



**ISTITUTO REGIONALE
DI RICERCA
DELLA LOMBARDIA**

Governance: the Lombardy Way.

Assessing an Experience, Designing New Perspectives

Position Paper

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This position paper provides an overview of Lombardy's experience of regional government during the past 12 years. It is made up of two parts.

The former was first published as conclusions of the report on the two last legislatures of Lombardy's regional government that IReR published in 2005 (Italian version: Lombardia 2005. Società, Governo e Sviluppo del Sistema Lombardo. Dieci Anni di Esperienze, www.rapportoierer2005.it). The report summarizes in 100 points and interprets the main facts, trends, and results of Lombardy's society, economy, territory, and institutions in the ten preceding years.

The latter part offers a deeper focus on the Lombard governance. It provides a concise overview of the Lombardy region's experience of government during the past 12 years, where most of the legislative, political, and administrative strategic decisions have been moulded by a vision founded on certain values, above all the principle of subsidiarity. This part illustrates the main features of this model: its political, juridical, and social contexts; its underlying principles; its main policy goals, actions, and instruments; and its criticalities and challenges. It was presented as a paper at the Regional Studies Association conference in Lisbon, 2-5 April 2007.

This position paper has been conceived as a means for dialogue and discussion. It is, therefore, a good point of departure for a deeper assessment of the experience of Lombardy's governance and its future perspectives, as well as for a wider reflection on the role of the regions.

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PART ONE

*Lombardy 2005. Society, Government and
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Alberto Brugnoli

Introduction

The following pages are not, and could never be, an actual assessment of the evolution of the Lombard context and the operations of the regional government over the last ten years. Instead, these pages contain an *interpretation* of what has taken place, the most significant aspects that seem to have emerged, and the decisions made by the government to respond - or create the necessary conditions to respond - to the requirements expressed by those who live in Lombardy. They also focus on a selection of the main themes to be assessed.

Our interpretation is guided by the criterion that all government actions are, and must be, conceived in response to *emerging needs*. However, this cannot be taken for granted and contains a challenge. It cannot be taken for granted because, even in the most advanced cases, such as Lombardy, the public institution runs the risk of conceiving its actions in terms of “achieving targets” (which may be right, but are often abstract), and not in terms of “meeting people’s needs”. It contains a challenge because, as those who work in government know all too well, even pre-established and shared targets may prove to be inadequate for the needs, and it is therefore important to have the courage to change them.

This document has been specifically designed on the basis of the *demand*: the requirements expressed by the region (with a small case “r”), by the people and by the interests of those who live and work here. The alternative would be to work on the basis of the Region (with a capital “R”), that is to say on the basis of the offer, what has been achieved and what is planned for the future. “Society” takes priority for us and we therefore had no option but to work on the basis of the first hypothesis. And that is what we have done.

To this end, we felt that it would be useful to reclassify the four main subject areas according to the *areas of intervention* which we feel are relative to the fundamental needs of Lombard society and politics, both now and in the immediate future.

The first area regards the *person*, both as an individual and in his relationships, through which he expresses his personality. This area regards the most elementary and essential needs and rights, such as the right to life and health, safety and security, personal protection and protection for intimate relationships, beginning with family

relationships. The second area regards *human capital*, which should be understood to mean the person as a resource and a form of heritage that is built up over time. This is the resource that makes the main and most fundamental contribution to the development of society as a whole. This area encompasses needs and rights such as access to education and training, including the very best, and work, not just in terms of "employment", but also as regards opportunities and skill-enhancing potential, boosting capacities in terms of training and employability throughout one's working life. The third area regards *development and innovation*. This encompasses the substantial requirements of the economic system (in its broadest sense), such as dispensing resources and skills in order to boost innovation and competitiveness.

While the three key areas for intervention, described above, tend to identify the "targets" to be achieved in terms of catering for the needs expressed by the population, another three areas can be identified that take more "instrumental" factors into consideration: These are: the *institutional context*, with the need to simplify bureaucracy and the need for participation in the construction of a subsidiary system with greater powers and resources at the levels nearest to the requirements; the *local system*, with requirements relative to land usage, environmental protection, reduction in transport times and promotion of the local and cultural identity; *infrastructural networks*, with the need to connect to the system of global relations and improve local public services. These three instrumental levels are closely linked to the first three areas for intervention listed above, representing the endowments and conditions needed to pursue the key targets.

Chapter One

Person, Primary Relationships, Society

1.1. Changing Society

1. People who are born and live in Lombard still receive most of their support from their family. The predominant model is still the couple with children (39.5%), although it is becoming more difficult to break away from the family unit to have a family of one's own: currently almost 40% of young people (aged 25-34) live at home with their parents and only 10% of Lombards live on their own. The marriage rate is falling and the birth rate also remains low. There is a significant increase in separations and divorces. **We are faced with a strongly dualistic situation: on the one hand, a pronounced change in family structures, which are now following critical trends widespread throughout the West; on the other, the need to strengthen this social institution, enabling it to take on some crucial challenges from within:** the possibility for elderly people to be a resource and not just a social issue, the necessary integration (especially for women) of care with work, eased transition towards the constitution of new family units, with young people leaving the original units. The latter is a problem linked to growing work mobility, but also to the desire to guarantee high living standards, especially amongst young people.

2. Today, one quarter of the Lombard population is aged over 59. By 2030, 30% of the population will be aged over 65 and 10.2% will be aged over 80. Despite the recent birth rate revival, the numerical ratio between young and old people (currently equal) will reach 1 to 3 by 2050. **There will be a shortage of people to care for a large number of elderly people, especially the disabled. This is perhaps the most significant issue, and it cannot be tackled without the involvement of society.** Welfare policy strategies have moved in this direction, encouraging development and the diffusion of alternatives to institutionalisation (although this sector has recorded solid growth, with state-run nursing homes climbing from 436 in 1995 to 571 in 2004), focusing primarily on day care centres (from 54 in 1995 to 121 in 2004). We

need to come up with forms of support and tax relief for those who, either out of choice or necessity, are involved in looking after the elderly. On the other hand, 12% of the elderly are aged under 70 and are thus potentially active. As the recent "grandparents' day" demonstrated, the automatic association between "elderly" and "needy" needs to be overcome, because the elderly person is, without doubt, a "resource" for society as a whole.

3. The immigrant population is becoming increasingly deep rooted in the area. Almost half of all immigrants live within their family unit, with all the necessary permits and plans to stay. Lombardy is home to 20-25% of all foreigners in Italy (climbing from 53,000 in 1980 to 347,000 in 2003 according to official figures, but 557,000 according to ISMU estimates). Given the extent and significance of the phenomenon, it has become increasingly important to possess adequate knowledge of its characteristics and facilitate the integration process, focusing on the school and monitoring the employment mechanisms.

1.2. Old and New Needs

4. The home is one of the needs to be taken into particularly careful consideration. It is true that 80% of Lombards own their own homes, but we need to remember that rent is made more problematic due to the inadequacy of the offer. Although it only affects a minority of Lombard households today, the demand could increase significantly in the future due to mobility phenomena in the work market, the growing number of marital breakdowns and family splits, a further increase in foreign immigration, and the temporary living requirements of university students.

5. There are 139,000 poor households and a further 147,000 households that, despite being above the official poverty threshold, cannot be considered to be free from the risk of falling below the threshold. This is especially true of a society such as the Lombard one with its high living costs and levels, which are certainly higher than the national values on the basis of which the poverty threshold was established.

6. Together with this more traditional form of poverty, there is a progressively widespread weakness linked to new forms of work and the reduction in protection and social welfare for some types of workers. While boosting employment and flexibility on the one hand, the new forms of work and contracts make jobs more precarious, increasing the perception of vulnerability and fragility. If associated with

the drop in traditional family ties and the “natural” protection networks, this fragility could have significant repercussions which should be borne in mind.

7. The new form of welfare must be consolidated and assessed on the basis of new vulnerability criteria, using new methods of intervention. The group of “vulnerable” people has grown in size: family units that are not at risk of immediate poverty, but find themselves more uncertain and defenceless against threats in areas of their lives that once symbolised security (the family, the home, work). This group of the population is “vulnerable” inasmuch as the occurrence of one or more crises could throw their entire wealth and income off balance. If these temporary crises are not handled suitably and in good time, they could trigger a downward spiral from which it would be difficult to recover, with the risk of placing some of these people in conditions of real poverty. These needs will be less visible and public intervention will need to be briefer and quicker than that to which we are currently accustomed.

1.3. Health and Safety

8. Lombardy is making up for a sort of “health” debt in its past. The average life span is comparable to the Italian average, while the death rate for all causes is falling more quickly than the national rate. The epidemiological picture offered by the report shows evident differences between different areas in the region and reference local health authorities: these specific aspects need to be confirmed by further investigations, but are certainly decisive in terms of the planning and improvement of the regional health system.

9. Safety records are improving. Accidents in the workplace (including fatal accidents) are amongst the lowest in the country. However, there has still not been a stable and continuous reduction and we are continuing to witness a worrying number of accidents in the agricultural sector. The road traffic accident death rate is the same as elsewhere in the country, but is undergoing a significant decline. The evolution of criminal phenomena over the last decade is relatively comforting: crimes were 25% above the national average in 1996, while today they are below the Northern Italian average and in line with the national average. However, this positive picture needs to be examined in comparison with the widespread feeling of insecurity amongst citizens, probably fuelled by the media.

10. It is essential to understand the subject of safety in its global dimension. We need to look at it not just in terms of public order and security (i.e. policing), but also safety in terms of peace of mind: safety in the workplace (and safe jobs), in the local area and on the roads, food safety, energy safety, water safety, environmental safety, and so on. Rather than a matter of emergency, safety is an aspect of citizenship (as the chapter of the report itself cites). Seen from this integrated perspective, the region has taken significant action, not just in creating the Department of Safety (the first region to do so in Italy), but also in its hydrogeological, air pollution and food risk prevention operations.

1.4. Health. From Governing the Offer to Governing the Demand

11. Health is one of the achievements that symbolises the efforts of the Regione Lombardia. It is based on principles of freedom of choice, separation of buyers (local health authorities) from suppliers (hospitals), and equal treatment in public and private facilities. Today, seven years on from the reform and in a climate of more widespread agreement about the traditional welfare crisis and the role of the third sector, these principles are seen as less innovative and "revolutionary". However, we should not forget that they represented a real breakthrough for the Italian cultural tradition of "public service", which bore the brunt of an illiberal tradition that saw public service monopolised by the state. We simply have to think back to the "Opere Pie", which regulated public welfare services in Italy for over a century, from 1890 onwards.

12. The introduction of mechanisms for public and private integration, together with freedom of choice for users, has revolutionised the entire system, producing potentially positive effects and significant results in terms of efficiency and effectiveness. From 1995 to 2003 ordinary admissions fell by 15% and day hospital patients increased by 73%. The average length of a hospital stay fell by 18% (from 10 to 8.5 days). The average number of admissions per 1,000 residents fell from 176.7 (1997) to 147.6 (2003). Expenditure per capita was above the national average in 1995, falling to below the national average by 2003 (1,400 euros in Lombardy, 1439 nationwide). Patients attracted from other regions were up by 35%, while the average waiting times to see the specialist were down. However, the latter fact does not represent an absolute value: waiting times do not necessarily depend on inefficiency, but could be the result of a higher demand for a better service.

13. The economic sustainability of the model is threatened by its very efficiency and by an uncertain fiscal federalism. Opening up the system to the private sector and freedom of choice have made the Lombard model a conceptually advanced system, which is extraordinarily difficult to achieve because it requires a balance that does not exist: a balance between the cost-cutting pursued by the government, the diffusion of increasingly sophisticated and expensive technologies and drugs by the industry and, lastly, an increasingly widespread and informed demand amongst citizens for these technologies and drugs.

14. Governing research in the healthcare and biomedical fields is one of the key questions for the near future. The number of centres and research institutes, and the proven quality of their operations, make it important not to further delay the implementation of a serious initiative for the coordination of lines of commitment, economic and human resources. Lombardy could potentially dominate the international field. The public and private blend should be extended from the government of the service offer to the government of research.

15. The matter of spending sustainability has necessarily focused on the more urgent aspect of the service offer. We now need to take decisive action in terms of the demand, much of which is for specialist services, which currently account for around 140 million a year in Lombardy. The demand is sustained by a population with a longer life expectancy, which is influenced by the media to demand better services than in the past. The demand is also sustained by the offer of widespread, sophisticated and top quality diagnostic investigation tools. It is essential to appeal to the sense of responsibility of general practitioners and paediatricians in relation to freedom of choice, as they represent the main discretionary power of the system. It is equally important to be courageous enough to check whether the services are appropriate.

16. A strategic aspect of the system, which encompasses both the demand and the offer, regards the training of healthcare personnel of different levels. Lombardy has made cutting edge decisions, creating a regional system for continuous medical training that is independent from the national system. It tends to promote effective research and training carried out as part of ordinary operations and not just participation in conferences. Investing in the “human capital” of healthcare workers increases the probability of receiving more professional, humane, concerned and understanding treatment for the patient, thus improving effectiveness and efficiency.

