



Local Worlds of Social Cohesion Policies

The Local Dimension of Integrated Social and Employment Policies

Work Package 2

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**Abstract**

The paper analyzes the evolution of employment and social policies in Italy with particular focus on the dimension of integration, regarded as essential for the creation and implementation of comprehensive social cohesion policies. More specifically, the paper makes a snapshot of the traditional structures and patterns of interventions of the Italian welfare state and describes past policies in the fields of employment, training, health, social assistance, family care and housing. It then focuses on the reforms implemented in these fields in the period 1997-2011, with special attention to multi-level, multi-dimensional and multi-stakeholders policy governance. The conclusive chapter highlights which role integration has played in the modernization of the Italian employment and social policies.

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1. INTRODUCTION

At the end of the 1990s, following decades of deficit spending, Italy entered the Euro Zone with a weak welfare state (particularly with regard to the provision of social services, a minimum safety net for the poor and family policies) and a huge public debt (Naldini and Saraceno 2008). Limited resources and path dependency from a marginal role for the State in social policies have largely contributed in explaining the reforms occurred in the last decade and the state of the art of integration between employment and social policies. Italy has been characterized by a preference for income transfers (particularly in the form of pensions) over transfers in kind and by a “dualistic” protection system that makes a sharp distinction between insiders and outsiders (Naldini and Saraceno 2008). This dualistic protection system, characteristic of Continental Welfare States, together with a strong rely on the family as the main provider of social security, that is typical of Southern European Welfare States, makes Italy a special case as regards both employment and social policies.

2. INSTITUTIONAL AND SOCIO-ECONOMIC CONTEXT

2.1 Socio-economic context

Italy presents peculiar characteristics as regards employment, especially if the country is compared to the other Members of the European Union. The overall employment rate is lower than the EU average both for male and female, but there is a huge gap among the two. If we look at Table 1, we can see that in the last decade the male employment rate has remained more or less stable at around 68% (with a decline in 2010 due to the economic crisis), not much lower than the EU average of about 70%. However, when we look at the female employment rate the gap becomes striking: 46% against a EU average of 58% in 2010. This means that there is a gap of about 18 percentage points between women and men. However we can clearly see an increasing trend in the female employment rate that was 39.6% in 2000 to become 46.1% in 2010, and it is supposed to grow, if favored by an overall economic growth, also in the next years.

Table 1. Female and male employment rates in Europe

	Male			Female		
	2000	2005	2010	2000	2005	2010
EU27	70.8	70.8	70.1	53.7	56.3	58.2
Italy	68	69.9	67.7	39.6	45.3	46.1
France	69.2	69.2	68.3	55.2	58.4	59.9
Germany	72.9	71.3	76	58.1	60.6	66.1
Poland	61.2	58.9	65.6	48.9	46.8	53
Sweden	75.1	74.4	75.1	70.9	70.4	70.3
UK	77.8	77.7	74.5	64.7	65.8	64.6

Source: EUROSTAT

The labour market structure has moved from a very rigid one at the beginning of the 1990s to a quite flexible one, as we can see from Table 2.

Table 2. Overall Employment Protection Legislation Strictness

	EPL Strictness			
	1990	2000	2005	2008
Italy	3.57	2.51	1.82	1.89
France	2.98	2.98	3.05	3.05
Germany	3.17	2.34	2.12	2.12
Poland	1.4	1.4	1.9	1.9
Sweden	3.49	2.24	2.24	1.87
UK	0.6	0.68	0.75	0.75

Source OECD

The number of persons with part-time or a second job is quite low, especially when compared to Nordic or Central European countries, although there has been a relevant increase in part-time jobs (which are much more frequent among women than men). Notwithstanding, the number of part-time workers remains below the EU average (see Table 3).

Table 3. Percentage of workers with a part-time or a second job

	Persons working part-time			Persons with a second job		
	2000	2005	2010	2000	2005	2010
EU27	16.2	17.8	19.2	3.9	3.7	3.7
Italy	8.4	12.8	15	1.4	1.6	1.5
France	16.7	17.2	17.8	3.5	2.9	3.4
Germany	19.4	24	26.2	2.4	3.3	3.6
Poland	10.5	10.8	8.3	8.5	7.8	7.3
Sweden	19.5	24.7	26.4	8.8	7.3	8.4
UK	25.1	25.2	26.9	4.4	3.7	3.8

Source: EUROSTAT

When considering youth unemployment rate (Table 4), Italy has a much higher percentage than the EU average (27.8% and 21.1% respectively in 2010), with an increasing trend, due to the economic crisis, that is in line with the EU average.

Table 4. Youth unemployment rate in Europe

	Youth unemployment rate		
	2008	2009	2010
EU27	15.8	20.1	21.1
Italy	21.3	25.4	27.8
France	19.3	23.9	23.7
Germany	10.6	11.2	13.8
Poland	17.3	20.6	23.7
Sweden	20.2	25	25.2
UK	15	19.1	19.6

Source: EUROSTAT

Furthermore, if we consider the situation within the country, a sharp territorial differentiation emerges (see Table 5). In the North, the male employment rate is well above the EU average, whilst the female employment rate is more or less in line with the EU average in time span considered (2004-2010). On the contrary, less than half of the population in the South is employed, with the female employment rate that is around 30%, far below the EU average. Moreover the employment gap is lower in the North (around 18% in 2010) and in the Centre (around 20%) than in the South (27%).

Table 5. Employment rates by sex and geographical area

		2004	2007	2010
Italy	male	69.7	70.7	67.7
	female	45.2	46.6	46.1
	total	57.4	58.7	56.9
North	male	75	76.3	73.8
	female	54.9	56.8	56.1
	total	65	66.7	65
Centre	male	71.9	73	71.4
	female	50.2	51.8	51.8
	total	60.9	62.3	61.5
South	male	61.8	62.2	57.6
	female	30.7	31.1	30.5
	total	46.1	46.5	43.9

Source: ISTAT



Even the unemployment rates differ greatly among the South and the rest of the country (see Table 6). The unemployment rate is very low in the North (5.9%), even in a EU comparative perspective, whereas in the South is more than double (13.4%). Similar differences emerge when we look at the youth unemployment rate, with an unemployment rate in the North (20.6%) that is lower the EU average (21.1%) according to 2010 data. Whilst in the South, 38.8% of the young population can't find a job, a situation that is amongst the most severe in Europe. As is common in most European countries women have an unemployment rate which is higher than that of men, but, for instance, we can clearly see that women in the North have lower unemployment rates than men in the South in all the time span considered.

Table 6. Unemployment rates by sex, age and geographical area

		2004	2007	2010
Italy	male	6.4	4.9	7.6
	female	10.5	7.9	9.7
	youth	23.5	20.3	27.8
	total	8	6.1	8.4
North	male	3	2.6	5.1
	female	5.9	4.7	7
	youth	12.6	12.1	20.6
	total	4.3	3.5	5.9
Centre	male	4.9	3.9	6.6
	female	8.7	7.2	9
	youth	21.4	17.9	25.9
	total	6.5	5.3	7.6
South	male	11.9	8.9	10.9
	female	20.5	14.9	15.8
	youth	37.6	32.3	38.8
	total	15	11	13.4

NB: youth is considered 15-24 years-old

Source: ISTAT

Furthermore, when we look at the long-term unemployment rate, which is one of the most relevant indicators for the risk of social exclusion, a huge gap within the country is present. Whilst only 1.8% of total unemployed in the North are long-term, this percentage rises to 3.1% in the Centre and to a striking 6.6% in the South (ISTAT 2009). The Italian data, taken as national average, thus hide profound territorial differences, especially between the South and the rest of the country.



