Quality of Laws: QLaw project

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Foundation of Rule of Law

Rule of Law is key for functioning of society.

- First requirement for Rule of Law (Bingham, 2010):

  "Law must be: accessible, intelligible, clear and predictable"

- Drafting quality of laws has **economic effects**:

  - *Poorly drafted laws* are subject to conflicting interpretations;

  - It injects **legal uncertainty** to which agents may react;

  - They may refrain from trading, investing and undertaking economic activities that rely on legal protection.

One logic
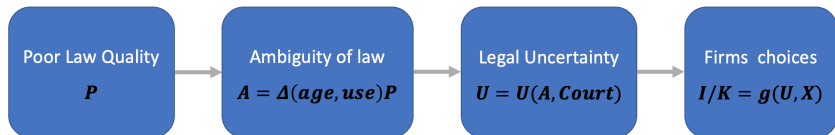
- **Ambiguity of laws (A)**: exposure of a law to multiple interpretations due to poor drafting quality (non self-containedness);

- **Legal uncertainty (LU)**: uncertainty on adjudication by a court judge in a legal controversy due to the ambiguity of laws.

Poor drafting quality could be self-perpetuating

1. The bureaucracy has **too much power**

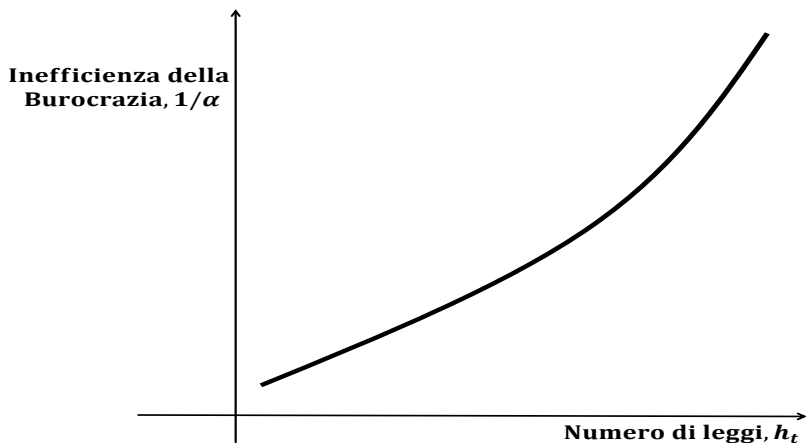2. Poor functioning of **institutions**

The power of bureacracy line
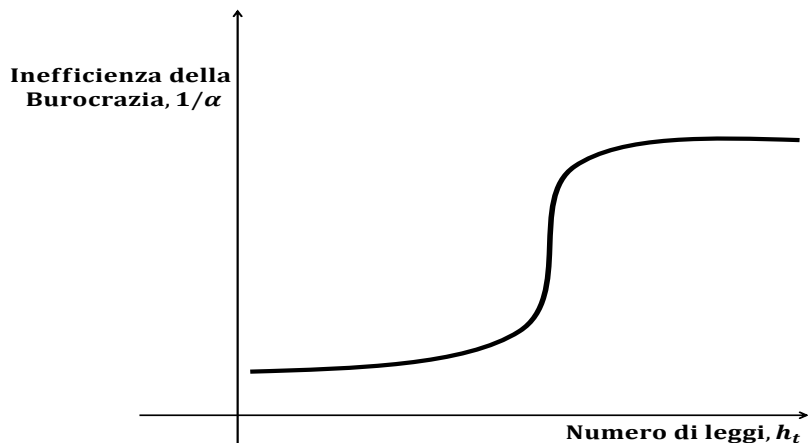
Too many laws gives too much power to bureaucracy