1.5. Pluralist Welfare. Consolidating Subsidiarity and Responsibility

17. In the Lombard welfare system, subsidiarity has been acquired from the political lexicon and culture. **Subsidiarity does not simply mean reducing public intervention and increasing private intervention, taking away with one hand to give with the other. The objective is to guarantee assistance (*subsidium*, to be precise) for all, beginning with those who help in their turn.** Lombard society, which boasts a long history of care, has almost always made a pro-active response, innovating the concept of "public" service, which no longer coincides with that provided by the facilities that traditionally represent the institutional apparatus of the state. In fact, in Lombardy, just 8.8% of social welfare facilities are municipal, regional or state-run.

18. **The traditional competition between those who receive, has been flanked by the new competition between those who supply, leading to significant results.** The response to the demand for care has increased, keeping expenditure under control. The level of traditional institutionalisation has risen: beds in nursing homes for the elderly have increased in 5 years (1999-2004), climbing from 40,919 to 49,544 (+21%), and even integrated homecare has been improved, with 53,610 cases treated in 2002. This is one of the decisive factors in the reduction of the average hospital stay of over one day. At the same time, it has been extended to the private sector, with an increase in the number of beds and healthcare facilities (nurseries climbed from 489 in 2000 to 792 in 2003). The same can be said of the social/healthcare vouchers, 98% of which were used to support care in the family during the experimental phase, thus avoiding institutionalisation, which is known to cost far more than homecare.

19. **The Lombard welfare system has been described as “light”, in the sense that it has sought to adapt its response to changing needs.** This was possible because the users and providers of the social and welfare system found themselves closer together than under the traditional welfare service. The change currently taking place in society confirms the decision to have a welfare system conceived as an integrated civic responsibility and institutional system: if society changes, the way in which it participates in the construction of the welfare system will also change.

20. **The subsidiarity offer sometimes exceeds the demand.** It is not unusual for the regional government to find itself ahead of society in the drive for subsidiarity. Society, even in Lombardy, where it is more active than in other regions, is not

immune to “statist” type inertia, sometimes preferring the tranquillity of guarantees to the opportunities offered by social enterprise.

21. The strong growth of the third sector and the role it is called upon to play, drive it towards the need to identify an even more defined social role for itself, overcoming its simple inclination towards outsourcing the service (and, possibly, making use of the new immigration resources for the elderly population). Civilised society demands recognition of its specific aspects, while political society demands a new way of tackling the service. This calls the assessment and regulation tools and the responsibility of the providers into question. The experience gained from the school vouchers and social vouchers has shown that these parties act within a “quasi-market” context, in which the lack of entrepreneurial forms of business and the presence of special rights can produce distortions. From this point of view, the need for more adequate promotion of horizontal subsidiarity and, where possible, the service market, is decisive, dedicating particular attention to the monitoring, accreditation and assessment systems. This could possibly be achieved through the creation of suitable regulatory authorities or by entrusting the relative tasks to local bodies and institutions.

22. The criterion of freedom of choice and the promotion of the private sector have generated forms of support that are even available to less advantaged groups. One example is good schooling: over 80% of the beneficiary families have an ISEE (equivalent economic situation indicator) income of below average.

Chapter Two

Human Capital

2.1. Lombardy: Leading Position and Critical Areas

23. Lombardy boasts some of the biggest resources of human capital in the country. Over recent years, the accumulation of this resource has intensified in keeping with the increased awareness that human capital is a strategic factor for economic development and for improving quality of life. In fact, the proportion of the population that has a degree or equivalent qualification has grown, taking the Lombard statistic well above the national average (7.3 compared to 6.6). There has also been a big increase in students registering on doctorate courses.

24. The accumulation of human capital is not just the cause, but also the effect of the economic development. Lombardy attracts flows of qualified human capital not just thanks to the quality of its universities and research centres, but also because of the employment opportunities offered by a dynamic job market. This is demonstrated by the high percentage of students and graduates at Lombard universities from outside the region (around 20%), and the consolidation of research and development personnel, which is the highest in all the Italian regions (31 thousand units).

25. As always, the region's stance is not consolidated automatically. We need to tackle a number of critical areas. In fact, while the employment rates for young Lombards are far higher than those in the rest of Italy, rates of participation in education are still relatively contained. Although the decade from 1995-2005 saw a seven percentage point increase in rates of participation in different levels of education throughout Lombardy, these rates are still not in line with the more advanced regions of Europe. In particular, the main critical element is the relatively high number of drop outs, both from secondary school (estimated at between 6 and

12%) and at university. Despite a probable slow down in drop out numbers in keeping with the new educational structure, it is estimated that around 3 students out of every 10 of those who registered in the 2001/2002 academic year, dropped out of university by the third year.

2.2. Operations of the Lombard Government and New Frontiers

26. The Regione Lombardia has managed to read and interpret the transformations of the work market, which affect the relationship between training, education and work, both promptly and with the appropriate methods. Through the reform of the employment services and the “continuous work grant”, it has promoted the collection and rationalisation of information on employment opportunities in order to enable effective operation of the work market. It also intervened on the system of training bodies, with the objective of raising the quality of the training courses provided. The integration of the information relative to the public and private bodies that supply the employment services is the fundamental in opening and systematising the parties operating on the work market, beginning with the accreditation scheme. The presence of a large number of operators and the coordination of the information collected from them, guarantee the Lombard work market full functionality and the possibility of real time information on mismatches between the job demand and offer, making it possible to intervene with suitable training policies.

27. From this point of view, **the accreditation system introduced by the region makes it possible to act on a number of training bodies, able to cover and modulate the training offer according to the requirements expressed by the market.** This should reduce the gap between the training demanded by the market and the skills possessed by the individuals. To this regard, we should mention the significant increase in the number of training projects funded by the FSE, which have helped over 800 thousand students over recent years.

28. The generalisation and accessibility of post-secondary school training is also fundamental. Perhaps because of its long tradition in this field, the Lombard experience, more than others, is characterised by attention to the work demand: this has changed professional training, which is no longer a channel with a single entrance and a single exit, with the entrance positioned in correspondence to school failures. It has become an open park, where individuals, including those who had difficulties at

school, can grasp repetitive training opportunities, as demonstrated by over 4,000 courses provided by the Professional Training Plan.

29. An aspect that closely regards the strengthening of the human capital is the availability of financial tools, which enable students to access top courses. On its own initiative, the region is promoting a student loans trial, designed to support initiatives that have already been implemented by credit institutes and universities. These student loans require the adoption of effective credit recovery mechanisms, but would offer the immediate advantage of activating and circulating new financial resources.

Compared to more traditional grants, they would also require repayment responsibilities from the beneficiaries. Moreover, we need to consider the fact that student loans play an important role in providing access to top postgraduate training. From this point of view, the introduction and availability of student loans means attracting highly skilled and qualified human capital to Lombardy, adding to the low specialisation human capital, which has already been attracted and offered incentives by the work market.

30. One reason for university drop outs is the difficulty involved in finding a balance between commuting and effective studies. This critical area has been tackled firstly with an attempt to resolve the residential problems of students who do not live near universities. The number of student residences has been increased, so much so that in recent years the number of beds managed by educational rights bodies has almost doubled. Alongside an increase in the number of beds, the region has implemented a series of measures designed to contain the rental costs, mostly as part of the “Temporary Lease” Programme.

31. The scenario of regional skills in terms of training, education and work policies should be further strengthened by the reform of Heading V of the Constitution by the Moratti Reform, which has introduced the right/duty to education, and by further devolutionary processes. The region can thus grasp new opportunities to structure operations intended to encourage greater links between training courses and professional outlets, as well as experiment with new frontiers.

32. The first frontier regards the inevitable mismatch between the skills offered by the education and training market and the skills required by the work market. The skills demand from businesses and the civil service is constantly evolving. The educational offer (first and foremost schools and universities) ought to adapt with due speed, guiding young people through their studies on the basis of the actual requirements of the economic world. Moreover, like the fixed capital, the human capital is also subject to obsolescence, especially during periods of major

technological innovation and deep restructuring of the productive fabric, such as that which we are experiencing today. Due attention must therefore also be paid to putting workers with a certain experience in a position to respond to this inevitable mismatch.

33. The reduction in the skills gap between the work demand and offer can also be achieved by academic education, with contents targeted at the needs of the professional business, but without comprising on the breadth and solidity of the compulsory education. Particular attention should therefore be paid to avoiding the risk of impoverishing the academic contents involved in compulsory education. Both public and private structures should play a part in this.

34. As regards university education, young people and families currently have a difficult decision to make given the reform that has not yet been fully implemented and in view of the highly diversified, divided and sometimes too naively market-oriented offer of the universities. **The first step towards combating the drop out rates involves strengthening the careers guidance policies**, seeking to encourage a systematic logic between the Lombard universities and communication of the offer to the families and students, with reference to the whole of Lombardy. In this sense, the regional observatory for the right to university study, envisaged as part of the reform of the institutes for the right to university study, could constitute an initial body of support, giving added coherence to information on the Lombard university system.

35. In order to increase the competitiveness of its human capital, **the Regione Lombardia has already invested significant resources in the promotion of continuous training.** Despite this, the number of workers taking part in training courses is decidedly low (equivalent to 3.8% in 2003), although slightly above the national average.

36. There seem to be two significant considerations regarding the Lombard situation. The first is that **continuous training cannot be residual, but must be systemic and excellent**, promoting the universities and the various opportunities offered by the recent reform. In addition to creating career paths, this would also have consequences in terms of employability, generating reciprocal benefits for businesses and universities, as well as related industries.

37. The second consideration regards the possibility of continuous training, **specifically targeted at the elderly**, designed to increase their activity and put them in a position to train younger workers. The objective of increasing activity amongst the older population is specifically encouraged by the European Union and included in the white book on the Italian work market. Moreover, we could examine the

possibility of linking the process to the incentives envisaged by the reform of the pension system, in order to extend the length of time older workers stay on the work market.

38. One of the fundamental dimensions of the effectiveness of a work market lies in its inclusive tendency: in its ability to guarantee participation in work and the economic benefits that derive from work, even amongst those who, for various reasons, are exposed to the risk of exclusion and social marginalisation. In keeping with European employment strategies, experimental and innovative job placing and guidance tools have been put in place for the weakest groups of society.

39. A final note: the question of human capital also regards balanced personal development. This cannot just be achieved through competitiveness, work and enterprise. Therefore, the question cannot only be tackled from a strictly professional point of view. A culture targeted at enterprise only does not even help enterprise itself. Human capital is developed as part of a complex educational context, which also envisages aspects that are not strictly professional, such as beauty, art, music, literature and so on. The Italian tradition in this area is an advantage. It is worth noting that great Italian minds are moving abroad precisely because these minds are "Italian". That is to say, they are minds that developed within a broad and complex educational context, able to offer people a conceptual and categorical baggage that, objectively speaking, is broader and more complete than that offered by educational systems in other countries, including those that are more economically advanced.

Chapter Three

Economic Development and Innovation

3.1. A “Stellar” Economic Model

40. The traditional production system indicators offer signals that are difficult to decipher and an unclear picture. On the one hand, there are some worrying trends (industrial production, foreign trade quota, etc.), while on the other there are indications of a hold or, often, a leading position (productivity, training, development of the human capital, employment, incoming and outgoing foreign investments, development of the third sector, research).

41. Upon closer observation of the profound modification and reorganisation process underway in the Lombard economy, two drivers clearly emerge that tend to constitute an economic model with a “stellar” configuration. It encompasses a number of realities that comprise the star’s points of excellence, and a central body comprised of a macro-cluster of services for the production industry and citizens, with a predominant economic weight if measured in terms of the employed and participation in the regional GDP.

42. The points of the economic star are the productive and service segments in which Lombardy preserves firm competitive leadership on a national and international level. These are well known sectors such as fashion, industrial design, capital assets and agricultural businesses, and new segments such as biotechnology, healthcare and integrated logistics, with all the relative support from information technology. These realities are more or less explicitly identified today on a regional level as “metadistricts”, phenomena in which the regional intensification dimension typical of the traditional district is being replaced by knowledge integration dynamics and production processes amongst operators on an intra-regional level, with aggregation around urban and/or technological poles.

These key sectors are characterised by the need for continuous investments in the development of new concepts, technological applications and advanced technology.

43. The central body of the “stellar” system is comprised by the service sectors that currently provide the most employment. Typical examples are the clusters of financial, IT, media, entertainment and commercial distribution services, as well as the system of services and care for the elderly and, in general, the civil service. These clusters are an aggregation of segments of diversified services, which all share a strong relationship with the end client, and are thus not subject, or only subject to a limited extent, to the risk of decentralisation. Moreover, as they are labour-intensive, they have relatively rigid cost functions. The increased productivity of these service macro-clusters, achieved through the incorporation of technological innovation, new methods, better practices and organisational models, has a direct influence on the competitive capacity of the economic system as a whole.

