

Responsiveness, Responsibility and the Role of Parliament. Public Budgeting in Italy in the Time of Techno-Populism

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Abstract

Institutional frictions ruling the public budget narrow a government's possibilities to implement its electoral stances and policy preferences. At the same time, parties increasingly move around between the choice to be responsive and the need to be responsible. These have become major challenges in Italy, particularly after the 2018 elections and in the era of techno-populism, when many parties took office while advertising themselves as expert problem-solvers and the only ones able to give a voice to popular demands. Measuring the allocation of expenditure and budget changes in Italy during the XVIII legislative term, the paper studies the trade-off between responsibility and responsiveness and populism where budget policy is concerned. It also sheds light on the balance of power between the executive and the legislative, investigating how the first and second Conte governments steered and exploited the budgetary process to protect their spending preferences.

Introduction

The political earthquake of the 2018 national elections, a consequence of sharp critiques of representative democracy and of a profound process of party system deconstruction, has invested Italian politics. While the key players of this period are not brand new in the Italian political arena, their characteristics have changed substantially during recent legislatures. An overview of the XVIII legislative term is as follows. After weary post-electoral negotiations, the Five Star Movement (M5S) and the League formed a coalition government sealed by the so-called 'Contract for the government of change', characterized by striking anti-elite rhetoric. In fifteen months of government, they had to balance their promissory agenda as quarrels emerged because of divergent policy preferences, which exacerbated latent tensions and eventually led to the government's fall.¹ Employing a strategy to avoid new elections, the M5S and the Democratic Party (PD) agreed on a joint platform to form a new cabinet (supported by minor parties such as Italia Viva² and Liberi e Uguali, LeU) headed again by Giuseppe Conte.

¹ The government's breakdown followed the outstanding success of the League at the 2019 European elections, which overturned the balance of power between the government partners (see Appendix, Figure A-1), after which Salvini called new elections.

² Italia Viva was formed following a scission within the PD which occurred a few days after the inauguration of the Conte II government. Since that moment, the party has supported the government.

Much has already been written about the innovations and characteristics of the two cabinets delivered (so far) during the current legislative term, and in particular about the former one (among others Giannetti et al. 2020; Marangoni and Verzichelli 2019; De Giorgi and Dias 2018). Despite these valuable works, we still lack studies that analyze how the two cabinets managed the budget policy.³ Indeed, as soon as they took power, both cabinets had to cope with *one of*, if not *the* most important policy appointment and contentious moment of the year, namely the discussion and approval of the budget law. Because of its characteristics, the budget constitutes a privileged instrument for analyzing the government's policy priorities. An investigation into how much funding one program receives compared to others reveals how important that policy is for the government. In this sense, the budget is an essential element of political representation, because 'it is primarily on spending choices that the voters' consensus joins or dissolves' (Luciani 2019: 48). However, multi-annual spending commitments, European economic parameters, along with the need to interact with coalition partners and opposition, restrain individual parties from achieving their spending targets. For these reasons, the budget seems to be the litmus test for understanding how governments balance the long-term needs of citizens and country (responsibility) and the short-term demands of voters (responsiveness) (Bardi et al. 2014).

Resting on scholarships about populism and techno-populism, this paper studies the budget policy of the first and second Conte governments, and aims to assess the performance of techno-populist parties in government and how they balance responsiveness and responsibility during the budgetary process. Findings show that the Conte I government emphasized responsiveness and was able to implement the targets of the 'Contract', while the Conte II one acted more responsibly to the detriment of its policy goals. The ongoing crisis of parliamentary decision-making, evident here from the ability of both governments to suffocate parliamentary debate, and the limelight on the budget during the discussion and approval phases, allows techno-populists to exploit this venue to continue stressing their adversarial image. The paper is divided as follows: section 1 reviews the main threads of research on populism, techno-populism, and budget policy; section 2 explains the research strategy, presenting a few insights into the 2019 and 2020 budgets; section 3 analyses the budgetary process during the Conte I and II governments; the last section discusses the main evidence.

1. Theoretical framework

1.1. The Italian XVIII legislative term: all the colours of techno-populism

Representative democracy has been in dire straits for a few years now. Many transformations, such as the mediatization of political communication, globalization, and multilevel governance have put a strain on party government, exacerbating the struggle between responsiveness to public opinion and responsibility to domestic and international systemic constraints (Mair 2011). Challenges to representative democracy have taken root mainly from two angles, namely populism and technocracy. Populist parties

³ Scholars have either investigated only the budget of the Conte I government (Codogno and Merler 2019) or focused on how the Conte I and II governments dealt specifically with the problem of public debt (Marzinotto 2020).

have enhanced their role in the national politics of several countries, gaining ruling positions after successful electoral results. Perceiving political parties as no longer being able to give voice to people's needs and fostering the idea that politics must reflect the *volonté générale* of the people, populist parties appeal for a closer link between citizens and decision-makers (Kriesi 2014). On the other hand, the technocratic critique blames political parties' search for short-term consensus, which obstructs responsibility. It asks for more power for experts who do not fulfil a mandate but, in contrast, 'claim to act in the best interest of society' (Caramani 2017: 63). Their common monolithic view of the community, divided between (good) citizens and (corrupt) elites (Mudde 2004) (populism) and between right and wrong (Caramani 2017) (technocracy), make them appear as 'mirror images of each other' (Müller 2014: 28). These characteristics fuse together within a new party family of 'techno-populism' (Bickerton and Accetti 2018).

The Italian XVIII legislative term, begun in March 2018 after a round of voting that reshuffled Italian politics, accommodates all of these political innovations, with populists and techno-populists alongside mainstream parties. It is also the first legislature to give rise to the first fully-fledged populist government in Italy and in Western Europe (D'Alimonte 2019). This transformation accompanies a broad crisis of democratic legitimacy (Bickerton and Accetti 2018) and parliamentary processes (Ferrajoli 2017), a consequence of the discrediting of political parties and decentralized decision-making (Lupo 2019). It is no coincidence that the non-partisan and technocratic profile of ministers – especially of the Minister of Economy (MoE) who fulfils an extremely complex and burdensome role (Hallerberg and Wehner 2020) – has increased over time (Verzichelli and Cotta 2018). Conte himself is a non-party political actor with a strong 'technocratic profile' (Marangoni and Verzichelli 2019).⁴ He firstly presided over a government composed of the techno-populist M5S (Bickerton and Accetti 2018) and the radical-right League (Passarelli and Tuorto 2018). Its fate remained uncertain for most of the time because of the two parties' opposite policy views – especially on economic and immigration policy (Basile and Borri 2018; Gianfreda and Carlotti 2018) – and because of the tensions between the two deputy prime ministers Di Maio and Salvini. In a little over a year, they loudly advertised their attitudes, starting from the inaugural speech of the cabinet, when the Prime Minister himself defined the incoming government as populist (cited in Basile and Borri 2018). In fact, the whole Conte I government may be defined as techno-populist. After all, while the M5S already epitomizes this label, there is a growing tendency of far-right parties to move into techno-populist stances (Bickerton and Accetti 2018). Indeed, the League presents the party as a problem-solver and eschews any political compromise and ideological confrontation, in line with the technocratic conception of politics (Meynaud 1964; Fischer 1990) expressed by techno-populism (Caramani 2017; Bickerton and Accetti 2018).

