Ilaria Madama, Matteo Jessoula, Marcello Natili

MINIMUM INCOME: THE ITALIAN TRAJECTORY

ONE, NO ONE AND ONE HUNDRED THOUSAND MINIMUM INCOME SCHEMES

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The **Comparative Politics and Public Philosophy Lab** (**LPF**) at Centro Einaudi is directed by Maurizio Ferrera and funded by Compagnia di San Paolo. It includes the **Welfare Laboratory** (**We.L**) and the **Bioethics Lab** (**La.B**). LPF analyses the transformation of the political sphere in contemporary democracies with a focus on the relationships between policy choices and the value frameworks within which such choices are, or ought to be, carried out. The reference here is to the "reasonable pluralism" singled out by John Rawls as an essential feature of political liberalism.

The underlying idea is that implementing forms of "civilized" politics is desirable as well as feasible. And, as far as the Italian political system is concerned, it is also urgently needed, since the system appears to be poorly prepared to deal with the challenges emerging in many policy areas: from welfare state reform to the governance of immigration, from the selection criteria in education and in public administration to the regulation of ethically sensitive issues.

In order to achieve this end, LPF adopts both a descriptive-explanatory approach and a normative one, aiming at a fruitful and meaningful combination of the two perspectives. Wishing to foster an informed public debate, it promotes theoretical research, empirical case studies, policy analyses and policy proposals.

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KEYWORDS

Minimum income protection, social assistance, poverty, Italy

ABSTRACT

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Several studies in comparative welfare state research have emphasized the absence of a proper anti-poverty strategy and especially the lack of a minimum income scheme (MIS) in Italy; others focused on the failed attempt to introduce a national MIS in the late 1990s; while some scholars investigated the existence of several (yet often meagre) local anti-poverty programs. The Pirandellian title *One, No One and One Hundred Thousand* looks therefore as a suitable metaphor able to capture the nature of the Italian anti-poverty policy scenario. Against this backdrop, though constrained by austerity measures and permanent lack of resources, social assistance gained more salience over the last years and a closer look at its transformation reveals that, albeit timidly, things are moving both at the national and regional level. Building on this framework, the paper has a twofold purpose. First, it aims at presenting the developments occurred in the Italian anti-poverty strategy during the last two decades. Second, the paper provides an overview of the latest trends in terms of poverty and material deprivation in comparative perspective, that—in the light of the current economic crisis—call for a rapid modernisation of the national social safety net of last resort.

MINIMUM INCOME: THE ITALIAN TRAJECTORY

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1. INTRODUCTION

The increase of poverty and social exclusion among working-age individuals in recent decades can be read as the effect of the complex interplay between social needs and risks on the one side, and the decreasing protective capacity of 'core' social institutions on the other. Since the Eighties, in Western Europe wide socio-economic transformations have started to undermine the protectiveness of labour market institutions—either through unemployment compensation and employment security—and the capability of families to act as effective social shock absorbers and to prevent poverty. These developments have resulted in a growing functional salience of minimum income protection (MIP) for working-age individuals in many European countries. Within the post-industrial social protection architecture, MIP has then overcome its traditional boundaries restrained to people suffering severe social marginality, and has started to represent a key response for people facing "rather general life-course and labour market risks, which may however in certain cases be compounded by complex personal circumstances and barriers to social and economic (re)integration" (Clegg 2013, 1).

This paper deals with the ambiguous development of minimum income protection in Italy in the last two decades, focusing on social assistance income support measures. In accordance with the South-European imprint (Ferrera 2005 and 2010), Italy is a laggard as regards MIP for working age individuals: crushed between insurance based income benefits and universal health care, the last resort safety net has traditionally had a marginal role and was characterised by high institutional fragmentation, wide regional/local differentiation and low spending (Fargion 1997; Gough *et al.* 1997; Kazepov and Sabatinelli 2005).

Over the last decades, several studies in comparative welfare state research have emphasized the absence of a proper anti-poverty strategy and especially the lack of a minimum income scheme (MIS)[1] in Italy (i.e. Bahle *et al.*, 2011); others focused

[1] In the paper we adopt the following definition of MIS: a general (non categorical) anti-poverty scheme that provides right-based means-tested income support, typically tax financed and flat-rate. MIS then envisages a universal yet selective last resort safety net.

on the failed attempt to introduce a national MIS since the mid-1990s (i.e. Sacchi and Bastagli 2005); while some scholars investigated the existence of numerous—yet, often meagre—local anti-poverty programs (i.e. Saraceno 2002). The Pirandellian title *One, No One and One Hundred Thousand* looks therefore as a suitable metaphor able to capture the nature of anti-poverty policy developments in Italy. Against this backdrop, though constrained by austerity measures and permanent lack of resources, social assistance gained more salience over the last years and a closer look at its transformation reveals that, albeit timidly, things are moving both at the national and regional level.

Building on this framework, the paper has a twofold purpose. First, it aims at presenting the developments of the Italian anti-poverty strategy during the last two decades. Second, the paper provides an overview of the latest trends in terms of poverty and material deprivation in comparative perspective that—in the light of the current severe economic crisis—call for a rapid modernisation of the national social safety net.

The paper is structured as follows. Section 2 briefly illustrates the historical configuration of Italian anti-poverty policy and its main weaknesses in comparative perspective. Sections 3 and 4 outline the reform trajectory in the field of minimum income protection between the mid-1990s and 2012, analyzing the main developments in this policy area at the national level and sketching some divergent policy solutions framed at the regional level. Section 5 deals with recent social trends in comparative perspective, exploring the main outcomes in terms of poverty and material deprivation. Section 6 concludes.

2. ITALY, MID-1990S: A WEAK MINIMUM INCOME PROTECTION MODEL

In the mid-1990s Italy presented a weak minimum income protection model compared to several other European countries: the public last resort safety net was limited and fragmented, social services and activation measures were underdeveloped, while households, kin networks and third sector organisations played a major role in providing assistance.

More in depth, one of the distinctive features of the Italian model in the European scenario was the lack of a general means-tested minimum income scheme aimed at protecting working age people from the risk of poverty and social exclusion. The fight against poverty thus largely relied on categorical, mostly contributory, means-tested measures, charitable organisations and family solidarity (Saraceno 1994; Naldini 2002).

