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ANALYSIS OF THE ITALIAN WELFARE SYSTEM :
SOME IMPLICATIONS
FOR CURRENT AUSTRALIAN ISSUES

by

Ugo Ascoli



Social Welfare Research Centre

THE UNIVERSITY OF NEW SOUTH WALES

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As with all issues in the Reports and Proceedings series, the views expressed in this number do not necessarily represent any official position on the part of the Centre. The Reports and Proceedings are produced to make available the research findings of the individual authors, and to promote the development of ideas and discussion about major areas of concern in the field of Social Welfare.

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FOREWORD

Social welfare issues facing modern industrial societies have a great deal in common. Of course there are differences in general political orientation, differences in economic capacities, differences in population structures, and differences in ideology. The broad perspective however, in post war years of welfare states expanding, consolidating, and responding to threats, provides food for thought for academic observers and policy planners. The Social Welfare Research Centre has not, to date, undertaken any extensive studies into comparative social policy, and is not likely to do so in the near future. Nevertheless there is a great deal to be learned from observing activities in other countries and the Centre has benefitted from the contributions by overseas visitors who have visited the Centre over the past four and a half years.

Dr Ugo Ascoli of the University of Ancona, Italy, spent his recent sabbatical leave in Australia. He spent a few weeks at the SWRC and while visiting presented a detailed and thoughtful seminar. In the seminar he examined the Italian case in comparative quantitative terms and reached the conclusion that at the beginning of the 1980s the Italian welfare system compared well with those in other European countries. He analysed the growth of the welfare system in the post World War II period, touching on the main welfare policies and the prime focus of his analysis was on pensions policy. Furthermore he argued that occupational and fiscal welfare increase the 'non-progressive' or 'regressive' characteristics of the Italian welfare system. From his evidence he demonstrated that Italian welfare measures appeared rooted quite clearly on non-universalist principles. It is clear that in Italy almost all social policy development seems to depend on the way the political system works. Indeed, the mass patronage system ('clientelismo') plays a central role in Italian social welfare. Dr Ascoli then focused on the domestic perspectives of social policy in particular, an analysis of the so-called 'return to the family' and 'privatisation' proposals, and placed Italian experiences into a broader context. He spoke also of the necessity to rationalise the composition of social expenditure and to radically modify the operation of the taxation system.

These issues provided a great deal of material for participants to discuss, and certain comparisons with Australia were made in the discussion: competition within the system; limits on the welfare system; social policy and social consensus; system constraints on policy formulation; the importance of the administrative procedures in policy implementation; and universality versus selectivity.

The Social Welfare Research Centre does not publish the proceedings of its many seminars in the Reports and Proceedings series, but from time to time the great deal of interest shown makes it appropriate to publish material of esteemed visitors to the Centre. Dr Ascoli's seminar has been well received and in the interests of expanding our knowledge horizons we are publishing this seminar paper.

Adam Graycar

Director
Social Welfare Research Centre

INTRODUCTION

The 1970s have been characterised by substantial action of the Italian Government in social policy. In this decade the Italian welfare system has tried to achieve very important aims, good illustrations of which are the new laws on women's issues and family life, and the National Health System.

In Italy the debate on the 'Crisis' of the Welfare State became very intensive at the beginning of the 1980s, much later than in the other Western industrialised countries. Nevertheless, the interpretations of the Italian case seem to me very mediocre. Only in the last few years have some scholars been trying to analyse the various welfare policies in a systematic way.

Today everybody, whether conservative or progressive, is talking about 'crisis', but with different concepts in mind. In the light of this confusion a better understanding about why and how we have reached this situation seems extremely important. First of all perhaps it is necessary to criticise the concept of crisis (Berti, 1982; Pugliese, 1983). We need new intellectual tools to investigate the reality as well as new principles and values to reinterpret people's aspirations, and the aims and rhetoric of the old regime as expressed in the phrases 'fair shares', 'equal opportunities', 'full employment', 'meeting needs without regard to the ability to pay', 'giving security from the cradle to the grave' (Donnison, 1984). We do not have to speculate on a 'crisis', but about an acute social change associated with an evident weakening of the traditional Government institutions' ability to cope with social issues.

In times when the conservative tide of 'privatisation' is appearing everywhere, it seems very useful to highlight the social and political philosophy behind Italian welfare policies, as well as the operation and effects of these policies. In doing so, we need to underline three points:

- A. We have to reject the narrow framework of the ongoing debate which includes some aspects of welfare but excludes others and adopt a broad perspective on the welfare spectrum, taking into consideration the famous Titmuss analysis of social, fiscal and occupational welfare (Jamrozik, 1983; Ascoli, 1984). If we want to estimate, for instance, the real impact of welfare expenditures we cannot

study, as transfers of public funds, only pensions and benefits and exclude other transfers such as fiscal concessions, tax rebates, subsidies or occupational 'fringe' benefits (Jamrozik, 1983). In that case we would create a misleading picture of the Welfare System (Cass, 1982). All the main issues of selectivity versus universality, residual versus institutional models, vertical versus horizontal redistribution of resources, increasing or decreasing inequality, will look different if we refuse a narrow perception and the identification of social welfare with 'the' entire Welfare system.