It was precisely the hyper-competitive strategy of the leaders of the two parties (Marangoni and Verzichelli 2019) that caused the breakdown of the government and the

⁴ Besides the technocratic connotation of the prime minister, shared by the Conte I and Conte II governments, the two diverge in their degree of 'technocracy'. As highlighted by Valbruzzi (2018), the former displays the highest percentage of technocrats among the members of the cabinet, compared to all the Italian partisan governments (excluding the technocratic governments led by Ciampi, Dini and Monti). The share of technocrats decreased with the Conte II government, as a consequence also of the higher number of coalition partners who demanded control of some ministries.

appointment of Conte II. Differently from the previous cabinet, the latter matches together the techno-populist traits of the M5S and the center-left mainstream attitude of the PD. It has shown the M5S abandoning its harsh criticism of its new ally and a gradual shift towards a pro-European attitude (Di Quirico 2020). All things considered, both cabinets of the XVIII legislative term are unusual in Italian republican history, blending populist claims with technocratic attitudes (Conte I) and the same two with mainstream parties' stances (Conte II). Evidently, the anti-establishment trait of the M5S and League makes their participation in government considerably difficult, because of the risk of 'normalising' their image' and adopting the much-criticized behavior of the elite from which they strive to be different (Tronconi 2018: 172). Ultimately, maximalist populist pledges seem to be a political strategy mostly suitable for opposition parties to increase their appeal and consensus, while being hardly attainable for incumbent parties.

This paper considers the context just presented and aims to study how the Conte I and II governments steered the budgetary process, in order to figure out the consequences of techno and populist participation in government where the budget policy is concerned. Before going in depth into the analysis, the next section elucidates on the fundamental role of budget policy and the main dynamics it is subject to.

1.2. The Italian budget policy between constraints and attempted reforms

The annual appointment with the budget law is always one of the most discussed and contentious moments of the year and of the government's life. No government emerges from the budgetary process perfectly unscathed, and the implementation of policy preferences through the annual allocation of resources is increasingly challenging. This is because the budget conceals a crucial contradiction: while it is intended to contribute to continuity and change, flexibility and rigidity, it is impossible to succeed in all these mutually exclusive aspects (Wildavsky 1978). Some of them prevail and, unsurprisingly, this causes tensions and dissatisfaction.

Despite this aspect, the quantification of collective political decisions through the budget – a result of the adaptation of political actors' choices to the domestic institutional setting, incoming information, and the external environment – is essentially the 'life-blood of the government' (Wildavsky 1992: 595). However, because of its extreme complexity it does not necessarily give rise to innovative single policies. The strict rules that govern public budgeting and the high transaction and information costs (Buchanan and Tullock 1962), make it the most constrained policy venue (Jones et al. 2003). Therein, the strength of frictions that must be overcome to give rise to policy modifications rises considerably (Jones and Baumgartner 2005). The allocation of expenditure is therefore locked into an incremental pattern of tiny modifications which marginally depart from past choices. Basically, the legislator decides how to allocate financial resources by adjusting the previous year's expenditure, either by slightly enlarging or reducing funds. This dynamic becomes stronger because of the hurdle, for parties, of driving public policies according to their ideological preferences,⁵ and restrictions placed by multi-annual spending commitments and by European economic and fiscal requirements.

⁵ Different threads of research have uncovered the lack of a direct effect of partisan ideology on deficits (de Haan and Sturm 1994; Borrelli and Royed 1995) and the crucial role of incoming information and external shocks on budget changes (Epp et al. 2014; Breunig 2011).

Noticeably, responsiveness is no longer the main government's concern and needs to be counterbalanced with the request for responsibility from multilevel governance (Mair 2011), which on some occasions has pushed governments to prefer the latter over the former at heavy electoral expense (Bellucci et al. 2012).

In the Italian case, the broad power of parliament over the budget has for a long time bridled the executive's steering capability in controlling public finance. Nevertheless, a gradual reforming process, begun more effectively during the nineties, seems to have determined the conditions for an appropriate institutional design, achieving the purpose of strengthening the role of pivotal actors, such as the government and the MoE (Di Mascio et al. 2017). There is evidence of a clear-cut path in the long-term transformation of the budgetary process that aimed to ease an overblown budgetary cycle, improving its effectiveness and providing both the formulation phase and the parliamentary session with adequate timing and clear rules about the institutional role of each actor. In this regard, the 3-year time span of fiscal and economic policy objectives (in force since 1988) is intended to overcome the decision-makers' short-sightedness and to foster larger changes, while Zero-Based Budgeting (ZBB) (effectively in force since 2016) detaches the executive from previous spending decisions, granting ampler leeway for the allocation of funds.

2. Method and research strategy

Comparative policy studies partially solved the small-*n* problem (too many variables and too few cases) by improving methodological sophistication and employing cross-countries pooled time-series data (Beck and Katz 1995). A wealth of quantitative studies on budget rest on the Punctuated Equilibrium Theory (Jones and Baumgartner 2005), which explains the pattern of stability and change, analyzing the distribution of budget modifications (among others Breunig 2011; Breunig and Jones 2011; Jones et al. 2003). Concurrently, many researches have emphasized the usefulness of carrying out small-*n* analysis (Brady and Collier 2010; King et al. 1994). In this regard, the neo-institutionalist approach compares case studies attempting to unravel the complexity of interacting factors in joint decision-making processes (Scharpf 1988). Specifically, the interaction-oriented model conceives actors and their interplay as causes of the type of policy response, while institutions are considered as remote causes molding actors' decisions (Scharpf 1997).

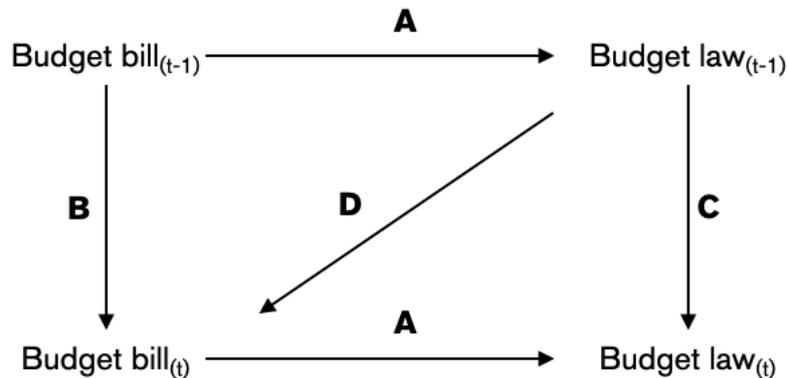
Because the purpose of this study is to describe techno-populist parties' behavior and degree of responsiveness when coping with the budget, a mere quantitative study would inevitably blur the comprehension of dynamics in place. As recommended by recent works on policy and budget transformations (Walgrave and Varone 2008; John and Bevan 2012), mixed-method strategies would substantially improve knowledge on the occurrence and characteristics of changes. Adopting this strategy, I compare the 2019 and 2020 *manovra*⁶ through a detailed description of the role of actors and their interactions during the budgetary process and a quantitative analysis of the allocation of

⁶ The term 'manovra finanziaria' identifies the annual financial package composed of the budget bill and additional corrective measures introduced through bills and urgent decrees. I use the official name of the budget, meaning that the 2019 budget was introduced and approved in 2018 (the same for the 2020 one and for those displayed in Table 1 and Table A-2).

expenditure across budget categories. The case selection strategy is driven by a twofold rationale. First, whereas other Italian parties that governed in past years have been considered populists, the characteristics of those ruling in the present legislative term are profoundly different.⁷ At the same time, the divergent ideological placement and composition of the two governments, which however have been headed by the same prime minister, make the comparison extremely interesting. Then, from a methodological point of view, by keeping the legislative term homogeneous, the challenge cast by the difficulty of managing the complex array of causal constellations is easily prevented because the two budgets already represent a subset of cases that allow certain contingent factors to be held constant. This makes it easier to single out the influence of certain conditions with a higher degree of confidence.