In the post-war period a number of anti-poverty schemes—such as pension supplements ad minima, social pension, invalidity pension and family allowances—targeted to specific social groups had been put in place. Overall, the system was nonetheless unbalanced, as on the one side access to anti-poverty schemes was mainly linked to categorical requirements (having a contributory pension, or having an employee in the household), and on the other hand more than 80% of the total expenditure for social assistance was attracted by old age and disability functions, thus reproducing in the social assistance sector the distortions that characterised the Italian welfare state as a whole (see Appendix 1 for a detailed overview).

As table 1 shows, taken as a whole the Italian welfare state was not an outlier: total (public) social protection expenditure was below the EU-15 average but did not deviate significantly from other countries. The Italian anomalies actually lied in the expenditure structure, much geared towards the protection of 'insiders' through contributory schemes (so called distributive distortion) and the over-protection of old age (functional distortion) (Ferrera *et. al.* 2012). In 1995 a major share of resources for social protection was absorbed by the "old age and survivors" function—61% against 42.5% of the EU15 average, as more than half of social protection expenditure was devoted to old-age measures (especially pensions); by contrast, expenditure for "family", "unemployment", "housing and social exclusion" remained comparatively very low over total spending. Interestingly, resources targeted to the latter category, mainly representing general social assistance measures, were extremely limited, 0.2% of total social expenditure *vis à vis* a EU average of 3.3%. No other country displayed such a marked distortion along the functional dimension.

Table 1 – **Public social protection expenditure on GDP and by sector as a percentage of total social expenditure, 1995, selected countries**

	Total (% GDP)	Family/ children	Unemploy-ment	Sickness/ healthcare and disability	Old age and survivors	Housing and social exclusion n.e.c.
EU-15	27.6	7.7	7.9	9.5	42.5	3.3
Germany	28.3	7.8	8.2	10.9	39.7	1.8
Spain	21.6	1.9	15.9	7.5	42.5	1.6
France	30.3	9.5	7.4	9.8	41.2	4.2
Italy	24.3	3.9	2.8	6.9	61.0	0.2
Sweden	33.5	11.2	10.8	11.1	37.3	6.2
UK	27.1	8.5	5.3	9.0	41.2	7.1

Source: Eurostat database online

Social assistance measures in Italy showed a further limitation, as the main schemes were to some extent inefficient in terms of vertical redistribution, and not very effective in reducing the poverty risk (table 2). Most of them had in fact a distributive efficiency below 60%, implying that more than 40% of resources spent on each of them—and actually more than 55% in the case of the invalidity pensions—went to families that were above the poverty line already before the transfer. The effectiveness in reducing poverty thus was severely limited: for example, it was calculated that the invalidity pension and the social pension reduced the poverty risk of about 0.2 percentage points.

Table 2 – **Distributive efficiency and poverty reduction of Italian social assistance schemes, 1995**

	Family allowance	Social pension	Disability pension	Pension supplements
Distributive efficiency	59%	52%	43%	44%
Effectiveness in reducing poverty	1.2 p.	0.2 p.	0.2 p.	4.3 p.

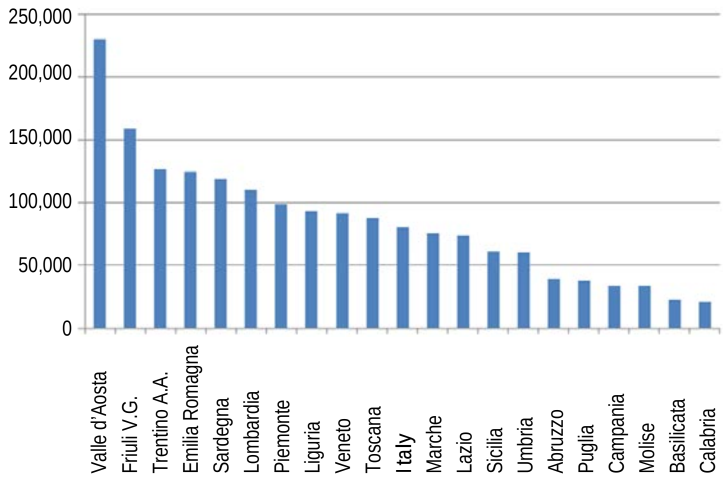
Source: Elaboration on Baldini *et al.* (2002), Toso (2000)

Measures set at the national level were complemented by a plethora of schemes in the field of social services and income support managed at the regional and local level, with huge territorial variation. The decentralization process started in the 1970s in the social assistance field had in fact far reaching consequences in terms of overall system coherency and territorial heterogeneity, giving raise to functional overlaps but also coverage gaps. If social assistance spending was concentrated on cash transfers (in 1995 monetary benefits absorbed between 90% and 95%), local social services and benefits suffered the lack of resources as well as the absence of a binding legislative frame at national level able to set minimum standards for the whole country. Moreover, unlike the national benefits—that took the form of enforceable rights—at the local level assistance benefits tended to be discretionary, uncertain in their delivery and heavily conditioned by budgetary constraints (Fargion 1997; Kazepov and Genova 2006; Saraceno 2002). The high variability emerged from this framework is clearly captured by regional per capita social assistance spending, which in the 1990s varied from 21,000 Italian Lira in Calabria to 124,000 in Emilia Romagna (figure 1). As a general rule, the differences in spending to a large extent reflected wide differences in the availability of local schemes of income support and social care services (CIES 1997).

