

FINANCIAL TIMES

June 1 2010

Italian budget cuts hit spending watchdog

By Guy Dinmore in Rome

Just as one of George Osborne's first acts as new UK chancellor of the exchequer was to create an [Office for Budget Responsibility](#) to guarantee independence of economic forecasting, one of the first casualties of Italy's new austerity package is its own national research institute that does just that.

Research workers at [Isae](#), the Institute for Studies and Economic Analyses, are occupying their Rome offices day and night to protest against their forced transfer to the finance ministry headed by Giulio Tremonti, architect of the centre-right government's [€25bn savings plan](#) that came into law on Monday.

"Tremonti doesn't like independent research," said Carlo Declich, a senior Isae researcher. Isae notes that little money will be saved by its closure as most workers will be transferred to the ministry and some will even get pay increases in line with civil service standards.

Isae, with a budget of €10m, has collected more than 2,500 signatures so far, many from academics and economists, in an effort to persuade the government to change its mind when parliament comes to debate the law that was passed by cabinet decree.

Alberto Majocchi, Isae president, noted the irony of the closure at the height of an [economic crisis](#) just as the UK had seen the need to set up such a body.

One of Isae's institutional roles is establishing inflation forecasts that form the basis of collective wage bargaining between the government, unions and employers.

Sandro Gozi, a member of parliament for the opposition Democratic party, told the Financial Times: "Tremonti is seizing this opportunity, hiding behind the need to cut the public administration, to hit institutes that he doesn't like. He doesn't like independence."

Defined as "unnecessary agencies", a dozen doomed government bodies include Ipsema, a maritime welfare institute, and [Ispes](#), the national institute for occupational safety, whose latest publication was devoted to stress management in the workplace.

Giorgio Napolitano, president, balked at approving the full list of bodies targeted by Mr Tremonti and was reported to have saved more than 200 cultural and scientific institutes, including Naples' Stazione Zoologica, one of the world's oldest marine research bodies that was founded in 1872 by the German zoologist Anton Dohrn, and an oceanography institute that follows the impact of [climate change](#).

Sandro Bondi, arts minister, has been tasked with identifying further cuts after he protested vigorously that Mr Tremonti had not consulted him in the government's attempt to close down scores of cultural institutes.

Tito Boeri and Massimo Bordignon, two economists writing for the Lavoce forum, cast doubt on Mr Tremonti's austerity package, noting that some €8bn of the package are projected revenues from a crackdown on tax evasion.

The bulk of the projected cuts, they noted, were transfers to regional and local governments which past experience showed were only "paper cuts".

"In brief it is a set of measures which are visibly improvised [and] intended to show great numbers in order to offer a reassuring macro picture. The 'blood and tears' are only for a few," they wrote.