Quantitatively, two different sources can be used to study Italian budget policy, namely the budget bill (where the government draws its actual spending intentions, later submitted to parliament) and the budget law (approved by the Chambers at the end of the year after the parliamentary session). Using these documents, different types of comparison are possible, depending on the point in time and the document considered (Figure 1).

Figure 1. Types of analysis between budget documents



Source: own elaboration

Here, I am interested in seeing whether spending choices are transformed according to the government in charge. The variation between the law_(t-1) and the bill_(t) (D), which displays how much the government relies on the spending decisions of the previous budget law when drawing the new year's bill, fulfils this task.⁸ Because the budget is barely changeable and partisan preferences are unlikely to be translated into spending decisions, investigating how the government tries to adjust the budget bill uncovers the attempt to pursue new policy goals. If the government is still in office, one may find a long-

⁷ While also Berlusconi's personal parties have been labeled 'liberal-populist' (Mudde 2004), the ideological platform of his parties better approaches those of the 'mainstream European center-right' (Verbeek and Zaslove 2015; Ruzza and Fella 2011). Additionally, in terms of party competition, Berlusconi's parties have generally played the role of the functional equivalent of the mainstream right in the Italian political system (Castelli Gattinara and Froio forthcoming).

⁸ Differently from the comparison of two consecutive budget laws, this allows us to clearly highlight the government's intentions in relation to the status quo (interpreted as the budget law approved the year before), and the distance in policy preferences between parties that succeeded in government.

term budget plan or, in contrast, if a new government writes the bill one would expect a substantial shift in the position of the status quo (Zucchini 2011), due to the parties' attempt to be responsive towards the electorate. However, annual adjustments are affected also by the economic and fiscal conditions of the state and are not necessarily a function of deliberative choices. The comparison between the budget bill and the budget law of the same year (A) overcomes this issue, and allows the decisions on budget adjustments that result from the current legislation to be unraveled.⁹ This type of modification enlightens us as to the leeway of parliament in altering the spending proposals of the executive or, in contrast, about the ability of the executive to exploit the rules of procedure in order to preserve the budget from substantial changes. As demonstrated by Pedrazzani and Zucchini (2013), a crucial factor affecting the degree of adjustment of governmental legislation by parliament is precisely the distance between preferences of the cabinet and those of the parliamentary majority.¹⁰ It is also informative about the role of other actors who might intervene during the budgetary process, such as the European Union.

To carry out these different types of analysis, I rely on official budget documents from the Minister of Economy and Finance (MEF) and make use of spending objectives classified according to the internationally adopted COFOG scheme, which splits public spending into ten macro-economic functions (I level) and sixty-five micro ones (II level) (see Appendix, Table A-1). These data allow the allocation of expenditure to be measured and compared across single policy domains. To place the two budgets in analysis within a broader framework of Italian budget policy over the past twenty years, I use an index of transformativeness which measures the variation in the allocation of expenditure across budget domains between the bill and the law (Cavalieri et al. 2018). More precisely, I firstly calculate the proportion of each budget item of the bill on the total expenditure of the bill itself,¹¹ then the proportion of the same budget item of the law on the total expenditure of the law. Next, I compute the difference between proportions for each spending item and calculate the percentage change score. This gives a sense of how much each of them moves away from the original document. I then square these values and sum them together to obtain a yearly value, later divided for the total number of spending domains.¹² Technically, it is possible to express the index with the following formula:

$$\text{Index of transformativeness} = \frac{\sum [p(x_{i(t)}) - p(x_{i(t-1)})]^2}{10}$$

where:

$p(x_{i(t)})$ is the proportion of expenditure for the budget function i at time t ;

$p(x_{i(t-1)})$ is the proportion of expenditure for the budget function i at time $t - 1$.

⁹ This avoids potential errors due to different interpretations of the coding scheme used for categorizing expenditure.

¹⁰ While the authors demonstrated that bills pertaining to many policy dimensions and complex subjects emerge extensively altered from the parliamentary debate, they excluded budget laws from the study precisely because of the radically different parliamentary dynamics that shape the final legislation.

¹¹ Using the proportion of expenditure on the total, I control for size and focus only on the budget composition.

¹² Here I compute the index using macro-categories to be coherent with the analysis in section 3 that is only based on those categories. However, it is also possible to use the micro-categories and divide for their total number, namely 65 (see Appendix, Table A-2).

The index has a twofold merit. On the one hand, using squared values, it prevents negative modifications from resetting positive ones, thus really considering the degree of change of each annual *manovra*. On the other hand, it allows us to assess the transformative nature of the budget, focusing on the dispersion of changes, and considers widespread adjustments across several categories as having a non-transformative nature.¹³ Years of interest show in both cases extremely low values, despite some differences (Table 1).

Table 1. Index of transformativeness between budget bill and budget law (1999–2020)

Year	Law _(t-1) /Bill _(t) (D)	Bill _(t) /Law _(t) (A)	Year	Law _(t-1) /Bill _(t) (D)	Bill _(t) /Law _(t) (A)
1999		0.0493	2010	0.8499	0.0675
2000	0.9258	0.7184	2011	0.9640	0.0259
2001	0.3225	1.1039	2012	0.4384	0.2135
2002	15.4752	0.2031	2013	0.2428	0.3457
2003	0.2285	1.1234	2014	0.7120	0.0983
2004	0.7928	0.0709	2015	2.6552	0.3020
2005	0.0839	0.2354	2016	0.3424	0.1063
2006	0.4927	0.2297	2017	0.0888	0.0006
2007	33.9030	28.6182	2018	0.0239	0.0016
2008	0.2814	0.1514	2019	0.7236	0.0007
2009	6.7153	0.0088	2020	0.1568	0.0016

Source: own elaboration

With regard to the first column, the degree of transformativeness of the budget for 2019 is quite high compared to that for 2020, meaning that the Conte I government aimed to considerably modify the distribution of expenditure allocated by the previous government. Is this the effect of the cabinet composition and the attempt of the M5S and League to be responsive to their electorate? Instead, the Conte II government relied a great deal on the previous year's budget. Is the lower value a consequence of the containment put in place by a mainstream ally that balanced M5S attitudes towards higher responsibility? Considering the level of transformativeness between the bill_(t) and law_(t), in 2018 the parliament left almost unchanged the allocation of expenditure foreseen by