44. Within this “stellar” economic model, we can also observe the recent evolution of the traditional system of Lombard districts, destined to be points of the star or to progressively lose their role and their economic importance. On the one hand, the widespread presence of systems of local development and the consolidation, within them, of a growing number of small and medium enterprises, bear witness to an area in which individual entrepreneurial ability and a heritage of culture and values interact with success, playing an important role in the training of the fertile social and relational capital. On the other hand, the emergence of an entrepreneurial class deficit in some areas and sectors, and the appearance of new markets and new competitors on the international scene, have threatened businesses in some districts over the years. Indeed, they are now called upon to make rapid and radical changes in order to remain within the national and international competitive arena. However, in this case there have been plenty of positive reactions. Arese is a good example of this.

45. In the light of the available indicators, Lombardy appears to be Italy’s leading region in terms of innovation, in a good position with respect to the international market: investments in R&D are equal to 1.27% of the regional GDP, compared to the 1.16% national average; it is home to 12 universities and the highest number of lecturers and researchers in Italy, amounting to approximately 7,500 units, equivalent to 13.3% of the national total; it is also home to the highest concentration of R&D personnel, approximately 31.200, equivalent to 19% of the national personnel; 74% of investments in R&D come from private enterprises, compared to a national average of around 50%, meaning that the targets set by the "Lisbon Strategy" have already been well surpassed; over a third of the over 5 billion euros spent annually by businesses on R&D in Italy is made by Lombard firms; 40% of patents

filed by Italians with the European Patent Office over the last 10 years are Lombard. Lombardy also plays a considerable role in the European research system, especially in absolute terms, while the relative indicators show that there are significant margins for growth in order to keep pace with the most advanced regions of the EU.

46. The above considerations on the centrality of human capital for regional development are thus supported by the evolutionary dynamics of the Lombard economic system, which has been moving in the direction of repositioning itself on the most intensive innovation development trajectories, in line with those that dominate the strongest geographic areas and sectors in the European and international economy. **Today, however, Lombardy's leadership is being challenged by the shift from a culture of casual and incremental innovation to an incremental and radical cultural of innovations, which is being systematically and pervasively pursued on a systematic level.** This is a cultural move in the full sense of the term. It is not taking place through pure imitation, but through anticipation and creative effort, integration with the trajectories that dominate the international economy, an increase in innovation in mature sectors and participation in international hi-tech networks.

47. Openness and an international dimension are essential to this process, and Lombardy, which dominates direct incoming and outgoing Italian investment flows, and movements of highly qualified human capital throughout Italy, has an extremely favourable position, even in comparison to other European regions. There are still many opportunities open to the region.

3.2. A “Glocal” Approach to a Regional System of Innovation

48. **Within the context of its operations, the evolution of the Lombard economic model has led the Regione Lombardia to favour an innovative vision of networking between public and private bodies and the gelling of the regional system around innovative activities, both on a local level and on an international level.** On both levels, the region has established itself as a generator of stimuli, a framework for institutional partnership, a policy-maker for innovative economic development and a catalyst for local and global connections. It has developed a number of original solutions on a local level, such as the reorganisation of the local seats, the creation of tables for comparison and shared local development planning, the promotion of economic and social enterprise in the area, and the institution and diffusion of telecommunication services. On an international level, it has imposed a

significant acceleration on the system, with the creation of the seat in Brussels, the foreign missions, the reorganisation of the trade fair system and the incentives for Lombard companies to develop their business on international markets.

49. The research and innovation system and human capital are the key factors in the consolidation of this “stellar” economic model and in its evolution into an effective regional innovation system (RIS). The presence of 12 universities, numerous public and private research centres and a significant number of technology transfer initiatives provides reassurance regarding the conditions necessary for this evolution. The ensemble of these local assets entails a critical mass, areas of excellence and latent potential that should be promoted and integrated within an RIS, making it the driving force behind a process for strengthening the regional role of innovative leadership on a local, national and international level.

50. The first link in the RIS is represented by Lombardy’s university system which, over the years, thanks to the move towards autonomy, has managed to develop a growing awareness of the problem of educational platforms and a collection of effective strategies for attracting students and young researchers not just from Italy, but also from elsewhere in Europe. As we have already seen, the region has undertaken a number of actions in support of the university system, making it possible to bridge, at least in part, the structural deficit which risked prejudicing the growth and rationalisation targets of the system itself.

51. On the scientific and technological research front, the regional funds have more than doubled over the last decade, bearing witness to the regional government’s efforts to bring extra life to the innovative capacity of local institutions and businesses. The decision to concentrate resources on technological frontier sectors – as demonstrated, amongst others, by the special rotary fund for technological innovation (FIT) and the Next fund for new technology companies, promoted by the Regione Lombardia – avoiding operations that provide small sums to a multitude of beneficiaries, and the introduction of research accreditation and assessment criteria, are key aspects of a research governance strategy that aims to support excellence.

52. The transfer of research to the business system is the nerve centre of the regional systems of knowledge. The experience of the Lombard industrial districts, the driving force behind economic well-being in many areas of the region, demonstrates how forms of knowledge fertilisation can exist alongside each other, passing through formal and informal relationships between SMEs and creating the necessary conditions for the widespread diffusion of the innovations throughout the local systems. This model has not failed. However, some encouragement may be

necessary to take possession of a culture of innovation that is not satisfied with simply improving already existing ideas.

53. The strengthening of these positive relationships has been encouraged by the regional operations of the last decade. This has been achieved thanks to numerous initiatives, including those in support of particular centres of excellence such as the Biopolo (at the Bicocca University of Milan), the technology transfer centres in Brescia, Bergamo (Dalmine) and Como, the IFOM, the FIRC cancer research institute, the Innovation Polytechnic at Milan Polytechnic and the Lombard Science and Technology park in Lodi, which specialises in biotechnological, zootechnical and food processing development.

54. While universities, research centres and technology transfer centres are essential to the birth, organisation and consolidation of the Lombard RIS, it is also important for a large group of players to become definitively involved, beginning with the business system, the financial system, the public institutions and those with public aims. The business system, especially in the points of regional excellence, is called upon to take further risks in terms of innovation, increasing the level of cooperation between companies working in R&D, and taking on the necessary levels of development, contributing to the funding of research and further education institutions. The financial system, in its turn, cannot refuse to take on the entire responsibility for funding the incorporation of innovation into production processes and the cluster of services, taking its part in the risk, effectively supplying the necessary range of innovative financial products, such as venture capital and innovation finance, which can be found on the most advanced financial markets. Lastly, the public institutions and those with public goals have a specific task in paving the way and catalysing financial resources, institutional efforts and governance tools. From this point of view, there have already been interesting examples of cooperation between foundations, polytechnics, universities and large banking groups.

Chapter Four

Institutional Repositioning

4.1. “Tied Sovereignty” in the Incomplete Institutional Transition

55. The experience gained from regional operations over the decade from 1995-2005 could be described as a large building site, in which the Regione Lombardia acted by choosing an original intervention model, interpreting the expectations and opportunities for institutional and government innovation opened by the administrative decentralisation processes, the introduction of the election directed by the regional president and the constitutional reform.

56. During a period in which we have witnessed an alternation of orientations and behaviour in favour of federalist processes involving sudden reversals and examinations of consistency and national sustainability, throughout the long and incomplete Italian institutional transition, **the Regione Lombardia has therefore exercised a sort of “experimentation right/duty”**, which can be represented as an attempt to interpret a new role of the regional institution, useful for identifying the best form of giving to a “polycentric state”.

57. This has been achieved almost despite the difficulties of the context present **then as today**. In fact, then as today, there were and are important factors such as failure to implement the decisions made with the reform of Heading V. The federalism promised in the constitution was never implemented, just as the fiscal federalism has not been implemented today (with the aggravating circumstance, incidentally, that the uncertainty regarding the change in the structure of the financial flows between the central government and regions is one of the most delicate points involved in the present situation).

58. For these very reasons, the balance of a decade cannot yet be closed. However, a fundamental aspect has emerged. **In the spaces conceded and/or won upon implementation of its action, the Lombard regional government has always acted in advance or dialectically with respect to the opportunities and ties related to the incomplete federalism. It has acted by seeking innovation rather than a guarantee, reaching a point at which, not without reason, it has been interpreted and put forward as a model material constitution.**

59. In the same way, **on an internal level, the Regione Lombardia has implemented and consolidated a significant structural reorganisation process.** Its efforts have been targeted at guaranteeing flexible use of resources; decision-making efficiency and adaptability to the changing contextual condition; high specialisation and skills; the ability to operate in partnership with other organisations (both public and private); and better use of ICT technology. Moreover, new areas of investment have been identified in models of “professional organisation” based on highly specialised teams, with strong decentralisation of the decisions, high commitment and a sense of belonging, increased responsibility for processes and projects, and further development of networking logics.

60. Thus far we have examined the merit and the contribution. **However, the impression remains that, in addition to dynamism, other equally substantial factors are required, able to overcome in some way the condition of "tied sovereignty" within which Lombardy and the regional institutions operate, despite the approved reforms and the reformatory reform bills.**

4.2. The Need for Simplification

61. **The simplification of the forms of relationship between citizen and institution is a need that has been observed and is shared by both the parties involved.** The Regione Lombardia has taken major steps to reduce the number of laws, redefining the relationship with the citizen/tax payer through the consolidation act of the regional tax laws. It has also attempted to create legislative and technical tools that facilitate a reduction in obstacles. However, there is still much to be done and the simplification must entail awareness across the board, the introduction of new digital technology and delegation to local levels.

62. There is also another aspect destined to play a decisive role in the simplification process. Rather than regarding instrumentation, it actually regards conception. **Thanks to the innovative initiatives undertaken, the Regione Lombardia seems to have progressed from a concept of civil services that establish the offer available to citizens, to a government that knows how to cater for the demand.**

4.3. The Link between Institutional Parties and Resources

63. The first open question regards how the national scenario will evolve in terms of federalism, especially as regards the links between the various parties and the matter of resources. As regards the first issue – relations with the centre of the system – much still needs to be done by a reform that should fine tune the national institutional systems in the way that conforms best to the “federal” decision (Regional Senate). It is also necessary to pursue and intensify relations with the consultation seats (conference system), to be supported by means of adequate cognitive apparatus.

64. As regards the question of resources, we can observe that, both in terms of the reform of Heading V and in terms of subsequent constitutional modifications, a new system cannot function without the “fuel” of the resources to be mobilised by fiscal federalism. In this case too, **international comparisons can help us to put the results expected from the comparison of the resources into perspective.** Compared to the European situation, the Italian constitutional reform of 2001 does not envisage the decentralisation of a particularly high level of expenditure. With respect to the increase estimated by the most accredited institutes, the Italian quota of decentralised public spending would rise by approximately ten points, drawing close to 38%. This value is only just above (by three points) the average of the main EU 15 countries. We need to examine the levels of decentralised expenditure to be reached through increasing the individual profiles of responsibility, as part of the shift a vertical path to decentralisation of entire offices.

4.4. Administrative Decentralisation

65. **The political federalism hoped for at the start of the VII legislature has not come about.** Lombardy has found itself acting, against its will, on the decentralisation level only. Due to various reasons and national ties, it has conserved management and administration roles for itself, at least during the initial phase, and has favoured the provinces over the municipalities during transfers of power.

66. Whether it is the pre-established model (direct identification of the offices by the state), the residual model (general responsibility attributed to the regions), or, lastly, the redistribution model (further allocation of offices by the region), and despite the constant attempt to involve energies “from below”, **the ascertainment that this initial decentralisation experiment has been a descending experiment from above, based on state instructions, rather than a process of shared preferences, where the conditions were in place, involving the bodies benefiting from the transfers, appears to be fundamental.** In view of the region’s tension regarding the political involvement of local bodies, the latter have not always demonstrated sufficient awareness of their role and capacity for initiative. The decentralisation process has therefore been interesting due to the efforts made on the level of management solutions adopted and due to the effects that they are producing on the end uses of the transferred offices and services, which have become the object of specific empirical observations in Lombardy and Italy for the first time.

67. **We should therefore clarify and implement a more complete Lombard model of vertical subsidiarity,** since the experience gained has shown that it is apparently more difficult to implement than horizontal subsidiarity, in which the region was actually able to act directly (good school, governed directly by the region or social policy decisions). In this sense, the critical aspects to be tackled include overcoming the limits of the descending model, which has given rise to the season of decentralisation, and establishing a new relationship with the municipalities, to be considered effective “local government” in the classic sense of the term and therefore a favoured place for the implementation of the horizontal subsidiarity too. It is true that the 1,500+ Lombard municipalities and their various divisions represent a point of contact that is too varied for action to always be effective. It is equally true that the municipal tradition is a historic inheritance from the social and cultural fabric and still remains the first point of contact for the local people today.

