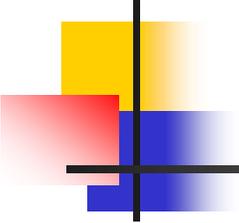


**Bicameralism as a tool of constitutional engineering:  
The implication for the Italian reform**

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**Emma Galli**

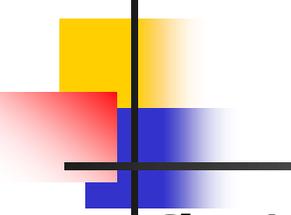
**DiSSE, Università di Roma Sapienza**



# Bicameralism in contemporary democracies

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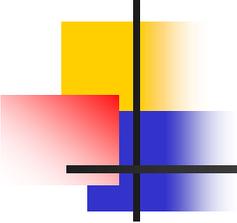
- Among developed democracies bicameralism is the prevailing institutional form
- **39% (56) of 143 democracies have bicameral legislatures, and 23% (34) have bicameral legislatures in which the constituencies of the senate are states or provinces** (*Database of Political Institutions*)
- Federalism is often accompanied by bicameralism (in developed countries with high income per capita), with a second chamber representing the sub-national governments and having veto power over important, if not all pieces of legislation
- Most of non-federal democracies (70%) have unicameral legislatures



## Early Public Choice on bicameralism

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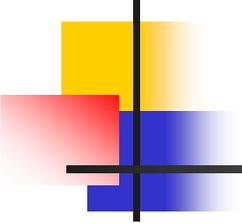
- **Classical political economists** in the early twenty-first century tends to favor bicameralism as a desirable legislative structure which favors the necessary compromise between the chambers
- **Public Choice** developed theoretical arguments in favor of bicameralism for traditional (Montesquieu, the Founding Fathers ... ) and new reasons
- Bicameralism indirectly tends to increase the **size of the majority** required to adopt a new legislation, thereby approaching a Pareto optimum and acting as a **constraint on the tyranny of the majority** (Tullock, 1959; Buchanan and Tullock, 1962; Mueller, 2000)
- Bicameralism avoids problems of **cyclical majority** and favors the **stability of the majoritarian decision-making** reducing the potential for redistributive policies (Black, 1948; Hammond and Miller, 1987; Brennan and Hamlin, 1992; Riker, 1992)



# The role of bargaining in modern political economy

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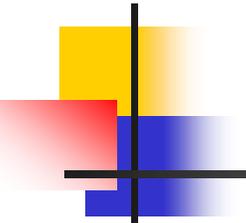
- More recent work has focused on the institutions of **interchamber bargaining** (Shepsle and Weingast, 1987; Tsebelis and Money, 1997)
- Trades among members of different chambers may occur only at the **logrolling equilibria of both chambers** making it more difficult because either chamber can veto the other
- Persson, Roland and Tabellini (1997) demonstrate that agreement between chambers is more difficult than agreement within a single chamber because the **separate chambers constitute a bilateral monopoly** over legislative production
- Bicameral chambers composed of different interests can continually enforce **legislative agreements** rather than relying on the threat of retaliation to enforce legislative bargains over time, which is the only enforcement option in the unicameral legislatures (Dixit, Grossman and Gul, 2000)



## Literature predictions ...

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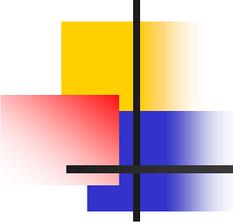
- Bicameral systems yield **more stability** than unicameral because majority cycles are fewer
- The level of **consensus** required for legislation tends to be **higher** insofar as the interests represented in the two chambers are different
- When each chamber has substantial influence, policy decisions tend to be **more informed** and close to the desires of the electorate
- **Party discipline weakens the case for bicameralism** by increasing each chamber congruence (homogenization of members' interests)



# The empirical literature on the policy consequences of bicameralism

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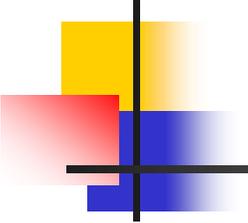
- Two major questions have been verified:
  1. Do bicameral bargains yield policies that on average differ systematically from unicameral legislatures?
  2. **Do these policy differences have systematic effects on public expenditures and national welfare?**