¹³ Other indexes can be used to measure the difference between the bill and the law, such as the Duncan dissimilarity index (Duncan and Duncan 1955) and the measure of budget distance developed by Tsebelis and Chang (2004). The former is a measure of dissimilarity between two distributions, whereas the latter assesses the change in the structure of the budget, represented as the distance between points in an n-dimensional Euclidean space (Tsebelis and Chang 2004: 454). Despite the diffusion and reliability of these measures, here I stick with the index of transformativeness already used in a previous study to estimate the divergence between the budget bill and the budget law in the Italian case (Cavaliere et al. 2018). It appears more intuitive and accounts also for the number of budget categories. To increase the reader's confidence in the index, I evaluate the distance between documents using also the other two measures (see Appendix, Table A-2). Correlation matrixes in Table A-3(A) and Table A-3(B) confirm reliability on the index of transformativeness, which correlates almost perfectly with both the Duncan dissimilarity index and the index of budget distance.

the Conte I government, while it intervened more during the 2019 budgetary session. However, the degree of transformativeness is still very low and in line with an ongoing trend that displays the reduced impact of parliamentary debate on the bill. While these values already give a cursory insight into how the two cabinets managed the budget, they do not provide information about the favorite policies the two executives aimed to implement. How can we explain these, though small, differences? Was there a substantial dissimilarity in the management of the budgetary process between the two cabinets and – if this is the case – what are the determining factors? The qualitative analysis aims to answer these questions.

The study of each *manovra* is assisted by two plots, which appreciate both the weight of each budget authorization on total spending and the percentage change in spending from the two points in time considered. On the one hand, I first calculate the proportion of each spending domain in the bill and in the law on the total expenditure of the corresponding document, then I compute the difference between the two. In this way I get the changed relative importance of each budget category, as expressed by the following formula:

$$P_i = p(x_{i(t)}) - p(x_{i(t-1)})$$

On the other hand, I compute the percentage change between the expenditure for each domain in the bill and the expenditure for the same in the law, stated as follows:

$$C_i = \frac{(x_{i(t)}) - (x_{i(t-1)})}{(x_{i(t-1)})}$$

where:

$x_{i(t)}$ is the total amount of expenditure for the budget function i at time t ;

$x_{i(t-1)}$ is the total amount of expenditure for the budget function i at time $t - 1$.

Overall, considering the characteristics of the budgetary session – a battleground where the government draws the budget bill and tries to avoid substantial modifications from the interference of other actors (e.g. the European Commission and parliament) – the study of the budget offers a unique way to evaluate how political parties balance responsiveness and responsibility, as well as the implications, in term of policy performance, following the techno-populist takeover.

3. Analysis

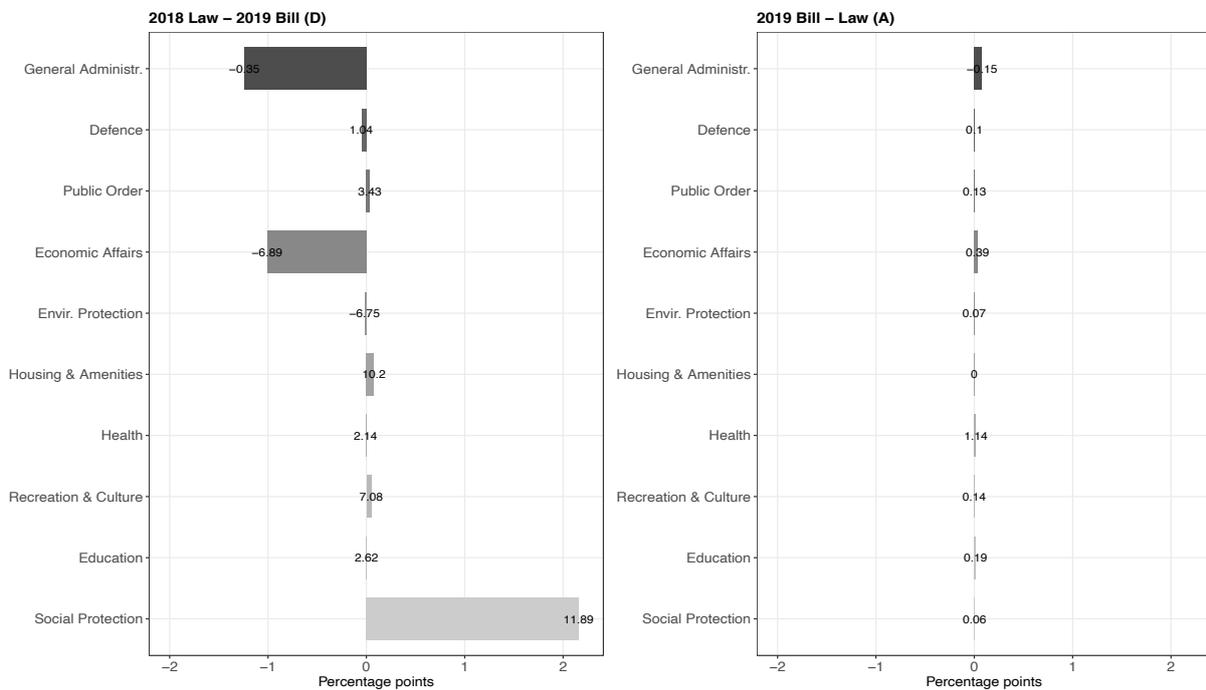
3.1. 2019: a face-saving fight to death with the ‘external enemy’

The Conte I government had its first significant test a very few months after taking office with a number of electoral pledges that, put together, seemed hardly attainable. On the one hand, the economic and fiscal proposals of the government partners were crisply in contrast. For instance, in their electoral programs, the League advertised the introduction of a flat tax (a bottom-up redistribution), while the M5S leant toward the ‘citizenship income’ (a top-down redistribution) (Codogno and Merler 2019). On the other, the so-called ‘quota 100’ (the new early-retirement option pledged by the League) and other expansionary measures unveiled the impossibility of complying with the European

requirements that Italy had previously committed itself to. Ultimately, chasing the implementation of their favorite policies, the cabinet decided to disregard the Medium-Term Objectives (MTOs), modifying the original accounts foreseen in the Document of Economy and Finance and setting deficit levels to 2.4 (2019), 2.1 (2020), and 1.8 (2021) percent of GDP.

By doing so, Italy clashed with EU institutions, depicted as the real enemy of national sovereignty and harshly criticized by both parties (Basile and Borri 2018). Its negative aura was further supported following the European commissioners' disapproval of the Italian budget plan and their threat to open the infringement procedure for excessive debt, recognizing 'a deviation of the budget from the stability plan to an extent never seen before' (Commission 2018a). The fierce confrontation between the majority and the EU continued with: a letter in which the Commission asked the government to modify the budget, a renewed request to revise the expected accounts observing 'a particularly serious non-compliance' with the recommendation received in July, and a steadfast persistency on the Italian side, which considered the level of deficit to be 'an insurmountable limit' (MEF 2018). In this regard, the budget bill submitted to parliament left the spending programs almost unaltered compared to the previous year, with few exceptions. The government's intention was to substantially increase the expenditure for 'Social Protection' (about 14 billion), which includes funds both for the citizenship income and for the pension scheme (Figure 2, D).¹⁴

Figure 2. Budget changes across spending functions, 2019 *manovra*



Source: own elaboration

¹⁴ At length: the micro spending functions, part of 'Social Protection,' that grew the most were 'Old Age' and 'Unemployment,' which were expected to gain more than 7 billion (+12.53 percent) and about 8 billion (+65.74 percent) respectively.

