In 2005, the flagging competitiveness of the Italian economy, which had preoccupied journalistic and academic commentators for the past two or three years, was brought forcefully to the attention of public and politicians by the sudden upsurge of Third World competition, especially from China. With the ending of the Multifiber Agreement on 1 January, Chinese clothing and textile products were allowed free entry into the European Union, and Italy, with its large number of firms in this sector, was especially vulnerable.

Chinese production costs for shoes, for instance, were one-sixth of Italian costs; and with the opening of the world market, Chinese prices were reduced from their previous already low levels. In the first four months of 2005, exports of T-shirts from China to the EU increased by 187 percent over the same period in 2004, while prices fell by 36 percent; the story for other products such as women’s underwear, boots, shoes, and trousers was similar. Over the whole year, total Chinese exports to Italy rose by 19.5 percent, bringing Italy’s bilateral trade deficit to 9.5 billion euros.

Some 200,000 jobs in the Italian textile and clothing industry were considered at risk, and the Northern League (Lega Nord, LN) was quick to take advantage of the alarm with the demagogic demand that Italy impose tariffs on Chinese imports, well knowing that as a member of the European Union, Italy cannot do so. In June, the EU negotiated a temporary
agreement with China that allowed it to limit the importation of 12 products until the end of 2007, but this transitional measure can only postpone the inevitable adjustments that European producers will have to make.

But the problems for Italy’s international competitiveness were not limited to the challenge from the Far East. The comparative data on its competitive capacity, relative to those for many other European countries, painted a grim picture: in 2005, Italy repeated its disastrous result of the previous year when it slipped to forty-seventh in the rankings of the World Economic Forum’s Global Competitiveness Report, the second-to-last position among the EU countries. This was seen as further evidence of Italy’s structural inability to respond promptly to crises, while most of the European states, especially the northern ones, were able to do so successfully.

In this chapter we cannot do full justice to the economic and political origins of this problem. In what follows we shall concentrate on the most important developments related to Italy’s competitiveness as it became a more and more central theme of discussion during the course of 2005. First, we shall trace the debate on the issue as it evolved over the year. Then we shall describe the measures adopted by the government to address the problem over the medium to long period and analyze the reactions of the major interest groups. Finally, we shall suggest an initial interpretation of the attempts by the “Italian system” to regain lost ground in the international market.

The Debate on Competitiveness: Diagnoses and Prescriptions

The threat posed by low-cost Chinese competition was in fact only the most evident symptom of the malaise from which Italy’s economy has been suffering. Its growth rate over the past 12 years has been the lowest in the European Union (see table 1), which has itself experienced slow growth compared to both the US and its major Asian competitors. According to the Organisation for Economic Co-operation and Development (OECD), in 2002 and 2003, Italy’s growth was at a rate of only 0.4 percent. A principal reason for this stagnation is that Italy’s share of world merchandise exports fell from 4.8 percent in 1996 to 3.8 percent in 2004, when Italy’s merchandise trade showed a deficit for the first time since the dark days of 1992.

The immediate causes of this fall in competitiveness are also not difficult to identify. Since 2000, labor productivity growth has actually been negative, so that unit labor costs have risen significantly (by 23 percent relative to major competitors). Germany, by contrast, has
seen a significant fall in unit labor costs and a major export boom since the introduction of the euro in 1999 (see table 2).

Part of the explanation for Italy’s faltering performance is its concentration in more mature product markets, including clothing, textiles, and leather goods, where competition is more intense and demand less dynamic, and on slower-growing markets, such as the EU. Yet another significant factor, of course, is that since adopting the euro, Italy no longer has the weapon of competitive devaluation with which to offset rising relative costs—hence the calls by some representatives of the LN for Italy to withdraw from the European Economic and Monetary Union (EMU). In truth, entry into the EMU has brought in its train many significant advantages, among them lower interest rates, lower inflation, greater fiscal discipline, and a national system of bargaining that has delivered wage moderation. If in spite of these significant gains the Italian economy is still losing ground, it is not clear that the exchange rate of the euro—though it did rise through 2003 and 2004 before declining slightly in 2005—is to blame.