- B. It is time to recognise the inadequacy of comparative cross-national analyses founded mainly on quantitative data (Ascoli, 1984). In such a comparison scholars very often consider the proportion of public social expenditure to GDP to be the main indicator of social security or social policy development. As a matter of fact, this indicator is very narrow, albeit important: it is not unusual, for instance, to find widely differing social security systems with the same expenditure levels (Regini-Regonini, 1981). Sometimes it is much more meaningful to compare the same program in various countries, taking advantage of quantitative as well as qualitative data, or to analyse two or three national welfare systems from countries which are historically similar or geographically quite close. It could be misleading, for instance, to compare amounts of public funds used to cope with unemployment in different countries over a certain period either if the employment figures were anomalous or not comparable, or if an active manpower policy to achieve full employment was at work (Korpi, 1982). In my opinion, at this time, it could be very important to analyse national cases and to investigate the long term historical development of social policy in one particular country. This would give us good empirical evidence about the social, political and economic variables associated with the origins and the development of the Welfare State. This seems one of the best ways to improve our ability to find solutions to the present problems, the origins of which quite often lie in history.
- C. The Welfare State has to be considered as a specifically modern form of the industrialised countries after the 'Big Crisis' of the 1930s. Thus it is a structural phenomenon, related to economic growth, social development and the 'modernisation' process, and therefore not solely associated with the capitalist democracies (Remlinger, 1971 and 1982;

Flora-Heidenheimer, 1981). There are, of course, a lot of differences between the industrialised economies, as well as between Welfare States, but to assume that it is possible to dismantle the Welfare State seems, at the least, unrealistic. On the contrary it seems much more close to reality to hypothesise that 'the Welfare State is now going through a period of adjustment rather than a sharp decline' (Heidenheimer, Heclo, Teich-Adams, 1983:331).

In this paper I shall make several points. First I will examine the Italian case in a comparative quantitative analysis and reach the conclusion that at the beginning of the 1980s the Italian Welfare System does not seem to be underdeveloped in comparison with the other European countries. The Italian citizen's 'social protection' looks on average quite close to that prevailing in the most industrialised economies. Secondly, I shall analyse the growth of the welfare system in the post World War II period, taking into consideration the main welfare policies (employment policies, pensions, health policy, personal social services, education, fiscal policy, housing). From our evidence, Italian welfare measures appear rooted quite clearly in a non-universalist principle: the system has developed according to an incremental and particularistic approach, without any rationalisation or restructuring, to fill the needs and the wants, as expressed from time to time, of different social groups.

It is also clear that almost all social policy development seems to depend on the way the political system works. To put it in another way, the 'legitimation' needs of the new ruling class after Fascism, the necessity for social control and an increasing democratic consensus by the political parties in office until the end of the 1960s, and the conflict between Government, Unions and Social Movements in the 1970s, in addition to economic growth, provide the best explanations of the Italian welfare system's characteristics. Indeed the mass patronage system (*clientelismo*) seems particularly helpful in identifying the real extent of the 'crisis' in Italian Welfare.

Moreover, I will argue that occupational and fiscal welfare increase the 'non-progressive' characteristics of the Italian welfare system. Here the empirical evidence collected is less strong, but in my opinion it is sufficient to reach the conclusion that a 'regressive' redistribution of resources occurred.

Next, I will focus on the domestic perspectives of social policy. In particular, I will analyse the so-called 'return to the family' and 'privatisation' proposals, trying to demonstrate that both are cynical and/or unrealistic. The principal way of finding real, new solutions to present problems seems to be to modify the characteristics of the public intervention: to enhance within a new public framework the natural system of family care, to provide many more opportunities than in the past for the Voluntary Sector to grow, but, above all, to reorganise the Statutory Sector.¹ I will speak also of the necessity to rationalise the composition of social expenditure and to modify radically the operation of the taxation system, in order to acquire more public resources and to abolish the numerous concessions. Only in this way, it seems, is it possible to decrease the degree of inequality and to increase (or to maintain) the quality of so-called 'social protection'. It is necessary to find new instruments through which public and private can work together to cope with new needs and poverty. Social policy alone cannot find a solution for these problems.

Finally I will conclude by underlining some issues arising from the Italian situation which could be helpful to the ongoing Australian debate.

1. THE ITALIAN WELFARE SYSTEM IN A COMPARATIVE ANALYSIS

'The take-off of the modern Welfare State occurred in the last two decades of the nineteenth century through the increase and structural change of public expenditures with respect to social welfare and institutional innovations (above all, the institutionalisation of social insurance systems)' (Flora-Alber, 1981:48).