With the alarming growth of the spread, which reached 336 points (the highest level since 2013), the European Commission rejected the Italian budget plan and opened the procedure ‘for excessive deficit related to the violation of the debt parameter’ (Commission 2018b). These circumstances – along with criticism from the *Ufficio Parlamentare di Bilancio* for failure to fulfil previous budget objectives and the President of the Republic’s request for a fertile dialogue with supranational institutions – mitigated the government’s attitude. Correcting the financial provisions, the government made the withdrawal of the infringement procedure possible. It agreed to cut the expected spending for the next three years of 10.25 (2019), 12 (2020), and 16 (2021) billion, setting the deficit at 2.04 percent and thereby decreasing the level of debt. At the same time, it resorted to safety clauses to cover the costs of the citizenship income and the early-retirement scheme. Yet, despite this about-face, the majority stressed the fact that ‘Italy never moved back from the priorities chosen by voters in the March 4 polls’,¹⁵ as affirmed by the prime minister, in an attempt to advertise the public image of a government that did not surrender to European ‘diktat’.

During the parliamentary session, the situation became even more troublesome and its management raised several doubts about legitimacy.¹⁶ Precisely, the government resorted to a first maxi-amendment to introduce the new responsibilities agreed at supranational level. Once the document was sent to the Chamber, the government kept on working on the bill at the Committee, making other changes to the text already presented to the Senate and impeding the beginning of the discussion. It then resorted to a second maxi-amendment protected by the confidence vote. When back at the Chamber, with the risk of the provisional budget approaching, the V Committee conceded during a night session to pass the text to the House without discussing or voting on 350 amendments (as already happened in the Senate). The majority keynote speaker renounced the chance to describe the text in order to speed up the process, while the executive asked again for a confidence vote on a third maxi-amendment.¹⁷ From a normative perspective, not only did parliament not have time to discuss the budget, but also the government used the confidence vote each time on a document that none of the parliamentary bodies had previously examined and which differed substantially from those analyzed and voted on earlier (Bergonzini 2019).

How did this translate in terms of policy decisions? The indiscernible variation between the bill and law (Figure 1, A) explains unequivocally that the management of the parliamentary session allowed the government to carry out its far-reaching policy choices. In fact, the feverish budgetary process saw the government coercing parliament into approving the final, brand new maxi-amendment protected by the confidence vote without even discussing it. The tiny shifts are therefore attributable to a change made by the government itself (rather than by parliament) while the budget bill was underway. Even the

¹⁵ Available online at: <https://www.ilsole24ore.com/art/notizie/2018-12-19/conte-mai-arretrato-e-mai-ceduto-contenuti-manovra-113342.shtml?uuiid=AEZh9M2G>.

¹⁶ The manovra for 2019 saw to the suppression of the usual parliamentary procedure regulated by art. 72 of the Constitution (Cavino 2019). The government not only set extremely scant timing for the parliamentary examination of the bill in the first place, but it eventually skipped the examination itself for the sake of time. Moreover, the vote on a different text from the one issued by the Committee violated the lodo Pera-Morando (Bergonzini 2014: 82-86), a parliamentary procedure which forbids the government to add a confidence vote on a text that the Committee has not previously scrutinized.

¹⁷ In the extreme disorder of this period, FI and other minor parties left the work at the V Committee before the vote, while the PD asked the Chamber, unsuccessfully, to examine and discuss the contents of the bill.

confrontation with European institutions did not alter the spending allocation but concerned only the growth and deficit levels for subsequent years. Although the executive transferred further details to a specific decree preserving only the framework legislation (Codogno and Merler 2019), it was able to safeguard its spending targets and to translate two of its most important electoral stances into actual policies. All in all, the government stood out for its ability to ‘obtain the necessary resources to [...] confirm its fundamental measures’ without ‘blindly accepting European obligations’.¹⁸ As proudly affirmed by an MP of the M5S, the majority ‘delivered a popular *manovra* to Brussels, [...] written by the people for the people’ and it ‘lays claim to sound and constructive populism’.¹⁹

3.2. 2020: ruling the process to repress infighting and keep itself alive

Similarly to the Conte I government, the new majority installed after the summer of 2019 had, almost immediately, to cope with the most important policy decision of the year, with the burden of 23 billion in VAT increase inherited by the previous government and a higher public debt cost caused by the rising spread after fifteen months of a Euro-sceptic stance. In this context, trying to boost economic growth while ensuring balanced public accounts and a proactive participation in the European community (NaDEF 2019), the government asked the European Commission for more flexibility.

After a threefold letter exchange which aimed to appease the EU and the financial markets,²⁰ the government decided to partially forego the European suggestion to make further progress to ensure compliance with the Stability and Growth Pact parameters. It stood firm on its initial intention so as not to reduce the expenditure for the recently-implemented quota 100 and citizenship income.²¹ Keeping these expenditures meant avoiding any other substantial change. This is evident from Figure 2, D where a clear pattern of continuity with the previous budget law emerges. The government did not dramatically alter the allocation of expenditure across spending domains and the weight of budget categories over the total budget was not considerably modified, except for a growth of 10 billion for the category ‘General Administration’ (4.62 percent). The most relevant measure of the 2020 budget was the assignment of about two thirds of the entire fiscal package to repeal the safety clauses. 23 billion was earmarked to avoid the VAT tax hike through the rise of the deficit to 2.2 percent of the GDP (from 1.4 percent). Other measures concerned the reduction of the tax wedge of labor, investments in childcare facilities, along with additional financial and human resources for education and healthcare, and actions to combat fraud and reduce the tax gap (MEF 2019). Overall, these decisions and that of not ‘resorting to the easier choice of implementing linear cuts

¹⁸ Camera, Ass. res. sten. sed. 30/12/2018 (Silvestri).