4.5. The Need to Participate in the Construction of the System

68. It could be said that Lombardy has activated all the branches of partnership that it seemed possible to activate: the *branch of local autonomous bodies* with some involvement of municipalities, provinces and mountain communities; the *branch of functional autonomous bodies*, chambers of commerce and universities, with action currently being extended to include trade fairs, transport and communication agencies, and public utilities; the *branch of environmental autonomous bodies* and the *branch of the social economy*. Where possible, the partnership has produced repercussions on the negotiated planning tools, seeking to overcome a generic sharing of objectives, generating consensus regarding decisions for which the region only is responsible. It has also been managed by taking note of the need to substantiate that combination of vertical and horizontal subsidiarity that constitutes the regulatory and strategic framework created by the region with the intermediate bodies of society and the local institutions.

69. As regards partnership and the ability to intervene on real processes, the risks of institutional trade unionism of the board members, the lack of attention to representation, to the new first and last that do not always arrive at the places of negotiated planning, appear to overcome the insufficiency of regulated work. **Updating and further study of the architraves of the shared model are therefore necessary to consolidate effectiveness.**

4.6. A Method Perspective

70. We have not focused on these aspects in order to simply emphasise the areas of uncertainty that are always present in all public policies. Instead, we wish to draw attention to the need for the creation of the conditions for effective, cooperative regional governance, in keeping with expectations. While the rebalancing of the exogenous factors is key to accentuating the incisive dimension of the regional action, the endogenous capacities to give shape to that which the regulatory framework has reaffirmed should not be missing. **Today, more than ever before, an integrated system exists, and must exist, which is based in the regions for all non-state matters.**

71. In other words, the regions today are, “constitutionally” speaking, the key to the regional/local system. However, being the “constitutional” key is not sufficient to interpret the range of regional/local political action that, in order to become such, must contain subjectivity and substantiality. Everything done over the last decade should therefore be reconsidered as regards its potential to give substance to a regional political system able to put itself forward as an irreplaceable agent for the aggregation of the energies and expectations that persist in the area. **An integrated system of this kind will still need paths and examples of what to should be included (health, education and work, simplification, negotiated planning, safety, etc.), but must also demonstrate (more so than in the past) vitality and an ability to have an effect and resolve issues (even more than other models and other systems).**

Chapter Five

Local System, Environment and Mobility Requirements

5.1. A Constantly Changing Local System

72. Lombardy is an incredibly articulated and complex region. It has a complex geo-physical, environmental and population structure; in the last ten years this has been compounded by the complexity of changes in the socio-economic system, and the emergence of new relationships between the production system, social dynamics and the regional fabric. Changes in the socio-economic structure are linked to economic processes that bring together flows, and to effects that are distributed across the region such as overcrowding, gradual exploitation of the land and damage to the environment.

73. We are seeing growing tension between the demands made by the transition from the region's production model, and new requirements for managing and protecting regional assets, which comprise limited resources in terms of energy, landscape, nature and the environment. Several factors are contributing to the growth of this tension. These include the outsourcing of economic/production processes; the dematerialisation of relationships, due to the rise of new telecommunications technologies, which so far have not fully replaced mobility and physical exchanges but have in turn generated an increase in contacts, whether non-material or otherwise; the transformation of agglomerative systems in industrial districts; the changing social dynamics and working models in urban economies, resulting in changes to models of spatial organisation in metropolitan areas and commuter mobility; the redefinition of the regional geography of the commercial sector and hence the smaller infrastructural networks; variations in the regional organisation of the primary sector and the use of agricultural and rural land; the dynamics of abandonment and rediscovery of "marginal" areas, whether they feature high or low ecological content.

74. The regional complexity of Lombardy is also reflected in its mobility system. Historically this has developed in a radial manner around Milan, and the region has been at the heart of an infrastructural hub that is one of the most important in Central-Southern Europe. The main issue for now and the near future is that the timing and demands of mobility are constantly changing: increased non-systematic movements; the escalation of the "periurbanisation" process, with increased commuter mobility; increased freight and logistics operations in the manufacturing industry; an increase in interconnections between levels of mobility. The efficiency level of the mobility system affects costs, both private and public. It therefore affects the competitiveness of the production system across the board in all sectors.

75. At the crossroads of these changes, the Regione Lombardia has decided to confirm its governance model for the region as a whole, where the complexity of objectives, restrictions and therefore decision-making processes is higher than elsewhere. The checking and monitoring of decisions made by local bodies affecting the region is all-important. Over time, this has turned into the coordination and promotion of their activities regulating and governing local processes. This is the cooperative approach that features throughout the negotiated planning process.

5.2. The Environment. A Crucial Element in the Lombard Local System

76. Lombardy is a region with a high industrial, urban and infrastructural concentration. It is also rich in environmental wealth, natural beauty and evident historical and cultural assets. **This has made it one of the focus points for the environmental question in Italy. It is more susceptible than other regions to the threat of environmental and land deterioration. Yet at the same time it has achieved objective, provable results as a response to that threat.** These results apply to waste management, in which Lombardy meets the best European standards; water quality, in which considerable progress has been made, particularly during the most recent period of legislature; air quality, in which critical, ongoing current problems, specially in urban areas, have been accompanied by remarkable improvements in levels of emissions and air content of the main pollutants; and lastly, parks and protected areas, which have been extended rapidly in recent years.

77. Perhaps the most culturally significant step has been to consider the environment not as a sector of intervention confined to the requirements of specific environmental policies, but instead as a cross-party, widespread

criterion of political action. There is an awareness that certain pressures on the environment in Lombardy – such as air quality – cannot be directly controlled by careful policies; instead, they require more general problems to be solved in the economic and social structure as it evolves. This is precisely the case with mobility and the introduction of new technologies. Thus certain effective answers to regional action are to be found in the relationships between different regional policies, i.e. by integrating the environment into the objectives and boundaries of non-environmental policies.

78. Efficiency and efficacy seems to be the real, most difficult frontier of regional policy, especially when it comes to transport and housing. It is particularly interwoven with policies on air quality and climate change. With regard to the latter there have been some major improvements in recent years. However, it is well-known that there are still problems as limits are systematically exceeded in towns and cities, making air quality a central point in all regional policies on land-use and the environment.

5.3. Planning. A Tool for Developing the Local System

79. In the last two legislatures, Lombardy's scheduling and planning "system" has made leaps and bounds in terms of quality and consistency. It has become a truly "permanent" asset of the institution. The Regione Lombardia's activity in the 6th legislature stood out for having "progressively" pursued strategic planning arranged by objectives and projects, able to express the choices of the regional government. Whereas in the 7th legislature, forms and methods of negotiated planning were implemented across all areas.

80. Certain particularly important experiences have paved the way for a future phase in regional planning, consisting of integrated regional planning tools for the overall area and for local systems. These include: the Malpensa Area Plan, the River Contracts, and on a local scale, the Integrated Local Development Plans (LDP).

81. The maturation process of Lombardy's scheduling and planning "system" has also benefited the process of putting together the new Regional Local Plan, which is shared across all sectors, and the proposal for a new town-planning law. The purpose of such a law would be to redefine a planning system for the use of regional resources. This would feature streamlined procedures, well-defined forms of coordination, and more standardised, efficient criteria and mechanisms for

distribution and compensation. The Local Governance Plan, Services Plan and Regulations Plan are also being introduced to provide municipal authorities with adequate tools to ensure a more efficient, effective response to the housing demand.

5.4. The Promotion of Local and Cultural Identities

82. Any form of promotion and protection of the regions' cultural identities, forms of expression and artistic and environmental heritage can be considered as "support" for the vitality of the local culture. This has led to the introduction of the concept of protecting artistic and expressive heritage. This includes both the promotion of traditional manufacturing activities such as handicrafts, particularly artistic crafts; and the revitalisation of traditional cultural heritage in the strictest sense – from libraries to collecting, conserving and reproducing traditional local forms of literature and music.

83. The local promotion policy can draw distinct advantages from cultural identity and local specificity (both environmental and agricultural), if these are well integrated and linked into the tourism sector. These advantages would benefit both the resident population and the quality of Lombardy's traditional products. In a virtuous circle, tourism could be the "lever" that is simultaneously capable of inverting the tendency towards social and economic impoverishment.

84. The recent reawakening of Lombardy's cultural industry is an important sign. Above all, it would be interesting to grasp this opportunity to strengthen and innovate the relationship between culture and social and economic development. A regional system's attractiveness is tied in with its beauty; vice versa, its beauty is made more accessible and usable when the traditional methods of managing it allow cross-contamination from economic and market dynamics. This is the logic behind innovative models for managing artistic and museum heritage, and behind the development of new training pathways in the field of culture. This is an important prospect as it fits into the necessary and oft-invoked victory over the trade off between the production and distribution of wealth.

85. As part of policies for promoting the local areas, a crucial change in recent years has been overcoming the idea that mountain areas are a minor, peripheral part of the region which requires indistinct, sparse support. Indeed, in addition to complex combinations of high and low development levels, mountain areas comprise the full range of questions relating to the organisation of the land and the

environment. These questions range from infrastructure to mobility limitations, from water to biodiversity, from the climate to energy. From an administrative point of view, Lombardy's mountains most notably feature the gradation of problems and issues that are found throughout the region; in other words those problems differ and in many cases are more severe. In recent years, public intervention has been able to hinge upon substantial financial resources such as those deriving from the so-called "Valtellina Law", in order to tackle acute problems. Other such resources include those made available for the World Skiing Championships in 2005, which was an example of the promotion and enhancement of the local area. Furthermore, the natural state of these areas needs to be regenerated in order to be able to protect mountain agriculture, rediscover traditional products and develop tourism in the areas.

86. The key theme for the promotion of local areas and culture could be to help the Lombards themselves to get to know Lombardy. In most cases the local population, especially the younger age groups, is unfamiliar with the wealth of the region of Lombardy, which boasts fine environmental features, historic and architectural heritage and local traditions. (Re)discovering Lombardy means appreciating and defending its natural and cultural features, encouraging the growth of that "awareness" which each citizen of Lombardy should possess.

Chapter Six

Infrastructural Networks

6.1. A Multiscale Infrastructural Model

87. The region of Lombardy is a multipolar and multiscale system, in which the global and local dimensions integrate with each other. On the one hand, in terms of global relations there is the compact metropolitan city of the Milan area, and the city extending into the foothills with widespread industrialisation and urbanisation. On the other, there are a number of local contexts. These consist of smaller cities and towns, marginal, stagnant rural areas and mountain, hillside or lakeside areas which survive mainly on tourism. The identified processes and the accelerated dynamics of change that result from those processes require new methods of creating infrastructures to promote development in each context under consideration, whether global or local.

6.1.1. The Global Dimension: The Large Infrastructural Backbones

88. The large infrastructural backbones consist of motorway corridors, East-West and North-South railways, and airport hubs. They have always performed the function of creating a network between the various manufacturing and residential centres, offering inter-regional and international mobility. This guarantees an efficient interface between the “long” networks and “short” networks in regional and urban mobility. The multimodal transport access provided by multimodal corridors is a key tool for competing with other major European regions. It is a crucial factor in determining Milan’s position in relation to other European cities.

89. In its last two legislatures, the Regione has re-launched some major infrastructural investments. Specifically, it has succeeded in completing Malpensa intercontinental airport and its access system; the Milan rail link; the underground road link crossing Lecco via the Valassina state road; and the construction of the external hub of the Milan Exhibition Centre. These projects had previously been at a standstill or left unfinished for many years.

90. The General Framework Agreement between the state and the Regione Lombardia has allowed a series of strategic projects to be scheduled which will involve the mobilisation of more than 32 billion euros. The planned infrastructures will allow a series of works to be carried out on the railways, motorways and roads. The purpose of these is to place Lombardy in a position to insert itself structurally on the main routes crossing Southern Europe: the East-West multimodal corridor from Lyon-Budapest; the North-South multimodal corridor running down from the Gottardo pass towards Bologna and central Italy; and the Genoa-Rotterdam rail corridor. A series of projects intended to improve intraregional accessibility are also being planned. For example, the new Milan-Brescia-Pedemontana motorway, which will ease traffic in the north of Milan and provide links between Lombardy's airports; access to peripheral areas (Valtellina and Cremona-Mantua); easing traffic in the main urban areas (Milan outer by-pass, Brescia by-pass), and improving and upgrading some major local transport routes (Brescia-Lumezzana, Paullese, Gaitese, Valcamonica, Gardesana Occidentale).

91. In recent years there has been considerable growth in the development of broadband and high-speed Internet access in Lombardy. In fact, availability of the XDSL service went from 62.9% of the population in 2002 to 73.2% in 2003. In the same period, the Italian average went from 66.0% to 72.1%. As with other infrastructures, in this area Milan once again leads the way compared to other cities in Italy and across Europe. Lombardy as a whole, while it is certainly well-served by the infrastructure, still has room for improvement, especially in mountain communities and smaller towns and villages.