2.2 Historical Evolution of Employment and Social Cohesion Policies

Employment Policies

Before the launch of the European Employment Strategy in 1997, the Italian employment governance system was based on a centralized system managed at the national level. Unemployment benefits were provided by the central level, with the main actors being the Ministry of Labour and the Italian National Social Security Institute (INPS). However, the unemployment benefits have traditionally been very limited. There are three types of benefits: the ordinary unemployment benefit (that is a compulsory social insurance scheme financed through employers' contributions), the *Cassa Integrazione Guadagni Ordinaria e Straordinaria* (ordinary and special short term unemployment benefits) and the *indennità di mobilità* (mobility benefit). The state and its agencies were controlling the overall functioning of the system (Gualmini 1998) although some societal interests (especially trade unions) were taken into account.

The Ministry of Labour coordinated the *uffici di collocamento* (employment agencies), operating throughout the territory. They interact with companies and fulfill a registration function of particular activities such as hiring, terminations, renewals or changes of employment contracts. In the event of a job loss, the unemployed would register in the *liste di collocamento* (employment lists) in order to receive income support benefits for a limited period of time (Spreafico 2010). The Italian situation until 1997 was characterized by a lack of experience in active labour market policies, unlike other Member States such as UK or Sweden (Treu 1999).

The Italian model of job market regulation presented special characteristics: selective passive policies prevailed, creating a deep dualization or polarization of protection between workers already entered the labour market (insiders), and the unemployed (outsiders) which continue to be excluded from the market, giving the family a primary role in the social protection. This characteristics constitute the Italian original model of labour market policies (designed between the 1940s and 1950s) which strongly influenced the policy evolution, that it is thus path dependent (Gualmini 1998).

Therefore, despite the second half of the 1990s was characterized by several laws and three important reforms, as it will be clarified in this paper, little has changed. As a matter of fact, a peculiarity of the Italian model, unlike for example the German or the Swedish one, still remains the fragmentation of employment policies, built layer by layer through the years by overlapping previous and later interventions in an inconsistent way (Gualmini 1998).

The development of passive policies was consolidated under a context which promoted the protection of the insiders, i.e. those employed which had a standard – permanent and full-time – working contract. As for the outsiders or the midsiders (Jessoula and others, 2010), the employment benefits have always been very limited in both coverage and duration. This peculiarity of the Italian legislation in the employment policies sector shows its close dependence on the dynamics of the economic cycle, on the events that characterized the political scene in different historical phases, and on the fluctuation of the power relationships (Gualmini 1998).



Vocational Training Policies

The first reference to vocational training is provided by the Constitution in articles 35: the State is required to provide "employee professional training and elevation".

Regardless of the different forms of training, the first to appear in Italy (after a law passed in 1955) was the apprenticeship. The number of apprentices, after a rapid increase in the 1960s, later started to decrease because of the birth of new training contracts and because of the increasing level of education. Nevertheless, the law of 1955 has not been changed until very recent years. In 1978 the competences regarding vocational training was transferred from the state to the regions (Law 845/1978). The regions planned the training with considerable autonomy, while the provinces and local government usually managed it. The regional competence of vocational training contributed to mark the differences between Northern, Central and Southern Italy, highlighting the need to reform the whole training system, ranging from the national certifications to the coordination and integration between the institutions involved (Jobert et al. 1997). Therefore, in the South, vocational training systems showed failings such as fragmentation and inefficiency in allocating resources, whilst in the North and Centre the well functioning of the labour market generally led to a more efficient system (Jobert et al. 1997). According to law 845/1978, vocational training should have no longer been limited to the period pre-accession to the labour market, but "[...] retraining, specialization, updating and improvement of workers, within a framework of lifelong learning" (Law 845/1978).

The law clearly stated that the activities promoted by the regions should be implemented on a logic of integration with enterprises, with the national school system and with any other public institution at national, regional and local levels. Crucial is also the liaison with representatives of social partners. The law is not yet fully implemented and the regions are slow to produce legislation that is consistent with the wording of the law 845/78 (ERFEA 2004). Thus, training policies have developed without considering national integration (ERFEA 2004). The continuous vocational training (CVT) system is very recent as its design starts in 1993 with the law 236/1993 which was the first pillar of the CVT Italian system. It establishes that the Ministry of Labour, with the support of social partners and regions, finances in-company training, teachers' training, system actions, sectoral and territorial plans promoted by social partners, training on individual choice (Giaccone 2009). However, law 236/1993 was implemented only in 2003.

Social Assistance Policies

Social assistance always played a marginal role in the overall architecture of the Italian welfare system. During the expansive phase of the welfare state (1945-1975) Italy, as other countries in Southern Europe, did not implement any organic reform of social assistance policies, aimed at rationalizing interventions and services, as many countries in Continental and Northern Europe did (Madama 2010). The welfare system was strongly privileging pension expenditure and to a smaller extent healthcare, leaving little financial resources for other welfare policies. More specifically, the provision of social assistance was implicitly delegated to family and Catholic institutions (Graziano 2011) leaving for the State a subsidiary role, as is typical in the Southern European model of welfare. Social assistance in Italy was thus characterized by limited monetary transfers and even more limited services, with a system of



contributory benefits complemented with a variety of means-tested benefits not organized in a coherent framework. Considering the institutional organization, although social assistance was partially delegated to regional and municipal administrations, Italy lacked a unified framework to transfer responsibilities from the centre, to define guidelines and to set national standards for services and monetary benefits (Madama 2010). Moreover, a minimum income scheme was not guaranteed, therefore there was not a last-resort safety net for people below a certain income threshold. The result was a very confused picture, with a low degree of protection both from the point of view of coverage and amount of transfers. Multiple lines of financing, not coordinated by a national framework, local differentiations in terms of resources and capacities and the non-existence of national standards added fragmentation to an already poor situation.

Reconciliation Policies

Policies targeted to allow the conciliation of work and private life had traditionally been very marginal and characterized by limited coherence in the overall employment setting of Italy, which was primarily designed to meet the needs and demands of the standard “male breadwinner” model (Graziano and Madama 2011). Moreover, as is typical of Southern European welfare systems, Italy was heavily reliant on extended family and kin ties for the provision of childcare (Naldini 2003) as well as for the care of frail elderly people. Through its gendered division of labour and its intergenerational solidarity, the family was regarded as the primary locus of caring functions and the state traditionally put great emphasis on subsidiarity (Graziano and Madama 2011). In that respect public policies supported the male breadwinner model, leaving to women the burden of both child and elderly care. For instance, although statutory maternity leave was rather generous both in terms of duration and replacement rate (five months compulsory leave with benefit paid at 80%), optional supplementary leave had a very low replacement rate (benefit paid at 30%) and leave rights were primarily for the mother (Graziano and Madama 2011). No attention was paid to the conciliation between paid and unpaid work at either the individual level (through the enhancement of flexible working arrangements and parental leave schemes) or at the state level (through improving the provision of public childcare) (Graziano and Madama 2011). Considering the latter, some attempts to provide public childcare services were made at the local and regional level, but these were always subjected to the volatility of financial resources as well as to administrative capacities, creating deep territorial differentiation, especially between Northern and Central regions on one side and Southern regions on the other. The “familistic model” (Naldini 2003) and the underdevelopment of family policies were therefore associated with a very low women employment rate that still persists nowadays.