Beyond these immediate explanations, diagnoses of the structural problems facing the Italian economy have been numerous. The minister of the economy, Giulio Tremonti, himself published a much discussed short book in December 2005. In it, he focused attention on the Chinese threat and the inability of Europe to meet such unfair,

### Table 1
Average GDP growth rates in the major EU Members, 1991–2003 (percent)

<table>
<thead>
<tr>
<th>Country</th>
<th>1991–2003 (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Italy</td>
<td>1.4</td>
</tr>
<tr>
<td>France</td>
<td>1.7</td>
</tr>
<tr>
<td>Germany</td>
<td>1.5</td>
</tr>
<tr>
<td>Spain</td>
<td>2.6</td>
</tr>
<tr>
<td>UK</td>
<td>2.3</td>
</tr>
<tr>
<td>EU-15</td>
<td>1.9</td>
</tr>
</tbody>
</table>


### Table 2
Exports (goods and services) as a share of GDP, 1998 and 2003 (percent)

<table>
<thead>
<tr>
<th>Country</th>
<th>1998</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Italy</td>
<td>27.0</td>
<td>26.6</td>
</tr>
<tr>
<td>Germany</td>
<td>29.6</td>
<td>37.5</td>
</tr>
</tbody>
</table>

*Source: Calculated from OECD national accounts data.*
low-wage competition without taking vigorous measures to defend itself.\textsuperscript{10} Pointing the finger at China and placing the onus of responding on the European Union, however, seem like an exculpatory plea by the man who was responsible for Italy’s economic policy for most of the past five years and an attempt to build a bridge to the LN, Tremonti’s partner in the “axis of the North” within the coalition.

For the majority of Italian economists and business leaders, Tremonti’s pamphlet is focused more on the headline-catching surge in Asian competition than the deeper, long-term competitive weaknesses of the Italian economy. Their “consensus” view of these weaknesses is well summed up in a Confindustria document of March 2005, which lists five priority areas for action to improve competitiveness: (1) promotion of research and development; (2) administrative simplification; (3) liberalization of markets and promotion of competition, especially in sectors such as energy, financial services, and the professions; (4) investments in infrastructure, especially transportation; and (5) development of the South.\textsuperscript{11} Rather than shift responsibility to the EU, Confindustria points out how Italy is lagging in fulfilling the European Union’s Lisbon strategy for growth.\textsuperscript{12} Similar priorities emerge from, for instance, the OECD economic survey of Italy,\textsuperscript{13} which, in a wider-ranging overview, adds recommendations for upgrading workers’ education and training, increasing labor force participation, ensuring the soundness of public finances, and reforming corporate governance.

These proposals point to long-standing problems of the Italian economy; for instance, it has the lowest investment in research and development of the G7 countries. Although the adaptability of “Third Italy”\textsuperscript{14} firms has been a major strength in the past, these small enterprises are not able to undertake basic, long-term industrial research. Italy’s weakness in research also explains its failure to develop a strong high-tech sector at a time when low-wage competition will inevitably cost jobs in the traditional industrial branches. Moreover, the delays of Italian bureaucracy impose considerable costs on business. And lack of competition in electricity, for instance, means Italy had the most expensive industrial electricity in the EU-15 (50 percent above the European average cost in 2002),\textsuperscript{15} and similarly in other sectors business costs are increased by restrictive practices. The weaknesses and bottlenecks of the Italian transportation system are well known, as is the fact that the South harbors large untapped resources—human and material—that could contribute significantly to the country’s growth.

However, many commentators have argued that beyond the failures of the state in these and other areas, the foundering competitiveness of the Italian economy is due to the private sector itself. While the state made serious errors in industrial policy in the past—for example, with
massive and misguided aid to the chemical sector in the 1970s—it is not taking leadership in industrial policy in the present. In the absence of initiative from the state, the firms themselves have been the authors of industrial policy; it is they that have failed to improve productivity, engage in research and development, and recognize the need to shift the structure of industry from traditional to high-tech fields. In this context, the structure of corporate governance, rightly stressed in the OECD survey, is a problem, and not simply because it does not protect the interests of small shareholders.

The typical “Chinese box” system allows individuals or families to control large empires with quite small amounts of capital, using a series of holding companies, each with a controlling interest in the next. The companies, then, are not answerable to the shareholders at large, nor is the controlling family or group subject to supervision by lending banks, as in the German Hausbank system. While Mediobanca under Enrico Cuccia performed this role at times in the past, today the banks are not in a position to do so. Left to themselves, the controlling families such as the Agnellis and Pirellis have been driven neither by the search for short-term profit, as in the much-criticized “Anglo-Saxon” variety of capitalism, nor by a longer-term plan for rational industrial development, as in the “Rhenish” variety. Instead, they have engaged in diversification and financial operations, overstretching their resources and accumulating indebtedness in the process. Such operations helped bring Fiat to the brink of bankruptcy, from which it is only now drawing back at the end of 2005. Often the major groups have preferred to invest in safe utilities that can yield large profits from a protected domestic market: Marco Tronchetti Provera of Pirelli has acquired Telecom, the Benetton family controls Autostrade S.p.A., etc. Silvio Berlusconi’s own Mediaset television stations, which he and his family have tenaciously kept under their ownership and control, are another example of a business serving a protected domestic market.