6.1.2. The Local Dimension: Public Utility Services

92. In public utility services, especially water, waste and power, subsidiarity has prevailed as the main principle of effective administration. The Regione Lombardia has also acted as the guarantor of quality and the public interest. The question of public services is critical in a region that, in recent years, has seen continuous growth in demand, and in which the expectations of citizens and the production system have developed. Services in Lombardy have been rearranged,

mainly through the development of forms of association between public bodies. This has not been without difficulties, especially related to small-sized specialist companies, which aim to concentrate their products down to the minimum efficient scale. However, the shift to a new balance is still underway. From the point of view of the Regione Lombardia's administration, the most important decision on this matter has been regional law 26/03; this gave a common framework to the areas of water, waste and power. Although it is not yet possible to assess the impact of this law, it has certainly consolidated the major reorganisation of the sectors involved. The economic and environmental performances of the new organisations will be measured against new and more ambitious objectives made necessary by the Framework Directive on Water; by the new policies on waste management being drawn up at E.U. level; by the new questions posed by European and national policies for renewable energy sources; and by the implementation of the Kyoto Protocol.

93. In the case of water, the slow implementation of the Galli law has gone hand in hand with major investments in the networks – approximately 735 million euros up to and including 2006. **The water quality has improved**, although its usage is still complex and unbalanced. There is a system of concessions, which recently became the responsibility of the region and partly of the provinces. The risk is that there will be growing conflict that will be difficult to resolve swiftly.

94. **With regard to waste, the constant growth in waste production, particularly urban waste, has been accompanied by remarkable progress in how it is managed.** Lombardy is in a leading position in Italy and in Europe when it comes to separated waste collection and the drop in the amount of waste being sent to landfill sites. These trends show clearly that while the waste management system can be considered a success, prevention of waste production is an area of policy that must be pursued in the future, in line with E.U. strategies.

95. As for power, Lombardy seems more and more dependent on external sources, particularly for electricity. The regional electricity deficit was 32% in 1993 and 42% in 2003. **The Regional Energy Plan went into some detail on the question of dependency. It set some ambitious targets for increasing energy production, for energy efficiency, and for developing renewable sources.**

96. **There has also been a substantial overhaul of the organisational system for local public transport (LPT). This has changed from a concessions system to mechanisms for competitive procurement and service contracts.** The changes should soon start to show the positive results that are expected in terms of efficiency, cost savings and customer satisfaction. Moreover, local public transport in Lombardy plays a smaller role than it could. In recent years there has been a fall in public

transport users. In Milan just 28% of those travelling around the city use public transport, compared to 32% in Athens, 47% in Barcelona and 56% in London and Stockholm. The regional distribution of LPT networks and demand shows that the urban network of Milan is by far the greatest. It accounts for 80% of all the urban networks in the various provincial catchment areas. Now that local public transport has been reorganised in terms of management, we should aim to thoroughly improve upon what the system itself is able to provide, in terms of quantity and appeal: this development is also crucial to the success of other policies and actions aimed at efficiency and environmental quality in cities.

6.2. Instruments for Developing the Infrastructure System

97. The governance of Lombardy has involved close interaction between the Regione Lombardia and local bodies and between the Regione Lombardia and bodies that manage transport services, such as SEA, ANAS, FS, FNM and Autostrade. **On many occasions the Regione has acted as a catalyst for systems of operators that, if taken individually, would have had greater difficulty in overcoming problems and conflicts related to cross-regional routes, implementation timescales, design features, and the prevention and alleviation of environmental impacts.** Implementation processes featuring close strategic collaboration have been made possible by the decision to apply participated planning, planning agreements, the involvement of private capital and the corporatisation of many public service bodies.

98. Again, for the infrastructure system, the success of the participated governance method needs to be followed up with greater levels of simplicity and speed of implementation. Administrative procedures for public works and services have already been simplified and speeded up to some extent. However, these changes need to be improved upon and increased compared to the situation as it is now; a case in point is the General Framework Agreement between the Regione Lombardia and the Italian government, which provides for accelerated procedures of the Law to be adopted for large-scale projects.

99. Technological and organisational innovation in the mobility system is a crucial tool for boosting the productivity of infrastructural assets. New opportunities for technological progress in mobility systems and the supply of services can be drawn from new technologies for transport and motor design and from IT systems applied to logistics. These can become instruments that can be used to influence demand, especially in terms of time and space. The Regione Lombardia

has already started up some interesting projects, for example on hydrogen-powered mobility and low-environmental-impact transport. These should be continued and taken further, especially in the light of the European strategies for hydrogen that were launched in 2004. Furthermore, the potential of ICTs to completely replace mobility still needs to be explored. Of particular interest is how they would affect the reorganisation of work. For the Regione Lombardia, the mobility system could become a specific, organised centre for bringing together innovative investments, and could be more involved than it currently seems to be in national and regional research programmes.

100. During the two regional legislatures there has been a notable evolution towards joint public-private financing of policies to fund investments in infrastructures. Another interesting example of an investment policy are financing operations for creating associated systems in local bodies in order to set up the integrated management of public utility services. In the case of off-budget resources or with the partial use of budgeted resources, public-private partnerships have become much more widespread. Project financing, an evolved form of public-private partnerships, has become more and more common in recent years: the average share of private financing for infrastructural projects is 77%.

Conclusions

Ten Years of Experience, Paving the Way for the Future

Having come to the end of this review of administrative needs and choices, what is clear is that the essence of Lombardy has not changed. It is willing to take risks, and is complex and structured, difficult and generous; it has to face unexpected challenges, but is ready to try out new solutions. It has the potential to break records, but is not afraid to admit its limits.

However, what is clearer than a decade ago are the choices that have been made and their effects; the changes that need to be consolidated, and the new dilemmas facing society and public institutions. Perhaps this is because Lombardy Government have had the courage to make choices and experiment, and to let others do the same. Above all, we believe, it is because they have had the courage to question and assess the choices they have made, based on their perceptible consequences. These ten years of experience have enabled an unprecedented wealth of evaluation: successful choices have been confirmed, mistakes have been recognised, and new challenges have opened up as a result of research into specific issues.

Clearly, various questions have come up, and this Report¹ deals with them amply. Here we touch upon some of the questions that particularly struck us due to their structural nature.

With regard to the needs of the individual, there is a clear connection between the individual, the family and social institutions, and their function as a pillar of the welfare system.

The changes underway in Lombard society confirm the underlying choice to move towards a system that integrates liberty, civic responsibility and institutions. If society changes, so will the way in which it participates in building a welfare

¹ IReR – Istituto Regionale di Ricerca della Lombardia (2005), *Lombardia 2005. Società, Governo e Sviluppo del Sistema Lombardo. Dieci Anni di Esperienze. Area Istituzionale*, Milan, Guerini

system. In any case, the suppliers of welfare are free to act using their own original creativity, whilst achieving results and fulfilling general policy criteria.

In social welfare processes, the choice to use subsidiarity must be fuelled by widespread best practices at all levels. It must overcome the impression of a service in which supply outweighs demand. Furthermore, in these sectors it will be necessary to monitor any existing information gaps, and promote greater information on activities and services.

The issue of spending sustainability in national health and welfare services has naturally focused attention on the service offer. However, increasingly decisive and compelling intervention is required as regards the demand.

The region's stance on human resources has not yet been fully consolidated. The critical issues surrounding the quality of compulsory schooling and the student numbers attending secondary school up to the age of 18 and higher education should be monitored and reduced.

Significant changes are afoot with regard to the new frontiers in the "mismatching" of skills, careers guidance, adult education and innovative financial contributions for higher education. The modelled schemes that are already available are very promising.

The trajectories of an economic system that is challenged in terms of a casual, innovative and incremental culture necessarily leads towards an innovative, incremental and radical culture, which is to be systematically pursued on all fronts. Lombardy's naturally European dimension could find an excellent outlet and stimulation for international interaction as it evolves towards a Regional System of Innovation.

Appropriate solutions are needed to deal with the position of limited sovereignty in which regional institutional offices find themselves, and with the resources needed to carry out those offices. In this sense, federalism as it is considered under the Lombard system, cannot stop at demanding a different, more equal redistribution of resources from the centre to autonomous bodies. Rather, it aspires to an institutional set-up that can contribute to accelerating processes of regional growth.

The environment must not be considered as a marginal area of activity. It must be looked at as a cross-party, widespread principle of political activity. It requires solutions that encompass more general problems of mobility and social and economic organisation.

When well-organised and shared by all, a scheduling and planning system can be a true, everlasting institutional asset.

As for infrastructural networks, the only viable solution which would involve both the public and private sectors is a multiscale arrangement; this should respect the multipolar nature of Lombardy and the right for all its local areas to develop equally.

These are just a few of the main highlights of the report. We can sum up by noting that what the various needs have in common, and what could guide research for the future, is in fact the demand for global intelligence: the administration needs to be able to bear in mind the overall situation and its potential development in order to suitably release and promote the energies that go into building a civil society. What is needed now is the quality, energy and vision capable of giving Lombardy a new design for its future. Several key elements of that future can already be seen. What is needed is the right balance between tradition and innovation; between solutions that are already possible and changes to the system. Stakeholders need to agree to recognise responsible forms of behaviour that, between now and the future, can work towards multiplying resources, solidarity and wealth. We all need to constantly monitor factors that have an impact on employment, such as training or assistance for those in need.

It is inevitable that apprehension and the risk of change will be felt when faced with such a tough challenge. So it is important to wonder whether the more worrying prospect is not that of becoming less relevant or less inspiring, less of a gateway to the country and a marketplace for services, ideas, goods, culture and innovation; in short, less of everything that Lombardy has so far represented for Italy and for Europe.

PART TWO

Innovating Policies and Government in an Italian Region. Lombardy's Model of Governance

Alessandro Colombo – Martino Mazzoleni

Introduction

The reality of regions in Europe has been extensively dealt with in the scientific literature in a variety of perspectives and different experiences of regionalisms have been highlighted (Keating 1998). This paper has a descriptive nature. It aims to present one case of a region that has pursued a peculiar way to 'be a region'. It sheds light on the historical, social and institutional backgrounds of today's regional governance in Lombardy and tries to underline relevant elements and variables for a possible comparison of this model with other cases of European regions that are conceptualising and practising an original model of governance.

After a brief overview of the social and economic character of the Lombard territory, the second section focuses on the history of regional institutions in Italy from the foundation of the unitary state. Then, we present a synthetic literature review centring on the principle that has guided the 'Lombard model' so far, that is subsidiarity, and try to compare it with other contemporary models of social regulation. The fourth section illustrates how the regional government has attempted to put this principle in practice in various policy fields, while the ensuing section describes the structural reforms that have accompanied Lombard policymaking, aiming to establish an efficient regional administration for a system of governance open to social partners. Finally, we offer in the conclusions some criticalities and points which future research should concentrate on.

Chapter One

Socio-Economic Background

In historical perspective, Lombardy has been among the most developed economic and social systems of the continent. It has the demographic dimensions and economic levels of a small-sized nation state. Milan, the region's capital, is the major financial centre of Italy. Lombardy is home to some of the oldest and largest industrial companies of Italy, and at the same time it has an extraordinarily diffuse and innovating network of SMEs. The Lombard economy is well integrated into Europe. In all statistics concerning Italian civil society, Lombardy is above the average, especially thanks to the massive presence of voluntary associations and non-profit organizations. The universities and research institutions of the region present many points of excellence. Table 1 displays some significant data.

Nevertheless, the region today faces urgent challenges originating both from the transformation of its own structures and from the globalisation of financial, economic, and cultural relations. In particular, Lombardy – and notably the Milan area – is striving to cope with the problem of traffic congestion, also caused by the urban sprawl, and related high levels of air pollution; important sectors of the economic system – especially in industry – are facing problems of recovery, while others lack manpower or find it difficult to promote adequate training for their employees; immigration from abroad and the ageing of the population bring about problems of social cohesion and welfare-state costs.

Table 1 – Lombardy’s society and economy in a few data

Area	23,862 km ² (7,9% of Italy)
Population (2005)	9,475,202 (16,1% of Italy), of which 18,7% over 65 and 6,3% foreigners
GDP (2004)	212,070.8 million €(20,2% of Italy)
GDP per capita (2004)	28,900€(Italy: 23,100€)
International airports	4
Universities	12. University attendance: 32.3%. 22,1% of Italy’s expenditure in scientific research. Higher rates of employees in R&D than Italy’s average.
Employment rate (2006)	total: 66.7% (Italy: 58.4%); female: 56.4% (Italy: 46.1%). Services 59%; Industry 38,5%; Agriculture 1,8%.
Unemployment (2006)	3.3% (Italy: 6.1%)
Number of enterprises (2001)	748,000 mostly organized in associations, networks, and industrial districts.
Import (2005)	110,324 million €(36% of Italy; 75.7% from EU countries)
Export (2005)	84,419 million €(28.5% of Italy; 59% to EU countries)
3,500 voluntary associations; 600 non-profit organizations; 1,100 social co-operatives	

Sources: IReR, ISTAT, Eurostat.