The Tacitus curve

"Corruptissima re publica plurimae leges," Tacito

Inefficienza della Burocrazia, $1/\alpha$

Numero di leggi, h_t

Inefficient institutions increase the number of laws **numero di leggi**: (1), (2), and (3)
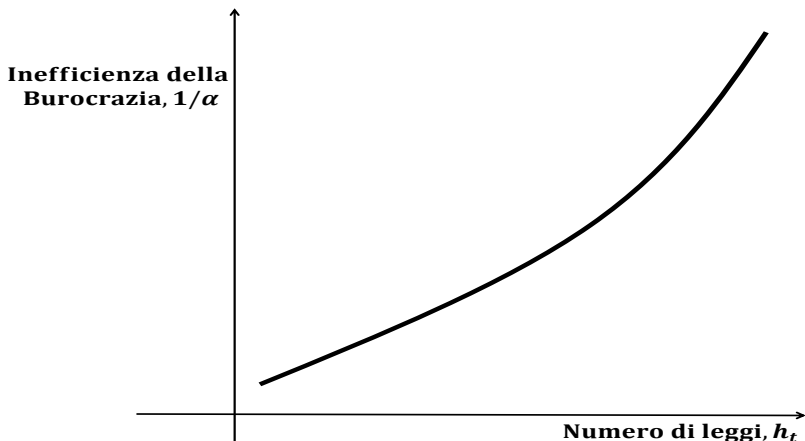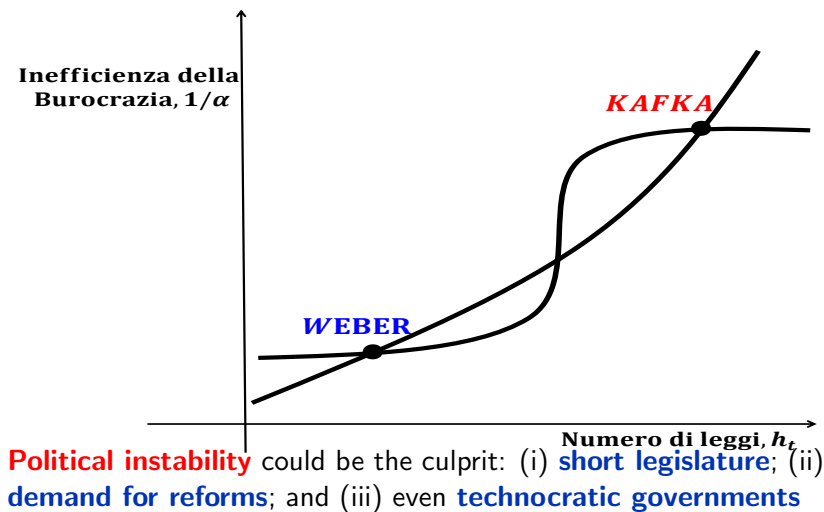
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From Weber to Kafka?

Political instability could be the culprit: (i) **short legislature**; (ii) **demand for reforms**; and (iii) even **technocratic governments**

L'Italia nel dopoguerra

1. **La Prima Repubblica (1948-1992)**: Un duopolio con DC vs PC dove solo uno dei due può governare **K-factor**

2. **La Seconda Repubblica (1993-?)**: Aumento dell'**instabilità politica**

3. **Eccessiva produzione di leggi** di dubbia qualità. Governi giudicati sul **numero di riforme**

4. La **burocrazia** diventa (veramente) **kafkiana**

Increased political instability
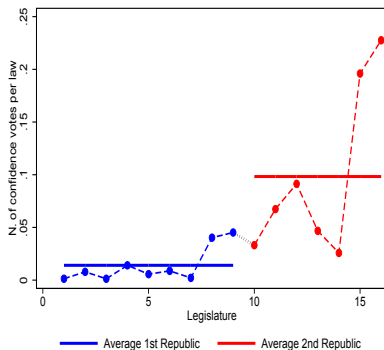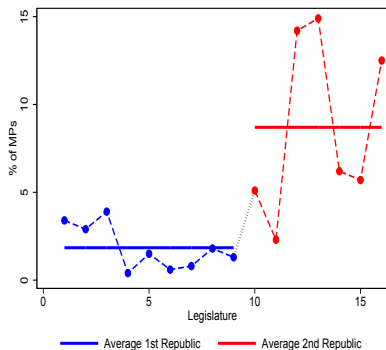
**(a) % di MP che cambiano partito**   **(b) Voti di fiducia per legge**

Notes: Panel (a) shows the fraction of members of the lower chamber that switched party during the legislation. Data are from Lama (2014). Panel (b) shows the number of confidence votes per approved law in the legislature. The solid lines denote the average during the First and Second Republic.

See descriptive statistics

Legislative activism
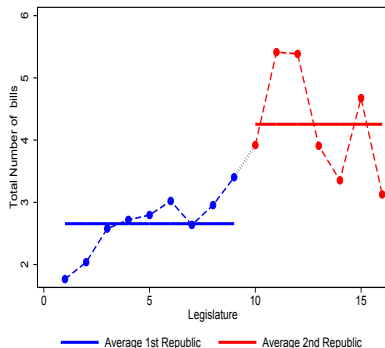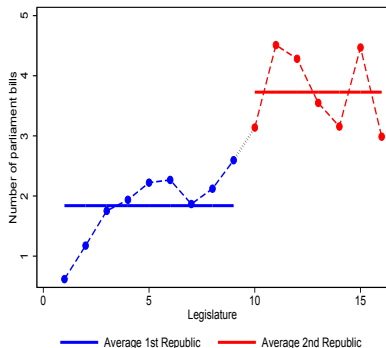
**(a) Number of bills per day by MPs**   **(b) Total number of bills per day**

Notes: The figure shows the average number of bills presented by members of parliament in the lower chamber (panel a) and by MPs and the government (panel b) in each legislature. The solid lines denote the average during the First and Second Republic.

