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**TRENDS IN REGIONAL AND LOCAL GOVERNMENT IN THE EC:
ITALY**

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1. Regional Finances

1.1. The incidence of regional spending on public expenditure and the GDP

The spending of the regions as a share of the gross national product amounts to approximately 2.5 per cent for regions with special status and to about 6.3 per cent for the other regions. Thus, in 1985, the total share of regional spending on GNP was approximately 8.8 per cent. This figure has not changed substantially since then.

Comparing regional spending with the gross regional product rather than the gross national product, it becomes clear that the potential for spending of the regions with special status is much higher than that of the other regions. Indeed, the average is 20.9 per cent for the former and 8.6 per cent for the latter.

In considering the incidence of regional spending on overall public spending, the latter is deemed to be the sum of the expenditures of the sub-central administrations (regional, municipal, provincial) and those of the national government after deduction of interest paid and transfers to the sub-central administrations.

As is shown in Table 1, the spending of the regions accounted for 21.5 per cent of the total of public spending, 304,077 billion lire. In comparison, the spending of the municipalities and provinces came to 19.5 per cent and that of the state to 69 per cent.

1.2. Sectorial distribution of spending

Table 2 shows the functional distribution of regional spending in 1981 and 1986.

The large share of expenditures for health services is immediately evident, especially in the regions with ordinary status, where this sector absorbs approximately 60 per cent of the total.

The smaller percentage of spending on health services given for regions with special status does not necessarily mean that they spend less in the sector; in absolute terms, they spend as much as other regions, but they have more overall resources available for spending in other sectors.

On the other hand, a large part of the health services of the regions are financed by transfers of resources from the state budget to the *Unità sanitarie locali* (Local health units).

Other significant sectors of regional spending are transport, agriculture, the environment, construction, and for regions with special status, crafts and industry, education, labour and professional training.

1.3. Spending composition

The Italian regions have almost no financial independence as far as income is concerned. This is particularly true for regions with ordinary status.

Tables 3 and 4 give a breakdown of the sources of income of the regions in the years 1987, 1988 and 1989.

For regions with ordinary status, more than 80 per cent of income derives from state transfers; in 1989, 15-16 per cent came from a share of state taxes, and only 1 per cent came from regional taxes.

While the ratio between the state transfers and the share of state taxes received (39.6% and 58.3%, respectively, in 1988) is different for the regions with special status; regional taxes are neither greater nor different from those of regions with ordinary status. Since the increase in taxation in recent years has not been matched by a corresponding increase in transfers to sub-central administrations, regions with special status have had far greater increases in income than the other regions. It must be pointed out, however, that not even regions with special status enjoy the right of taxation, that is, they can neither levy new taxes nor change the rates of existing ones.

2. Regional Competences in the Presumable New Community Policy Areas

It is a well known fact that Italian regions have legislative powers, that is, they can pass general and abstract rules in their fields of competence.

In principle, there tends to be correspondence between legislative and administrative functions.

In accordance with Art. 118, para. 1 of the Constitution, the regions are responsible exercise of administrative functions in the fields for which they have competence, except for those of exclusively local interest which may be assigned by state laws to the provincial or municipal administrations or other local authorities.

2.1. Typology of regional competences

Before examining regional fields of competence in an attempt to assess the possible implications of an extension of Community competences, a brief description of the relations between state and regional legislation is in order.

It is important to remember that the substantive limits on regional legislation vary depending on the kinds of competences accorded the regions.

Jurisprudence distinguishes three different types of regional legislative power, each of which corresponds to a specific degree of autonomy: primary (or full or exclusive) legislative power; shared (or concurrent) legislative power; and finally, integrative-implementational legislative power.

Primary legislative power is found only in the regions with special status and only in those fields explicitly set down in the statutes. It is subject to the fundamental principles of the country's legal order, to the fundamental rules of economic and social reform, and to the international obligations of the state.

Apart from these limitations, fields of exclusive regional competence are outside of the sphere of state legislation. Regional legislation replaces any earlier state legislation, even though the latter remains to cover any legislative gaps that could result from the lack or the incompleteness of regional legislation.