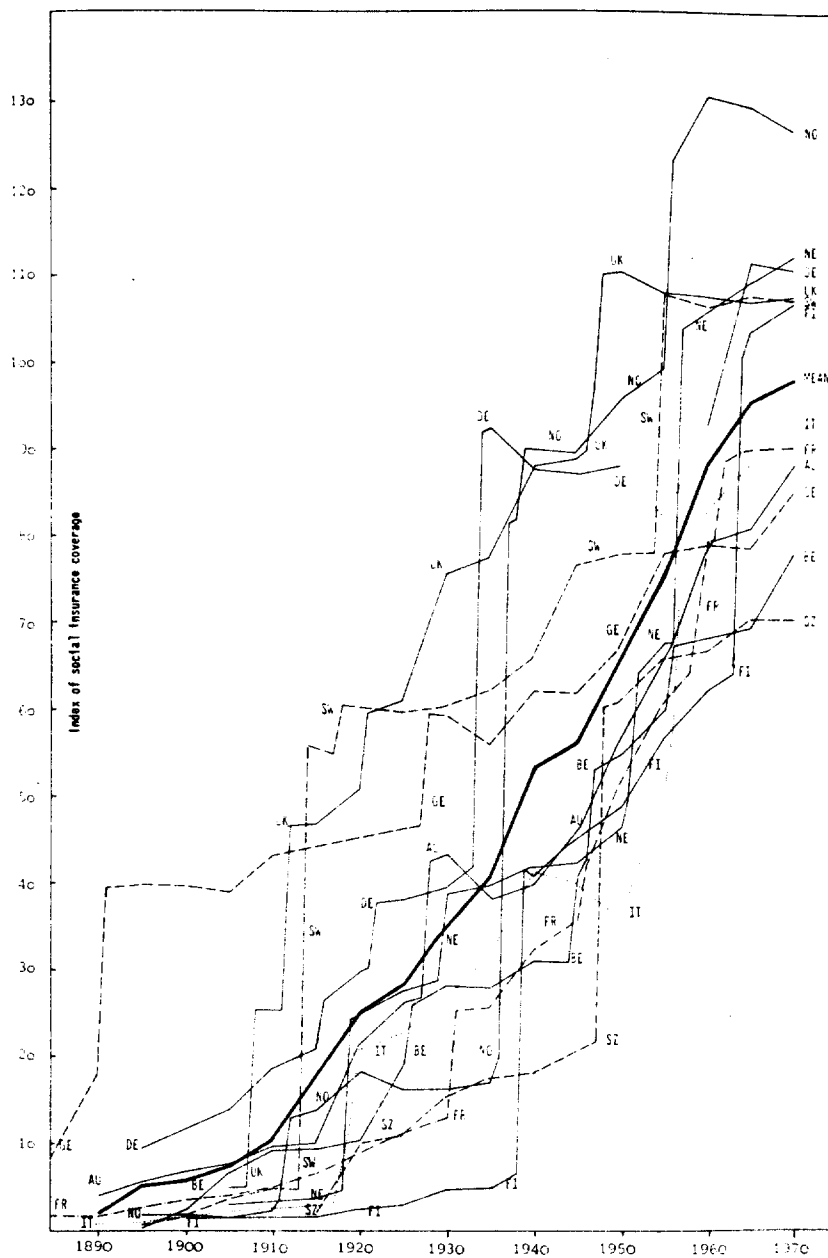
In particular between 1885 and 1920 we notice in Italy, as well as in almost all Western² European countries, the rise of the first social insurance systems (accident insurance, sickness insurance, old-age insurance) (Alber, 1982: 416-417).

Some analysts indicate Italy, together with Denmark, France, Austria and Sweden, as precursory countries in social policy, following immediately after Germany. The Italian example would give considerable emphasis to the following hypothesis that the introduction of social insurance has to be interpreted, above all, as an instrument used by the political leadership to obtain political legitimation and maintain social harmony (Alber, 1982:410). The introduction of social insurance seems to have been also for Italy a direct answer to rising political mobilisation of the working class, more than it was a consequence of social problems created by industrialisation and urbanisation; an instrument managed by the ruling elite to guarantee and legitimate the social and political order.

Even if the evidence confirmed the effectiveness of this hypothesis about an early introduction of social insurance, it needs to be noted that the degree of social insurance coverage (the proportion of insured citizens to the total population) has from the beginning been in Italy one of the lowest in the European countries. This situation did not change until the nineteen fifties.

In 1950 the degree of social insurance coverage in Italy was the lowest in Western Europe, above all because of relatively slow growth of pensions policy and social measures to deal with unemployment. At the beginning of the seventies, however, the Italian welfare system approached European average levels of protection; above the average were the Scandinavian countries, the United Kingdom and the Netherlands (Flora-Alber, 1981; Flora, 1981) (see Figure 1). Therefore, slow welfare system growth until the fifties, on the one hand, and the capacity to reach in a relatively few years

FIGURE 1

The Growth of Social Insurance Coverage* in Western Europe

Source: Flora-Alber, 1981:55.

NO = Norway
DE = Denmark
SW = Sweden
IT = Italy
AU = Austria
BE = Belgium

NE = Netherlands
UK = United Kingdom
FI = Finland
FR = France
GE = Germany
SZ = Switzerland

* 'The index of social insurance coverage consists of a weighted average of the per cent of the labour force covered by the four systems (old-age insurance, sickness and unemployment insurance, and accident insurance). The weights given to the four systems, tentatively derived from their varying financial as well as sociological significance, are: 1.5 for old age i. coverage, 1.0 for sickness and unemployment i. coverage, and 0.5 for accident i. coverage.' (Flora-Alber, 1981:54)

NB i = insurance

the European average, on the other hand, are aspects which need to be highlighted.

Social Welfare in Italy is strongly dependent on national government. It is only since the beginning of the seventies that regional governments have been established. They are charged with important matters in health policy, in personal social services and in vocational training.

Traditionally the emphasis of the system has been on cash-transfer programs; the direct provision of services and benefits-in-kind remains until now underdeveloped in comparison with advanced Welfare States. Moreover, most important cash-transfer programs are based on a contributory system and very often are not means-tested.