Housing Policies

After World War II there was an increasing demand of residential housing, partly due to the rapid industrialization of the country and its consequent urbanization process, and partly due to demographic changes, with an increase in population coupled with a reduction in the family size. This was



accompanied with a stronger preference towards ownership compared to rental: at the end of the 1980s, the percentages of owned household and rented ones were 69% and 27% respectively, while in the 1950s these were 40% and 49% respectively (CENSIS 2000). State involvement was traditionally scarce and until late 1980s the emphasis of Italian housing policies was to expand production to cope with a growing demand for households (Tosi and Cremaschi 2001). As in most European countries, in the 1990s there was a general decline in public investment, a shift away from government regulation towards market mechanism (in particular in the control of the rented sector), a decentralization of government control with direct involvement of local authorities (Tosi and Cremaschi 2001). From a welfare point of view, housing policies were weak. On the one hand, the supply of social housing has been scarce and, on the other hand, social housing policies have not been sufficiently targeted to the needs of marginalized groups and groups in extreme poverty as well as being poorly integrated with general social welfare programmes (Tosi and Cremaschi 2001). However, as for the other social policies, there was great territorial differentiation both in terms of housing needs and local administration responses. Northern and Central Italy local administrations had, on average, more resources and capacities to deal with housing issues but, this was always subjected to contingent transfers from the State and it was never configured as a social right. As for other social policies, there was thus great territorial differentiation, both in terms of resources and capacities, and in terms of housing problems. Probably even more than other policies, housing policies show this large variation, particularly between the South and the rest of the country.

3. MAIN EMPLOYMENT AND SOCIAL COHESION POLICIES REFORMS

3.1 Employment Policies Reforms

The most relevant reform in the labour market to adapt to the new labour market conditions of a post-industrial society has been the so called Treu law (196/1997). The Treu law was formulated and approved under a centre-left government. It was aimed at deregulating employment policies by increasing flexibility options thanks to the reduction of overall strictness of regulation on temporary employment and to the introduction of temporary work agencies, which were outlawed before the approval of the reform (Graziano 2010). In the same year, the legislative decree 469/1997 (implementing the Law 59/97, known as the Bassanini Law) introduced significant innovations. It has provided the transfer of authority from the State to the Regions, in relation to placement, *Servizi per l'Impiego* – SIP (employment services) and active labour policies. The *Centri per l'Impiego* - CIP (employment centers) have been established for the first time, to be regulated by specific regional laws. At the same time, it has opened to private actors the intermediary functions between labour supply and demand, as well as the informatization of employment services. Referring to informatization, we remember the introduction of SIL (Labour Information System) which consists of a set of organizational structures, hardware, software and network resources available at State, Regions, provinces and local authorities for acquisition, elaboration, dissemination of data in relation to employment and active labour policies in the interest of monitoring and decision support system. The main goal was to facilitate the actions of central and local government in the labour market.



The Bassanini law has promoted the decentralization of administrative action leading to a new approach to development. This is based on the enhancement of specificity and vocations of local actors, and coincides with what is now commonly defined "local development". The experiences of local development that have characterized the recent planning are diverse and are characterized by different elements through the Territorial Pacts for Employment and the Integrated Territorial Projects (PIT). Territorial Pact for Employment is an agreement made between different local actors, aimed at identifying shared development goals to be achieved by implementing integrated programs of action between them (CIPE resolution 26/2003). PIT are the first concrete attempt to move from consultation between the parties to the integration of policies, considered as a selection of common objectives, priorities and organization of choice of complementary actions aimed at achieving these priorities. Besides, the law has assigned functions and responsibilities to the provinces for the integration between the employment services (SIP).

To be sure, there has not been a consequent assignment of structures, suitable staff and adequate national resources, so that the difficult task to carry out duties related to employment services has fallen on the regions and provinces. In addition, the integration between development policies and active labour policies remains the area in which there was evidence of the weakest elements of synergy and complementarity. In fact, the original objective of integration in the PIT has been reflected almost exclusively in the introduction of procedures, and not in the definition of a comprehensive and integrated system. At the same time, active labour policies have taken a very marginal relevance in the integrated project planning (ISFOL 2008). With the legislative decree 469/1997, the provinces have become the privileged institutional entity to implement active policies. They have assumed a central role in public intervention in the labour market. Through the Employment Centers (CIP), the provinces have therefore begun to exercise the functions and tasks assigned to them in relation to employment, pre-selection and matching of labour supply and demand, together with those delegated by regions in the field of active labour policies. By doing so, the provinces aim to promote integration with policies more specifically dedicated to vocational training.

By making initial assessment of this process at the national level, in the second half of the 1990s, three important institutional innovations have been introduced:

- the decentralization of functions in the areas of labour and vocational training;
- the transition from labour policies centered on controlling and recording purely administrative functions to active policies of promotion and support, in line with the approach that was developing at EU level with the EES;
- the opening of the matching functions between labour demand and supply to the private market in a perspective of liberalization (ISFOL 2008).

Later, the decree 181/2000 has transferred the decentralization of the functions of placement and active labour policies to the regions and provinces. It therefore outlines the standards of services operation and minimum levels of protection, linked to the unemployment status, which active labour policies at the regional level should observe. The regional legislation that followed these important measures, in most cases, only transposed and applied the guidelines dictated by national legislation.



The so called Biagi law (30/2003) has completed the process started with the Treu and Bassanini laws, marking a turning point in the reorganization of the labour market incentives and introducing even more flexibility by multiplying the employment contract options. The Biagi law, formulated and approved by a centre-right government, consistent with the EU guidelines, has aimed, with greater determination than ever before, at (Cantalupi et Demurtas 2009):

- modernizing the system of services;
- better targeting of labour policies;
- introducing new measures of flexibility in the regulation of employment;
- raising the level of protection in areas where there is too much flexibility.

The main assumption behind the reform was that flexibility in the labour market would have facilitated the creation of new jobs and, thus, that the rigidity of the system is the main cause of high rates of unemployment. Table 2 (pg. 6) confirms the decrease in the overall employment protection legislation – and this was done primarily maintaining security for the insiders and increasing flexibility for the outsiders and some midsiders (Jessoula and others, 2010).

The Biagi law revises and amends certain contractual instruments used by companies in the management of labour relations. The reform also introduces some entirely new types of contracts including new forms of apprenticeship, job sharing contract, the contract for intermittent employment, or accessory job and casual job, and the project contract. Furthermore, it has disciplined the agencies of work administration repealing the institution of temporary employment and it has introduced some procedures for certification and the *Borsa continua nazionale del lavoro* (continuing national labour exchange), that is a meeting point between labour supply and demand. Besides, the articles 54-59 manage the employment of disadvantaged persons, among which are women. It states in particular that "as regards the employment of women, all women employed under 'inclusion contracts', regardless of geographical origin, have the possibility to benefit of subsidy tax of 25%. [...] the incentives consist of an equal or greater reduction of 25% of social security contributions paid by the employer" (Biagi law).

Companies that have decided to introduce new types of contracts for recruitment have benefited from contributions and tax rebates and a greater staff turnover. In addition, the contractual forms provided (the so-called atypical work contracts) have considerably increased in number in order to better meet the diverse needs of a more heterogeneous labour force. During the first year of implementation of the Biagi law there has been a general reduction in the unemployment rate which is returned to the levels of 1992 (ALMALAUREA 2007). It also seems that over time, the job situation of those who have entered the labour market with a so-called flexible contract tends to stabilize and develop in a permanent contract. For example, five years after graduation, in 2007 71% of graduates were permanent employees (ALMALAUREA 2007). The overall effect of these reforms has been an increase in the incidence of precarious workers, limiting the social protection of the outsiders (Jessoula et al. 2010) and creating stronger disparity between some areas of the country. This situation is due to the fact that, in an effort to modernize the labour market by making Italy much more similar to other European countries, on the basis of the European Employment Strategy, the concept of modernization has been confused with that of flexibilization (Graziano, 2010) and no significant generalized 'security' provision were introduced in combination with the flexibility measures.

With respect to active policies, it has been argued that the transposition of the State legislation (Legislative decree 112/1998 and Legislative decree 469/1997) occurred in all regions and has gradually



affirmed the consolidation of a quite homogeneous culture, with respect to certain themes (provision of forms of programming activities, discipline of public-private relationship, the growing importance of the role of social partners, etc.; ISFOL, 2008).