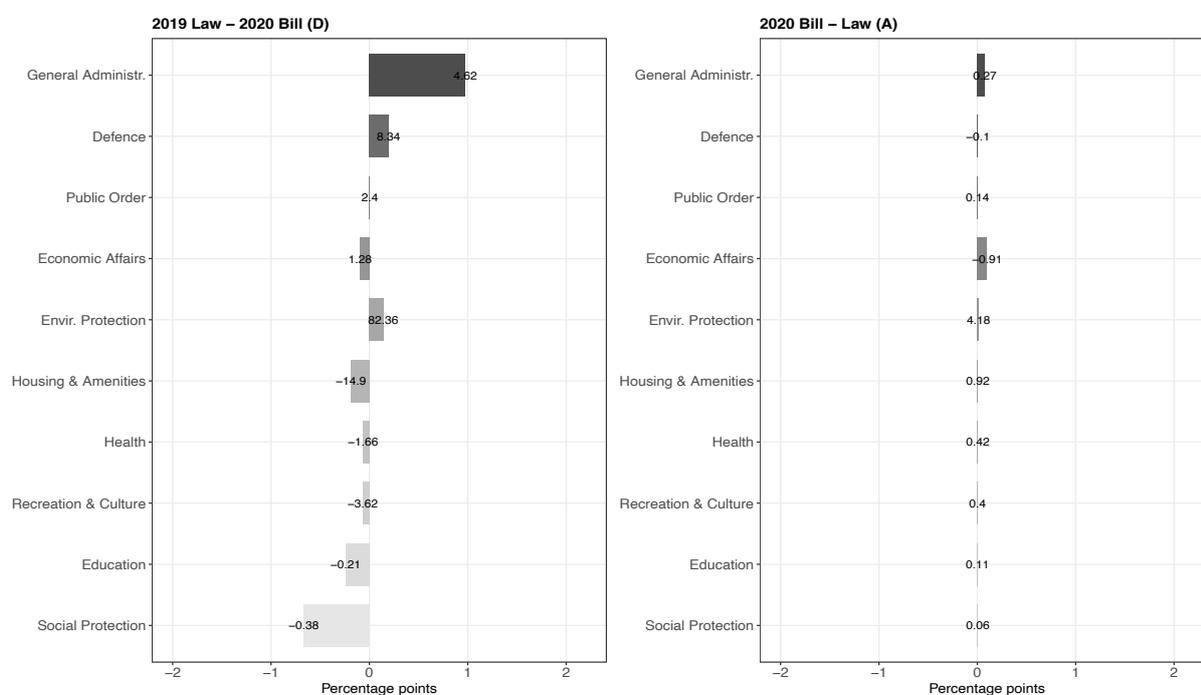
¹⁹ Ibidem.

²⁰ Initially, the budgetary plan did not convince the European commissioners, who sent a letter to ask for clarifications regarding the request of flexibility (Commission 2019a). After the MoE Gualtieri explained its use for unusual events such as ‘hydrogeological and seismic-risk mitigation, infrastructure repair and upgrade’ (MEF 2019), a second letter from the EU followed, where the Commission acknowledged the ‘risk of significant deviation from the required adjustment towards the MTOs for 2019 and 2020’ and from the debt reduction benchmarks (Commission 2019b).

²¹ In a letter to the Commission, the MoE explained that repeatedly changing the early-retirement rules would be damaging and that the number of people who applied for the entitlement was substantially below the initial projections (MEF 2019).

to gain funds to the detriment of public services' were the first steps in a long-term spending review.²²

Figure 3. Budget changes across spending functions, 2020 *manovra*



Source: own elaboration

As regards the process, after discussion at the V Committee, the government presented to the Senate a maxi-amendment protected by the confidence vote. Opposition parties sharply criticized the majority for avoiding the discussion of several amendments, because of the choice to completely modify the text using the maxi-amendment, made necessary because of the approaching December 31 deadline caused by coalition disputes.²³ Incidentally, the quarrels within the cabinet already started in early December, when the Italia Viva group left the work at the Committee after the presentation of several sub-amendments to the maxi-amendment to block the introduction of new taxes. The confrontation both within the majority and with the opposition affected the whole budgetary process, but the executive fought off the charges, affirming that the Committee scrutinized at length the text without excluding opposition parties from the debate, guaranteeing the possibility to amend the document.²⁴ Nevertheless, the long-lasting custom to achieve approval of the budget just before the end of the year discouraged any real parliamentary debate (De Giorgi and Verzichelli 2008), allowing the government to pass the budget law – a new modified maxi-amendment of 313 pages and 958 clauses – without any change to the bill (Figure 2, A) and also to the text approved by

²² Available online at: <https://www.partitodemocratico.it/economia-e-lavoro/gualtieri-le-disuguaglianze-il-nemico-da-battere/>.

²³ Senato, Ass. res. sten. sed. 13/12/2019 (Perosino) and also Senato, Ass. res. sten. sed. 16/12/2019 (Rivolta).

²⁴ Senato, Ass. res. sten. sed. 16/12/2019 (Manca).

the Senate. Precisely, during the second reading at the Chamber, the majority added the confidence vote on the same document approved at the Senate, preventing the usual third reading and obstructing the amending process. In doing this, the symmetrical bicameralism acted *de facto* as a monocameral parliament.²⁵

Once again, the government managed to steer the budgetary process and to implement the spending choices drawn up in the bill which, however, responded to a completely different logic from the previous year. As the keynote speaker maintained, ‘the government was formed in an unexpected context, but with a very focused reason: to take on the responsibility to rule the country. The responsibility to govern with untidy public accounts, the responsibility to defuse a 27 billion danger. [...] A responsibility that somebody else did not take on and unloaded onto others, and that the government accepted to avoid all the false promises becoming a high price that Italian citizens would pay’.²⁶

4. Discussion and conclusions

By assessing budget politics during the XVIII Italian legislative term, the paper analyzes the 2019 and 2020 *manovre*, carried out by the first and second Conte governments. Using a mixed-method strategy to describe the management of the budget policy and process, the work refers to two different scholarships which investigate the balance of power in parliamentary democracies and the impact of populist parties in government.

First, measuring the distance between the budget bill_(t) and the budget law_(t), it contributes to the study of the relationship between the executive and the parliament in Italy. What emerges is the established ability of the government to steer the budgetary process and to safeguard the intentions drawn in the bill. Apparently, the centrality of the parliament and the MPs’ moral hazard (Verzichelli 1999) which characterized economic policy during the *First Republic* were replaced by the executive’s more incisive role (Di Mascio et al. 2017). Nevertheless, at this point the budgetary process resembles merely a battlefield where the government increases the politicization of the decision-making process to succeed at protecting its spending targets. This it does by exploiting one of the three cornerstones that regulate the management of the budgetary process, namely the December 31 deadline for the approval of the law,²⁷ and it is encouraged by a reinforced top-down approach and the implementation of the ZBB. This stood out in both budgets considered, although to a different extent and because of different reasons. In 2018, the M5S and the League inflated the conflict against the EU, mounting a strategic – rather than programmatic – polarization to contribute to the popular imagination of (still) fighting parties that do not surrender to the ‘usual’ political dynamics.

²⁵ See Di Cosimo, available online at: <http://www.lacostituzione.info/index.php/2019/12/27/approvazione-del-bilancio-cambiano-le-maggioranze-ma-non-le-procedure/>. Also, a member of the government during the parliamentary debate affirmed that the parliament was acting in an ‘alternated monocameral regime, because either the Chamber of Deputies or the Senate on their own, alternately, oversee the measures’ (Senato, Ass. res. sten. sed. 13/12/2019, Collina).

²⁶ Camera, Ass. res. sten. sed. 22/12/2019 (Pagano).

²⁷ The other two pillars are the prohibition of deliberation during the budgetary session on other measures of a financial nature and the safeguarding of the substantive law’s contents attached to the budget. Pleading the deadline, the government justifies the violation of the other two norms, a custom that is considered to be the actual cause of the lack of adhesion to the general regulations of the budgetary process (Goretti and Rizzuto 2010).