Italian welfare has different targets according to different welfare fields. In the pensions system there is public supplementation of a large number of pensions for people who are not able, otherwise, to reach the 'official minimum standard of living'. In health care the national health system, which is based on a contributory mechanism, should provide free care to every citizen. In the personal social services system, for example in child care, the rationale is now officially changing from a charitable intervention towards people in need to the public provision of social services, as a citizen right.

The rationale of social policy which is behind the growth of public expenditures, relates in Italy, above all, to the goal of obtaining social control and social harmony. From this point of view it is possible to explain the massive state intervention through cash-transfer programs towards backward geographical areas of the country to supplement family budgets, or the institutionalisation of instruments, as the Earnings Integration Fund, to make possible industrial reconversion and restructuring without social or political hardship.

According to a recent study (Sarpellon, 1982), at the beginning of the 1980s, about 15 per cent of Italian families were 'poor', that is characterised by an income below the official poverty line. Nevertheless, it is necessary to look very carefully at this kind of analysis, because of methodological problems and a lack of reliable statistics.

We can classify the Western European Welfare States into two types: we call the first the 'continental pattern' (Belgium, France, Luxemburg, the Netherlands and Italy) wherein the distribution of cash incomes is emphasised; we call the other the 'Scandinavian pattern' (the Scandinavian countries and the United Kingdom, above all) in which expenditures for services dominate and which favours the public provision of services (Kohl, 1981). From 1949 to 1977 Sweden, the Netherlands, Denmark, Italy and Norway have been characterised (in this order) by the highest rate of growth in the social outlays. In Sweden the proportion of social outlays to GDP has increased by more than 22 percentage points; in the other countries we notice an increase of more than 14 percentage points. At the end of the seventies a comparison of proportions of public social expenditures to GDP in Western European countries makes clear that Sweden and the Netherlands are the leaders; Italy remains in intermediate position (in 1950 it was sixth, in 1977 it was seventh) (Alber, 1983: 95-96).

The quantitative picture helps us to identify some other important Italian peculiarities. First, in Italy in 1977 the proportion of pensions to social expenditure was 48.2 per cent, while the Western European average was 36.5. Nevertheless, in comparison with the other Western European countries, old-age pensions (as a percentage of social expenditures) are less important and disability pensions (always as a percentage of social outlays) are much more significant. Secondly, total health expenditures in Italy claim only a quarter of social expenditures (25.3%); the Western European mean is 30.3 per cent. Finally, the proportion of unemployment benefits to social expenditures is only 2.2 per cent (the Western European mean is 4.8%) and the proportion of personal social services expenditures is 5.2 per cent (the Western European mean is 9.2%) (Alber, 1983:97).

At the end of the seventies, therefore, the preponderance of pension programs, with particular emphasis on disability insurance programs, and relatively low levels of other social services seemed distinct aspects of Italian welfare.

Quantitative cross-national analysis shows a spectacular growth of social outlays for every Western European country in the post-war period, as well as a potential convergence towards a common, very high, degree of social insurance coverage. Nevertheless, for these Welfare States there has not been a reduction in relevant differences over time. If we take into consideration other non-quantitative elements as, for instance, the composition of

public social expenditure and institutional arrangements in the financing of programs, as well as specific characteristics of programs with particular reference to welfare beneficiaries, level of benefits, means - or non-means-tested policies, we come to the opinion that the specific origins of Welfare Systems in different countries are still important in understanding the peculiarities of each system, as well as the national differences.

If we look carefully at social security programs, and especially at pensions, we can underline another important distinction between universal-oriented and selective-oriented systems. In this second kind, quite often, the characteristics of a citizen's social insurance coverage depend mainly on employment history: there are different programs (pensions) for different occupations, the entitlement to benefits depends strictly on previous jobs and the range of earnings-related benefits reflects the range of various income positions and different statuses in the labour market. Austria, Belgium, France, West Germany and Italy fall into this second model; Sweden, Denmark and Norway and, to a lesser extent, the United Kingdom, the Netherlands and Switzerland fall into the first. However, as we will see later, in the 'era of privatisation' most universalist systems are reducing their level of universality.

We consider now the Italian public social expenditure patterns and social outlays composition, making a comparison with other industrialised countries (France, West Germany, the United Kingdom and the United States) for the period 1954-1980.

Table 1 shows for Italian public social expenditures, from 1954 to 1980, an increase (measured in percentage points to the GDP) of 13.2, bigger than the others (average increase for France, West Germany and the United Kingdom 12.1, for the U.S. 10.8), with a jump noticeably in the period 1973-1980 (4.2 compared with 2.8 and 1.8 respectively). Particularly interesting is the increase in pensions, almost double that of the increase in the other countries (8.1 compared with 4.8 and 4.2 respectively).