In 2001 the right-wing coalition won the elections, replacing the centre-left government. Under the pressure of *Lega Nord* (North League) party, a former separatist party that strongly supported a federalist system, one of the first reforms to be implemented was the Reform of Title V of the Constitution. The Constitutional Reform has completely revised the policy competencies between the state and the regions, reserving some exclusive competencies to the central level (e.g. foreign policy), some concurrent competencies between the state and the regions (e.g. employment policies), and some exclusive competencies to the regions (e.g. social assistance). However, there has been some inconsistency regarding the implementation of the reform in terms of power decentralization. In fact, if on the one hand the Constitutional Reform of 2001 has initiated a period of major changes for a balanced political, economic and social development of Italy, on the other hand, it has raised problematic issues and difficulties of interpretation because of its unsuccessful implementation. The interpretative activity was concentrated in an attempt to define the content of the concurrent legislative powers in terms of protection and job security. The Constitutional Court, after numerous appeals by the regions against the national laws and vice versa, has urged the institutional actors to make use of the principle of institutional collaboration, especially for policies characterized by concurrent competences, such as employment policies and training policies (ISFOL 2008). Notwithstanding, there are still many frictions and non-cooperative behavior between the regions and the central level, a situation that has hampered further reforms and a rationalization of interventions.

With respect to the so called passive policies, unemployment benefits remain limited, both in terms of level and coverage, and non-standard workers (largely augmented after the Treu and Biagi law) are not entitled to them, exacerbating the dualization of the Italian labour market between the insiders and the outsiders (and mid-siders, such as precarious workers). Indeed, the Italian welfare state, as is typical of Southern European welfare systems, strongly relies on the family as the main social safety net. However, it is evident that the family cannot be the main instrument of social security, for reasons of fairness and effectiveness. In fact, public social safety nets should become instruments of income support in time of loss of employment or of shift from a job to another, and should include all working categories, but a comprehensive reform of unemployment benefits has yet to come. Nonetheless, the burden of the sense of precariousness, also due to the economic crisis of recent years, has driven governments to adopt anti-crisis legislation. Thus, action on social safety nets implemented recently (law 9/2009 and law 28/2009) aim to expand the range of existing treatments regarding income integration and substitution, for some categories of workers normally excluded from such protection.

In conclusion, the adoption and implementation of activation reforms has introduced more flexibility but limited security,, in particular with respect to the young and female segments of the labour market. Thus the modernization of the employment legislation with the introduction of the activation paradigm has decreased workers' individual autonomy, forcing them to follow a specific interpretation of activation – flexibilization. This flexibilization has reduced, at the same time, the quality of the standard of paid work and social security provisions, limited workers' participation and made access to employment opportunities more difficult since the overall welfare state was not well tailored to the needs of the weaker components of the labour market (Graziano 2009).

In sum, between 1993 and 2011, Italy made several steps toward activation and promotion of employment in terms of resources directed at supporting active labour market policies, the governance structure has changed in favor of the subnational governments, but the cost paid was an overall increase of precariousness – rather than mere flexibility.

Table 7. Employment Policies Reforms

	Activation		Vertical (territorialization)		Horizontal (coordination/ integration)	
	Of Individuals	Of Expenses	Multilevel coordination	Decentralization	Public / public Coordination	Public / private Coordination
Policy goals	Flexibilization of the labour market Employment increase	Rationalization of benefits	Integration among different levels of government	Decentralization of administrative action	Coordination among different policies	Integrated territorial development
Policy Instruments	Temporary work agencies New 'flexible' employment contracts	European Social Fund	Labour Information System Constitutional Reform (2001)	Employment services Employment Centers Regional laws	Territorial Pacts for Employment	Integrated Territorial Projects
Actors	State/ Ministry of Labour Regions Provinces	EU Regions Provinces	State Regions Provinces Municipalities	State Regions	Regions Provinces Municipalities	Regions Provinces Municipalities Private agencies for employment Firms Cooperatives



3.2 Vocational training policies reforms

The professional training was promoted and defined according to its basic principles from the Law 845/1978. Later in 1997, government and social partners set out a new institutional framework (provided by the Treu Law) focused on integrated training system, the *Patto per il Lavoro* (Labour Agreement). In the text of the agreement, the government refers to the importance of training as a key lever for competitiveness. The overall aim has been, firstly, to raise the general level of schooling in terms of quantity and quality, and secondly, to create conditions to ensure continuity of access to lifelong learning, even in relation to changes in the competitive environment, mobility of the labour market, for jobs that require continuous adaptability and ability to learn. To this end, it has been recognized the importance to interconnect educational interventions and research, through a strong institutional renewal also of education and training. Training needs autonomy and flexibility in relation to the requirement of learning and professionalization in the territory concerned. Autonomy allows educational institutions to communicate effectively with all social and institutional stakeholders, and to customize the educational path to individual or territorial needs. The Government, through the Labour Agreement, has undertaken to carry out the extension of compulsory education and to ensure the vocational training rights. The Agreement has established training paths after compulsory education, developed according to a plurality of options, linked together in a consistent system and connected through the possibility of moving from one option to the other. According to national guidelines, the regions are responsible for the planning and coordination of the different situations in the area, also by using planning agreements, as required by Law 236/1993.

The Italian model of continuous vocational training, therefore, is born in the 1990s (Law 236/1993) introducing special tools such as training vouchers, training plans, support for micro-enterprises, support for recipients of short term unemployment benefits and for low-qualified workers. The model has a large public offering, a widespread private offering and it is characterized by the presence of social partners in both planning and management.

The connection of the issues related to education and training requires to locate in the Presidency of the Council of Ministers the coordination of training policies, through the establishment of an inter-institutional body with equal participation of representatives of the Ministry of Education, the Ministry of Labour and Social Security, the Ministry of University and Scientific Research, Ministry of Industry, the Conference of Presidents of the Regions. In December 1998, thus, the Social Pact for Development and Employment signed between the government and social partners has introduced:

- compulsory training until the age of 18 years, perform at school, in vocational training centers or apprenticeships,
- the strengthening of apprenticeships and traineeships,
- the development of the new channel of education, and integrated technical and vocational training,
- the strengthening of continuing education.

After an arduous process of planning and coordination between institutions and social partners, law 144/1999 was issued. It is an attempt to integrate the two aspects of training, school and labour market through the launch of a new offer of technical and professional education: IFTS (*Istruzione e formazione tecnica superiore*). The National Law 144/1999 provides funding which come from the State to the



Regions in order to finance the paths to the completion of compulsory education and more specifically to integrate pathways between education and training. IFTS is the training channel, parallel to university courses, aimed at technical specialization. The system of education and higher technical training is divided into pathways that are intended to train professionals in post-secondary level, in response to demand from the labour market. The establishment of this educational chain has three main objectives:

- to facilitate the entry of young people by offering a strong vocational training and enhancement of training alternately,
- to provide opportunities for lifelong learning to employees,
- to create a channel of liaison with the university courses and to provide an opportunity for technical specialization, both to who have attended high school and who have followed the paths of education and vocational training.

Subsequently, with the approval of Law 53/2003 (the so-called Moratti reform) new relevant changes to the education system are introduced. It is **unified** with the education system:

- the right and duty to education and training until the age of 18 years, with the attainment of a secondary school diploma, or a professional qualification obtained in vocational training or apprenticeship,
- the training system is part of the second cycle of education, with the system of high schools being the first channel, whilst apprenticeship is the third channel,
- the citizen can play the entire training ranging from 15 to 18 years through alternating periods of study and work through integrated courses,
- through special educational initiatives called "bridges" (*passerelle*) and a system of certification of credits you can switch from the first and the second channel,
- practical experience and internships are recognized with a specific skill certification.