In such a scenario of incomplete, incoherent and differentiated intervention, in which poverty *per se* was not a sufficient condition to receive public support, existing measures—especially disability pensions and, partly, family allowances—were widely exploited as general poverty alleviation schemes and as instruments for clientelistic exchange (cf. Ferrera 1984; Ferrera, Fargion and Jessoula 2012), being subject to frequent abuses. Despite this, for a long time the introduction of a universal yet selective minimum income scheme had not even been considered an option in national debates. First, because of the perceived risks of managing means-testing in a “soft state” (cf. Ferrera 2000), characterised by the concentration of material deprivation in the Southern part of the country—where the black economy and the illegal sector were pervasive. Second, due to the fact that in the

First Republic era (1948-1994) the two main parties of the Italian polarized and pluralist party system (Sartori 1976)—the Christian Democrats (DC)[2] and the Communists—had limited interest in MIS, yet for different ideological and material reasons. The former (DC) was a party of religious defence which embraced the principle of horizontal subsidiarity by emphasising the importance of traditional family ties and supporting the existing broad network of religious community-based charities (Madama 2010). The latter, the Italian Communist Party (PCI), showed a clear pro-labour and pro-insider bias, being far more inclined towards the extension of generous social insurance schemes targeted to employed population rather than sponsoring residual MIS (Ferrera, Fargion and Jessoula, 2012).

Figure 1 – **Regional per capita social assistance spending, 1994** (Italian Lira)



Source: Commissione di Indagine sulla Povertà e sull'Emarginazione (1997)

Against this backdrop, after the political turmoil of the early 1990s and the advent of the Second Republic some interesting novelties occurred, and some attempts to reinforce anti-poverty measures were made both at the national and regional level.

3. THE AMBIVALENT POLICY TRAJECTORY AT THE NATIONAL LEVEL

3.1. The first modernising attempts, 1996-2001

The underdevelopment of the social assistance model and its fragmentation (both institutional and territorial) in a number of schemes providing modest benefits, with the family—and charities—working as a fundamental redistributive agency for the least well-off, were for long not considered dysfunctional by policy-makers. Welfare state "recalibration" became a priority only in 1996-97 when the centre-

[2] The DC, a centrist party, dominated in the Italian political system from 1944 until 1993.

left cabinet led by Romano Prodi appointed an expert commission (so called Commissione Onofri, including some leading scholars in welfare studies) which laid emphasis on the two acute "distortions" of the national welfare state mentioned above. In the field of social assistance, the work of the Commission contributed to the debate, by both tracing a clear diagnosis of the deficiencies and weaknesses of this sector and advancing policy proposals. The Commission particularly pointed at institutional fragmentation, policy overlapping, dominance of cash benefits at the expense of in-kind services, marked territorial differentiation and, last but not least, the lack of a last resort social safety net such as a minimum income scheme to combat poverty. Turning to remedies, it recommended an increase in expenditure, the rationalisation of interventions, the definition of essential levels of provision (LEP) to be guaranteed throughout the national territory, and the introduction of a minimum income scheme inspired by the principle of "selective universalism" (Commissione Onofri 1997; Jessoula and Alti 2010), according to which eligibility to social assistance benefits was to be universal yet selective on the basis of *need* only.

Several measures were adopted by the end of the 1990s in accordance with the principle of selective universalism. Three novel means-tested schemes are worth to mention: 1) the allowance for families with more than two underage children, 2) the maternity allowance for low income mothers not entitled to contributory benefits, 3) a special social fund for supporting low income tenants. Also, the two most promising innovation of this period were the launch in 1998 of "Minimum insertion income" (MII) pilot scheme, and the approval of the social assistance framework law in 2000 (Law 328).

The MII—designed as universal, non categorical, tax financed measure targeted to people with an income below a pre-defined poverty threshold—was initially introduced for two years as a pilot scheme in a number of selected municipalities. The cash transfer was to be complemented by integration programs aimed to tackle social exclusion and stimulate recipients' autonomy. The budget law for 2000 then provided for a two-year extension of the experimentation of the MII and increased the number of municipalities involved in the pilot project.

The adoption of a national regulatory framework in 2000 appeared as a further relevant step forward for the Italian social assistance sector. The national framework law on social assistance drew on the operational model of the national health service and envisaged a wide re-organisation of the sector (cf. Gori 2004). The aim was to overcome territorial fragmentation through the creation of an integrated system based on the definition of a common minimum standard of public provision to be granted over the whole national territory and a multi-level model of governance—involving the central state (with supervisory and leading roles), regions and municipalities, and open to the cooperation of the third sector (for further details see Kazepov and Genova 2006). Also, the reform envisaged an ambitious scenario, especially via the introduction of a coherent and inclusive anti-poverty scheme, the re-launch of social care services, the reduction of regional differences.

It's important to note that in 2001 a significant change took place also concerning the organisation of the State, with partially unexpected consequences as regards the successive development of social assistance policy. Following requests for greater autonomy put forward by both regional governments and regionalist parties—particularly the Northern League—in the 1990s regionalism experienced a new surge in Italy, culminating in the constitutional reform of 2001 (Baldi 2006). Constitutional Law 3/2001 had two main consequences as regards MIP. First, it ratified a new division of competences between the various levels of government in many areas of public policy, including social assistance which became a matter of *exclusive* regional competence. This change implied that in this sector the State has the sole responsibility for defining "essential levels of provision" (LEP) for the national territory and supervising their implementation. Recognising regions' exclusive responsibility in this matter restrained the powers of central government as regards planning or exercising in depth guidance, thus making the long-awaited reform of social assistance enacted in 2000 in some respects obsolete. The second consequence regarded financial autonomy: the reformed art. 119 of the Constitution, in fact, asserted the principle of fiscal federalism, now still to be concretely implemented.

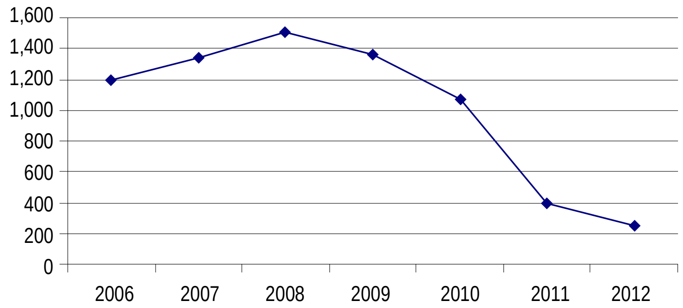
3.2. Policy reversal and resilience of the traditional model, 2001-2008

After the encouraging developments of the 1990s, the new century saw a decline of interest in minimum income protection. The broader debate on welfare reform was also affected by the new context of economic recession—GDP growth ranging between 0% and 1.1% in 2001-2005 (IMF)—exacerbated by the ten year long loss of competitiveness of the national economy. By contrast, public finances gradually improved, with low deficits (generally below 3% of GDP) and a (slowly) declining public debt. Therefore, if during the previous decade the "keyword" in the public discourse had been fiscal consolidation, in the early 2000s it turned to be "competitiveness" (Radaelli 2002), to be reached mainly through increased labour market flexibility and cost containment measures.