With 9,475,000 residents, Lombardy has a larger population than several European Union member states.

Chapter Two

Institutional Background. Lombardy from the Centralist Paradigm to Devolved Government

After the unification of Italy in 1861, the public administration and local government were organized according to a quite centralist “Napoleonic” model. Only after WWII were twenty regions created by the new Republican Constitution. Yet these were extremely weak:

- they had to abide by fundamental principles fixed by state law;
- regional laws fell under the government’s control;
- financial autonomy was nearly non-existent.

After decades of institutional stalemate, only in the 1970s were the regional councils, executives, and bureaucracy set up, and public functions and resources were transferred to them.

Nevertheless, the regions remained subject to the ‘levelling’ and controlling power of the state, both through the framing and co-ordinating power of state legislation and strict financial provisions². Thus, the regions were deprived of any substantial room for autonomous action in their spheres of competence (above all: health, agriculture, tourism, vocational training, parks, urban planning). 90% of their budget came from governmental transfers, mostly devoted to health expenditure priorities set by Rome. Moreover, the national civil service was not consequently restructured, and the new regional framework was ignored by many laws adopted at the national level in fields of regional competence.

From the 1980s, the regions began to strive for more space and freedom. Lombardy was among the most active and best performing ones. And it was from Lombardy that in the Nineties sparked off the ‘Northern question’, when new

² Regions were prevented from establishing their own taxes. The national government transferred to them block grants coming from specific taxes and special funds; this money was directed to a common fund, from which it was then allocated to individual regions according to a series of criteria, on the basis of ‘equal distribution’.

political movements and public opinion began to demand a substantial devolution of political power from the centre to the periphery.

Italy's political class reacted, and in a few years major reforms to the framework of sub-national government were introduced. Institutional mechanisms devoted to a permanent dialogue and co-ordination between the government and the regions were introduced. Then, from 1997 a series of laws were adopted that transformed the civil service from the model of bureaucracy of a centralised state to one of coexisting autonomies³, while deregulating and simplifying the legislative apparatus.

Moreover, the regions were granted the entire income of a series of duties, like car taxes; regions are nowadays able to charge a certain amount of extra-tax on petrol, and to impose on their residents an additional income tax to finance their own health services. This relative freedom is nonetheless counter-balanced by a system of national tax-equalization; most regional resources are still drawn from national funds, regulated and determined by national legislation, and collected by government services.

Some successive constitutional reforms brought about further changes. In 1999, the autonomous control of regions over their own statutes, electoral systems and forms of government was introduced⁴. The regions, and particularly their presidents now directly elected by voters, acquired more political influence and a much stronger voice in the national arena. Some presidents of Northern regions, led by Lombardy's governor Formigoni, started to lobby for real federalism, going as far as proposing regional referenda to seek popular support for pressing the government to strengthen the devolution process.

In 2000 the parliament approved another reform, amending 'Title V' of the Constitution which deals with the organization of the state. This was later approved in October 2001 by a popular referendum. The main points of the reform were the following:

- the formal hierarchical superiority of the state over local authorities was abolished.
- The policy fields in which the state retains reserved legislative competence were then listed⁵.

³ Thirty-six billion liras and 23,000 staff were transferred to the regions for carrying out new functions in transport, economic development, infrastructures, environment.

⁴ Nowadays, the usual structure of an Italian regional government (as present, for instance, in Lombardy) is composed by: a Council (*Consiglio*) with legislative powers directly elected by voters; a President, directly elected by citizens; an Executive (*Giunta*) appointed by the President which shares with him/her the political leadership of the region and usually enjoys secondary legislative power, delegated by the Council.

⁵ These are: foreign and EU affairs, immigration, religion affairs, defence, state institutions and administration, currency, saving, state taxes, security, the judiciary, "basic civil and social rights" to be guaranteed throughout the national territory, social security, national provincial and communal electoral law, safeguard of the environment and culture.

- The regions share with the state competence over: international relations of the regions, foreign trade, labour market, education, research, health, food, sport, civil defence, land use planning, ports and airports, major transport infrastructures, energy, communication, environment and culture promotion. In these domains, the regions have administrative-regulative competence, while the state can only set out general principles with which regional legislation has to comply. All other subjects are left to the exclusive regional sphere.
- The regions are allowed to obtain further exclusive competences, and even share the reserved state competence in a few fields, on the basis of future agreements with the state.
- Regions can now establish relationships with other countries' sub-national authorities and give direct application to EU legislation in their fields of competence.
- Preliminary state control on regional legislation was abolished, as have regional prefects; the government is only entitled to refer to the Constitutional Court after a regional law is passed.
- The state can replace the regions in legislating only in order to preserve national unity and security, basic civil and social rights, and international and EU law.

To recap, the reforms of recent years have widened the formal autonomy of the regions, granting them the authority to differentiate policies and to shape the regional administration; the regions no longer represent a mere aggregate of local interests, but have acquired their own identity and space; the political leadership of the regions, its visibility and legitimacy have been strengthened. Yet there persist overwhelming environmental limits to regional autonomous policy making, and two in particular.

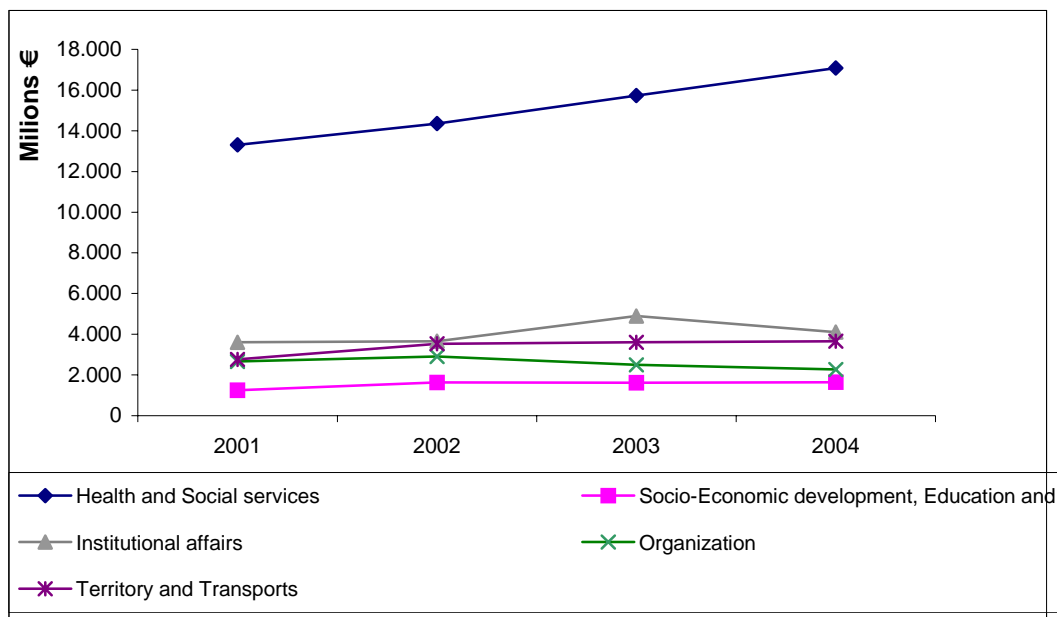
The former is that the actual indicators of decision-making patterns seem to suggest the persistence of a centralized structure, particularly with regard to decisions over expenditure (and investments) as well as financial control⁶. Most of the expenditure is devoted to health services, as shown in Figure 1.

The latter is a bureaucratic context (both for state and local civil services) which is institutionally hostile to innovating attempts. Lombardy's public administration, and the Italian one as a whole, has been historically characterized as a typical 'Rechtsstaat' bureaucracy with a Napoleonic imprint: juridical training of the majority of high-level civil servants; existence of a separate system of administrative law; an extensive and comprehensive system of norms regulating all aspects of life of citizens and the private as well as public sector. As any Rechtsstaat bureaucracy, the Italian and Lombard ones – as we will see in section 5 – have been particularly rigid

⁶ The regional government today controls only 10% of the total public expenditure in Lombardy, the rest being mastered by state services and municipalities. Regional structures and services make up only 3,9% of Lombardy's GDP. The Region's staff (about 5,000) is just 12% of all state employees present in Lombardy (source: IReR).

and slow in reforming, not just because any change in the management and practices of the administration requires a legislative change, but also since bureaucrats with a technical law training found it tough to accept and adapt to a managerial perspective, which stresses on results instead than on procedures (Pollitt-Bouckaert 2002, 63).

Figure 1 – Lombardy Region’s expenditure⁷



Source: Lombardy regional government

Critics argue that, consequently, while the formal constitutional role and law-making power of the regions has been strengthened, their political influence has moved little ahead.

In this context, Lombardy has attempted to unhinge traditional political centralist logics and sclerotic patterns of administrative behaviour, at the same time striving to face any attempt to re-centralize authority and functions, as well as to wrestle resources from the centre.

⁷ ‘Organization’ includes costs for the Region’s structures and employees’ salaries. ‘Institutional affairs’ include money transfers to Italy’s poorest regions.

Chapter Three

Theoretical and Normative Premises of the Model: Facets and Dimensions of Subsidiarity

With the decline of the faith in the state as the sole and best regulator of society, following the fiscal crisis, and more recently globalisation, various paradigms of state-society relationship, with consequent patterns of policy making, have emerged also with the aim to change the traditional model of state administration with its bureaucratic culture.

Since the 1970s, neo-liberal social scientists and economists have supported the idea of marketization, which asserts that everything which can be privatized ought to be privatized, leaving the state with a light administrative apparatus exercising only those functions that the private sector is either unable or not willing to carry out. In reality this model, spread by think-tanks and scholars, has rarely been systematically implemented, although receiving a sympathetic audience worldwide. More recently, the 'public interest' school has supported the idea that the role of government should be confined to mediation and arbitration among different and conflicting social interests, and the obtainment of public support for the measures required by the public interest (D'Albergo 2006).

With regard to the organization of government services and structures, these theories have been translated in operative terms by the New Public Management approach (NPM). This has become a paradigm preaching the transformation of old Weberian bureaucracies into organizations governed by the logics of market transactions based on contracts (Pollitt-Bouckaert 2002). A contract is signed as a single exchange relationship between the supply and the demand sides: for public services, the agencies offering the means to achieve goals set by the administration with the resources made available by this. Such doctrine therefore separates the setting of policy outputs from the function of their achievement, which is thus autonomous from politics and is carried out as a professional service by competent agencies, that may not necessarily be state but private. Hierarchy is thus replaced by quasi-market mechanisms (Pollitt-Bouckaert 2002, 103). Lastly, the phase of evaluation acquires a peculiar importance, insofar as it consists no longer of – as in Weber-style bureaucracies – controlling the compliance with procedures, yet of measuring the achievement of results.

More recently, the Third Way perspective has striven to conciliate the aspiration to keep a welfare system of universal rights with the need for market-style approaches in the delivery of services and for the involvement of social partners. One of the main theorist of the Third Way, actually its father, Anthony Giddens, synthesizes in this way the idea (2001):

“The state should not dominate either markets or civil society, although it needs to regulate and intervene in both. (...) a strong state, however, isn’t the same as a large state. Where the state is overdeveloped, effective government becomes difficult and state power can start to override the wishes and the freedom of the citizenry. (...)

An understanding of the core role of civil society is a crucial feature of new left thinking. Without a developed civil society, there cannot be either well-functioning government or an effective market system. (...) Civic entrepreneurship is one quality of modernized civil society. It is needed if civic groups are to generate creative and energetic strategies to help cope with social problems. Government can lend financial support, or provide other resources for such endeavours. (...) We need to construct a new social contract linking rights to responsibilities.”

The Lombard experience undoubtedly shows some similarities with these normative approaches, yet it has tried to follow an original path. The Lombard government has been eager to and successful in taking advantage of the new opportunities opened up by the institutional reforms, described above in section 2. Since 1995 the regional government has been chaired by the same leader, Roberto Formigoni, supported by an executive team and a majority in the council that have broadly remained unchanged throughout. The building of a new, open and effective model of governance of Lombard affairs has been their priority. This has had a clear reference to a normative framework based on the principle of subsidiarity. Although this has many aspects in common with the approaches just illustrated, it stands nonetheless on its own as it possesses its own origins, history, meanings and implications.

Subsidiarity is the idea that matters should be handled by the lowest (vertical subsidiarity) or closest (horizontal subsidiarity) possible level to where they will have their effect. Thus, an authority (such as the regional government) should perform only those tasks which cannot be carried out effectively at a more immediate or local level, and undertake only those initiatives which exceed the capacity of lower communities, individuals or private groups acting independently. This vision has been adopted as best serving the reality of Lombardy which, as seen above, boasts a vital voluntary sector, and possesses a diffused social and economic entrepreneurship.