Besides, the law 53/2000 introduces *congedi formativi* (training leaves) and provides for the allocation of resources for the individual demand of continuous vocational training. In fact, the employer can ask for a suspension of the employment relationship to anticipate training activities autonomously chosen. Another innovation brought by the reform is the *Testo unico sull'apprendistato* (Single Act on Apprenticeship) promoted by the 2008-2011 government to pursue a bureaucratic simplification. The measure is to implement the authority granted to the Government by Law 247/2007. The Single Act amends already existent legislation on apprenticeship and internship, by reformulating the apprenticeship aimed to employment, and eliminating regional heterogeneity. The new institute has four cases of apprenticeship:

- Professional training apprenticeship
- Professionalising apprenticeship or job insertion apprenticeship
- Higher education and research apprenticeship

Vocational training is governed and managed by the Regions. The regions, in turn, have the power to delegate to the provinces, the management of certain sectors.

Funding for vocational training are managed by the Region through the Regional Fund and come from different sources, such as European Social Fund (ESF), regional funding (from regional taxes), state funding (ESF co-financing programs), limited contributions paid by companies. The share of regional funding represents only a co-financing, and therefore, must meet specific requirements, objectives and



measures that comprise the ESF. In fact, the regions, which hold the power in terms of vocational training, have been forced to introduce profound changes in the processes of planning activities and decision-making procedures, adjusting timing and terms of financial provision to those established by the European Union. The ESF has therefore a significant impact on the whole Italian system of vocational training, both in terms of planning and management of financial resources and overall articulation of the purposes of intervention, types of actions and categories of recipients.

Table 8. Vocational Training Policies Reforms

	Activation		Vertical (territorialization)		Horizontal (coordination/integration)	
	Of Individuals	Of Expenses	Multilevel coordination	Decentralization	Public / public Coordination	Public / private Coordination
Policy goals	Integration between school and labour market Rise of the general level of schooling Continuity of access to lifelong learning	Integrated pathways between education and training	Promotion of regional homogeneity	Improving the efficiency of management and planning by more targeted and locally fitted actions	Networking to raise the quality level of the whole system	Overcoming the fragmentation and the concept of training in several chains (creating pathways to lifelong learning and skills)
Policy Instruments	Labour Agreement IFTS Bridges Certifications	Regional funds: - ESF - Regional funding - State funding - Company funds for vocational training	Programmin agreements	Bassanini Law	Law 236/1993 Social Pact for Development and Employment (1998)	Law 236/1993 Social Pact for Development and Employment (1998)
Actors	State Social partners	Regions	Regions	State Regions Provinces	Ministry of Education Ministry of Labour and Social Security Ministry of University and Scientific Research Ministry of Industry Conference of Presidents of the Regions	State Regions Provinces Municipalities Social partners



3.3 Social Assistance Policies Reforms

After a period of immobility that lasted for decades, in the 1990s the necessity of reforms in the social assistance system became more stringent. Newly relevant social risks related to poverty and social exclusion on the one hand, and the recognition of the equity problems of the Italian welfare model on the other -particularly, the relevant gap between the over-protected (insiders) and the under-protected (outsiders)- revived attention to social assistance within the overall process of welfare state recalibration (Graziano and Jessoula 2011). In 1997, under a central-left wing government, a parliamentary commission, known as Onofri Commission, made a first attempt to analyze the existing social assistance policies in order to address the main weaknesses and to suggest possible reforms. What emerged from this cognitive exercise was:

- Total expenses in social assistance were inadequate,
- there was an imbalance between monetary and in-kind benefits,
- there was lack of a last-resort safety net,
- institutional as well as functional fragmentation and overlapping were omnipresent.

The main suggestions thus include the increase in social spending especially for in-kind benefits, the introduction of a minimum-income scheme, the creation of a national framework in order to reorganize interventions both within different levels of government and within different policies (e.g. employment, health). Considering the last point, the Commission provided an indicative framework to restructure the sector, with the central level only responsible for the guidelines and the respect of minimum standards of assistance in all the territory, the regions responsible for the planning of interventions, whilst the management would have been left to municipalities. The aim was to rationalize social assistance provision, by clearly defining responsibilities at different levels of government and avoiding overlapping and fragmentation. In the same year a National Fund for Social Policies was established, in order to give coherence to the expenses in social assistance, and to overcome the ineffective multiple lines of financing that characterized those policies for the decades. The following year the *Indicatore della Situazione Economica* (Economic Situation Indicator) was introduced. The ISE was meant to become the standard indicator for the eligibility to any kind of social benefit that was means-tested (Madama 2010) and was regarded as first move towards selective universalism, in an area that has hitherto been a mix of categorical and means-tested system of benefits. Another innovation was the experimentation of the *Reddito Minimo d'Inserimento* (minimum income scheme) in a limited number of municipalities, to be modified and extended to the all country after a first period of testing. The RMI was not conceived as a mere passive assistential measure but was bound to activation policies, aimed at reintegrating the individual into the job market. Besides these innovations, it was only 3 years after the report made by the Onofri Commission that a law for a thorough reorganization in social assistance policies came to life. The Law 328/2000 (*Legge quadro per la realizzazione del sistema integrato di interventi e servizi sociali*) was the first law after the Crispi Law of 1890 to organize the social assistance sector in a comprehensive manner. The law took into account the weaknesses stressed by the Onofri Commission and followed its suggestions. It promoted selective universalism, trying to overcome the categorical setting that still characterized most social assistance policies and strengthened the emphasis towards in-kind benefit vis



à vis monetary transfers. From the institutional perspective, it recognized to the central government the authority in the formulation of objectives and guidelines, leaving policy implementation to the sub-national levels. More precisely, attention was paid to integrated planning, both vertical (through the *Piano Sociale Nazionale* at central level, the *Piani Regionali* at regional level, and the *Piani di zona* at local level) and horizontal, by involving different actors, particularly from the third sector (Madama 2010). Besides, the Law 328/2000 proposed the extension of the minimum income scheme to all the country.

This reform aimed at transferring -through the principle of subsidiarity- to the regions competencies in many fields previously held at the central level. Following this reform, the state was no longer in a position to set standards or targets, unless these were inserted into the package of “essential levels” to be agreed upon by the state and the Council of Regions and for which the state shoulders the financial responsibility (Naldini and Saraceno 2008). This reform introduced a series of innovation in social assistance policies given that, from that moment, regions had exclusive competencies in social assistance matters. This vanished the institutional arrangement provided by Law 328/2000 in that, under the reform, the regions were responsible alone for the selection of objectives, priorities and planning, and only the respect of national minimum standards was left to the central government, following the subsidiarity principle. However, given that a Constitutional Reform only provided very general principles, the actual modalities for the transfer of competence to regions was delegated to further legislation. However, a new regulatory framework has hitherto been delayed. Ten years after the introduction of the constitutional reform, the division of responsibilities between the state and the regions as regards social policies still remains unclear and is the object of much friction between the two levels, while the definition of “essential levels” and of minimum national standards in social services is still lacking (Naldini and Saraceno 2008). Given this vacuum in the legislation, which is far from being filled, the result of the constitutional reform was to add even more fragmentation and confusion in the subject, leaving lots of “grey areas” for which it is still not clear which level of government is responsible. Moreover, although regions has become the sole responsible for the provision of social assistance, their financial resources still depend to a large extent from central funding. The most relevant consequences are an inefficient and ineffective overlapping of interventions and an under-provision of benefits, especially concerning in-kind ones.