Despite some more room for (fiscal) manoeuvre, in the period 2001-2008 the social assistance sector was all but reinforced. The centre-right governmental coalition that ruled till 2006 privileged a welfare model based on family and community networks (cf. Ministero del Welfare 2003), and opposed the development of a robust *national* anti-poverty strategy. National social policy funds were cut and the MII scheme, explicitly portrayed as too expensive and ineffective by the Northern League Minister of Welfare, Roberto Maroni, was not extended to the whole national territory and ultimately discontinued. Even though such a measure could well be one of those essential levels of provision concerning social assistance rights the central government was expected to set in accordance with Law 328/2000—and one of the easiest to craft, at least as regards its monetary component (Sacchi and Bastagli 2005)—the centre-right majority decided instead to use the fiscal lever to support primarily middle income families. In 2002 and 2003 new tax relieves in the form of a no tax area and family deductions were introduced.

During the short parenthesis represented by the centre-left government led by Prodi, from 2006 to 2008, the Italian social safety net of last resort was not dealt with. Intra-coalition dynamics, as well as the political weakness and internal fragmentation of the government (resulted in the pulverization of welfare competences among five distinct ministries) made it difficult to draft a coherent strategy (Interview 10), and notwithstanding the reference to MIS in its electoral program, the government proved to pay only scant attention to this policy sector. Labour market and pensions became priority fields of action, as testified by the "Scalone affair"[3], whereas the introduction of a minimum income scheme never became prominent in the policy/political debate (Interview 10). Only minor interventions in the area of income protection for the worse-off in society were set as one-off (i.e. a lump-sum benefit for those below the no tax area, 1,200 euro a year, in 2007). Yet some novelties occurred in the field of social services, thanks to the increase of resources dedicated to some social assistance funds (cf. figure 2), with a special emphasis on the fronts of long-term care and child-care (through the 2007-2009 Childcare National Plan and the 2007-2009 Fund for long-term care).

Figure 2 – **National funds for social assistance and social services, 2006-2012** (million Euro)



Source: Own calculations on IRS (2012) and Ministero del Welfare online database

In the 2001-2008 period the traditional configuration of social assistance policy then proved to be highly 'resilient'. Overall, progress in the social assistance sector was modest and characterised by policy reversal dynamics (Madama 2013).

3.3. 2008-2012: revival of charity or progress towards a fully-fledged minimum income scheme?

When the centre-right coalition came back to power in spring 2008, it had to confront the consequences of the economic and (later) sovereign debt crises. Similarly to the previous centre-right period, the main parties of the parliamentary majority were Berlusconi's Popolo della Libertà (PdL)—a new party created from the merge

[3] In 2007, the so called "Welfare protocol" signed by the centre-left cabinet and trade unions prevented the phasing in as of January 2008 of the 2004 pension reform, and consequently avoided the abrupt increase in retirement age for seniority pensions (three years) defined by that reform, the so called 'Scalone' (*big step*). This measure was interpreted and criticised as favouring a small number of core-insiders workers, with significant cost for the whole pension system.

of FI (Forza Italia) and AN (Alleanza Nazionale)—and the Northern League, with the latter consistently strengthened in the 2008 elections. In spite of mounting unemployment and poverty, measures in the field of last resort income support remained extremely weak and no social rights were introduced to fight absolute poverty.

An emergency measure, the so called *Carta Acquisti* (Social Card, SC), was nonetheless launched in 2008. Outlined and sponsored by the Minister of Treasury, Giulio Tremonti, and welcomed by the Ministry of Labour and Welfare, Maurizio Sacconi—both from PdL—the SC was a debit card to be used to purchase food and pay basic utilities. However, the very low amount, the categorical approach combined with limited coverage and tight income eligibility criteria[4], and, last but not least, the absence of any form of conditionality and activation requirements indicate the residual and passive—if not merely symbolic—nature of the measure. Conceived to provide limited economic support to an extremely narrow segment of low income families (less than 1.2% of Italian families), it was financed from public resources and private donations, the latter also increasing the "charitable flavour" of the programme (table 3).

Table 3 – **The Social Card, main features, 2008-ongoing**

Population coverage	Italian low income persons over the age of 65 or below the age of 3
Territorial coverage	The whole country
Targeting	ISEE < 6,000 Euro per year
Access' priorities	No
Benefit	Flat-rate, 40 Euro per month
Other social inclusion services	No
Conditionality	No
Institutional management	Central government (Ministry of Treasury and Ministry of Labour and Welfare), no involvement of local governments and third sector organisations

It is worth noting that the launch of the Social Card helped to reinvigorate and open a debate among stakeholders and political parties about the need for anti-poverty measures, and about the effectiveness of the SC as a last resort safety net. In general, centre-left parties and stakeholders shared a very negative view of the SC. The Democratic Party in 2009 submitted a proposal for the introduction of a fully-fledged active inclusion minimum income scheme (Draft Law n. 2649,

[4] Following the typical approach of Italian social assistance, the Card was initially intended to support low income Italian pensioners (over 65) only; however, coverage was later extended to children below the age of 3, following a debate on the reduction in milk sales during the fourth week of the month.

27 July 2009), however the bill was never discussed neither in Social Affairs Committee nor in Parliament. At the same time, the Christian Associations of Italian Workers (ACLI), one of the key stakeholders in the social assistance field, initiated a pragmatic reflection on the ways to ameliorate the SC, that allowed to develop a national plan to combat poverty in a few months (cf. Gori *et al.* 2011). The three-year plan, presented in late 2010, foresaw a gradual extension of the Social Card as regards its coverage and generosity (from the current 40 Euro to 129 Euro a month for one-person households, to be increased according to households size) and the introduction of social inclusion measures to be attached to the benefit. The costs were estimated to be of about 2.4 billion Euro a year. The proposal was illustrated to the Minister of Labour and Welfare that formally appreciated the plan, but it was considered too expensive and far-reaching.