This diversification has limited the major groups’ ability to expand in their own fields and invest in research and development. The dominant families have put more emphasis on extending and securing their financial control than on industrial development, and even the newcomers to the “good salon” of Italian capitalism, such as the Benetton family, seem to have adopted the same habits. As Marcello Messori documents in this volume, the banking sector is also affected by the problem of weak structures of governance, which allow managers or controlling shareholders the freedom to engage in imprudent speculation. At the other end of the spectrum, in the industrial districts family control of small and medium enterprises limits their ability to grow and to raise capital.
By and large, the response of the state to the abovementioned problems, both those subject to its direct intervention and those stemming from the nature of private capital, has been slow. The issue was indeed raised during the 2001 election campaign, when the center-right accused the governments of the Ulivo of having reduced the country’s ability to compete in the global marketplace. The word “competitiveness” was used five times by Silvio Berlusconi in his speech in the confidence debate in the Senate (18 June 2001) in connection with various promises of action (on information systems, administrative reorganization, the removal of structural imbalances in the economy, and taxation policy). International observers such as the OECD typically give the Berlusconi government credit for some policies adopted in the following years, in particular, two major measures: reforming the pension system to increase control over the budget and reduce future government expenditures, and liberalizing the labor market with the so-called Biagi law of 2003, allowing various forms of non-permanent contracts—limited-term, apprenticeship, etc.—as well as giving greater scope to employment agencies as intermediaries. But the Italian labor market already allowed considerably more flexibility than, for instance, the German, and the slowness of employers to take advantage of all the possibilities offered by the new law suggests that it was not the boost that the economy needed.

Even the new employment it has created has not been an unequivocal benefit: while it has helped bring down unemployment to the lowest level in 12 years, it has also contributed to the fall in labor productivity. On the issue of corporate governance, the Berlusconi government’s law on savings, finally passed at the end of 2005 after four readings by the two houses of Parliament and nearly 700 days after its introduction, contains only weak provisions for the protection of small shareholders, and none to limit the controlling influence of small groups and families over large companies.

These policies were perhaps less than could have been expected from a government openly committed to a neo-liberal interpretation of free-market principles, and in any case they were not enough to forestall the problems mentioned at the outset of this chapter, which put the theme of competitiveness forcefully back on the cabinet’s agenda in the spring of 2005.

The Government’s Response: The “Competitiveness Package” of March 2005 and Its Legislative Progress

In response to the outcry over economic stagnation and foreign competition in 2005, the Berlusconi government did decide in March to launch a “competitiveness package.” This consisted of a decree law
containing the most urgent measures, and a government bill (*disegno di legge*) encompassing the other issues.\textsuperscript{19} In reality, the government had a considerable amount of difficulty in formulating the provisions contained in the package. In February, Vice-Minister Adolfo Urso, who had been given the task of preparing the laws and carrying out extenuating consultations with the social partners (business and labor), had already had to deal with protests from the unions, who attacked the method adopted by the government even before addressing the contents of the package.\textsuperscript{20} And the business associations had reservations concerning the “10 points” on which the package was based. Urso several times called for a “unity of intention” on the part of the social partners in the name of the country’s interests, but the discussion nevertheless delayed the measures’ progress, disrupting the timetable envisaged by the prime minister’s office.

From the political point of view, the major obstacles that the competitiveness package encountered in its preparation were created by pressures and divisions within the majority and the cabinet itself.\textsuperscript{21} An open rupture occurred on the question of the imposition of tariffs on Chinese products, a measure on which the LN was insistent but which Vice-Minister Urso and the government rejected. The conflict was so evident that on 11 March, when the competitiveness package was approved by the cabinet, the LN’s ministers voted against Article 1 of the decree law, on counterfeit products, “threatening a battle” on the floor of Parliament.\textsuperscript{22} In fact, the entire parliamentary debate of the “Action Plan for Economic, Social, and Territorial Development”\textsuperscript{23} was not the easiest. The decree law was approved on 12 May,\textsuperscript{24} three days before its expiry, but was criticized at the moment of its presentation in Parliament by the speaker of the Senate, Marcello Pera, for its lack of coherence.\textsuperscript{25} Subsequently, it was modified by a large number of amendments (of which about 50 were presented by members of the government).\textsuperscript{26} Finally, the decree was modified during its first reading in the Senate by a maxi-amendment presented by the government,\textsuperscript{27} which the cabinet made a question of confidence, and then was altered again during its second reading in the Chamber.\textsuperscript{28} The most substantially important change was the elimination of the entire criminal law part of the reform of the bankruptcy laws, which had led to a great deal of disquiet within the majority.

