

Give reforms in Rome a chance

Deal between Renzi and Berlusconi should be built upon

The eurozone crisis has brought to the fore the extensive weaknesses crippling Italy's unreformed economy. Yet an often overlooked factor is that many of these failings can be traced back to Rome's constitutional set-up, which has made it virtually impossible for successive governments to shake up the country's economic institutions.

Italy's legislative process is based on a byzantine bicameral system, where each bill has to be approved in both houses of parliament before becoming law. Many key areas of government – for example energy policy – have been devolved to Italy's 20 regions, adding to the political logjam. The country's electoral law – recently rectified by the constitutional court – enshrines a proportional system that all but ensures that Italy is governed by unstable revolving-door coalitions.

So far, the quarrelsome coalition government led by Enrico Letta has failed to set Italy on a path to meaningful political change. Yet the election of Matteo Renzi, the youthful mayor of Florence, as secretary of the Democratic party last December has rekindled fresh hope for reform. Last weekend Mr Renzi struck a wide-ranging deal with Silvio Berlusconi, who is still leader of the centre-right opposition Forza Italia party in spite of a criminal conviction.

The agreement would radically curb the powers of the Senate, one of the two branches of parliament, transforming it into little more than a consultative body composed of local representatives. The central government in Rome would reclaim from the regions more control over sectors such as energy, tourism and transport.

Most importantly, Italy would have a new electoral law based on a two-round system that would grant the winning coalition a working majority of at least 53 per cent of the seats. The new law would also set high thresholds for smaller parties to enter parlia-

ment, which should help to reduce political fragmentation.

The exact terms of the pact will be subject to negotiation over the coming months. Whatever is agreed will have to be scrutinised to ensure it does not breach the guidelines set down by the constitutional court in its ruling on the previous electoral law in December. Yet so long as the basic structure of the deal remains in place, the reform package should go some way to make Italy more governable. Since the representatives in the Senate would not be paid, the changes would also help cut the bloated cost of the political system, which has triggered widespread anger and disillusion among voters.

Of course, Mr Renzi's strategy carries significant risks. The most startling is the decision to negotiate with Mr Berlusconi, Italy's least reliable politician. Time and again over the past two decades, *il Cavaliere* has outfoxed his leftwing opponents, pretending to be interested in constitutional reform only to turn the tables when a deal was no longer in his favour. However, since Italy's other parties have shown little interest in passing an electoral law that would guarantee workable majorities, Mr Renzi was left with no real option but talking to Mr Berlusconi.

The other danger comes from the leftwing of the Democrats, which opposes the deal out of a fear of being marginalised and may opt to break away from the party. The typically brash Mr Renzi will have to use a more conciliatory tone to avoid a schism that could ultimately undermine his aspirations to become Italy's next prime minister. Mediation, however, should not become an excuse for inaction. Mr Renzi's popularity hinges on his pragmatism and willingness to get things done. If he is unable to transform his proposed electoral reforms into law, voters will find it far harder to believe in the more far-reaching changes he so likes to preach about.