All regions, whether with special or ordinary status, with the exception of the Valle D'Aosta, enjoy shared or concurrent legislative power. For regions with ordinary status, this power can be exercised in those fields set down in Article 117 of the Constitution; for regions with special status, it can be exercised in those fields -- other than those of exclusive competence -- specifically indicated in their statutes.

In addition to the limits on exclusive powers, concurrent powers are also subject to the principles established by the laws of the state.

In this case, the division of functions between the state and the regions depends on the kind of regulation in the field of competence (vertical division) rather than on the field of competence itself (horizontal division): the state passes fundamental legislation, while the regions pass detailed legislation.

Prior to the establishment of the regions with ordinary status in 1970, the lack of fundamental legislation by the state in certain sectors hindered the exercise of regional legislative power (Law 62/1953). Thereafter, Article 17 of Law 281 of 1970 recognized the regions' right to pass laws in fields of concurrent competences even in the absence of a specific state "framework" law. In that case, the substantive limits of the regional legislation are the principles underlying all state law in force in the sector.

Finally, integrative-implementational power is based on Article 117, para. 2 of the Constitution, which makes it possible for state laws to confer on the regions the power to issue rules for their implementation.

Integrative legislative power, enjoyed by all regions, differs from concurrent legislative power in three ways:

- a) the fields in which it can be exercised are not specifically set down;
- b) exercise of this power is at the discretion of the state lawmaker;
- c) its substantive limits are not the fundamental principles set down in state "framework" laws, but the individual state laws granting the integrative or implementational powers to the regions.

2.2. Fields of regional legislative competence

While the fields of competence of the regions with ordinary status are listed in Article 117 of the Constitution, those of the regions with special status are set down in the statutes of each region. This results in conspicuous differences from region to region and in an apparent inconsistency in the general assignment of competences.

Below are listed the fields that fall under the legislative powers of the regions with ordinary status (Article 117 of the Constitution) and the fields of competence of the regions with special status as set down in their respective statutes.

Concurrent competences of the regions with ordinary status (Art. 117 of the Constitution)

- regulation of the regional administrative offices and bodies;
- municipal districts;
- local urban and rural police;
- fairs and markets;
- public charity and health and hospital services;
- professional and vocational training and educational assistance;
- museums and libraries of local authorities;
- town and country planning
- tourism and the hotel industry;
- regional road and rail transportation;
- viability, waterworks, public works of regional scope;
- navigation and lake ports;
- mineral springs and spas;
- quarries and peat-bogs;
- hunting;
- fishing in internal waters;
- agriculture and forests;
- crafts;

Other matters indicated by constitutional laws.

The Region of Sardinia

Exclusive competences

- regulation of the regional administrative offices and bodies and the legal and economic status of the relative personnel;
- municipal districts;
- local urban and rural police;
- agriculture and forests; minor land reclamation, improvement of agriculture and land;
- public works of exclusively regional interest;
- construction and town and country planning;
- regional road and rail transportation;
- mineral springs and spas;
- hunting and fishing.
- the exercise of regional property rights on public waters;
- the exercise of regional property rights on mines, quarries and salt works;
- civic uses;
- crafts;
- tourism and the hotel industry;
- libraries and museums of local authorities.

Concurrent competences

- industry, commerce and industrial exploitation of mines, quarries and salt-works;
- establishment and regulation of land and agricultural credit institutions, savings banks, rural savings banks, cereal reserves, pawnshops and other regional

- credit institutions; relative authorizations;
- land reclamation and transformation;
- expropriation for public utility other than for works financed by the state;
- production and distribution of electricity;
- maritime shipping and transportation lines between ports in the region;
- public services;
- public welfare and charity;
- public health services;
- food regulations;
- public entertainment.

Integrative - implementational competences

- all levels of education, organization of studies;
- labour; social security and welfare;
- antiquities and fine arts;
- other fields provided for by state laws.