The composition of Italian public expenditure in 1980 (see Table 2) makes clear that the relative level of health and education expenditures is by now very close to that prevailing, on average, in the other European countries; that housing, family allowances and unemployment benefit expenditures are considerably lower; that pensions and public transport subsidies, on the

TABLE 1

Patterns of Public Social Expenditure in Italy and in
Other Industrialised Countries (1954-1980)
(Increase measured in percentage points to GDP)

	Italy			France, Germany, United Kingdom (average)			USA		
	'54-'73	'73-'80	'54-'80	'54-'73	'73-'80 ²	'54-'80 ¹	'54-'73	'73-'80	'54-'80
Public Social Expenditure	+9.0	+4.2	+13.2	+9.3	+2.8	+12.1	+9.0	+1.8	+10.8
Of which:									
(a) <u>Public Goods and Services</u>	+5.7	+2.2	+ 7.9	+5.4	+0.5	+ 5.9	+4.6	+0.5	+ 5.1
- education	+2.3	+0.4	+ 2.7	+1.8	-0.1	+ 1.7	+2.6	-	+ 2.6
- health	+2.9	+1.6	+ 4.5	+2.4	+0.6	+ 3.0	+1.3	+0.4	+ 1.7
- housing	+0.1	+0.3	+ 0.4	+0.5	-0.1	+ 0.4	+0.4	-	+ 0.4
- other	+0.4	-0.1	+ 0.3	+0.6	+0.1	+ 0.7	+0.3	+0.1	+ 0.4
(b) <u>Income Maintenance</u>	+3.3	+2.0	+ 5.3	+3.9	+2.3	+ 6.2	+4.4	+1.3	+ 5.7
- pensions	+4.6	+3.5	+ 8.1	+3.7	+1.1	+ 4.8	+3.6	+0.6	+ 4.2
- illness	-	+0.1	+ 0.1	+0.2	-0.1	+ 0.1	-	-	-
- family allowances	-1.2	-0.2	- 1.4	-0.5	+0.6	+ 0.1	+0.3	-	+ 0.3
- unemployment benefits	-0.1	-	- 0.1	+0.3	+0.3	+ 0.6	-0.3	+0.1	- 0.2
- other	-	-0.9	- 0.9	+0.4	+0.5	+ 0.9	+0.8	+0.6	+ 1.4

Source: OECD, 'The Role of the Public Sector', 1982 (published in Reviglio, 1983).

1 1979

2 For France, 1975

TABLE 2

Composition of Public Expenditure in 1980
(Total public expenditure = 100)

	Italy	France, Germany United Kingdom	USA
	100.0	100.0	100.0
1) Public Goods	13.8	18.0	25.4
Of which:			
Defence	4.2	8.3	14.1
Other	9.6	9.9	11.3
2) Public Social Expenditure	61.9	67.1	57.2
Of which:			
(a) <u>Public Goods & Services</u>	28.1	31.3	27.2
- education	12.1	12.2	17.1
- health	13.0	12.6	7.6
- housing	2.4	4.9	1.2
- other	0.7	1.6	1.2
(b) <u>Income Maintenance</u>	33.8	35.8	30.0
- pensions	26.1	20.5	20.5
- illness	1.5	2.5	0.3
- family allowances	2.2	3.6	1.5
- unemployment benefits	0.7	2.3	1.2
- other	3.3	7.2	6.4
3) Public Services Subsidisation	10.5	8.8	9.2
4) Interests (Debt Interest)	13.6	5.8	8.3

Source: Adapted from OECD (1982: Table 4/c), published in Reviglio (1983).

TABLE 3
Level and Composition of Public Expenditure in Italy and in the Other Industrialised Countries, 1954-1980
(Proportions of GDP)

	Italy					France, Germany, United Kingdom			USA		
	1954	1973	1980	Estimate	1982 Composition	1954	1973 ¹	1980 ²	1954	1973	1980
Public Goods	-	4.2	6.3	6.8	12.9	11.8	8.1	8.0	15.7	9.0	8.3
Of which:											
- defence	-	2.0	1.9	2.1	4.0	6.1	3.7	3.7	11.3	5.6	4.6
- other	-	2.2	4.4	4.7	8.9	5.7	4.4	4.4	4.4	3.4	3.7
Public Social Expenditure	15.0	24.0	28.2	31.3	59.6	17.7	27.0	29.8	7.9	16.9	18.7
Of which:											
(a) <u>Public Goods & Services</u>	4.9	10.6	12.8	14.5	27.6	8.0	13.4	13.9	3.8	8.4	8.9
- education	2.8	5.1	5.5	6.6	12.6	3.7	5.5	5.4	3.0	5.6	5.6
- health	1.4	4.3	5.9	6.2	11.8	2.6	5.0	5.6	0.8	2.1	2.5
- housing	0.7	0.8	1.1	1.3	2.5	1.8	2.3	2.2	-	0.4	0.4
- other	-	0.4	0.3	0.4	0.8	-	0.6	0.7	-	0.3	0.4
(b) <u>Income Maintenance</u>	10.1	13.4	15.4	16.8	32.0	9.7	13.6	15.9	4.1	8.5	9.8
- pensions	3.8	8.4	11.9	13.2	25.1	4.3	8.0	9.1	2.5	6.1	6.7
- sickness	0.6	0.6	0.7	0.7	1.3	1.0	1.2	1.1	0.1	0.1	0.1
- family allowances	2.4	1.2	1.0	1.0	1.9	1.5	1.0	1.6	0.2	0.5	0.5
- unemployment benefits	0.4	0.3	0.3	0.6	1.1	0.4	0.7	1.0	0.6	0.3	0.4
- other	2.9	2.9	1.5	1.3	2.5	2.3	2.7	3.2	0.7	1.5	0.4
Public Services Subsidisation	-	0.7	4.8	6.0	11.4	2.0	4.5	3.9	1.8	3.0	3.0
Interests (Debt Interest)	2.2	2.5	6.2	8.4	16.0	2.0	2.0	2.6	1.5	2.2	2.7
TOTAL	28.5	37.7	45.5 ³	52.5	100.0	33.6	41.5	44.4	26.9	31.1	32.7

Source: Adapted from OECD, (1982: Table 4/A, 4/B, 4/C). For 1982, the figures come from non-official estimates done by the 'Committee on Public Expenditure'; hence it is not possible to make a comparison between 1980 figures and 1982 figures (Published in Reviglio, 1983).