In 2019, instead, the conflict was inside the coalition, which needed to bargain between the popular stances of the M5S and the more responsible attitudes of the PD. While the incentives for the two governments were very different – in the first case the executive aimed to sharpen its ideological profile whereas in the second it tried to keep itself alive – both of them suffocated the parliamentary session for their purposes. This is confirmed by the extremely low values of the index of transformativeness between the budget bill_(t) and the budget law_(t) and by the negligible differences displayed in Figure 1, A and Figure 2, A.

This evidence adds information to previous research on the impact of the legislative process on governmental legislation in Italy. As is implied by the qualitative analysis, adjustments to the bill (although extremely small) ensue almost exclusively from the bargain within the government or between the government and European institutions. Even in the case of the budget, the parliament is an arena at the executive's disposal to change the approach if needed where the opposition parties' role is insignificant, as already revealed by Pedrazzani and Zucchini (2013). However, the deprivation of the parliament's functions during the budgetary process is not a new story in Italy (Bergonzini 2014). That said, although the Conte I government pushed the alienation of the parliament to an extent never experienced before (Bergonzini 2019), the crisis of parliamentary decision-making is sustained equally by governments with higher and lower populist stances.

Second, calculating the difference between the budget law_(t-1) and the budget bill_(t), the paper enters the wide debate on the trade-off between responsiveness and responsibility and populism. Acknowledging the League's intransigence for debate and disagreement, and its boasting about being a rational problem-solver – in line with the trend of far-right parties to adopt techno-populist stances (Bickerton and Accetti 2018) – it seems that the Italian political spectrum is by now marked by the division between fully-fledged techno-populism and blended techno-populism, whereby a mainstream party enters a coalition with a techno-populist one. What are the implications of these parties' participation in government in terms of policy performance? A major challenge for populism is to cope with governing tasks while retaining its distinctive traits and not succumbing to the burden of responsibility. In this respect, the Conte I government was successful. It managed to do it by purposefully raising the conflict against the 'external enemy' while advertising its capability to keep promises and its independence from responsibility, feeding its populist rhetoric, and then obstructing parliamentary debate. Despite the achievement, it is clear that the 'the burden of responsiveness leads parties to adopt less responsible behaviors' (Bardi et al. 2014: 245). As a matter of fact, the considerable budget changes put in place by the M5S and the League were all at the expense of the Conte II government, which had to take charge of all the monetary and reputational debts of techno-populists in government. Instead, the inclusion of the PD in the government moved the executive's inclination towards higher responsibility, reducing their pretension as problem-solvers and fostering the dialogue both within the coalition partners and with the EU which, however, did not allow the government to chase specific policy goals.

Overall, the paper shows that techno-populist parties keep on stressing their adversarial image and their maximalist pledges even when in government. However, this

may be due to the importance of the budget – continuously in the limelight for about four months each year – which, although rather difficult to modify, can be easily exploited by parties to spotlight their own image. Further research on different policy venues is needed to understand whether techno-populist parties are always able to retain their distinctive traits once in office. Concurrently, comparative studies on the budget policy considering countries where techno and populist parties are in government would help to understand whether responsibility is doomed to surrender to responsiveness, with potential backlashes on national accounts.

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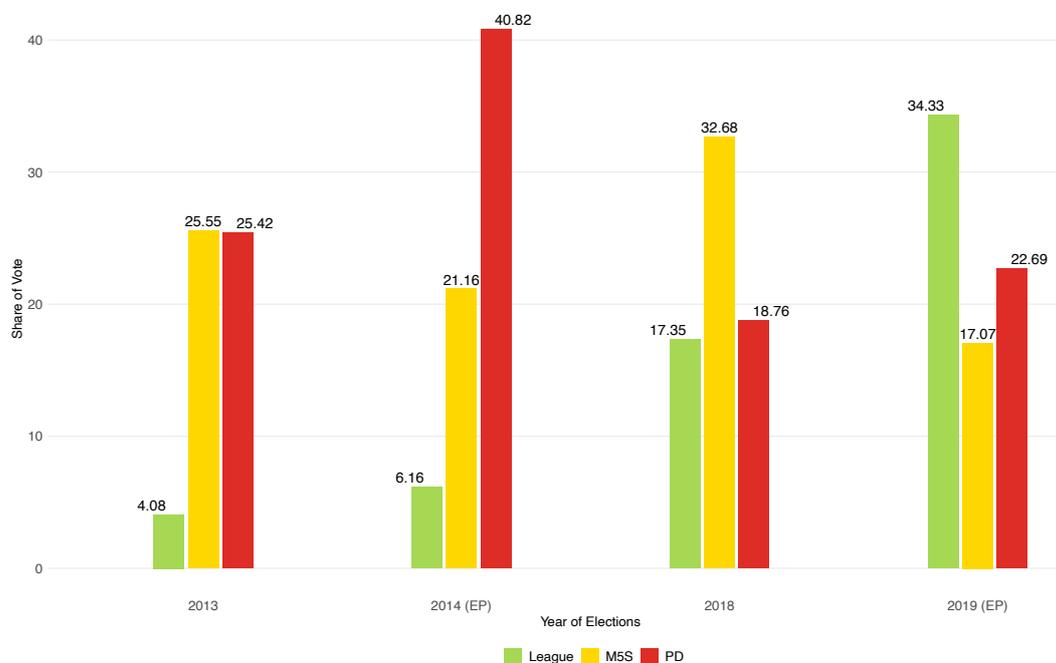
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Appendix

Figure A-1. Electoral results of the three most voted Italian parties in the last decade



Notes: Share of vote at national elections (2013 and 2018) refers to the lower Chamber

Source: Archivio storico delle elezioni, Dipartimento per gli affari interni e territoriali, Ministero dell'Interno (available online: <https://elezionistorico.interno.gov.it>)

Table A-1. Categorization of national public expenditure in Italy (1998–2019)

I and II level COFOG (1998–2018)	
1 - General Administration 1.1 - Finance, revenues 1.2 - International aids 1.3 - General services 1.4 - Basic research 1.5 - R&D on general administration 1.6 - Public services 1.7 - Debt 1.8 - Money transfer	6 - Housing and Community Amenities 6.1 - Housing development 6.2 - Territory arrangement 6.3 - Water supply 6.4 - Street lighting 6.5 - R&D on housing and community amenities 6.6 - Housing (not otherwise classified)
2 - Defense 2.1 - Military defense 2.2 - Civic defense 2.3 - Foreign military aids 2.4 - R&D on defense 2.5 - Defense (not otherwise classified)	7 - Health 7.1 - Health devices 7.2 - Non-hospital services 7.3 - Hospital services 7.4 - Public health 7.5 - R&D on health 7.6 - Health (not otherwise classified)