The Region of Sicily

Exclusive competences

- agriculture and forests;
- land reclamation;
- use of public lands;
- industry and commerce, without prejudice to regulations on private relations;
- promotion of agricultural and industrial production, enhancement, distribution and protection of agricultural and industrial products and commerce;
- town and country planning;
- public works, except for large public works mainly of national interest;
- mines, quarries, peat-bogs, salt-works;
- public waters inasmuch as they are not the object of public works of national interest;
- hunting and fishing;
- charities;
- tourism, hotel supervision; environmental protection, conservation of antiquities and the fine arts;
- regulation of local authorities and relative municipal districts;
- regulation of regional offices and bodies;
- legal and economic status of regional employees and officials, which cannot, in any case, be inferior to the status of state personnel.
- elementary education, museums, libraries, musical and arts academies;
- expropriation for public utility.

Concurrent competences

- regional communications and transportation of all kinds;
- public health services;
- health care;

- secondary and university education;
- regulation of credit, insurance and savings;
- social legislation: labour relations, social security, in respect of the minimums established by state law;
- food regulations;
- public services;
- all other fields involving services of a prevalently regional nature.

The Trentino Alto Adige Region

Exclusive Competences

- regulation of regional offices and relative personnel;
- regulation of para-regional bodies;
- municipal districts
- expropriation for public utility other than works by the state;
- viability, waterworks, and public works of regional interest;
- mines, mineral springs and spas, quarries and peat-bogs;
- establishment and upkeep of land registers;
- fire-fighting services;
- agriculture, forests and forestry service, livestock and fishery resources, phytopathological institutes, agricultural consortia and experimental agricultural centers;
- Alpine husbandry and parks for the protection of flora and fauna;
- hunting and fishing;
- health and hospital services;
- regulation of Chambers of Commerce;
- communications and transportation of regional scope;
- promotion and supervision of cooperatives;
- contribution to improvements on public works carried out by the region and other local authorities within the region;
- tourism and the hotel industry.

Concurrent competences

- regulation of municipal and provincial administrations;
- public charities and welfare;
- promotion of industry and commerce;
- regulation of land and agricultural credit institutions, savings banks, rural savings banks, and regional credit institutions;
- use of public waters;
- provision of services of a general nature and their management through special agencies;
- hydraulic works of the fourth and fifth category;
- land reclamation.

The Autonomous Provinces of Trento and Bolzano

Exclusive competences

- regulation of provincial offices and relative personnel;
- secondary education and professional training in agriculture, commerce and industry;
- toponymy, in respect of bilingualism in the province of Bolzano;
- local customs, cultural institutions (libraries, schools of art and music, institutes, museums) of a regional character;
- local artistic events;
- town and country planning;
- environmental protection;
- use of public lands;
- regulation of minimum land requirements for farming in accordance with Art. 847 of the Civil Code; regulation of "masi chiusi" and family communities based on ancient statutes and customs;
- crafts;
- public housing;
- lake ports;
- fairs and markets;
- first aid operations during disasters.

Concurrent competences

- local urban and rural police;
- primary, elementary, lower secondary and all kinds of upper secondary education;
- educational assistance.

The Valle d'Aosta Region

Exclusive competences

- regulation of regional offices and bodies and the legal and economic status of relative personnel;
- municipal districts;
- local urban and rural police;
- agriculture, forestry, livestock, flora and fauna;
- small land reclamation, improvement of land and agriculture;
- roads and public works of regional interest;
- town and country planning, also for areas particularly important for tourism;
- cable lifts and local road transportation;
- mineral springs and spas;
- hunting and fishing;
- public waters for irrigation and domestic use;
- promotion of typical products;
- use of public lands, consortia, joint-ownership of agricultural and forest land, regulation of mines, agricultural land;
- crafts;
- hotel industry, tourism, environmental protection;
- vocational and professional training;
- libraries and museums of local authorities;

- fairs and markets;
- regulation of guides, ski schools and Alpine porters;
- toponymy
- firefighting services.

Integrative competences

- industry and commerce
- establishment of local credit institutions;
- expropriation for public utility other than for works by the state;
- use of public waters for production of electricity;
- mines;
 - regional and municipal finances;
- primary, elementary and secondary education;
 - social security;
- public charities and welfare;
- health care and prevention, hospitals;
 - antiquities and fine arts;
 - food regulation;
- public services.