1 For France 1975; 2 1979; 3 The exact figure is 46.8.

contrary, are much higher in the Italian context (Reviglio, 1983:103).

In 1980 public social expenditures amounted to 28.2 per cent of GDP (see Table 3) and to 61.9 per cent of total public expenditure. Let us include now in public social expenditure the public transport subsidy: in 1980 this item amounts to 4 per cent of GDP in Italy, almost double the incidence in the other European countries. As a consequence, public social expenditure in Italy amounted to nearly 32 per cent of GDP: measured this way, public social expenditure as a proportion of GDP is therefore higher in Italy than in the other European countries.

By 1982 the proportion of public social expenditure (including the public transport subsidy) to GDP had increased and amounted to 35.6 per cent, their proportion to total public expenditure being nearly 70 per cent.

In the light of the picture emerging, we conclude that at the beginning of the 1980s the Italian Welfare System seems to have almost totally recovered its apparent lag in adjusting to the main European countries.

Now it is necessary to analyse different welfare policies in order to understand the specific characteristics of the system and to highlight peculiarities of Italian case.

We will find out that the fundamental features of Italian social policy which characterised the nineteenth century and the first part of this century are still active and important in understanding the problems of the contemporary Italian Welfare System.

2. THE GROWTH OF THE WELFARE SYSTEM IN THE POST-WAR PERIOD : AN 'INCREMENTAL' DEVELOPMENT MAINLY DEPENDENT ON POLITICAL SYSTEM SEARCH FOR CONSENSUS

From the unification of Italy and formation of an Italian national State (1861) to the period immediately after World War I (1920) Italian government social policy relied heavily on religious Catholic organisations and Workers' Friendly Societies (*Società Operaie di Mutuo Soccorso*). Thus in trying to cope with social issues direct State involvement was kept within narrow bounds.

During the Fascism period (1922-1943) a big change occurred in domestic social policy: through the establishment of many national health insurance funds and national insurance societies, one for each particular category, the Fascist government increased to a great extent direct State involvement and built a highly centralised administrative welfare mechanism.

There is enough historical evidence to say that in both periods social policy has played a very important role, as an instrument of social control, to guarantee legitimation to the ruling political leadership: in the first period social policy was, above all, a direct answer to arising political mobilisation of the working class; in the second period it was an instrument to obtain middle-class loyalty to the new regime.

In the post World War II period it is necessary to highlight three aspects. The first is the process which, in 1947-48, gave rise to the exclusion from government of both the leftist pro-labour parties, the Socialist party (PSI) and the Communist party (PCI), to the breakdown in union unity (1948) and to the birth of two other nation-wide unions not left-oriented, CISL and UIL, (1950) which, since then, have competed strongly with the left-oriented union, CGIL. The second is the specific economic policy adopted in the fifties towards an export-led economic development, based on the further high industrialisation of northern regions, on an 'Industrial Reserve Army' role assigned to the southern regions (*Mezzogiorno*) and on the necessity for keeping down domestic wage costs to increase international competitiveness of industry. Finally, we have to underline the weakness of the non-government sector in the Welfare arena: there were very few popular initiatives and voluntary welfare organisations independent of political parties, especially after the fascist repression and centralisation of the Welfare System. Since this period the operation of the political system, as we shall see,

has exercised a very strong influence on the development of welfare policies. 'New' social policy will be more and more dependent on the search for political consensus and legitimation of the emergent political elite.

During the fifties and early sixties the Italian Welfare System grew according to an 'incremental' principle, providing specific answers from time to time to different social problems. Social policy turned out to be extremely sensitive to immediate political pressures and it is impossible to identify mid-term or long-term planning. From one side we have to highlight the gradual extension of social insurance coverage to new categories, above all located among the self-employed and professional groups, from the other side an increase of public intervention in fields which are very important to the operation of a market economy, as, for instance, in the employment policy arena.

In order to better understand this particular growth, two aspects need to be emphasised. One is the possibility of keeping down the standard of living (and consumption) of the working class and proletariat, looking at the same time for social consensus from other social groups. This strategy to obtain consensus was based on a policy of public subsidies towards agriculture, on a policy of public works as well as on policies to promote an improvement in the middle class standard of living and to feed the ideology of a potential unlimited individual upward social mobility (Pizzorno, 1974). The other aspect of the growth in public intervention in these years was the high annual growth rate of GDP that made possible the allotment of new public resources according to selective principles.

Conditio sine qua non of these processes were both the continuous exclusion of pro-labour parties from government and the persistent weakness of national unions engaged in a strong competition to obtain leadership among industrial workers.

In this period we notice the birth of health insurance funds relating to farmers (1956), artisans (1957) and traders (1960), and almost with same timing, the extension to the same categories of old-age pensions programs (farmer, 1957; artisans, 1959; traders, 1966). The number of national insurance societies and health insurance funds grew in an impressive way: beside those for farmers and artisans, new national insurance societies arose for physicians, engineers, architects, according to the principle of 'a

national insurance society for each category¹.