The principle of subsidiarity was formalized by the 2001 constitutional reform in Italy and is presently, since the Maastricht Treaty (1992), a fundamental principle of European Union law⁸.

The principle has its origins in Catholic social teaching, and is based upon the autonomy and dignity of the human individual, holding that all forms of society, from the family to the state and the international order, should be in the service of the human person⁹. Subsidiarity hence stresses the importance of small and intermediate-sized communities or institutions – like the family, the church, and voluntary associations – as mediating structures which empower individual action and link the individual to society as a whole. In other words, it emphasizes the originality of social relations and subjectivities as autonomous realities, which stand independently of state and public powers that should serve and support them, instead of colonize them (Donati 2005, 64). In this sense, subsidiarity is a theory of social responsibility that recognizes the priority of the smallest units in society, while censuring interference and excessive intervention by government¹⁰.

The value of subsidiarity is fundamentally distinct from neo-liberal paradigms of marketization and deregulation, since the underlying principles are different. As seen above, these latter are forms of ‘top-down’ decentralization of public services to the private sector, which may have various motivations: reduction of the overload of tasks and costs on the state, improvement of efficiency and effectiveness of services, and so on. On the contrary, subsidiarity should be seen as a ‘bottom-up decentralization’ as it involves empowering social and economic actors with the autonomy and resources necessary to develop and adequately take on the tasks and responsibilities they aim to pursue, with the public powers guiding and harmonizing social efforts and initiatives always with a view to the common good and social integration. When opening schools and vocational training centres, when offering services in health, in transport, in any field, private agents exercise public-interest functions and contribute to the common good of the overall social order. The role of government, according to subsidiarity, is therefore to entrust and uphold such initiatives, by granting them the primacy in strategic choices and the maximum degree of freedom, as being in its own interest.

⁸ According to this principle, the EU may only act where member states agree that the action of individual countries is insufficient or cannot adequately achieve Community objectives.

⁹ For an introduction of the historical and theoretical aspects, see Vittadini (2005) and Donati (2005).

¹⁰ The concept of subsidiarity, conceived in this way, seems particularly tough to translate into common law systems, which ignore the concept of a single juridical subject called ‘the State’: “in the UK the Crown, Parliament, and Ministers are distinct subjects, and individual rights are not considered a self-limitation of state powers”, but have rather been imposed on the state by a long juridical and cultural tradition. Hence, for instance, “a British charity is recognized as a subject carrying out a public service, though being privately-owned” (Vittadini 2005, 25). Yet in a continental system such as the Italian one, this principle possesses an extraordinarily transforming potential.

According to this logic, the primacy in implementing public policies should be assigned through contractual relationship to third sector actors, with state (or regional) bureaucracy functioning as supervisor and evaluator of performances. Here lies another difference between subsidiarity *à la* Lombardy and UK-style marketization. As opposed to British quangos, the 'third sector' (social enterprise) has an "explicit ethical mission. There is a strong sharing of objectives, organizational integration based on the sharing of common values, a low vertical and horizontal specialization", that is flexibility of tasks, "a leadership based on charisma, and a strong vocation to operate in network" (Lippi-Morisi 2005, 74).

Subsidiarity significantly differs also from the so-called Third Way, in that it fixes the extent of government involvement. The Third Way conceives the empowerment of social actors as a self-determined retrenchment of the State from its intervention in society. Subsidiarity stems, in theoretical terms, from the opposite perspective, whereby it is society that fixes where the state should intervene. Subsidiarity "is a principle that asserts economic, social, political, and cultural pluralism against any sort of antagonism and monism" as represented by rule-free market and the State as the sole source of authority (Donati 2005, 63). Of course, for an integral application of this principle, one should assume in the actual reality that society is well-developed and active.

However, both subsidiarity and the Third Way imply a recognition and the enhancement of responsibility. Giddens (1998, 65-6) asserts that "government has a whole cluster of responsibilities for its citizens and others, including the protection of the vulnerable. Old-style democracy, however, was inclined to treat rights as unconditional claims. With expanding individualism should come an extension of individual obligations. (...) as an ethical principle 'no rights without responsibilities' must apply not only to welfare recipients but to everyone". Subsidiarity too is linked to the principle of responsibility insofar as, according to it, each single person is called to get involved in society to seek responses to his/her own needs (Maccarini 2005, 113).

To sum up, subsidiarity does not consist merely of the company-ization of public services: the latter is a dynamics inherent public administration, while the former can be regarded as an overarching form of social regulation in a post-modern society (Donati-Colozzi 2005). Of the three forms of regulation described by Polanyi (social reciprocity, monetary change and top-down redistribution), subsidiarity can be likened to the first one, as it informs relations not on the basis of utility (benefits/costs) as the market does, nor on the basis of command, which is typical of the state, yet on the mutual development of relational partners (Donati 2005, 87) and, hence, it is strictly linked to the concept of solidarity, although this develops through interpersonal reciprocity and not the redistribution of resources from a centre (Donati 2005, 68). To recap, subsidiarity is a form of regulation which appears to offer a genuine alternative to liberal anti-interventionism (based on the market) and socialist interventionism (relying on the state); it overcomes the sterile ideological confrontation between supporters of the prevalence of state services and advocates of

privatisation. Subsidiarity is not just a means to achieve economic growth and the free market by itself. It is a way to realize a humane economy and genuine human development, where all persons have the opportunity to choose and live in accordance with their vocation.

This has been the vision driving Lombard policy making. In all areas of regional competence, the primary aim has not been to get rid of cumbersome and costly functions, but to integrate and co-ordinate the region's action with the activities of the rest of society, from lower communities to social agencies, and to channel and support them.

Chapter Four

The Policies. Lombardy's Way to Subsidiarity

4.1. Vertical Dimension

This vision has been pursued and – in some cases – realized in policy making through different ways and means. First of all, from a vertical perspective, Lombardy has proceeded since the year 2000 to a wide devolution to local authorities (provinces and municipalities) of functions and responsibilities in important sectors, it had received from the state. This has made it possible to bring the management and provision of many services closer to citizens, hence facilitating their accessibility as well as adjusting their supply as accurately as possible to local demands. This model has been put into practice in policy areas such as industry, SME, energy, mines and quarries, trade fairs, hunting, urban and rural transport, agriculture, water supply, labour market, tourism, health and social care (Roversi Monaco 2005). Bonomi (2005, 93) defines this process as “devolution of the devolution”.

As a result, while local authorities are provided with responsibilities of execution and control in matters specifically relevant for their territories (such as planning the location of industrial plants), the regional level nowadays has the functions of governance which it exercises through: monitoring and controlling the functions and services decentralized to local authorities; regulating the system of services (by setting homogeneous rules for the regional territory¹¹); and gathering information from local government and society¹².

It is important to note that this decentralized model of government has been designed and realized in the absence of previous experiences. In the past, national law

¹¹ For instance, with regard to the involvement of private companies in public services, or the identification of the fields in which new structures for the provision of services could be established or devolved to the market, or in setting the rules for conceding grants, tax relief, incentives, and any sort of benefits for enterprises and private agents.

¹² The region has strengthened the network of decentralized regional offices, that today play as interface with both local authorities and the public in a variety of policy sectors.

determined which competences and powers should be transferred to each single layer of government.

4.2. Horizontal Dimension

As for the horizontal dimension of subsidiarity, the Lombard administration has cultivated it by attempting to overcome traditional models of interaction between public and private sectors, such as the mere outsourcing of services. In some cases, Lombardy has experimented in directly supporting private initiatives, on the ground that the public sector should recognize and subsidize them when they are positive and excellent¹³. More generally, in several policy areas the regional government has opted for keeping in their hands the sole functions of regulating, programming and financing, while the management and delivery of services has been devolved to autonomous bodies, either public or private, so that the government administration does not intervene in those fields where the society is able to effectively carry out public functions. Moreover, this has been coupled with the aim to favour the maximum freedom of choice for citizens and families, whereby the users of public services are now able to choose which provider best fits their expectations and needs. In such a system, to sum up, the government without being responsible for the provision of services plays the role of rule-maker.

In the Italian context, traditionally characterized by the prevalence of centralized state services to the detriment of private initiatives, Lombardy has been in the frontline in this process, especially in welfare policies. The most remarkable outcome is that the initial gap between supply and demand of welfare services (e.g. for the disabled, families, the elderly) has been bridged over a ten-year period.

The most paradigmatic cases in which this vision has been applied are those of family, education, health and personal care policies. In these domains, the guideline of the region's action has been to support the responsibility (of families and individuals) and to develop opportunities (for users, companies, non-profit organizations).

A regional law adopted in 1999 has laid out the principle of action in family support. This is undoubtedly the most advanced in Italy, insofar as it has overcome the fragmentation of services. The region financially supports – through yearly tenders – some hundreds of projects presented by families' associations that create

¹³ For example, the region has granted financial aids to thousands of Catholic youth centres – which have a centuries-old tradition in Lombardy – and private nursery schools. Wherever possible, according to state law, the region has opted for fiscal benefits instead of direct funding. For instance, it has wiped out the regional tax on business revenues as well as the regional automobile tax for non-profit organizations and institutions – about 3% of their budget on average.

services in favour of family life where the offer is lacking or insufficient (such as, for example, micro-nurseries)¹⁴.

In education, the most remarkable measure has been the introduction – for the first time in Italy – of subsidies for those families sending children to non-state schools, which in Italy are not financed by the state in any way, with the aim to guarantee to Lombard citizens the freedom of choice for the education of their children. The school expenses borne by families are thus (partially) refunded on the basis of criteria such as the family's gross income, number of children, and particular hardships. Nowadays, as the next table shows, more than 50 thousand applications are submitted each year, and 40 million € allocated. The subsidies have become quite popular in the region although they have not, on average, entirely met the increase of costs of private education. After Lombardy's example, this policy has been subsequently introduced in some other regions in Italy.

Table 2 – Lombardy Region school subsidies

	2001/02	2002/03	2003/04	Variation
Applications	51.162	51.442	52.954	+ 3.38%
accepted	94,83%	93,68%	89,97%	- 4,86%
Total budget (€)	36.070.988,00	36.956.801,00	40.155.753,13	+ 10.17%
Average contribution (€)	743	766	843	+ 11.84%
% of family costs covered	37,70%	37,18%	36,89%	- 0,81%

Source: Regione Lombardia

As for health, vertical subsidiarity has been pursued by enabling local health agencies to experiment in a flexible way models of organization and management of their services, to face the specific problems and demands of their territories with the goal to keep a balanced budget. Local hospitals have also acquired the status of independent state-owned firms. Horizontal subsidiarity has been realized via the integration of both state-owned and private institutions (hospitals, universities, centres for diagnostics and medical treatment, etc.) with the same dignity into the regional health service, which is now made up of different types of services and structures with various statutes, missions and roles. The principle underpinning the whole system is the freedom of choice for users, the basis for the evaluation of the efficiency of the services offered. In brief, private structures that are recognized by the region – on the basis of well-defined rules and standards of quality – are entitled to be fully refunded for the services they offer to customers who, for their part, are free to choose between state and private services for their needs, as they are charged with the same fees. As a consequence, health structures are pushed to be involved in a virtuous competition for attracting users, which thus logically should raise the

¹⁴ It is an objective of the 'subsidiarity by projects' vision to stimulate the autonomous response of civil society wherever it is needed, in place of direct government intervention.

quality of services¹⁵. As a matter of fact, the high standards of Lombard health services and structures have been acknowledged by several independent evaluations, and indeed are the main motives driving thousands of Italians from other regions to take advantage of them. Therefore, the region of Lombardy – as a major innovation in the Italian panorama – has been transformed from a monopolist provider of health services to the subject guiding and controlling all agencies – private and public, without discrimination – offering health services, thus guaranteeing the value and quality of all of them. Further means for the achievement of excellence and integration have been introduced, such as specific tariff mechanisms rewarding virtuous structures that respond to the public's demands and punishing those less efficient, a single regional card for social and health services, and the introduction of maximum waiting times¹⁶.

Finally, the centrality of persons and freedom of choice have also formed the restructuring of other welfare services in Lombardy, from the labour market to policies in favour of new families. In particular, innovative tools have been introduced for personal care for elderly and disabled people. A system of vouchers has been designed to enable every family to bear the costs of care-giving to persons in need, or to choose among public and private service providers when specific professional assistance is needed. As for the health sector, this system – recently put into practice – is likely to enhance the quality and quantity of services offered in the near future in Lombard territory, though at the moment most services of this kind are still provided by local authorities.

Obviously, the results of these measures have not necessarily met the expectations stemming from the ideological vision underpinning welfare policies.