The Region of Friuli Venezia Giulia

Exclusive competences

- regulation of regional offices and bodies and the legal and economic status of relative personnel;
- agriculture and forests, land reclamation, land use regulations, irrigation, agricultural and land improvement, livestock, fishing, Alpine economy, forestry service.
- hunting and fishing;
- use of public lands;
- establishment and upkeep of land registers;
- industry and commerce;
- crafts;
- markets and fairs;
- viability, waterworks, public works of local and regional scope;
- tourism and the hotel industry;
- cable lifts and road and rail transportation of regional scope;
- town and country planning;
- mineral springs and spas;
- cultural, recreational and sports institutions, museums and libraries of local and regional interest.

Concurrent competences

- election of the regional administration, in accordance with the principles contained in the second paragraph of the third title;

- regulation of referenda as provided for in Articles 7 and 33;
- regulation of regional taxation as provided for in Article 51;
- regulation of the controls provided for in Article 60;
- regulation and division of municipalities;
- charities;
- regulation and operation of public services of regional interest;
- regulation of savings banks, rural savings banks, local or regional authorities;
- establishment and regulation of local or regional authorities for the study of economic development programmes;
- mines, quarries, peat-bogs;
- expropriation for public utility other than works carried out by the state;
- maritime shipping and transportation in the region;
- local urban and rural police;
- use of public waters, excluding large derivations, hydraulic works of the fourth and fifth categories;
- vocational and professional training, educational assistance;
- health care and hospitals, rehabilitation of the physically and mentally handicapped;
- cooperation, including supervision of cooperatives;
- public housing;
- toponymy;
- firefighting services;
- food regulation;
- prevention of and first aid operations during disasters.

Integrative competences

- primary, elementary and lower and upper secondary education;
- labour, social security;
- antiquities and fine arts; environmental protection, protection of the flora and the fauna;
- other fields in which the region is assigned this competence by the state.

The areas in which regions with ordinary status have the greatest competences are health care and hospitals, agriculture, town and country planning and professional training. Regions with special status also have considerable competences in industry and commerce, some fields of education, credit, labour and social security, to mention only the most important.

Closer analysis now calls for examination of the "new EC policy areas" contained in the Research Questions in order to identify possible areas of overlap of Community and regional competences.

1. *Social policy.* The initial strict interpretation of the concept of public charity, established by Article 117 of the Constitution as a regional competence, was extended by Presidential Decree (DPR) 616/1977 to include all activities pertaining to public welfare, although the administrative functions relative to

organization and performance of the services are the responsibility of the municipal administrations. Social security and labour relations remain the exclusive competence of the state. Thus, the new EC policy areas should not generally interfere with the competences of regions with ordinary status.

The situation is probably different for regions with special status. In Sicily, social and labour legislation, social security and welfare are among the concurrent competences, while in Valle d'Aosta and Sardinia, respectively, social security and welfare, and labour legislation, social security and welfare are integrative competences.

2. *General and vocational education.* Professional and vocational training is the responsibility of the regions and is regulated by the framework law on professional training (Law 845/1978). The main areas of competence of the regions with ordinary status are worker training, specialization, retraining and guidance, not only in the crafts and in the training of apprentices in general, in workshops and in vocational schools, but in special forms of professional training, such as in reform schools and penitentiaries or with invalids or the handicapped for their insertion into the working world. Other specific forms of education are in the field of socio-economic information and business.

Apart from competences in professional training, regions with special status have different kinds of competences for different levels of education. In particular, Sicily has exclusive competences in elementary education and concurrent competences in secondary and university education; the autonomous provinces of Trento and Bolzano have exclusive competences in primary education; la Valle d'Aosta and Sardinia have integrative competences in education in general.

3. *Environment policy.* Regions with ordinary status are accorded responsibility for city and country planning by Article 117 of the Constitution. The term "city and country planning" was initially interpreted in a restrictive manner, limiting regional competences to the regulation of constructions in the inhabited areas. Later, DPR 616/1977 extended interpretation to use of the land, including transformation of the land, and environmental protection. However, specific protection of the environment, from atmospheric, thermal, water and acoustic pollution, involves a complex and intricate intertwining of state, regional, provincial and municipal competences.

The regions have also been delegated general functions pertaining to the safeguarding, regulation and use of water resources (also as part of town and country planning and public works).