Decree law no. 35 was thus passed by Parliament (becoming law no. 80 of 2005) with contents quite different from the text approved by the cabinet in mid-March.\textsuperscript{29} Even if it retained its cardinal points, it ended up taking on the appearance of an omnibus decree, or, as some suggested, a mini-*Finanziaria* (budget bill), containing provisions only indirectly related to competitiveness, such as the deductibility of certain charitable donations or simpler procedures for the sale of cars and motorcycles. Among
its principal measures were anti-counterfeiting rules, which increased the penalties for producing, selling, or knowingly buying counterfeit merchandise; deductions from the Regional Tax on Business Activities (IRAP) for hiring new workers in less developed regions; streamlining of the rules for setting up a business; introduction of the rule that silence on the part of the administration is consent to a business’s request; and reform of the bankruptcy law. The law also provided funds for infrastructure and research and development, including digital technology; subsidies and incentives for agriculture and tourism; and other minor incentives for industry. The amount of new money allocated was limited; for instance, the 1.8 billion euros for research was to come from an existing revolving fund.30

Two major issues that had been under discussion were not addressed: direct anti-dumping measures against China and a major reform of the professions. On the former, the LN had pressed vociferously for tariffs, which, as noted above, Italy has no power to impose under the Treaty on European Union. Even the associations of industrialists in the shoe and fashion sectors called national tariffs “illusory and anti-historical,” and urged that only measures permitted by EU rules be taken.31 The reform of the professions, on the other hand, was perceived as a grave threat by many self-employed professionals (e.g., notaries and pharmacists) who enjoyed monopoly privileges over the provision of certain services; these groups are among the strongest supporters of Forza Italia (FI) and Alleanza Nazionale (AN), the two largest governing parties, and hence the discussion of this very sensitive topic was postponed.

All in all, the government’s response to the problem of competitiveness was judged as rather late and insufficient,32 although it did respond in part to the industrialists’ requests on research, reduction of bureaucracy, and infrastructure. The president of Confindustria, Luca Cordero di Montezemolo, asserted that it was “only a first step” and went on to repeat the long-stated demands of his association, including more infrastructure spending and a reduction of payroll taxes. While anti-dumping measures had their place, he said, making Italian enterprises more competitive was the best defense against foreign competition.33 His subsequent statements revealed a growing impatience with the pace of the government’s action, and on 10 April at Legnano he called for the dissolution of Parliament and a general election, if the conditions for an effective government did not materialize, even if this meant that the competitiveness measures would not be passed.34 The industrialists had come a long way from their close alignment with Berlusconi and the Casa delle Libertà at their 2001 Parma congress, and the serious economic situation and the government’s perceived inaction were the main reasons. Montezemolo has criticized the government on numerous other counts, from immigration to its program of “federal” constitutional reforms. At the same time, he has spoken
out often in favor of the method of concertation with the unions and abandoned the campaign to weaken the protection against individual dismissal furnished by Article 18 of the Statute of Workers’ Rights. This is a radical shift from the stance of Antonio D’Amato’s Confindustria in 2000–2004, when it encouraged Berlusconi to take neo-liberal initiatives.

As for the unions’ positions, we have already noted their initial opposition to the “method” adopted by the government. They also accused it of never having seriously considered other paths more consonant with policies of social justice and regional development, which were indicated in the EU’s Lisbon strategy and also formalized in an agreement between the union confederations and Confindustria.35 Even the initial tentative approval by Confcommercio,36 the shopkeepers’ lobby, who were most worried about the data on the influx of Chinese products, was not followed by any strong support during the year.

**Conclusion: Different Visions of the Italian Economy**

The recent positions of Confindustria are consonant with the evolution of Italian capitalism within the framework of the “European social model,” derived from the Rhenish model of “coordinated market capitalism.”37 Italian business has reaped major benefits from this approach. In labor relations, the July accord of 1993 was the culmination of 20 years of attempts to accommodate the new strength of the unions in a regularized system that would allow firms to control costs and governments to prevent inflation. Previous attempts, such as the “EUR line” adopted by the unions in 1978, had failed, but the emergency situation of 1992–1993 provided the occasion that many of the actors had been waiting for. The method of concertation with the “social partners” was then fruitfully extended to the reform of the pension system and to broader policies for employment and growth.