In the same months, however, the central government outlined a second version of the Social Card, named New Social Card (NSC), that was intended to shadow—as pilot project—the ordinary social card scheme in a selected number of big municipalities, with a dedicated fund of 50 million Euro, for 12 months. Its main novelties were essentially two: the envisaged combination of cash transfer with social inclusion measures, and the direct involvement of selected charities in the scheme management with no role for local governments. The measure thus foresaw a direct link between the Ministry of Welfare and the charities, with the former as sponsor and the latter as main managing bodies. The proposal was, however, strongly opposed by the association representing municipalities (ANCI) as well as by regional governments (Interview 4), and it was not welcomed by third sector organisations either—worried to be invested of a too broad responsibility (Interview 5). Despite this opposition, in February 2011 the law envisaging the new scheme was passed (Law n. 10/2011) and the Ministry of Welfare started to work on its implementation, but it was eventually abandoned due to the fall of government in late 2011.

The new technical cabinet led by Mario Monti, in power from November 2011, outlined new priorities for action as regards social assistance. The Minister of Welfare, Elsa Fornero, an economist from the University of Turin, and her Deputy-Minister, Maria Cecilia Guerra, an economist from the University of Modena and key expert in the field, shared a very different view about minimum income protection, demonstrated by the fact that the NSC bill was immediately abandoned. A second New Social Card proposal (NSC 2.0) was then drafted with features very distant from both the ordinary SC and the NSC (table 4): first, the measure was universal in scope, even though it foresaw some access' priorities; second, it provided a mix of cash transfers and social services; third, its generosity was much higher than the ordinary SC; fourth, local municipalities and third sector organisations played a key role; fifth, the scheme introduced an element of conditionality envisaging rights and duties for beneficiaries to be signed in a personal pact that had to involve all the members of the household, paying particular attention towards the wellbeing of underage children.

Table 4 – **The New Social Card 2.0, main features**

Population coverage	Low (no) income households, with at least one underage child
Territorial coverage	12 major municipalities (Bari Bologna, Catania, Firenze, Genova, Milano, Napoli, Palermo, Roma, Torino, Venezia, Verona) plus Sicilia
Targeting	ISEE < 3,001 Euro and ownership value < 30,000
Access' priorities	Housing problems; lone-parents households, large families (three or more underage children); presence of children with disabilities; jobless households with at least a work experience in the previous 36 months, or households with workers on flexible contracts or low pay dependent worker (maximum 4,000 Euro net total wage in the previous six months)
Benefit	2 persons – 231 Euro 3 persons – 281 Euro 4 persons – 331 Euro > 4 persons – 404 Euro
Active Social Inclusion Services	Household-tailored pact involving a wide range of additional services: job counselling, after-school caring and educational support; additional income support; access to social housing; thigh network cooperation with local employment services, education institutions, third sector organisations
Conditionality	The benefit may be revoked if beneficiaries do not comply with the household-tailored pact, which can involve: a) scheduled meeting with social services b) active job seeking activities c) attendance of training or work programmes d) school attendance e) personal care and healthy life style
Institutional management	Central government (Ministry of Economy and Finance + Ministry of Welfare) and local governments with a key role for third sector organisations for active inclusion measures

The design of this measure turned to be clearly inspired by the ACLI proposal, and had an European flavour for its reference to active inclusion and the multi-dimensionality approach reserved to the fight against poverty (Interviews 1, 10, 14, 3). Moreover, the pilot project was meant to produce evidence before its generalisation to the national territory. In this perspective, a key function was given to monitoring and evaluation procedures, that appeared quite sophisticated, as the presence of two different control groups was envisaged. The outcomes of the pilot project with reference to beneficiaries' households were then be expected to be evaluated on the basis of several aspects, i.e. adults labour market participation and work history; children wellbeing with reference to health, education and socialization; households' life style and access to primary goods. Beside this, in 2012 the Deputy-Minister of Labour and Welfare proposed to use resources coming from the national cohesion fund to support the extension of NSC 2.0 pilot project to four Southern regions (Campania, Puglia, Calabria and Sicilia). However, just one of them (Sicilia) agreed to proceed with the pilot project, whereas the others preferred to use the resources for locally selected goals and programmes[5].

To sum up, since 2008 three different social cards were drafted. The latter represented an important step forward with respect to the Italian tradition of anti-poverty policies, as it overcame the passive and charitable orientation of the other two versions, by promoting an integrated approach between government levels and the involvement of civil society organisations. Moreover, monitoring and evaluation appear as key stones of the NSC 2.0. The main weakness of this measure is the fact that it is (again) a pilot project, scarcely financed, with no enforceable right, and easily subject to policy reversal decisions. However the importance of the scheme must not be underestimated. As stressed by a trade union representative, one must be "aware that the perspectives to introduce a minimum income scheme in Italy will depend on the positive result of this measure" (Interview 2).

4. ITALIA, ITALIAE? DIVERGENT REGIONAL POLICY DEVELOPMENTS

The policy dynamics that emerged at the national level in some cases replicated also at the regional level, where an inconsistent and somehow contradictory evolution of minimum income protection can be observed. In the last ten year, in addition to schemes already introduced at the beginning of the 1990s in some autonomous regions of the North[6], several other regions introduced regional measures of income support. In 2004 Campania launched the experimentation of a *Reddito di Cittadinanza* (R.L. n. 2/2004), a minimum income scheme targeted to citizens potentially active in the labour market and facing situations of need. Similarly, regional programmes were introduced in Basilicata (R.L. n. 3/2005), Friuli Venezia Giulia (R.L. n. 6/2005), Lazio (R.L. n. 4/2008), Puglia (R.L. n. 19/2006), Sardegna (R.L. n. 23/2005). As a result, in the mid 2000's almost one third of the Italian regions had introduced a regional minimum income scheme, yet with wide heterogeneity in terms of breadth, eligibility criteria, benefits' generosity, organisational features. What appears particularly striking about those experiences is that they developed in very different socio-economic contexts, in some of the richest regions of the North as well as in the most economically backward regions of the South.