# The literature predictions on the impact of bicameralism on fiscal policy

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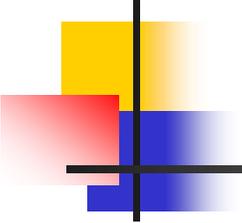
- 1) Bicameral legislative chambers will engage in **less “unproductive” transfer spending** than unicameral chamber
- 2) **Fiscal policy** decisions made across bicameral chambers **vary with constituent homogeneity**
- 3) **More similar legislative chambers** are more likely to prefer **welfare spending and other redistributive measures**
- 4) **Spending on public goods** should **increase as constituent diversity** across chambers increases
- 5) As redistribution becomes more difficult, constituents will be **more willing to bear higher tax burdens** because revenues will be devoted to expenditures on public goods
- 6) **Legislative stability should limit spending on redistributive issues** without limiting spending on public goods because discourages legislators to act strategically in response to cycles



# Some empirical evidence on bicameralism's impact on fiscal policy

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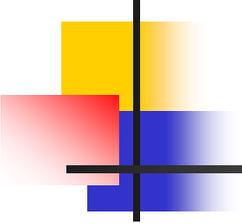
- Most empirical studies on the effects of bicameralism are **cross-sectional**
- **Bicameralism is negatively related to levels of welfare spending** in a sample of OECD countries (Crepaz, 1998). More recently Crepaz and Moser (2004) and Ha (2008) find that bicameralism reduces the upward pressure of globalization on levels of welfare spending in a sample of OECD countries
- Kurrild-Klitgaard (2003) finds that a **larger number of effective veto players is positively related to both tax levels and growth in tax levels** across a sample of OECD countries
- Tsebelis and Chang (2004) show that a **larger number of veto players** (i.e., coalition governments, bicameral political systems, presidents with veto) is associated with **smaller changes in the budget composition over time** in a sample of 19 advanced countries



## Some empirical evidence on bicameralism's impact on fiscal policy

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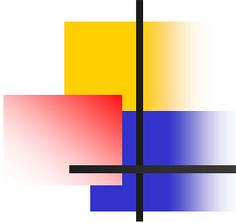
- Vatter (2011) shows that **bicameral systems** act as a **brake on government intervention and on the expansion of the welfare state** and do not improve economic performance
- Bradbury and Crain (2002) find that in the US state legislatures **the greater the difference in the interests** represented by the two chambers, **the smaller the per capita State expenditure** tends to be since legislation requires a broader consensus to pass and this limits opportunities for redistributive politics



## Some single-country evidence

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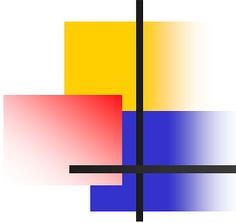
- Some interesting analysis of cases in which a single country moves from one type of institutions to another: for example in Sweden and Denmark the **shift from bicameral to unicameral system** yielded **policies less stable through time** and less **faithful to the long-run interests of the median voter** (Congleton, 2003; Congleton and Swendenborg, 2006)



# The reform of bicameralism in Italy

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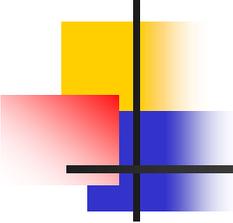
- Works in public choice and political economy posit that the **major effect of bicameralism stems from different bases of representation in the two chambers**
- The reform allows the **possibility of overweighting regional and local interests** which may be an added advantage in federal countries
- At the same time the reform brings back to the central government a set of functions of national interests and potentially limits the number of controversies between the State and the Regions about the attribution of functions (art.117)
- **Decision-making costs and time remain high (and represent a guarantee against logrolling) for the major legislation ex art. 70** which involves both the chambers, but are **reduced in the ordinary legislation** where the Senate may examine the proposal (upon request of 1/3 of the members)



# The reform of bicameralism in Italy

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- The **specification of different electoral periods** for the two chambers can ensure a **longer term perspective** in policy making
- **Checks and balances** system guaranteed by the Regional councils, the European Parliament, the Constitutional Court (originally by the Senate)
- The **reduction of the number** of the members of the Senate from 315 to 100 reduces the cost of politics and the **public spending**
- Bradbury and Crain (2001) find evidence that **expenditures/GDP and in real per capita levels tend to increase as the number of seats in the lower chamber increases (“1/n law”)** but do so **less rapidly in the bicameral** than in unicameral systems
- Fiorino and Ricciuti (2007) forecast a significant **increase in government spending per capita in the regions that enlarge their legislatures** using the opportunity created by the Statutes



# The reform of bicameralism in Italy

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- The asymmetric bicameralism requires **different electoral rules**
- The **accountability** issue
- a) The design of the **selection procedure** of the members of the Senate is not clear: loyalty to the party or preferences of the voters?
- b) **Recent experience of maladministration and corruption** at regional level in weak institutional context
- c) **Incentive** for the members of the Senate to increase the regional/local expenditure (even though their proposals need to be approved by the Chamber )