Besides, the minimum income scheme was cancelled, justified on the one hand by the distortions created especially in Southern regions, where the provision of a last resort income was subjected to clientelary practices and on its ineffectiveness in overcoming a passive assistential policy to promote activation among recipients (Madama 2010) . However, the autonomy has given to some regions the possibility to provide an independent minimum income scheme. However it still remains subjected to the available financial resources. By the way, the Budget laws of 2002 and 2003 introduced new monetary benefits to poor families but without changing the traditional pattern of intervention, already severely imbalanced towards monetary transfers and inclined towards categorical benefits. During the short left-wing legislature of 2006-2008 more attention was paid for social assistance matters. Given that none of the suggestions of the Onofri Commission had already been implemented and given the fragmentation that the constitutional reform of 2001 exacerbated, the new government proposed



approximately the same objectives that had already been highlighted in 1997, that is, the increase in resources in social assistance with emphasis on in-kind benefits, the introduction of a minimum income scheme supported by activation policies, a rationalization of interventions under the principle of selective universalism. However, the legislature was too short to implement any relevant reform in the field, leaving social assistance in an incomplete, incoherent and nonetheless inefficient and ineffective state of affairs that still persists nowadays. The centre-right government that came into power in 2008 did not introduce any relevant reform in any social policy. The economic crisis that severely affected the country from 2008 onwards has had two main consequences for social assistance policies. On the one hand, it increased the number of people living in poverty and subjected to the risk of social exclusion, on the other hand it reduced the amount of resources available to cope with a deteriorating situation (CITTALIA 2010). Indeed, the already large amount of the Italian public debt constrained any relevant augment in resources devoted to social policies and it did not allow for the allocation of more resources in social assistance to deal with a rapidly worsening socio-economic situation. The only innovative tool introduced was the so called Social Card, specifically targeted to citizens above 65 years-old or below 3 who are below a certain poverty threshold. The card, which reminds the Food Stamp Programme implemented in the United States in the 1960s (Madama 2010), is a sort of debit card earmarked for the purchase of primary goods and it is financed by a special Fund (*Fondo di solidarietà per i cittadini meno abbienti*). Among the limits of the Social Card were the limited amount of transfers and the limited coverage (only elderly and families with children). Although financed at central level, the card has been meant to be integrated by resources from local administrations and private actors. Once again, two traditional issues of the Italian system of social assistance arise. First, not all local administrations have the same capacities and financial resources to be channeled to poverty reduction. This has exacerbated territorial differentiation, given the negative correlation between poverty incidence and financial resources devoted to poverty alleviation (CITTALIA 2010). Second, the chance not to fall into poverty is subjected to the actual presence of financial resources and it has not been configured as a social right.

Table 9. Social Assistance Policies Reforms

	Activation		Vertical (territorialization)		Horizontal (coordination/integration)	
	Of Individuals	Of Expenses	Multilevel coordination	Decentralization	Public / public Coordination	Public / private Coordination
Policy goals	Selective Universalism Activation policies	Rationalization of lines of financing Balance between in-kind and cash benefits	Separation of responsibilities among the different levels of government	Regionalization of responsibilities	Harmonization of access to social benefits	Involvement of private actors
Policy Instruments	RMI (abandoned) Means-tested benefits Social Card	National Fund for Social Policies	Constitutional Reform (2001) Law 328/2000 Integrated planning (national, regional and local plans)	Constitutional Reform (2001) Law 328/2000 Integrated planning (national, regional and local plans) Regional laws	ISE	Integrated planning Public-private partnerships
Actors	State Regions Provinces Municipalities Private partners	Ministry of Labour and Social Policies	State Regions Provinces Municipalities	State Regions Provinces Municipalities	Ministry of Labour and Social Policies	State Regions Provinces Municipalities NGOs Cooperatives



3.4 Reconciliation Policies Reforms

During the last fifteen years, the conciliation policy *status quo* has started to be perceived as problematic by decision makers and policy experts (Graziano and Madama 2011). As already mentioned, the Italian welfare was based on the standard male breadwinner model, that offers full protection to insiders (predominantly men) and little or no protection to outsiders. The family was, on the contrary, expected to provide all the protection and support that was not given by a welfare state heavily biased towards pensioners and core workers (Naldini and Saraceno 2008). In that respect, policies directly aimed at supporting the family played a marginal role. The demographic as well as the socio-economic changes of the Italian society, that started to become evident in the 1990s, urged deep policy changes. On the demographic side, smaller households and greater family instability questioned the capacity of the family to deal with the care of elderly and children. Moreover, a very low fertility rate combined with population ageing has been seen as a severe issue for the sustainability of the welfare state in the long run. On the socio-economic side, the increase in the female labour force participation meant that the domestic and childcare work that used to be performed on an unpaid basis by housewives now needs to be externalized (Bonoli 2005). Accordingly, the centre-left coalition in power from 1996-2001, pressed by those issues, started to upgrade the Italian welfare state. Although the Onofri Commission did not explicitly address conciliation and family policies, it recognized the structural underfunding of care policies, referring in particular to the “caring trap” that excluded many women from labour participation (Graziano and Madama 2011). The Law 196/1997, by introducing flexible labour patterns, was partly meant to allow women to enter the labour market and at the same time to accommodate caring needs. This law, through the introduction of new non-standard contracts, effectively gave the opportunity to many women to join the labour market, from which they were once excluded. However the most relevant reform that came into life during the 1996-2001 legislature was the Law 53/2000 on parental leave. The law extended the duration of the optional supplementary parental leave from six to ten months, but what is more relevant is that working fathers have been individually entitled to a portion of parental leave (and not only, as previously, only a substitutes for the mother), and a bonus for fathers who take the leave was introduced (Graziano and Madama 2011). However the law had two main shortcomings. First, the compensation rate remained low (30%). Second, employees working with non standard contracts were not entitled to the new parental leave (Naldini and Saraceno 2008). Thus, the new incentives provided by the law had limited impact, in that fathers felt little encouraged to take the leave. With the 2001 constitutional reform of the right-wing government, family policies fell in the Regions’ domain. Given that the definition of national standards and a defined division of responsibilities between the levels of government was left to further legislation that has yet to come, the overall picture of family policies has become less clear. However, the lack of institutional clarity did not hinder, and to some degree encouraged, autonomous legislative initiatives by the regions (Naldini and Saraceno 2008).

The Biagi law of 2003 has created a series of new flexible contracts that, although not specifically targeted to women, has supported a flexibilization of the labour market, moving away from the male bread-winner model and opening- up new opportunities for female labour participation. Notwithstanding, both the Treu law and the Biagi law has supported the flexibilization of the labour



market without providing the services necessary for housewives and mothers to escape the “caring trap”, thus practically privatizing social risks related to elderly and childcare. In this perspective, an innovation has been made with the launch of the National Childcare Plan in 2007. The main objective of the Plan was to increase the coverage of childcare services from 11,4% to 15% by 2010 (Madama 2010). Moreover, a lower threshold was established for Southern regions (6%), which were lagging behind. Although the result has been achieved, the demand for childcare is still much larger than public supply. The result is a steep increase in private childcare services that is likely to continue in the next years, given that the public sector does not seem to be able to address the childcare issue appropriately. A very similar argument can be made for the care of frail elderly. There is a growing demand for elderly care, given the rapid ageing of the Italian population, for which the public sector offers even more limited services. Local governments sometimes provide some home care for low-income frail elderly people with no family network resources (Naldini and Saraceno 2008) but little or no help is given to other categories. Market-based elderly care is mainly provided by female immigrants as is common in other Southern European countries. Female immigration provides cheap labour that substitutes the family in caring services. Given the change in the family structure due to demographic as well as socio-economic changes, the “familistic model” of the Italian welfare is thus getting closer to a “family+immigrant” model (Naldini and Saraceno 2008), where immigrants take care of elderly and, to a lesser extent to children. This model has been encouraged by the state and public policies that thus sustained an informal and home based family care. Considering that most immigrants work in the underground economy as irregular workers, rounds of ex-post regularization have been promoted by governments, conscious of the relevant role that especially female workers play in the provision of caring services. Although this means that public authorities are aware of the issue, they have found easier to regularize an ex-post situation than planning ex-ante interventions. Notwithstanding a few cash-benefits have been introduced: the *indennità di accompagnamento* (attendance allowance) at the national level, and the *assegno di cura* (care allowance) at the municipal level. The latter is subjected to local resources, and thus it has contributed in enhancing an already exacerbated territorial differentiation, given the differences in local capacities and financial resources. Thus, at the moment, there is no comprehensive and effective national framework that tackles caring needs, and the family itself and the market are the main providers of both elderly and childcare.