Overall the result is a geography of minimum income protection at the sub-national level extremely differentiated, as the case of Lombardy and Basilicata clearly show. These two regions are in fact situated at the opposite ends of the

[5] The following year (2013), it was agreed to extend the pilot project to all the eight Southern regions.

[6] Valle d'Aosta (R.L. n. 19/1994) and Trentino Alto Adige (in the autonomous province of Bolzano, P.L. n. 13/1991; in Trento, P.L. n. 14/1991).

policy (and political) spectrum, having drafted two very distinctive minimum income protection models.

Basilicata is a region characterised by unusual political stability, with centre-left coalitions obtaining an wide majority in all elections held after the electoral reform of 1995. Social assistance in Basilicata, like in other regions of the South, has long been an example of the familialist, fragmented and categorical approach which characterised this sector in Italy, in a context in which the small size of municipalities led to further difficulties in the implementation of reforms to integrate social services. In this scenario, the national MII experimentation, despite some difficulties in the implementation of the measure, represented a turning point, introducing for the first time a link between passive policies of income support and activation.

Soon after the end of the national MII pilot project, its institutional legacy was captured by a new regional programme, very similar in scope and institutional design, the *Cittadinanza Solidale* (Solidarity Citizenship). Introduced in January 2005 (R.L. n. 3/2005), it took the form of a bi-annual experimentation of a minimum income scheme consisting of an economic transfer to supplement income of poor families, closely related to activation programmes involving households' members. As for the governance structure, the Region had a leading role, linked to the financing and monitoring of the implementation of the measure. Municipalities, in association with NGOs and social partners, were then responsible for social integration programmes, whereas public employment services at the provincial level organised training and active labour market policies.

At the end of the first phase, the Region approved a new two-year intervention, called Programme to combat poverty and social exclusion (COPES). Albeit in continuity with the previous experience, in the new pilot project the regional government envisaged a wider role for the municipal level. The main structural limits of regional MIS to date lay in the uncertainty about its future institutionalization and the inadequacy of resources, which do not allow a full implementation of the intervention in its universal component.

As regards Lombardy, since 1995 the Region has been ruled by centre-right coalitions with strong majorities, and the outcome of the elections was never seriously questioned. Several studies highlighted the distinguishing features of Lombardy's welfare system in the national scenario, and, in particular, its marked emphasis on subsidiarity, both vertical and horizontal (see e.g. Maino 2001; Gori 2005; Pesenti 2008; Neri 2010; Carabelli and Facchini 2011).

With reference to the social assistance sector, one of the main characteristics of the "Lombardy model" concerned the absence of specific regional lines in the fight against poverty and social exclusion, in particular with regard to income support. Interventions against situations of lack of monetary resources had typically been left to Municipalities, free to intervene with discretionary measures in case of need. Beside the benefits managed by Municipalities, the Region directly supported charitable organisations through regional funds, and in particular the *Banco Alimentare* (Food Bank), an association that recovers food surplus and redistributes it to primarily Catholic charitable organisations, thus clearly supporting a model of community based welfare.

More recently, however, the most distinctive feature of the Lombard social system is represented by the so called *sistema delle doti* (bonus system). The bonus system is based on public calls used to allocate funds, which define eligibility criteria, plus a range of services that recipients can benefit from credited private providers through vouchers. The bonuses typically cover a wide variety of needs, including: active labour market policies (i.e. skills assessment, coaching, advice and support to self-entrepreneurship, training, scouting company and active job search, tutoring guidance and counseling), social care services and income support for specific needs. Typically, recipients are unemployed and/or inactive, and benefits widely vary depending on the type of bonus[7].

5. THE INCOMPLETE SOCIAL SAFETY NET MEETS THE ECONOMIC CRISIS

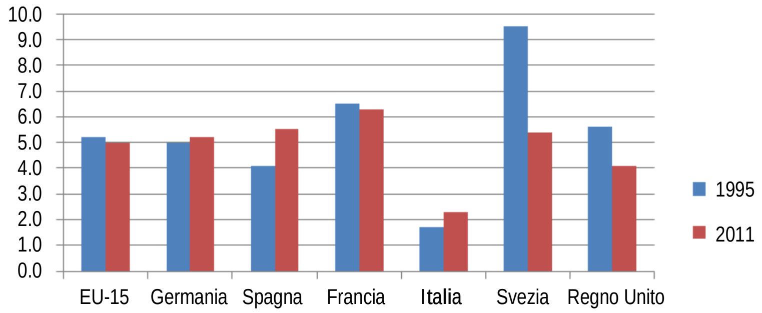
Sections 3 and 4 showed that, despite some promising attempts occurred both at the national and regional level, the recalibration process of the Italian welfare state towards the less protected categories has so far been limited. Some measures—such as the maternity allowance directed to mothers having no insurance coverage, the benefit to families with more than three children, the fund to support low income tenants, and the New Social Card—partially redirected social assistance expenditure towards the wide group of outsiders (see Appendix 2 for a detailed overview). Those measures, however, due to their narrow focus and/or limited budgets, did not alter the overall structure of minimum income provision in Italy for working age people that still lacks a coherent and inclusive social safety net of last resort. Still in the late 2000s, social expenditure for able-bodied working age individuals was less than 17% of total social assistance expenditure, with a large part of these resources allocated to the family allowance scheme, that—as mentioned—was a hybrid measure of income support structured along contributory lines, thus excluding the worse off in society.

Since 1995, public spending for general social assistance (excluding old-age and disability benefits), family burdens and unemployment compensation, has remained fairly low if compared to that of the most advanced European countries. As figure 3 highlights, expenditure (% GDP) targeted to deal with working-age

[7] For example, the maximum amount of *dote lavoro* (employment bonus) in 2009 was 6,000 Euro, which covered services and income support, with a maximum duration of 12 months.

social risks (excluding healthcare and disability) in Italy was less than half that of Germany, France, Spain, United Kingdom, Sweden and EU-15 average.