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Legislative production
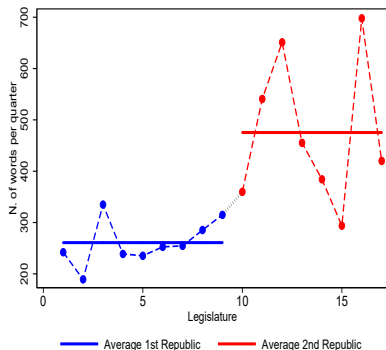
(a) Number of words of law
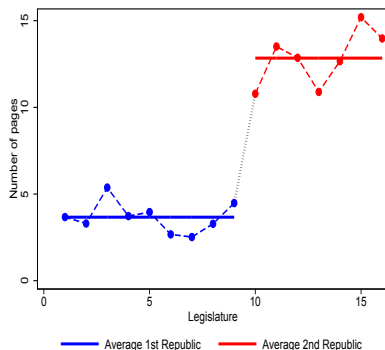
(b) Average page-length of laws

Panel (a) plots the average number of words contained in all laws issued in a quarter of the legislature. Words are measured in thousands. Panel (b) shows the average number of pages per approved law in the legislature. The solid horizontal lines denote the average during the First and Second Republic.

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A simple drafting quality measure of a law

	Loadings on $\mathbf{z}$ (w_s)	Loadings on π $\left(\frac{\sigma_1}{w_1} \cdot \frac{w_s}{\sigma_s}\right)$
Structural ambiguity		
N. gerunds	.311	1
N. contingency clauses	.314	1.009
Word length	.354	1.138
Root length	.354	1.138
Phrase length	.332	1.067
N. modal verbs	.306	.983
N. adjectives	.315	1.012
N. pronouns	.307	.987
Dependence ambiguity		
Fraction with preambles	.274	.881
N. citations to other laws	.277	.890

Quality of laws
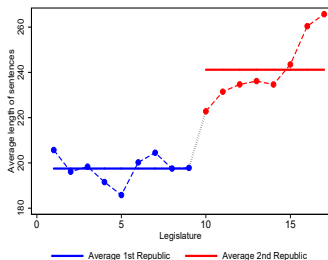
(a) Length of sentences
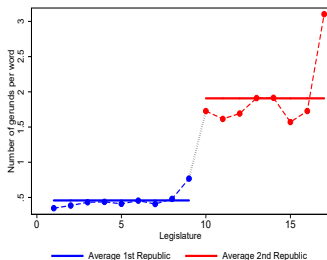
(b) N. of gerunds per word

(c) N. of words in preamble

(d) N. of laws cited per word

Collapse of bureaucratic efficiency

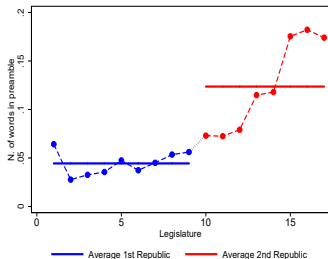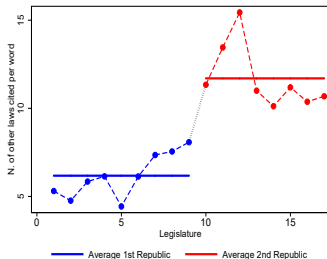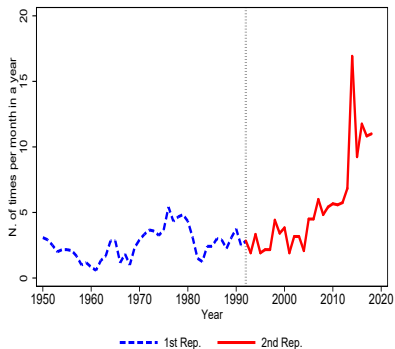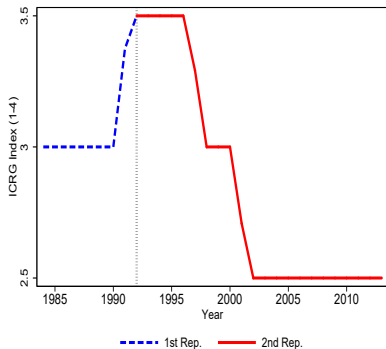(a) ICRG index of quality of bureaucracy

(b) N. of times the word "bureaucracy" in Corsera

Panel (a) shows the indicator of quality of bureaucracy in the International Country Risk Guide by the PRS group. The index ranges from 1 to 4; high scores indicate that the bureaucracy is strong and has the expertise and competence to govern without drastic changes in policy or interruptions in services. Panel (b) shows the average number of times the word "bureaucracy" appears per month in a year on the first page of "Corriere della sera", the Italian main newspaper. The vertical black line corresponds to the start of the Second Republic in 1992.