In health care the main innovation seems to have been the establishment in 1958 of a Ministry of Health, but no significant change in health policy followed this institutional modification.

Pensions policy followed two different patterns: an extension of a minimum pension level to many non-wage and salary earner categories, very often irrespective of contributions level, and an improvement of pension benefits for public employees. The promotion of these policies almost always came directly from a government which was looking for political support from these social groups (Regini-Regonini, 1981).

It needs to be noted that different relationships between contributions to pensions funds and benefits received by recipients characterise programs for different categories: for instance, farm labourers receive a benefit relatively higher as to their own contributions, than do industrial workers. Moreover, sometimes, as, for instance, for agriculture, industry and trade employees, the management of different pensions funds is joined (in our example, in the Employees Pensions Fund) and the accounts are united; therefore it is possible to utilise resources of funds characterised by credit balances to finance deficits in other funds. Finally, we emphasise that many pensions funds are managed together by the National Institute for Social Security according to the same rule: 'the surplus of one fund has to be utilised to finance the deficit of another fund¹.

This 'compulsory compensation', by law, between different pensions funds, each one characterised by a different contribution/benefit relationship, has produced over time a redistribution of resources from industry to agriculture and trade, from employees to the self-employed, and, within an industry, from blue-collar to white-collar workers (Regonini, 1984).

In caring policy the fifties were similar to the previous situation: there was an increase in institutional care and the policy rationale of social services to children, the handicapped, dependent old-age people and the poor was always characterised by paternalism and charitable aspects. There was also a persistent reliance by public programs on religious organisations (David, 1984).

In the labour market, besides the policy which encouraged the mass migration of Italian workers from Mezzogiorno and rural areas to European and overseas countries in order to cope with mass unemployment (Ascoli, 1979), there was no genuinely active³ manpower policy.

During the early post war years (1945-48) we must mention social measures enacted in order to maintain the income and employment level of manufacturing workers, especially in northern regions. In the second period (1949-1954), we observe above all programs to revitalise the operation of the labour market and further improve the protection of the manufacturing working class in the big factories, as, for instance, the establishment of Unemployment Insurance (1949). This program indeed was limited only to persons who had lost their jobs, mainly in manufacturing industries, with the possibility of receiving benefits for a maximum of 180 days in a year and with benefit levels not related to previous income, but to a 'minimum standard of living'. In the third period (1955-1967) there was a high degree of public intervention in the labour market, but always in answer to particular and exceptional situations, without any plan or co-ordination: a gradual 'incremental' improvement in protection levels for workers in manufacturing, in agriculture and in the building industry, but no programs to cope with unemployed people looking for their first job, no job creation programs, nor adequate protection for people who lost their jobs (Regalia, 1984).

The intervention of the State in the housing sector has been officially promoted mainly to solve the problem of housing shortage, particularly acute in the post war period and in the fifties. However, even if the government's commitment was to new home ownership, there was not a strong direct State involvement to build houses for social groups which could not afford market prices. The main characteristics of government housing policy until the end of the fifties were tax concessions and financial subsidies to everybody who bought a house, and a very low control over private sector operation. As a result there has been a persistent housing problem, above all for low income groups and in some specific areas, as well as a 'regressive' redistribution that in the end will benefit above all the middle and upper classes (Tosi, 1984).

Education policy in the fifties did not substantially change the education system built by the Fascist government.⁴ The main attempt to introduce a change by the Minister of Public Education was the establishment of a new

alternative for students after elementary school, beside *Scuola Media* and *Avviamento*: the 'post-elementary' school (that runs for one year). From 1954-55 to 1960-61 the number of 'sixth' classes increased sixfold and the number of students fivefold. This small innovation (very similar, indeed, to the Minister of National Education official proposal published in 1939) was an attempt at pursuing three different goals: first of all, the creation of new job opportunities for school teachers (a very important pressure group at that time), who were experiencing increasing difficulties in the labour market; secondly, the reduction in the large surplus of educated workers by channelling many children to the new school at the end of which there was no Diploma; finally, the government measure was trying to preserve the main channel of mobility through the education system for middle and upper class children. Education policy too, therefore, like other welfare policies we analysed, seems to depend mainly on the ruling class 'consensus strategy'.

The sixties were a turning point. It needs to be noted that almost all the political and economic features of the previous decade, important in understanding the characteristics of welfare policies changed in an impressive way.

- (a) The working class movement and industrial workers unions greatly increased their strength at factory level as well as in the political arena: there was a relevant increase in syndicalisation in every significant industry and, at the end of the sixties, we see three major unions (CGIL, CISL and UIL) playing a very important role both in pensions reform and in employment policy.
- (b) In 1963, for the first time since 1947, a pro-labour party (the Socialist party) took office together with other parties (the Christian Democratic party, the Republican party, the Social-Democratic party) in a new kind of coalition government, called 'Centre-Left' (*Centro-Sinistra*).
- (c) The Italian economic 'boom' was nearly finished and after 1963 a long recession period characterised the country.

These political and economic changes required a consequent change in the 'consensus strategy' we described before: it was no longer possible to benefit some categories (middle and upper classes) and to discriminate against others (working class and proletariat). We see, therefore a further extension

of the main welfare and social rights to new categories without, however, a substantial transformation in the dominant features of the existing programs. In education, social security and employment policy we find the most important modifications.