Table 10. Reconciliation Policies Reforms

	Activation		Vertical (territorialization)		Horizontal (coordination/integration)	
	Of Individuals	Of Expenses	Multilevel coordination	Decentralization	Public / public Coordination	Public / private Coordination
Policy goals	Rise the female participation in the labour market	Supply more public care services Increase of resources devoted to in-kind benefits	Separation of responsibilities among the different levels of government	Regionalization of responsibilities	Coordination of interventions with other policies	Support of growing demand for caring services
Policy Instruments	Non-standard labour contracts Law on parental leave National Childcare Plan	National Childcare Plan	Constitutional Reform (2001) Integrated planning (national, regional and local plans)	Constitutional Reform (2001) Integrated planning (national, regional and local plans) Regional laws	Regional laws Local partnerships and committees	Public-private partnerships
Actors	State Regions Municipalities Private actors	State Regions Municipalities	State Regions Municipalities	State Regions Municipalities	Regions Municipalities	State Regions Municipalities Cooperatives Private care providers



3.5 Housing Policies Reforms

Social housing construction continuously declined from the already limited 8% at the beginning of the 1980s to 2% in the 1990s (Tosi and Cremaschi 2001) not to rise anymore, at levels much lower than the European average and especially of Nordic countries. Moreover, the continued preference for home-ownership compared to rental has produced a rigid market structure that is difficult to change at least in the medium term. These two tendencies (a decline in social spending and a rigid market structure) have worsened the housing problem in Italy, already exacerbated by the demographic as well as the socio-economic dynamics of a post-industrial society. For instance, having a house can alleviate a period of reduced income that may be caused by temporary unemployment, divorce or separation, and help in the recovery. However, this has not produced an appropriate public intervention. There has been a limited public commitment in social housing, leaving to the market the search for an equilibrium solution, and maintaining a subsidiary role in terms of incentives and regulations in a *laissez-faire* logic (Minelli 2004). In particular two main tools, already present in the past, have been used. The first one is the *edilizia sovvenzionata*, where the state (at its various levels) directly provides housing, with costs covered totally by the state and the state owns the house built. The second one is *edilizia agevolata* where the state support (mainly financially, traditionally in the form of interest subsidies on loans) for the construction of housing for rental and for owner-occupied housing, or grants subsidized loans to private individuals (Tosi and Cremaschi 2001).

As regards the institutional framework, although many competences were already delegated to the regions before the end of the 1990s (Minelli 2004), it is only through the law 59/1997 and law 112/1998, that a clear separation of competences between the central level and the regions was made. However, the constitutional reform of 2001 reconfigured again this division, leaving to the regions the competencies for housing policies. Given the already mentioned confusion that the reform created also in other social policies, and the lack of a national framework law to regulate the sector, the responsibilities are still not defined at the various government levels. Particularly, large autonomy has been given to local administrations, but once again, the resources and capacities were not homogeneously distributed in the country. Not only, the transfer of responsibilities from the regional to the local level greatly differ among regions, creating different institutional architectures in the various areas of the country.

Some attention has been paid to the integration of housing policies with other social policies. The participation to the EU *Urban* programmes have deeply influenced an integrated approach to social housing, giving relevant space to multidimensionality, partnerships and participation (Tosi and Cremaschi 2001; Minelli 2004). The EU *Urban* programmes have indeed played great emphasis among multilevel and multi-policy coordination, serving as an important cognitive reference for national innovation. However it is only in 2009, through the National Plan for Residential Housing, that the integrated dimension gained national relevance. The objectives of the Plan are the creation of an integrated multilevel system for the acquisition and realization housing structures, the promotion of private-public partnerships (especially through cooperatives) and an integration of housing policies with other social policies.

Table 11. Housing Policies Reforms

	Activation		Vertical (territorialization)		Horizontal (coordination/integration)	
	Of Individuals	Of Expenses	Multilevel coordination	Decentralization	Public / public Coordination	Public / private Coordination
Policy goals	Support for people in buying or renting a house	Rationalization of social housing expenses	Clear separation of competences between different levels of government	Regionalization of responsibilities	Multidimensionality and integration with other social policies	Involvement of private actors
Policy Instruments	Subsidized housing (<i>edilizia sovvenzionata</i> and <i>edilizia agevolata</i>)	Subsidized housing (<i>edilizia sovvenzionata</i> and <i>edilizia agevolata</i>)	law 59/1997 law 112/1998 Constitutional Reform (2001) National Plan for Residential Housing	Constitutional Reform (2001) National Plan for Residential Housing Regional laws	EU Urban Programmes National Plan for Residential Housing	Public-private partnerships
Actors	State Regions Municipalities Private partners	State Regions Municipalities	State Regions Municipalities	State Regions Municipalities	State Regions Municipalities EU	Regions Municipalities For-profit private actors NGOs Cooperatives

4. DYNAMIC ANALYSIS



If we use the framework defined by Hall (Hall 1993) and apply it to employment policies, the Treu law, the Bassanini law and the Biagi law mark a third-order change in that they change not just the instruments but the policy goals in the employment system. The main purpose has been to move from a very rigid labour market, based on the Fordist model of an industrial economy, to a more flexible one, to better suits the needs of a changing economic environment, characterized by flexibility and dynamism. Another purpose was to reduce the gap between the overprotected insiders and the outsiders, such as female and the unemployed in general, in order to increase the very low employment rate (especially the female one) that Italy has in comparative perspective. However the potential of change has been reduced, or at least distorted, by the fact that the change has not been fully accompanied by social policies that support the new labour market conditions. As already mentioned, the modernization of employment policies has mainly been conceived in terms of flexibilization rather than flexicurity. The minimum income scheme, after a period of experimentation has been abandoned and the provision of services, such as childcare, have only recently been addressed but are still not sufficient to cover the demand for those services. Thus, instead of reducing, flexibilization has increased the gap between the insiders, who are still over-protected and the outsiders (or mid-siders). Indeed, although the outsiders have been granted the possibility to participate in the labour market, they have little or no access to unemployment or social benefits. This has exacerbated the dualism of the Italian labour market. However, as concerns training policies, there have been several steps in the direction of better matching the demands of the labour market with vocational training and education (i.e. Labour Agreement, Social Pact for Development and Employment, Law 53/2003).

If we look at vertical integration, the Constitutional Reform of 2001, although not directly addressing employment and social policies, has completely revised the responsibilities among different levels of government, giving concurrent competencies (e.g. employment policies) or exclusive competencies (e.g. social policies) to the regions. However, a decade after the introduction of the constitutional reform, the division of responsibilities between the state and the regions as regards policies still remains unclear and is the object of much friction between the two levels causing inefficient and ineffective intervention in various sectors. Indeed, the process of decentralization, has not been so far accompanied by the formulation of a national framework and guidelines. This has hindered the achievement of national strategic objectives, in a logic of “convergence” among the different local realities that constitutes the Italian system and it has instead fostered territorial differentiation. Not only, the reform has (partially) cancelled the reorganization of entire sectors such as social assistance (with law 328/2000) or housing (with law 59/1997 and law 112/1998), that thus still need a new reorganizational framework. However, the large, although not clearly defined, autonomy given to the regions and to the local levels of government has spurred local initiatives to cope with the issues of poverty and integration (or reintegration) of the outsiders in the labour market. Some regions, provinces and municipalities, especially the ones of Northern and Central Italy have tried to integrate social interventions for a more efficient outcome, in terms of poverty reduction and social inclusion. This is due to the fact that on the one hand, local public administrations in the Centre-North, for cultural and historical reasons, have always been more effective and efficient in public interventions and on the other hand because they have more financial resources. However, given that most resources still come from the central level, these interventions are always subjected to national funding, which is not regular nor predictable,



causing the planning of interventions to remain quite inefficient. In fact, local administrations have to take into account the unpredictability and volatility of the resources available, and this hampers long term interventions that could address those issues more appropriately. Moreover, for what regards resources raised at the local level, the economic prosperity of the different parts of the country leads to a very differentiated capacity of fundraising, that exacerbates the already substantial inequalities at the territorial level. The result is a Matthew effect, by which richer areas have also more resources to deal with poverty and social exclusion. In this respect, stating that social policies in Italy are rudimentary and poorly organized is extremely reductive (Tosi and Cremaschi 2001). In fact, no label can be applied to the country as a whole: at least the definition of “dualistic system” should be added with reference to the difference between the South and the rest of the country (Tosi and Cremaschi 2001).