For the health sector, some indicators signal positive results for the efforts undertaken thus far to enhance citizens' responsibility and reduce levels of dependency. Admissions to hospitals have fallen by 15% from 1995 to 2003, while day-hospital care has risen by 73% and the average staying of patients in hospital has been reduced by 18% (from 10 to 8,5 days). The flow of patients from other regions coming to Lombardy for health treatment has increased by 35% (IReR 2005, 416). Residences for elderly people have also increased (from 436 in 1995 to 571 in 2004) but notable thanks to CDI (*Centri diurni integrati*), centres for daily social and health care of elderly people without overnight staying (from 54 in 1995 to 121 in 2004) (IReR 2005, 414). Nevertheless, the deficit of the health system has not been completely covered, while expenditure is growing and the demand is not diminishing. The tools of vouchers and direct financial funds – for families, schools or other private social institutions – have notably been resorted to in the absence of any viable

¹⁵ Thus, subsidiarity *à la* Lombardy does not exactly identify with the privatisation and devolution of health services that has characterized most European countries in recent years, which aims merely to fill up the gaps in service provision and management that the state sector is no longer able to offer, given its strict budget limitations and the explosion of expenditure because of an ageing population.

¹⁶ See Balduzzi (2005).

alternative, given the persistence of central-state competence in taxation for these areas, while further efforts have been hindered by bureaucratic resistance.

As a result, many measures specifically elaborated in Lombardy, and especially for welfare policies, seem to possess a strong symbolic nature more than the actual capability to have an impact on society and achieve their intended purposes. The path dependency of traditional policies and bureaucratic practices is heavy and particularly difficult to overturn. In particular, while efforts have been so far aiming to govern the supply of health and social services, with the aim to strengthen the efficiency of the system, the next main challenge for the region is to identify and put in practice suitable methods for governing the demand of social and health care, so as to reduce unnecessary and costly services and to offer to people in need the freedom to choose how they want to be taken care of, in line with the most innovative examples in Europe.

Chapter Five

The Method. From 'Government' to 'Governance'

5.1. Partnership and Devolution

Another pillar of the Lombard model lies in its method. Putting in practice contemporary views of the role of government as one of the actors instead of the sole depositary of the public interest within society, the Lombardy government has constantly pursued the objective of involving in the policy process as many actors as possible, as a means to enhance its transparency, openness, participation, and efficacy. This has been a major novelty in Italy's governance practices, since the country had always been characterized by a pure top-down approach. The purpose of the Lombard model of governing is thus to realize a real governance system.

This reflects a wider tendency emerged in Europe in recent decades, whereby public action has been opened to extra-institutional actors that represent social interests and exercise para-administrative functions and influence not just its implementation, but also the decision.

Thus, the main feature of the Lombard experience has been the ability of the regional government to build a system for listening and making a synthesis of proposals, projects and actions of various agents operating within the regional territory (public institutions, companies, non-profit organizations, NGOs, business and workers' unions, universities and research centres, etc.), so as to promote and facilitate the qualitative growth of the socio-economic system. This has proven a major discontinuity with past experiences, and has become a systematic characteristic of Lombard policy making.

This method too, like the policies that are elaborated and implemented through it, is based on the subsidiarity principle, whereby government should not impose its own goals and practices on social organizations. A genuinely subsidiary governance should have the purpose of empowering the resources and experiences available in the society, the capabilities of socio-economic actors and local territories to become protagonists of their own future. Stemming from the recognition of the limits of direct public government, the regional executive has thus interpreted its strategic mission in

creating a system of inter-governmental and social partnership, which is today institutionalised and formalised in various venues open to a variety of stakeholders¹⁷.

The aim is to receive the signals emerging from the market and society, define the strategic priorities and policy objectives coherent with the signals received, develop a network between the stakeholders, and create a framework of incentives (and sanctions) for all these actors in order to influence each one's behaviour toward the pursuing of public objectives (policy implementation). As a result, the method of partnership has become transversal in all fields of regional intervention, a consolidated pattern, part of a culture of governance agreed on and shared by all its participants.

In particular, as regards inter-governmental relations within Lombardy, the devolution of functions and competences to sub-regional authorities has been accompanied and seconded by the creation of several 'Round Tables' of both technical and political nature, and of the Conference of Region-Local autonomies (regional law no. 1/2000). Through these bodies, it has been possible to run a systematic co-operation and co-ordination between layers of government and public administrations (including local branches of state administration and companies) in order to share strategic policies. This 'negotiated planning' has indeed produced many 'framework agreements' for massive investments in infrastructures and local economic development, although some critics argue that these round tables have aimed more at creating a climate of confidence than at actually sharing influence on decision making. One of the main risks of a rapid decentralization of functions was the possible increasing fragmentation of the system, and in particular the multiplication of decision-making venues (and thus veto players) for each policy field.

The method of partnership has also characterised relationships with socioeconomic subjects. It has made it possible to restart the dialogue between institutional actors and representatives of labour, business, and non-profit organizations¹⁸. In particular, two 'Strategic committees' have been recently set up with the participation of

¹⁷ For the partnership with institutional actors, see Violini (2005) and Bonomi (2005).

¹⁸ More than 700 actors have taken part in 70 'tables' – either territory-based (in each province) or policy-related (working on agriculture or environment, the internationalisation of the economy or welfare, public transport or the net economy, and so on).

In 2001 a 'Pact for the Development' of the economy, employment, quality and social cohesion in Lombardy was signed, with the participation of all major representatives of workers' unions and business associations. This defines rules and procedures for carrying out the dialogue among the region and social partners.

Concretely, via these tables information is spread and shared, opinions are collected and debated, common positions are reached. In this context, the regional executive and administration may change role according to the issue at stake and its formal powers in the area. Thus, the region may play the leading role in conducting the dialogue and channelling it toward a decision, or rather act as facilitator of autonomous discussion among other actors, consistently with the aim of putting subsidiarity into governmental practice. However, the region also offers political leadership and orientation to the interaction among partners.

prominent figures of the financial, industrial, and academic realms dealing with two policy priorities such as welfare reform and competitiveness. These act as a sort of informal advisory boards of the President of the region in outlining the objectives that regional policies should pursue.

5.2. International Role

Furthermore, Mr Formigoni's administration has been keen to give a vigorous international outlook to the governing action. President Formigoni is famous for having inaugurated an international marketing campaign for Lombardy, leading a series of worldwide trips, accompanied by business representatives, to promote the image of the region, its tourism and economic system, and the financial bonds the regional government has issued.

In 2002 Lombardy was the pivot player in the creation of the 'Club of Regions', which gathers large and well-performing regions from old and new EU member states, acting as an open forum of consultation and for making proposals to the Commission. The Club has since then met regularly, and issued a series of significant declarations on the building of the new institutional setting of the EU, and the role of the regions in it. Moreover, the Club has been the starting point of a first experimental tripartite agreement that Lombardy signed in October 2004 with the Italian government and the Commission, in the field of sustainable mobility. This has been the first ever tripartite agreement to be signed, and could in future be applied to other regional areas sharing the same characteristics as the Lombard economy and territory¹⁹.

The international activity of the region draws its goals and strategies from the regular consultation of social partners, which are best placed to identify the global challenges and opportunities for Lombardy's economy and society. It is indeed structured so as to serve the interests of Lombardy's economic actors and NGOs. Moreover, the region has elaborated a policy devoted to supporting the internationalisation of the Lombard economy. In short, Lombardy has tried to interpret its role as junction between global and local dynamics, in a multi-level system of political relationships.

¹⁹ See Mazzoleni (2006).

5.3. Organizational Structure

The decentralizing process and the inauguration of a participated governance realized within Lombardy in the last twelve years has also had significant implications for the organizational structure for the regional government. As occurred in nearly all Western political systems, the government has pursued strategies to enhance efficiency and effectiveness of its administrative corps, trying to introduce flexibility and productiveness in rigid bureaucratic structures to achieve better outputs and outcomes (Pollitt-Bouckaert 2002). The regional bureaucracy of Lombardy has thus been restructured in an output-oriented way, notably via the simplification of procedures and offices, and the introduction of contractual relationships and tools typical of the private sector such as: the evaluation of results; salary incentives related to results (also relevant with the purpose of promotion); the decentralisation to managers of responsibilities with regard to the personnel; the hiring of a part of top-level bureaucrats from the private sector; and project management (Careri-Cattaneo 1999; Damonte 2003; Salotti 2005). In this field, Lombardy has been the forerunner in the Italian context in applying extensively the logics of NPM and the possibilities opened up by the national legislation on the public administration.

Furthermore, the organizational reforms have concentrated in the presidency all directional and strategic functions as well as established co-ordinating committees dealing with problems of integration between departments addressing similar or interrelated issues. The outcome has been the strengthening of the role and (legal, organizational, financial, and symbolic) resources of the Presidency – both the political leadership and the administrative staff – at the expenses of other departments and, most of all, of the Council, which all acted previously as gatekeepers or even veto players (Damonte 2003, 138ff).

Moreover, the introduction of the principle and practices of governance aiming to involve the largest number of social and institutional partners may favour, in the long term, the participation in administrative processes of subjects – such as private companies and social enterprises – having an organizational culture different from the bureaucratic one, which thus may convey their own criteria, values and assumptions that may influence even the selection of policy objectives and the resource allocation. The aim is to entrench the logic of performance within the regional bureaucracy, the enhancement of its rationality and flexibility, and the improvement of accessibility and usability of services for the public.

It is yet difficult to say, though, if this goal has yet been attained. For sure, the following words can be considered true for Lombardy too:

“the NPM has met with significant organizational resistance, since it is a paradigm that clashes with cultures and habits strongly consolidated and institutionalized in public structures. For this reason, in practice, the

traditional bureaucratic model has not been replaced, but rather sided by entrepreneurial values and rules, often bringing about ambiguities and misunderstandings.” Bureaucrats have reacted with two strategies: “either openly opposing change or, on the other side, using it in rhetoric yet not assimilating it in daily behaviour.” (D’Albergo 2006, 114-5)

In short, bureaucratic behavioural patterns have remained broadly unchanged, while there remains the problem of upgrading the training and skills of the regional civil service.

Conclusions

The “Lombardy Model” and its Urgent Criticalities

The most valuable aspect of ‘the Lombard model of governance’ is the firm consistency with which efforts have been made to modify traditional patterns of policy making, in spite of the tremendous unfriendliness of national and local bureaucracies and the reluctance of some social and political partners. In such a tough context, the Lombard leadership has shown a direction, designed a model on fixed principles and laid down its foundations. Nevertheless, in most policy sectors this has found many difficulties in being fully put into practice; the results still have to come, and the actual benefits for the whole of Lombard society and economy still have to emerge.

For liberating the whole potential of the Lombard model governance, policy makers now have to tackle some urgent criticalities.

First of all, independent mechanisms of control and evaluation of policy outcomes, notably in welfare and local economic development, should be focused, since they are felt by many as being necessary. Nowadays the same subject – the regions’ Presidency – both decides and implements and evaluates policies, thus risking to put greater emphasis on policy outputs and on quantitative targets rather than on their actual outcomes and qualitative results (Damonte 2003, 151).

Secondly, the region’s political class is still frequently subject to powerful established positions of both institutional and private actors, whose publicized willingness to co-operate with the regional government has often concealed more prosaic objectives and interests. As a result, policy choices are often driven by the desire to accommodate rather than innovate.

Finally, most Italian regions, and Lombardy too, still find it difficult to identify a regional-level interest (both in economic and social terms), as a basis for negotiating with the centre for a real devolution not just of competences, but also of policy-making capabilities and instruments.

While the regions are permanently consulted by the government in the matters of their competence, their actual voice and influence is often overstated. Moreover, the room for manoeuvre of the regional governments is fixed by a centralized fiscal system.

And Lombard citizens and enterprises, on average, receive back from the central state less than a quarter of what they pay in taxes. Finance is “the spinal cord of devolution” (Bogdanor 2001), for it is the financial arrangements which largely determine the degree of autonomy enjoyed by the devolved administrations. In the absence of a truly federal financial settlement, therefore, the aims of devolution and the political visions of Italy’s regional leaderships will continue to be frustrated. This seems particularly urgent since a full application of the principle of subsidiarity requires “that the political system promote the Third sector with legislative and fiscal rules and measures” (Donati 2005, 76), because “the freedom of choice must be supported by a system of fiscal subsidiarity that allow to waive taxes on donations and contributions to the Third sector” (Maccarini 2005, 135). In other terms, Lombardy must enjoy some considerable room for manoeuvre in fiscal policy to support not just its policymaking, but the implementation of its ideological objectives.

In conclusion, the Lombard model can be regarded as an attempt to contaminate the three main principle of social regulation described in the sociological literature: the authority of the state, the market exchange, and community solidarity. Having this last as the ultimate goal and normative premise of its governance model, the Lombard leadership has tried to abandon the first – typical of the Napoleonic model which was the point of departure of the Lombard experience – and overcome the second. This effort has obtained some significant results however still limited, and has outlined a pathway which deserves a much deeper analysis than what this paper has sketched out. Future research ought to focus, according to us, on at least two points. Firstly, on the measurement of how much the normative goals have been attained by the actual policies and legislation. Secondly, on the lessons that the Lombard experience could offer to other regional cases and on those that it could learn from them.

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