Some regions with special status have exclusive competences for water resources and public works of regional scope. The Trentino Alto Adige has exclusive competences for parks.

4. *Energy policy.* The only aspect of energy policy in which the regions are involved is the siting of new plants as a consequence of their competence in the planning of their territory.

Only Sardinia has concurrent competences with the state in the production and distribution of electricity.

5. *Industrial policy.* Regions with ordinary status have no competence in the industrial sector. Both industry and commerce are, however, among the competences of regions with special status.

In Sicily, this competence is exclusive; in Valle d'Aosta it is integrative, in Trentino and Sardinia, it is concurrent, and therefore to be exercised in respect of the principles set down by state framework legislation. Industrial legislation of the Italian regions with special status is already under the control of the EC Commission as stipulated in Article 92 and ff. of the Treaty of Rome on state aid to industry.

6. *Tourism.* Tourism and the hotel industry are among the competences assigned to regions with ordinary status by Article 117 of the Constitution and to regions with special status by their respective statutes.

The regions are currently responsible for all services, structures and public and private activities having to do with the organization and development of tourism or activities complementary to it.

7. *Consumer protection.* The regions are given a specific role in consumer protection only as a consequence of their competences in the field of health care and hospitals, described in point 8. DPR 616/1977 specifically assigns the regions the responsibility for sanitary control of the production, processing and trade of food products, as well as for veterinary health.

8. *Health care.* Health care and hospital services is one of the outstanding competences of the regional administrations. However, the limits on regional legislation and administration in the field are particularly strict, given the need to guarantee some degree of equality throughout the country in health care, seen as a fundamental right of the individual and a fundamental interest of society as a whole.

Law 833 of 23 December 1978, establishing the national health service, identifies three levels of competences:

The first level is that of the state. In keeping with the principle of equality among citizens, it includes the planning of objectives and health services aimed at ensuring uniformity in the health conditions of the population; the adoption of laws providing a framework for and coordination of regional activities; the adoption of special regulations for personnel employed by the Local Health Units; and the financing of the National Health Service.

The second level is that of the regions and basically consists of the management and operation of the Local Health Units.

The third level is that of the Local Health Units, considered operational units of the municipal administrations, and covers all remaining tasks.

9. *Prevention of disasters.* This area is not included among the competences of ordinary regions. Only in Friuli Venezia Giulia do prevention of and

first aid operations in case of disaster appear among the concurrent competences. Other regions with special status are responsible for firefighting.

10. *Cultural policy.* The competences in educational assistance assigned to the regions by Article 117 of the Constitution include the establishment, regulation and operation of museums and libraries of local interest, whether they belong to the regions themselves, to the municipalities, to other infra-regional local authorities, or to private bodies. More important collections, such as those directly administered by the state, lie, by definition, outside of the competences of the regions. Furthermore, the state maintains the general obligations for the conservation and protection of the country's historical, artistic, archeological, monumental, library, paleo-etnological and ethno-anthropological heritage; to date, it has delegated to the regions only certain administrative functions of control and supervision, as well as the prerogative of proposal to competent state authorities.

A new Ministry of Culture and the Environment (*Ministero per i beni culturali ed ambientali*) was recently established, but it offers regional administrations *only minor advisory representation*.

As a result of the ethnic specificities of the Trentino Alto Adige Region, the autonomous provinces of Trento and Bolzano have exclusive competences in local customs and cultural institutions of a provincial character.

11. *Cooperation in development policy.* The regions have no competence in development cooperation. As a part of foreign policy, this sector is the exclusive responsibility of the state government.

2.3. The partnership experience and the INTERREG programme

The rules for the allocation of EC structural funds were implemented by a Decree of the Minister for the Coordination of Community Policies on 18 February 1989.

The decree states that plans for projects must be drawn up by the major competent branches of the central government -- basically, the Department for the South, the Ministry of Industry, the Ministry of Labour and the Ministry of Agriculture -- after discussion with the regional and local administrations in question. The plans are then submitted to a special interministerial committee of the Department for the Coordination of Community Policies, which evaluates them on the basis of the guidelines established by the Committee for Economic Planning (CIPE). The committee is made up of representatives from eight ministries, one representative of the Central Institute of Statistics (ISTAT), plus one representative of the regions nominated by the Conference of the Presidents of the Regional Administrations. If necessary, representatives of the regions or autonomous provinces concerned may be invited to participate in the meetings.

