fisheries</i>	very high	very high	high
<i>Industry and energy</i>	high	high	high
<i>Transport</i>	very high	high	high
Non-sectoral business relations	very low	very low	low
International relations	low	medium	very low
Citizen and social protection			
<i>Justice and migration</i>	medium	low	very high
<i>Health, employment and social protection</i>	very high	high	very high
<i>Regional aid</i>	nil	low	nil

*The degree of "competence sharing" is calculated as follows. Let $GM = (G+M)/2$ be the value of the mean of G and A in each policy sector. If $GM < 0.25$ then "very low"; if $0.25 = GM < 0.75$ then "low"; if $0.75 = GM < 1.25$ then "medium"; if $1.25 = GM < 2.5$ then "high"; if $GM = 2.5$ then "very high"

Source: own calculations

Table A.1 Summary statistics of variables

	Observations	Mean	St. Deviation	Min	Max
LAW_ITA	33	185.7	47.7	102	274
LAW_EU	33	1867.0	603.0	1168	3161
LAW_REG	33	1052.6	221.2	538	1462
EL	33	0.2	0.4	0	1
EARLY_EL	33	0.2	0.4	0	1
REGULAR_EL	33	0.1	0.2	0	1

Source: own calculations