At the same time, however, in the face of competitive pressures, Confindustria has advanced its proposals for reforms to eliminate some of Italy’s competitive disadvantages. The Berlusconi government, while moving to partly satisfy some of industry’s requests, does not share the same vision for the economy. It has abandoned neo-corporatist practices—for instance, in its pension reforms—and, particularly with the approach of elections, has shown greater interest in protection of threatened sectors and pockets of privilege in the economy. Its Euroskeptic tendencies, unlike those of the British Conservatives, are defensive rather than genuinely based on free-market principles.

In fact, as the *Economist* has noted with regret,38 Italy lacks a truly free-market political force. On the surface, this is ironic, given that the
government is led by the country’s richest man, who heads its third-largest private business conglomerate. Yet Silvio Berlusconi himself has never been a charter member of the “good salon” of Italian capitalism, and as noted above, his corporate success depends on political support, which was necessary to secure Mediaset’s access to frequencies and permission to operate on a national scale. Furthermore, his companies now hold a near monopoly on national private television, while technical, linguistic, and cultural barriers also shield them from direct foreign competition. Hence, Berlusconi does not share the concerns of other large firms that must compete in international markets. Furthermore, support for FI and its allies is strongest among the self-employed, who are the most likely to be affected by the liberalization of trade and services. And the LN, finally, is ready to outflank its coalition partners with populist demands for protection. While Berlusconi’s program of tax cuts and his labor market reforms suggest a commitment to a neo-liberal policy direction, they have in fact done more for smaller business and the upper middle classes.

In this context, it is not surprising that some major business leaders see the center-left as more likely to take the issue of competitiveness seriously. They also share with the center-left a commitment to the method of concertation with the trade unions. The Prodi government of 1996–1998 was responsible for achieving entry into the EMU in the first wave, making some unpopular decisions in order to achieve the Maastricht criteria. This was seen as a necessary goal by business, and a center-left government was able to reach it while maintaining relative social harmony. The experience gave business a modest confidence in the center-left’s ability to govern. In the present economic situation, the tasks before the government are of a different order. In the 1990s, the objective was to secure a favorable macro-economic climate through entry into the EMU, which would resolve the long-standing issues of inflation, high interest rates, and large government deficits. Now, while respecting the 3 percent deficit limit of the Stability and Growth Pact remains a struggle, the real problems are on the supply side—product mix, productivity, human capital, infrastructure, and corporate governance. Tackling them will require a different, more targeted, and more difficult type of intervention by the government, and here the center-left may be subject to cross-pressures from its own constituencies. The strong opposition to the high-speed rail line (TAV/TGV) between Turin and Lyons from environmentalists and local activists in the Val di Susa demonstrates that infrastructural improvements, for instance, are not simply a matter of finding the money to finance them. And while the center-left is likely to tackle the issue of corporate governance and the protection of small shareholders more seriously, the enthusiasm of the
business community for far-reaching measures in this field is limited, given the control structures of the major firms. But since it is more firmly pro-European than the center-right, the center-left is not likely to resort to blaming the EU or the euro for Italy’s problems, nor is it as likely to seek to downplay them for electoral purposes.

In sum, economists and business leaders, though with different emphases, by and large share a common core diagnosis of the causes of Italy’s competitiveness problem, and also a fair degree of agreement on the possible remedies. Some of the roots of the problem require long-term solutions, and many are not necessarily responsive to public policy, depending more on the ability of the private sector to take up the challenges of the new globalized economy. The center-right government does not fully share this diagnosis, partly out of electoral concerns, and many of its exponents instead seek to blame outside forces, the EU, or China. Its action on the competitiveness agenda has therefore been, in the opinion of many critics, too little and too late. However paradoxical it may seem, at the end of the 14th Legislature, the center-left appears to be in closer sympathy with the overall agenda of business, which also hopes that a revival of concertation may also yield further progress on labor costs. The 2006 election may then open the door for a new and more robust set of policies to boost Italian competitiveness.

Notes

While this chapter is the result of a sharing of ideas between the two authors, the first and last sections were drafted by Grant Amyot, the middle section by Francesco Marangoni.