Concerning horizontal integration, although various forms of integrated planning have reinforced the system of relations - in terms of cooperation and dialogue- among the actors, and has enhanced the capacity of participation of all the territorial economic and social actors, it has however failed in the objective of creating integrated policies (ISFOL 2008). For instance, the original objective of the Territorial Pacts for Employment, the Integrated Territorial Projects but also the National Plan for Residential Housing or the Integrated Planning in Social Assistance, although all marking a third-order change in Hall’s perspective, they have been translated almost exclusively in the introduction of procedures, and not in the definition of an organic planning of concrete actions. Moreover, the creation of partnership networks, through the arrangement of strategic development plans characterized by organic and coherent objectives are still at the beginning and differ greatly throughout the territory. In this respect, there is a need to intervene on the institutional and governance system that has hitherto been incompatible with the rational management and implementation of policies and interventions. Therefore, rather than the formulation of new norms (Legala and Liso 2006), there is a need to intervene to reinforce the governance of the system, also as a logic consequence of the process of vertical and horizontal coordination. Indeed, the process of decentralization has so far been “pulverized” between the competence of multiple actors, with little attention to the overall design of public action. Moreover, as regards the access to benefits, the introduction of the ISE, whose aim was to become the main indicator of the economic situation for the access to social benefits, is still used only for some types of benefits (e.g. Social Card) but not for others (family allowance, social pensions), creating *de facto* different treatment for similar economic situation, that is not only economically ineffective, but morally not correct.

In the end, social cohesion policies have played a marginal role in the overall architecture of the Italian welfare system, both in terms of resources devoted and overall policy effectiveness. Moreover, they are characterized by multiple lines of interventions from different levels of government, that have caused frictions and overlapping, with the result of an ineffective and inefficient use of already limited resources. The reforms have been fragmented, partly incoherent and without producing any substantial change neither in the delivery of social benefits nor in their organization. Most of the benefits that were lavished before 2000 are still present nowadays, and although some of them have become more generous, the overall extension of coverage has not changed, conserving the mixed categorical and means-tested nature of traditional social assistance. New instruments have been introduced, such as the



Social Card, but all of them have overlapped with previous ones, without any consideration for the overall consistency of interventions, and with little attention for the recalibration of monetary vis à vis in-kind benefits. Given what has been said so far, it is clear that the degree of integration with employment policies general is low if not existent at all, at least at the national level, although with great local differentiation. The result is that the family remains the main locus for social security needs. This, together with the narrow interpretation of modernization of the labour market, that has been translated into a flexibilization without appropriate social security provision, has induced a privatization of social risks. Indeed, more and more people are subjected to the risk of social exclusion, a situation that has been exacerbated by the ongoing economic crisis but has its roots in the lack of political commitment towards a recalibration of the welfare state, to more rights to the outsiders.

To conclude, it is possible to say that from mid-Nineties to 2011 employment and social cohesion policies have been subjected to both major and marginal reforms, and thus this period can be regarded as dynamic especially if compared to the stagnation of the previous decades. However the lack of a long-term and comprehensive strategy and the contradictory logic with which these policies have been approached, have created a sort of “fragmented incrementalism” (Naldini and Saraceno 2008) that has added new inefficiencies and overlapping without solving the previous ones. Some attempts have been made to integrate those policies but through procedural rather than concrete interventions, and anyway without target “integration” as the main focus for the modernization of the welfare system. Moreover, with the exception of pension policies (not covered in this study), social policies continue to play a marginal role in the overall welfare system and there has been little adaptation to the new employment policies and to the changes in the labour market in general.



Table 12. Dynamic Analysis of Change

Reform	Content of Change	Change Intensity	Diffusion of change (implementation)
Employment			
Treu Law	Increase of flexibility options, the reduction of overall strictness of regulation on temporary employment, introduction of temporary work agencies	3 rd order	implemented
Bassanini Law	transfer of authority from the State to the Regions in placement and active labour policies, creation of employment centers, intermediary function for private actors	3 rd order	implemented
Biagi Law	amendment of contractual instruments, creation of new types of contract	3 rd order	Implemented
Training			
Labour Agreement	Identification of rules for the construction of a national system for continuing education and the criteria for the certification of skills	3 rd order	Implemented
Law 144/1999 (and Social Pact for Development and Employment)	Create an integrated training system to enhance the overall quality level of education and work, pursuing a boost in competitiveness	2 nd order	Implemented
Law 53/2003	The training system is unified with the education one	3 rd order	Implemented



Social Assistance			
National Fund for Social Policies	unification of expenses in social assistance, overcoming of multiple lines of financing	2 nd order	implemented
Economic Situation Indicator	indicator for the eligibility to any kind of social benefit that was means-tested	2 nd order	limited implementation
Minimum Income Scheme	minimum income for poor people	3 rd order	experimentation but later abandoned
Law 328/2000	reorganization of the social assistance sector	3 rd order	limited, the Constitutional Reform has reconfigured responsibilities
Social Card	money transfer to poor elderly and children	2 nd order	implemented
Reconciliation Policies			
53/2000 on parental leave	extended duration of the supplementary parental leave, individual entitlement for fathers	1 st -2 nd order	implemented but limited use
National Childcare Plan	increased coverage of childcare services	2 nd -3 rd order	implemented
Housing Policies			
law 59/1997 and law 112/1998	separation of competences between the central level and the regions	2 nd order	limited, the Constitutional Reform has reconfigured responsibilities
EU <i>Urban</i> programmes	integration between housing policies and other policies	3 rd order	some programmes implemented

National Plan for Residential Housing	integration between housing policies and other policies and among different levels of government	3 rd order	recently adopted
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Table 13. Dynamic Analysis of Implementation of Integrated Policies

	Activation		Vertical (territorialization)		Horizontal (coordination/ integration)	
	Of Individuals	Of Expenses	Multilevel coordination	Decentralization	Public / public Coordination	Public / private Coordination
Policy goals	Enhance participation to the labour market Selective universalism Integration between school and labour market	Rationalization of benefits	Separation of responsibilities among the different levels of government Coordination of action among different levels of government	Regionalization of responsibilities	Coordination among different policies	Involvement of private actors Integrated territorial development Support of growing demand for services
Policy Instruments	Treu Law Biagi Law Law 144/1999 Means-Tested Benefits National Childcare Plan	European Social Fund National Fund for Social Policies Regional funds	Constitutional Reform (2001) Integrated planning	Constitutional Reform (2001) Integrated planning Regional laws	Territorial Pacts for Employment Social Pact for Development and Employment ISE Regional laws National Plan for Residential Housing	Integrated planning Public-private partnerships Social Pact for Development and Employment
Actors	State Regions Provinces Municipalities Private partners	EU State Regions	State Regions Provinces Municipalities	State Regions Provinces Municipalities	Ministry of Labour and Social Policies	Regions Provinces Municipalities Private for-profits service providers Firms Cooperatives, NGOs



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