Figure 3 – **Social spending (family, unemployment, social exclusion and housing functions), 1995-2011, selected countries** (% on GDP)



Source: Eurostat database online

Accordingly, the effectiveness of the Italian welfare state in reducing poverty, if you spin off the effect of pension transfers, remained comparatively limited during the last two decades. In 1995, social transfers (excluding pensions) reduced the risk of *severe* poverty[8] by 3 percentage points compared with an average reduction in the EU-15 average of about 8 percentage points (table 5), whereas in 2012 the decrease was of 3.3 against 9.1 on average for EU-15.

Table 5 – **Severe poverty risk reduction, social transfers other than pensions, selected countries, 1995-2012*** (percentage points)

	1995	2012
EU-15	8	9,1
Germany	6	9,9
Spain	8	7,3
France	10	8,8
Italy	**3**	**3,3**
Sweden	n.a.	10,6
United Kingdom	13	15

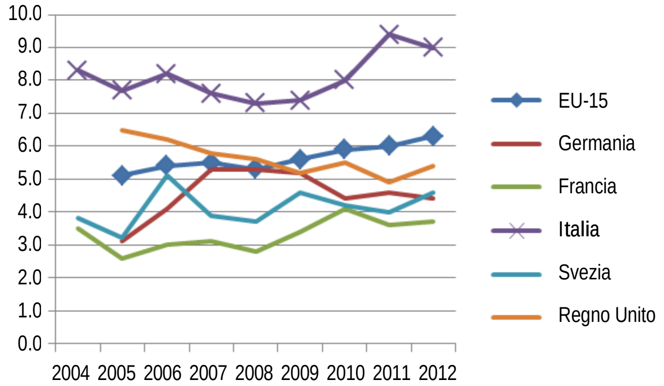
* Poverty treshold set at 40% of median equivalised income.
Source: Eurostat database online

Against this background, the advent of the 2008 economic crisis—the first for Italy in a post-industrial labour market scenario (cf. Jessoula and Vesan 2011)—further exacerbated the mismatch between needs and policy responses. Beside the

[8] The "severe poverty risk" rate is estimated setting the poverty line threshold at 40% of median equivalized income, instead of 60% as usually done.

coverage gaps of the fragmented safety net of last resort, the social consequences of the economic crisis were further amplified by the weak protective capacity of unemployment insurance benefits, together with the lack of a dedicated unemployment assistance scheme (cf. Jessoula *et al.* 2010). In 2012, the risk of *severe* poverty[9] for people below 65 was about 9%, a rate significantly higher than the corresponding one for the EU-15 (6.3%) and several other European countries (figure 4).

Figure 4 – **Severe poverty risk rate, people <65, selected countries, 2004-2012** (%)



* Poverty treshold set at 40% of median equivalised income
Source: Eurostat database online

Looking at national statistics based on consumption expenditure[10], in 2012 absolute poverty concerned 1,725 thousands families (6.8%), equal to 4.8 million people (8%), with an impressive increase with respect to the previous year of 1,5 million persons. If relative poverty remained substantially stable over the last few years, absolute poverty recorded in fact quite a different development: steady between 2005 and 2007 (4.1%), in the following years it kept growing, reaching 5.2% in 2009 and then 6.8% in 2012. Not unexpectedly, the main factors influencing the risk of poverty were the area of residence, the presence of underage children and the occupational status.

More precisely, the social groups that experienced a consistent deterioration of their condition were families residing in Southern regions, those with underage children, lone parents families, and single earner households. For single earner families, absolute poverty risks almost doubled in the last years, passing from 5.5% in 2007 to 11.5% in 2011. Families with at least one underage children had a risk of absolute poverty of 8.9% (it was 3.9% in 2007), but when underage children were more than two, absolute poverty rates reached 17.1% (10.9% in 2011). The unemployed were widely concerned by absolute poverty as well. For households

[9] See note 8.
[10] Figures provided by the Italian National Office for Statistics (Istat), http://www.istat.it.

with the reference person unemployed absolute poverty reached 23.6% (15.5% in 2011). Slightly better was the situation for older people, both single-living and couples, whose rates registered a decline (from 10.1% to 8.6%).

6. Conclusion

Over the last decades, minimum income protection for working-age individuals has gained more salience within the welfare state architecture of many European countries. Since the 1990s MIP has actually started to represent a key response for people facing rather general life-course and labour market risks not fully covered by core social insurance schemes. In line with the South-European imprint, Italy has traditionally been a laggard in this policy field, though in the last decades some novelties can be detected both at the national and regional level.

From the analysis presented in previous sections, we may draw two main conclusions. The first is substantive, and concerns the development of the Italian minimum income policy, whereas the second regards the implications of the empirical evidence presented here for further analysis and research.

In a nutshell, despite some promising innovations—such as the MII pilot project and the introduction of the New Social Card 2.0—the national last resort safety net has remained fairly weak if compared to the MIP systems established in most continental and nordic European countries. As no clear cutting binding reform was passed and implemented to modernise the overall frame in a coherent way, poverty alleviation in Italy can still be portrayed as a puzzle made up of several, highly fragmented schemes—due to existence of a plethora of poorly coordinated and partly overlapping measures—but also coverage gaps. Moreover, the presence of a variety of regional (and local) strategies as regards last resort assistance and social services further increased the complexity of the system and undermined its overall consistency and fairness. In this scenario, the advent of the economic crisis has worsened the pre-existing mismatch between needs and policies, with poverty and deprivation figures on the raise.

Turning to the second point, some analytical consequences of our research from a political science perspective can be outlined. As illustrated, in the last two decades minimum income measures developed in a rather inconsistent way in Italy. Several "institutional seeds" were introduced both at the national and the regional level, but—despite harsh functional pressure—they have poorly consolidated. Last resort social assistance schemes were subject to policy reversal and did not institutionalize. Which factors allow to make sense of these puzzling developments? We argue that two sets of factors appear particularly promising to interpret the Italian policy trajectory in this field. The first concerns the role played by Europe and especially European coordination processes in the novel complex scenario of multi-level governance that emerged in the anti-poverty field, where supranational, national and subnational arenas are strictly intertwined (cf. Agostini, Sabato and Jessoula 2013). If the literature pointed at the key role played by European pressure in prompting (the attempt to) path-departure from the traditional model of MIP at the end of the 1990s (cf. Sacchi 2006; Jessoula and Alti 2010), more recent dynamics still need to be unveiled.