On the whole, the regions are called upon to play a limited role; and this role depends, to a large extent, on the personal attitude of the minister in charge of the project.

The INTERREG programme, on the other hand, is only coordinated by the

Department for Community Policies, leaving considerable initiative to regional administrations.

Italy is involved in five projects: two with France (the Alpine arc and Sardinia and Corsica), one with Switzerland, one with Yugoslavia and one with Austria. The experience seems to have produced positive results in terms of contacts established among the regions. There is, however, a sharp contrast between the complexity of the procedures required for financing and the financial resources available through them.

2.4. Relations between regions and local authorities

Article 128 of the Constitution states that "the provinces and the municipalities are local authorities subject to the principles set down by the fundamental laws of the Republic which determine their functioning".

The recent Law 142 of 8 June 1990 on the organization of local authorities endows them with a considerable degree of autonomy and underlines the central role of the municipalities.

Article 9 of this law states that municipal administrations are responsible for all administrative functions having to do with the population and the territory of the municipality, unless they are explicitly attributed to other bodies by state or regional laws, according to competences. The article introduces a general clause on municipal competences, allowing for municipal action in fields not set down in the law, except for those expressly reserved for other levels of government.

Article 3 of the law concerns relations between regional administrations and local authorities, assigning the former important competences that set them above municipal and provincial administrations. These competences include

- 1) establishing the functions that must have a unitary character in the respective territories and are, therefore, not among the competences of the local authorities;
- 2) identifying, in the fields of regional competence, municipal and provincial interests related to the characteristics of the population and the territory (such identification remains the duty of the state in those areas not of regional competence);
- 3) regulating the cooperation among municipalities and provinces and between them and regions;
- 4) distributing the resources earmarked for the investment programmes of local authorities on the basis of the general objectives of regional planning;
- 5) regulating methods and procedures with which to verify the compatibility of instruments of municipal and regional planning and regional plans.

2.5. The Consultative Council of Regional and Local Authorities at the Community level and the right of regional administrations to turn to the Court of Justice

These two hypotheses would probably be well received in Italy. The latter, however, would require that the individual regions be legitimated for action, wherever

competent, rather than a Committee of Regions set up at the Community level.

2.6. The most likely arrangement for regional and local administrations in the future

Law 142/1990 (see Part 2.4) on the organization of local authorities is still being implemented. Among other things, it recognizes the statutory autonomy of municipalities and assigns regions a number of tasks, on the completion of which the future set-up of local authorities will depend.

In addition, a bill on wide-ranging reform of the regional organization of the Italian state is currently under debate in parliament. The project for constitutional reform has been approved by the Chamber of Deputies and is now being examined by the Senate. It calls for the substitution of the Senate by a Chamber of Regions, as well as a radical revamping of the distribution of competences between state and regional governments.

The bill under examination would maintain the regionally-based electoral system in the Senate: this would continue to give preference to direct over indirect election. But at the same time, the bill is aimed at introducing a principle that is typical of genuinely federal orders and that is, the legislative and administrative competences of the central authority are limited to a number of areas specifically set down in the Constitution. All the other areas would fall under the competence of the regions.

The competences of the two chambers of parliament would also be differentiated, giving the Senate a greater say in regional affairs. Current procedure, based on a double reading of all legislation, would be streamlined. The Chamber of Deputies would be responsible for bills on matters of state competence and the Senate would be responsible for framework laws in fields of regional competence. A second reading would continue to be necessary for some kinds of laws expressly indicated in the bill: laws revising the Constitution, electoral laws, budget laws, laws authorizing or ratifying treaties and international agreements of a political nature or modifying the national territory. In all other cases, a second reading would be optional and would have to be requested by the government or the chamber interested in passing the bill.

