

The Grow-Italy Decree Becomes Law

Francesca Giuliani (January 25, 2012)



Despite a raising tide of discontent, Monti's all-encompassing proposal to level the economic playing-field was ratified. Will it start Italian economy anew?

Following an eight-hour long cabinet meeting and after the signing by President of the Republic Giorgio Napolitano, yesterday the so-called "Grow-Italy" decree devised by Mario Monti's government of technocrats became law.

The measures in the decree are aimed at liberalizing Italy's hyper-regulated services sector, encouraging competition and overcoming the underlying familism that characterizes the Italian way of doing business today, creating a strong divide between those who are integrated in many of the key professional categories and those who can't access them because they lack the right passkeys, which are normally hereditary.

The Grow-Italy decree functions as a counterweight to the Save-Italy austerity measures approved in



December, a \$40 billion stimulus package based on tax increases, pensions reforms and spending cuts that provoked contrasting reactions among Italians. Monti estimates that the liberalizations will lead to a +11% GDP increase, a +12% growth in occupation and private expenditure, and most of all will generate up to an 18% increase in foreign investments, reestablishing Italy's economic appeal and international reputation at the same time.

The decree's range of action is extremely wide, as it encompasses a variety of economic activities that it reforms with different paces. A quick review of the devised measures sheds a light on Italy's enduring structural problems, caused by a system of interlocking tiers and strings stifling the entrepreneurial impulses of the country's inhabitants.

The first measures to be implemented are the liberalization of pharmacy licenses, currently limited to one every 4,000 inhabitants, and often passed from parents to sons or purchased at extremely high costs by pharmacy owners dismissing their activity. A number of prescription drugs will also be made available in para-pharmacies, something like the American drugstores, that before the Grow-Italy law weren't allowed to sell any prescription pharmaceuticals. Pharmacies will also be able to establish their work hours independently and to apply discounts on any item. New pharmacy openings are being encouraged in shopping malls, train stations and airports.

Car insurance companies will be obliged to present three alternative prices to their prospective customers, in order to increase the competition in the insurance products' market. Also, prices should be discounted if the customer agrees on installing a black box on his vehicle. Banks will have to adopt similar competitiveness increasing measures when selling mortgages and life insurance plans.

In the area of legal professions, 500 slots for new notaries will be opened each year until 2014. Young entrepreneurs will be allowed to open their own LLC with a minimum budget of €1 and without the assistance of a notary.

There will be no more minimum and maximum fees for professionals, and they will all be obliged to provide their customers with an estimate for their final compensation.

Gas stations will be allowed to sell food, newspapers and tobacco. The gas station operators that don't own the plant will have the chance to take over it and they will be then entitled to choose their gas providers.

Class actions will be simplified and made more accessible.

The government will be in charge of creating an Antitrust department, monitoring the activities of the Regions and local powers.

In six months, a new Authority of Networks will be opened. It will be in charge of regulating the liberalization of taxi licenses, the division of the railway holding [FS](#) [2], the regulation of the new highway concessions and fees that will be price-capped.

Always in six month, a decree will regulate the separation of [Snam Rete Gas](#) [3](the company that owns the network of gas pipes) and [Eni](#) [4] (the company that manages the network), in order to increase the competitiveness of the utilities' market. [La Repubblica](#) [5] estimates that the separation will become effective in two years.

Within September 2012, banks will have to have revised the system of commissions and fees the shop-owners bear to accept debit and credit card payments. Encouraging electronic transactions will help the traceability of money, and will disincentive the use of cash in order to reduce the impact of fiscal evasion on the economy.

In the long run, after 2012, the Grow-Italy package will encourage 18-month long internships for



students to start in their last semester of classes.

Among other provisions, the law establishes that TV frequencies should be tendered instead of being freely assigned to preexisting networks, as they are a valuable public good that could generate consistent revenues to help alleviate the severe sacrifices the government has imposed to Italians.

The vast number of interests that the Grow-Italy measure touches somehow saves it from partiality accusations, although it doesn't shield it from a mounting wave of discontent. The members of the professional guilds and the workers of those sectors that will be affected by the measure are extremely dissatisfied with the government's decision, and a rising tide of strikes has been paralyzing Italy since the discussion on the Grow-Italy maneuver started.

Another enemy of the maneuver could be internal for Monti: [Reuters](#) [6] estimates that almost a third of the Italian 945 members of the Parliament are also members of a professional guild. 130 of them are in fact lawyers, 90 are journalists, 23 are accountants, 13 are architects and 4 are notaries.

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