Second, differently from previous claims in the literature about the limited scope for political competition dynamics in the field of social assistance—due to the modest number of beneficiaries, their weak participation and potential for political mobilisation—our findings seem to support the "politics matters" hypothesis and call for a more precise investigation of political competition dynamics in this camp. This can be particularly promising with regard to the Italian case, in light of the multi-party system which reflects the complex underlying political cleavage structure. We suggest that the political activation of cleavages other than the right-left divide, such as State-Church and centre-periphery, should in fact be explored with reference to the politics of minimum income, as they might be possibly more salient in the field of social assistance than in other social policy sectors. Further research is therefore advisable to detect the potential links between cleavage structure, political competition dynamics and development of minimum income protection in Italy.

INTERVIEW LIST

[Note: All interviews were conducted in Italian and translated by the authors for the purpose of quotation in this paper.)

1. Ministero del Lavoro e delle Politiche Sociali, Social Inclusion Unit (Public officer) – conducted on November, 15th 2012, Rome
2. Trade Union (Representative) – conducted on November 15th 2012, Rome
3. ANCI, Associazione Nazionale dei Comuni Italiani (Representative) – conducted on November 28th 2012, Lodi
4. Social partner (Representative) – conducted on December 4th 2012, Rome
5. Conferenza Stato-Regioni (Representative) – conducted on December 5th 2012, Rome
6. Social partner (Representative) – conducted on December 5th 2012, Rome
7. Social partner (Representative) – conducted on December 17th 2012, Rome
8. Conferenza Stato-Regioni (Representative) – conducted on January 15th 2013, Genova
9. Social partner (Representative) – conducted on January 22nd 2013, Rome
10. Political actor, Partito Democratico – conducted on January 23rd 2013, Rome
11. Dipartimento Politiche per la Famiglia (Public officer) – conducted on January 23rd 2013, Rome
12. Dipartimento per la Coesione Territoriale (Public officer) – conducted on January 23rd 2013, Rome

13. Regione Basilicata (Public officer) – conducted on January 28th 2013, Potenza
14. Trade Union (Representative) – conducted on February 5th 2013, Rome
15. Regione Lombardia (Public officer) – conducted on February 6th 2013, Milan
16. Social partner (Representative) – conducted on February 7th 2013, Rome
17. Ordine Nazionale Assistenti Sociali (Public officer) – conducted on February 7th 2013, Milan
18. Regione Lombardia, Direzione Famiglia (Public officer) – conducted on February 6th 2013, Milan

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Appendix 1 – **Main means-tested cash transfers schemes, Italy, mid-1990s**

Scheme	Description	Eligibility requirement	Main financing source	Benefit
Social pension	Income-tested pension benefit	Over-65, low income	Tax-financed, national level	Flat-rate
Disability pension	Income-tested pension benefit for disabled people	Disabled people, low income	Tax-financed, national level	Flat-rate
Family allowance	Income-tested monthly transfer	Households with dependent workers or retired ex-dependent workers with family burdens. Income-tested	Social contributions, national level	The amount of the transfer is positively correlated with the dimension of the household and negatively correlated with its income
Regional/local Minimum Income Schemes	Provided with great variance at regional/local level, they do not constitute an individual enforceable right, but depend on the availability of resources	Means-tested	Mainly regional/local level resources	Regional /local variation
Special lump sum cash transfers	Discretional transfers provided with great variance at regional/local level	Means-tested	Mainly regional/local level resources	Regional/local variation
Special exemptions	Discretional tax reduction/ exemptions provided with great variance at regional/local level	Means-tested	Mainly regional/local level resources	Regional/local variation

Appendix 2 – **Main means-tested cash transfers schemes, Italy, 2012**

Scheme	Description	Eligibility requirement	Main financing source	Benefit
Social pension	Income-tested pension benefit	Over-65, low income	Tax-financed, national level	Flat-rate
Disability pension	Income-tested pension benefit for disabled people	Disabled people, low income	Tax-financed, national level	Flat-rate
Family allowance	Income-tested monthly transfer	Households with dependent workers or retired ex-dependent workers with family burdens. Income-tested	Social contributions, national level	The amount of the transfer is positively correlated with the dimension of the household and negatively correlated with its income
Benefit to families with three or more underage children	Monthly transfer aimed at alleviating poverty in large family	Italian and EU citizend with three or more children (under the age of 18). Means-tested	Tax-based, national level	309.11 Euro x 13 months
Maternity allowance	Monthly transfer for mothers who are not entitled to an insurance-based maternity allowance	Italian citizens, EU citizens and third-country nationals with long-term residence permit. Means-tested	Tax-based, national level	129.79 euro x 13 months
Fund to support low income tenants	Financial support targeted to low income families with the aim of reducing the incidence of the rent on their disposable income	Low income tenants. Means-tested	Tax-based, national level	Reduction to 14% of the incidence of annual rent
Social Card (2008)	Magnetic card which allows beneficiaries to make purchases at established/partner shops or to pay bills	Individuals with at least 65 years and children under 3. Means-tested	Tax-based, national level	40 Euro x 12 months
New Social Card (2012)	To be experimented for 1 year in 12 Municipalities with more than 250 thousand inhabitans, with an “activation” component	Means-tested. Unemployed beneficiaries are required to attend vocational training or accept work offers	Tax-based, national level	From 100 to 274 Euro as a function of household size and area of residence

(Appendix 2 – continued)

Regional/local Minimum Income Schemes	Provided with great variance at regional/local level, they do not constitute an individual enforceable right, but depend on the availability of resources	Means-tested	Mainly regional/local level resources	Regional /local variation
Special lump sum cash transfers	Discretional transfers provided with great variance at regional/local level	Means-tested	Mainly regional/local level resources	Regional/local variation
Special exemptions	Discretional tax reduction/ exemptions provided with great variance at regional/local level	Means-tested	Mainly regional/local level resources	Regional/local variation