See descriptive statistics

Italy's TFP
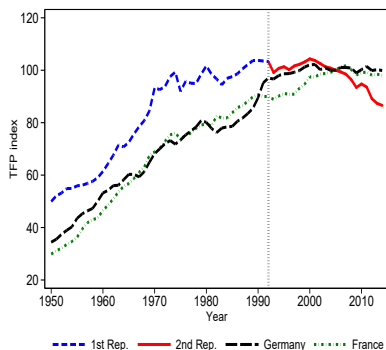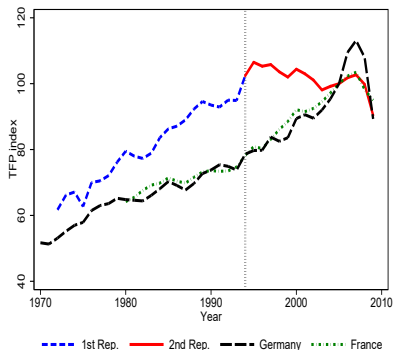
(a) TFP manufacturing, EUKLEMS **(b) Total TFP, PW9.0**

The figure shows Italian, French and German TFP in manufacturing from 1979 to 2007 in panel (a) and total TFP in panel (b). The index is normalized to 100 in 2005 (2005=100). The vertical black line corresponds to the start of the Second Republic in 1992. The data for manufaturing are from EU-KLEMS 2012, those for total TFP are from the Penn Word table 9.0.

See descriptive statistics

What to do?

1. **New laws** are not (always) the solution

2. **Reduce** & **harmonize** centres of **law production**

3. **Culture of formalism**: **more economists and less judges**

4. **Drafting quality** measures of new laws: the QLaw project

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The QLaw project

1. Data Source: `https://www.normattiva.it/`

2. GRINS web-page **grading** drafting quality of all Italian laws

3. Grade new laws published in **Gazzetta Ufficiale in real time**

4. Harmonize grades by topic

5. Use **AI** to improve drafting quality measures

6. The **Supreme Court of Cassation** is an ideal set-up to use **AI** to train algorithms to evaluate features of laws that generate (unnecessary) legal ambiguity

7. More countries could follow: **World QLaw project**

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Comparing Italy's First and Second Republic

Variable	First Republic	Second Republic
% of MPs betraying party	1.93	9.1
Fragmentation of government coalition	0.35	0.61
No. of confidence vote per approved law	0.014	0.098
Number of pages per law	3.67	12.84
No. of Technocratic Governments	0	3
% TFP growth	2.2	0.4
Bills per day (MPs)	1.84	3.73
Bills per day (Total)	2.66	4.25
Share of standard laws	0.86	0.46
Share of executive orders	0.14	0.32
Share of delegated laws	0	0.22
Bureaucratic inefficiency growth (%):		
-Registry office		78
-Postal office		136
-Public health		48

Notes: The First Republic refers to all legislatures before 1987 (legislatures I-IX); the Second Republic to the others (legislatures X-XVI).

Summary statistics per MP

7 legislatures, 1987-2008 period

Variable	Mean	Median	sd
Number of bills	6.69	3	11.71
Number of laws	0.91	0	2.12
Success rate	0.08	0	0.179
Re-election probability	0.46	0	0.5

Is the duration of Italian legislatures predictable?
Features of Italian legislatures

	Legislature			Senate			Lower Chamber		
No.	Days	Compl.	Coalition	% of Seats Coalition	% of Seats Majoritarian party	Number of Senators slack	% of seats Coalition	% of seats Majoritarian party	Number of MPs slack
X	1.757	Y	Center	0.58	0.40	24	0.56	0.37	51
XI	722	N	Center	0.54	0.34	12	0.54	0.33	27
XII	755	N	Ctr. Right	0.49	0.19	-3	0.58	0.18	36
XIII	1.847	Y	Ctr. Left	0.54	0.32	11	0.51	0.27	7
XIV	1.794	Y	Ctr. Right	0.56	0.26	28	0.58	0.28	53
XV	732	N	Ctr. Left	0.50	0.32	1	0.55	0.35	34
XVI	1.781	Y	Ctr. Right	0.55	0.46	16	0.55	0.44	29

The table shows features of the 7 legislatures covered in our sample, and data on the majority in the Senate and the Lower Chamber. Length is the number of days of legislature duration; completed is a dummy = 1 is the legislature is completed and 0 if it ends prematurely. Share of seats of the coalition is the share of seats.