2. *La Repubblica*, 10 June 2005. The EU reported increases of 1748 percent for imports of leather boots and 674 percent for trousers in the first three months of the year.


4. The data can be consulted at http://www.weforum.org.


6. According to ISTAT data (released in February 2005), the trade balance for 2004 was in deficit by 393 million euros, compared to a surplus of 1,618 million euros in 2003.
7. OECD, *Economic Surveys*, no. 7 (November 2005). Note that inflationary wage pressure is not seen as a major problem (29).

8. Ibid., 24–25.


10. Tremonti repeated these ideas on several occasions, for instance, when he presented the 2006 budget maneuver to the Senate. “Italy’s low growth rate in Europe,” he said, “was not influenced by the attacks of 11 September 2001, but rather by the effects on the economic system of the adoption of the euro and of Chinese competition.” The minister also reiterated what he believed were Europe’s responsibilities in this situation: “We have common problems, and therefore we must put forward common solutions. In Europe, economic policy is either European or it doesn’t exist ... It is no longer the time for guarantees and promises, for protection of established positions and good feelings. It is the time for commitment and for assuming obligations. We cannot use solutions that were good for the past. We need solutions that will be good for the future.” Among the solutions the minister indicated: “[W]e must decide to issue European public debt instruments to finance the reconversion of industry; moreover, we must attract foreign capital to the Eurozone and transfer the major burden of taxation from people to things.” But first of all, continued Tremonti, Europe must look to support its own economy: “I believe it is fundamental that Europe stop applying its rules unilaterally. We are the only region of the world that manufactures and imposes rules on its own producers, while it imports goods from outside without any regulatory controls. There is no parity of standards.”


12. Ibid., 15.


16. This is the central thesis of Mucchetti, *Licenziare i padroni?*


20. At the first meeting between the government and the social partners on 1 March, the unions demanded a postponement of the launching of the package, initially planned for the 4 March cabinet meeting, complaining that they had only two days to study its text (see *Il Sole-24 Ore*, 2 March 2005).

21. As in the case, for instance, of the conflict between the minister of the economy and finance, Domenico Siniscalco, and the minister of productive activities, Antonio Marzano, on the division of responsibilities between them and on the management of the fund for firms in crisis. Other issues that gave rise to lengthy
struggles within the majority were the liberalization of the electricity market and the proposed reform of the professions (see Corriere della Sera, 3 March 2005).

22. Corriere della Sera, 12 March 2005. At this time, Tremonti was still outside the cabinet, having been replaced as minister of the economy the previous year by Domenico Siniscalco, a less political “technical” minister. Tremonti was not to return to this post until September 2005.

23. This is the title of the dossier prepared by the government on the introduction of the two laws (http://www.governo.it/GovernoInforma/Dossier/sviluppo_piano/index.html).

24. The cabinet may pass decree laws on urgent matters, but they must be “converted” into regular laws by Parliament within 90 days or lose their validity.


27. A document of some 70 pages, which basically included the amendments proposed by the majority in the Budget Committee (Corriere della Sera, 4 May 2005).

28. One of the amendments approved, on hiring by the National Commission for Companies and the Stock Exchange (CONSOB), which had been signed by Daniela Santanché of AN, had received a negative recommendation from the government.

29. The number of words went from roughly 15,000 to over 105,000.

30. The bill was approved by the Chamber of Deputies on 5 July 2005, but was still being debated by Parliament on 9 February 2006, 335 days after it was proposed by the cabinet.

31. La Repubblica, 4 March 2005.


33. La Repubblica, 19 March 2005.

34. La Repubblica, 11 April 2005. At the assembly of industrialists at Legnano, Montezemolo said: “I am not saying it to favor one or the other political camp, I am saying it because our primary interest is that the country is governed with the economy and enterprises at the center of the decisions. We are expecting an immediate and strong signal in this direction ... [Italy] needs a government that is determined to face at once the questions we have before us: the economy which for too long has not been growing and the need to create general conditions that help enterprises to be more competitive.”


36. “In the Right Direction” was the title of a Confcommercio press release during the formulation of the package (3 March 2005).


39. See, for example, the poll reported in ITANES, Perché ha vinto il centro-destra (Bologna: Il Mulino, 2001), 66, table 4.4, which found that 56.3 percent of the self-employed respondents voted for the center-right in 2001, as opposed to 44.5 percent of all employed respondents.

40. While Communist Refoundation is calling for more equitable taxation and income redistribution, no commentators are suggesting that lack of domestic demand is the most serious problem.