Below is a list of state competences as described in the reform bill:

- constitutional revision;
- formation and regulation of constitutional bodies: Parliament, the President of the Republic, the Government and the Constitutional Court;
- foreign policy, foreign trade, international relations and the European Community;
- relations between the state and the Catholic Church, and between the state and other religions;
- national defence;
- public safety;
- individual rights set down in Articles 13-21, 39, 49 and 51;
- regulation of the legal order and the auxiliary bodies provided for in Articles 99

and 100;

- regulation of civil, criminal, administrative, tax and auditing law;
- regulation of civil and criminal codes and penal sanctions;
- the budget;
- state accounts;
- money; financial activities and super-regional credit;
- state taxes;
- general economic planning; state shareholding;
- energy and national industrial policies;
- national transportation and communications; natural disasters.

Regional competences -- those left after taking away the ones listed for the state -- would be concurrent for ordinary regions, that is, they would be subject to the principles established by the framework laws of the state. Should the state fail to provide the appropriate fundamental legislation, the regions would be able to exercise their legislative competence without constraint.

The reform bill also calls for modification of the organization of regional finances, giving the regions greater financial autonomy as well as the right to levy their own taxes.

Table 1 - State, regional, municipal and provincial spending, 1985. (% of GNP)

State	Ordinary regions	Regions with special status	Municipalities	Provinces
69.0	15.4	6.1	17.7	1.8

N.B. State spending is after deduction of transfers to sub-central administrations and interest paid.

Source: elaboration on ISTAT data

Table 2 - Functional classification of total spending*, 1986.

Absolute values (in millions of lire) and percentage composition in 1981 and 1986

Item	Regions special status	1981 %	1986 %	Regions ordinary status	1981 %	1986 %
General adminis.	2,014,585	7.9	7.0	2,398,726	3.6	3.9
Education	1,093,541	3.4	3.8	998,484	2.9	1.6
Labour & training	971,802	2.1	3.4	1,295,257	2.1	2.1
Social welfare	657,293	2.1	2.3	1,141,236	2.1	1.8
Health care	7,045,708	41.8	24.3	37,673,337	62.7	60.5
Agriculture & reclam.	2,181,493	10.0	7.5	4,035,333	6.8	6.6
Forests	337,079	1.9	1.2	264,015	1.1	0.4
Hunting & fishing	45,753	0.2	0.2	86,878	0.2	0.1
Fairs, markets commerce	103,589	0.2	0.4	50,937	0.1	0.1
Crafts & industry	1,222,129	2.6	4.2	422,262	0.8	0.7
Tourism	342,909	1.2	1.2	456,914	0.6	0.7
Transport	1,306,050	3.1	4.5	5,369,684	2.7	8.6
Territory	1,328,146	7.0	4.6	2,439,569	3.5	3.9
Construct.	1,107,868	4.9	3.8	1,991,563	5.5	3.2
Unspecified	9,223,945	11.5	31.8	3,667,507	5.3	5.8
Total	28,981,890	100.0	100.0	62,291,702	100.0	100.0

* estimated budget

Source: elaboration on data from the Istituto di Studi sulle Regioni, *Osservatorio finanziario regionale*, 5-6, Franco Angeli, Milan, 1988.

Table 3 - Current receipts of the regions with special status and the autonomous provinces of Trento and Bolzano

	1987		1988		1989	
	lire (bns)	%	lire (bns)	%	lire (bns)	%
Regional taxes	117.4	0.6	138.9	0.6	162.7	0.6
Share of state taxes	10,818.8	55.8	12,701.4	55.6	16,182.7	58.3
State transfers	7,717.9	39.9	9,485.0	41.6	10,995.6	39.6
Income from goods and services	740.7	3.8	447.3	2.0	415.0	1.5
	19,394.8	100.0	22,772.6	100.0	27,756.0	100.0

Source: Report on the economic situation of the country, 1990

Table 4 - Current income of the regions with ordinary status

	1987		1988		1989	
	lire (bns)	%	lire (bns)	%	lire (bns)	%
Regional taxes	573.6	1.09	539.5	1.07	645.3	0.99
Share of state taxes	5,372.7	10.24	5,573.9	9.57	10,324.3	15.8
State transfers	46,102.2	87.87	51,707.5	88.75	53,717.9	82.52
Income from goods and services	416.1	0.79	437.8	0.75	404.2	0.62
	52,464.6	100.0	58,258.7	100.0	65,091.7	100.0

Source: Report on the economic situation of the country, 1990