<p>3 - Public Order and Safety</p> <p>3.1 - Police</p> <p>3.2 - Firefighting</p> <p>3.3 - Courthouses</p> <p>3.4 - Prisons</p> <p>3.5 - R&D on public order and safety</p> <p>3.6 - Public order (not otherwise classified)</p>	<p>8 - Recreation, Culture and Religion</p> <p>8.1 - Leisure activities</p> <p>8.2 - Culture activities</p> <p>8.3 - Publishing, television</p> <p>8.4 - Religious services</p> <p>8.5 - R&D on recreation, culture and religion</p> <p>8.6 - Culture, religion (not otherwise classified)</p>
<p>4 - Economic Affairs</p> <p>4.1 - Commerce, labor</p> <p>4.2 - Agriculture, fishing, hunting</p> <p>4.3 - Fuels, energy</p> <p>4.4 - Manufacturing, mining, building</p> <p>4.5 - Transports</p> <p>4.6 - Communication</p> <p>4.7 - Other sectors</p> <p>4.8 - R&D on economic affairs</p> <p>4.9 - Economic affairs (not otherwise classified)</p>	<p>9 - Education</p> <p>9.1 - Preschool, primary education</p> <p>9.2 - Secondary education</p> <p>9.3 - Post-secondary education</p> <p>9.4 - Higher education</p> <p>9.5 - Education (other)</p> <p>9.6 - Additional services</p> <p>9.7 - R&D on education</p> <p>9.8 - Education (not otherwise classified)</p>
<p>5 - Environmental Protection</p> <p>5.1 - Waste treatment</p> <p>5.2 - Wastewater</p> <p>5.3 - Pollution control</p> <p>5.4 - Environmental protection</p> <p>5.5 - R&D on environmental protection</p> <p>5.6 - Environmental protection (not otherwise classified)</p>	<p>10 - Social Protection</p> <p>10.1 - Illness, handicap</p> <p>10.2 - Old age</p> <p>10.3 - Survivors</p> <p>10.4 - Family</p> <p>10.5 - Unemployment</p> <p>10.6 - Residences</p> <p>10.7 - Social exclusion</p> <p>10.8 - R&D on social protection</p> <p>10.9 - Social protection (not otherwise classified)</p>

Source: La nuova classificazione del Bilancio dello Stato e la traduzione in italiano della COFOG, S. Carobene – ISTAT, Dipartimento di Contabilità Nazionale, n. 13/1999 (available online: <https://www.istat.it/it/files//2011/01/cofog.pdf>)

Table A-2. Indexes to calculate the difference between the budget bill and the budget law

Year	Macro Categories				Micro Categories					
	Law _(t-1) /Bill _(t) (D)		Bill _(t) / Law _(t) (A)		Law _(t-1) /Bill _(t) (D)		Bill _(t) / Law _(t) (A)			
	Budget Distance	Duncan Index	Budget Distance	Duncan Index	Transformativ	Budget Distance	Duncan Index	Transformativ	Budget Distance	Duncan Index
1999			0.0070	0.0096				0.0125	0.0090	0.0182
2000	0.0304	0.0353	0.0268	0.0290	0.2442	0.0398	0.0612	0.1079	0.0264	0.0369
2001	0.0179	0.0223	0.0332	0.0300	0.1387	0.0300	0.0527	0.1901	0.0351	0.0371
2002	0.1243	0.1061	0.0142	0.0140	2.4605	0.1264	0.1615	0.2106	0.0370	0.0360
2003	0.0151	0.0164	0.0335	0.0337	0.0494	0.0179	0.0309	0.4412	0.0535	0.0825
2004	0.0281	0.0275	0.0084	0.0101	1.3688	0.0943	0.1200	2.9645	0.1388	0.1344
2005	0.0091	0.0100	0.0153	0.0140	0.0416	0.0164	0.0299	0.0411	0.0163	0.0229
2006	0.0221	0.0217	0.0151	0.0149	0.2603	0.0411	0.0504	0.0473	0.0175	0.0239
2007	0.1841	0.1589	0.1691	0.1480	0.7183	0.0683	0.1099	0.1474	0.0309	0.0564
2008	0.0167	0.0158	0.0123	0.0150	0.1676	0.0330	0.0448	0.0764	0.0222	0.0330
2009	0.0819	0.0796	0.0029	0.0028	2.8468	0.1360	0.1701	0.0106	0.0083	0.0101
2010	0.0291	0.0286	0.0082	0.0075	0.1576	0.0320	0.0524	0.0037	0.0049	0.0092
2011	0.0310	0.0380	0.0050	0.0051	5.7937	0.1940	0.2143	0.0055	0.0060	0.0102
2012	0.0209	0.0211	0.0146	0.0153	0.0815	0.0230	0.0295	0.0197	0.0113	0.0184
2013	0.0155	0.0168	0.0185	0.0171	0.1037	0.0259	0.0380	0.0487	0.0177	0.0239
2014	0.0266	0.0273	0.0099	0.0104	0.1507	0.0312	0.0381	0.0175	0.0106	0.0174
2015	0.0515	0.0455	0.0173	0.0163	0.4199	0.0522	0.0604	0.0407	0.0162	0.0252
2016	0.0185	0.0181	0.0103	0.0110	0.7889	0.0716	0.0749	0.0218	0.0119	0.0190
2017	0.0094	0.0097	0.0008	0.0007	0.0468	0.0174	0.0271	0.0001	0.0007	0.0009
2018	0.0048	0.0056	0.0013	0.0012	0.0169	0.0104	0.0207	0.0002	0.0011	0.0017
2019	0.0269	0.0232	0.0008	0.0007	0.0978	0.0252	0.0420	0.0001	0.0008	0.0012
2020	0.0125	0.0132	0.0012	0.0011	0.0775	0.0224	0.0350	0.0002	0.0011	0.0018

Notes: the index of transformativeness for macro-categories is in Table 1 (Section 2)

Source: own elaboration

Table A-3(A). Correlation matrix between indexes (macro and micro categories)

Law_(t-1)/Bill_(t) (D)

Macro Categories

	<i>Duncan Dissimilarity Index</i>	<i>Budget Distance</i>
<i>Duncan Dissimilarity Index</i>		
<i>Budget Distance</i>	1.00***	
<i>Index of Transformativeness</i>	0.95***	0.97***

Micro Categories

	<i>Duncan Dissimilarity Index</i>	<i>Budget Distance</i>
<i>Duncan Dissimilarity Index</i>		
<i>Budget Distance</i>	0.99***	
<i>Index of Transformativeness</i>	0.94***	0.96***

Notes: statistical significance with p-value 0.05 (*), 0.01 (**), 0.001 (***)
 Source: own elaboration

Table A-3(B). Correlation matrix between indexes (macro and micro categories)

Bill_(t)/ Law_(t) (A)

Macro Categories

	<i>Duncan Dissimilarity Index</i>	<i>Budget Distance</i>
<i>Duncan Dissimilarity Index</i>		
<i>Budget Distance</i>	1.00***	
<i>Index of Transformativeness</i>	0.97***	0.97***

Micro Categories

	<i>Duncan Dissimilarity Index</i>	<i>Budget Distance</i>
<i>Duncan Dissimilarity Index</i>		
<i>Budget Distance</i>	0.97***	
<i>Index of Transformativeness</i>	0.86***	0.95***

Notes: statistical significance with p-value 0.05 (*), 0.01 (**), 0.001 (***)
 Source: own elaboration