The reform of basic and compulsory education⁵ (1962) and the liberalisation of admittance to University (partial in 1961 and total in 1969)⁶ deeply modified the Italian system; according to some scholars 'Italy became the country characterised by the most "open" education system in the European Common Market' (Barbagli, 1974:391). Pressure 'from below' and reform 'from above' can probably explain these changes: industry demand for a more educated work force, pressures from the working class and manufacturing workers unions for a better education in order to improve the opportunities of workers' children for upward social mobility, advancement in the Left's ability to advocate innovative cultural projects, ruling class awareness of the increased strength of the working class movement and their attempts to reach a greater political 'integration', widening welfare 'citizenship'.

The reform of the pensions system (1969) gives us probably the clearest evidence of the intertwining between social policy and the search for political consensus. During the sixties, and especially after the workers' struggles in the 'hot autumn' (1968-69), the unions' political strength had increased to such an extent that they were allowed to participate in the decision-making relating to relevant social issues (Crouch-Pizzorno, 1978). Indeed, great pressure from the working class movement was at the origin of pensions reform, characterised by many important innovations. First of all, there was a big improvement in the benefit level of old-age pensions, especially for beneficiaries who had worked in manufacturing industries. Secondly, automatic indexation of the pension to the official cost of living index, was introduced. A new kind of pension was also introduced, the 'social pension', a sort of pension of last resort, for people more than 65 years old, who had no means to keep themselves above the 'minimum standard of living': however, the benefit level of this pension was very low and since then the situation has not changed substantially. Moreover, new rules in the disability insurance program were enacted: to obtain a disability pension only five years of social contribution were necessary, but only one need be connected with employment; the other four could come from personal voluntary contributions, without a necessary link with a job. In addition, physical invalidity testified by medical documentation was no

longer required to obtain a pension: if somebody lived in an 'economically disadvantaged area', in which, or near which, it was very hard to find a job, he or she was entitled to apply for a disability pension, after five years of social contributions to a pension fund managed by the National Institute for Social Security.

In this way, the disability pension became the main instrument to cope with unemployment in rural and backward areas of the country. It is worth emphasising that this change had occurred when migrants' remittances (so important for Mezzogiorno during the fifties and the first half of the sixties) were no longer very relevant for the family budget of underdeveloped areas, because of the spectacular reduction in Italian migration abroad (Ascoli, forthcoming).

Finally, we must highlight the last important aspect of pensions reform: unions (CGIL, CISL and UIL) obtained a majority participation on the National Institute for Social Security management board. All political parties and the unions emerged strengthened from Pensions Act No.153 of 1969: government parties, because they succeeded in maintaining in different pensions programs previous relationships between contributions and benefits, that, as we have seen, were especially beneficial to certain categories; leftist parties, because they succeeded in improving pension benefits especially for the working class and low income groups; unions, because they succeeded in promoting an improvement in workers' standard of living and widening their political influence.

At the same time it needs to be noted that the Pensions Act did not produce any rationalisation of previous pensions programs: existing privileges and discriminations against certain categories were not abolished and no social group had reduced benefits as a result of the reforms (Regini-Regonini, 1981).

It is worthwhile mentioning at this point two other measures which, during the sixties, influenced the social security programs. These measures related to farm labourers and the minimum benefits level of pensions. In the Italian social security system farm labourers are entitled to old-age pensions, according to a particular plan of contributions, to special unemployment benefits, to sickness benefits, to special allowance for every child birth and to family allowances. In registry office rolls, there is information for every farm labourer about how many days he works during a year; the level of many benefits changes according to the number of days worked

during the previous year. So, it is clear how important the rolls are. What happened? The rolls existing in Mezzogiorno at 25 June 1962 were 'frozen' and continue to apply until the present: most people who are on these rolls are no longer working in agriculture, some have died; indeed those who were farm labourers at that time are still entitled to many benefits and can combine these benefits with others coming from new jobs or new life situations!

The other measure is related to the pension: when the benefit level, which comes from past contributions, is below a 'minimum' (the official minimum standard of living) an automatic intervention of the State takes place to raise the benefit level up to the minimum threshold. This measure had to answer to the needs of people who had experienced job situations which were not 'socially' protected. In Italy now, however, this public benefit supplementation applies to 84 per cent of disability pensions, 58 per cent of old-age pensions from employees pension funds and almost 100 per cent of pensions of self-employed pension funds! (Regonini, 1984). Finally we cannot ignore the fact that this 'public supplementation' is irrespective of the economic circumstances (income + assets) of recipients and that, therefore, a beneficiary can combine a 'supplemented' pension with another pension.

Indeed from this evidence it becomes more and more clear that pensions have, in the Italian case, many different functions, besides the original social security function: they replace a policy of economic development devoted to modifying economic imbalances in backward regions, an active manpower policy that deals with unemployment and early retirements, and finally specific sectoral policies that cope with agriculture, trade and artisan sector problems (Regonini, 1984).

Finally, the complexity of the social security system and the existence of many discretionary aspects concerning policy implementation, brings to light the increasing importance of the 'patronage system' (*clientelismo*) in current relationships between people who govern the welfare apparatus and benefit receivers.

Employment policy saw an explosion in public intervention from the end of the sixties to the first half of the seventies. Government created the 'Earnings Extraordinary Integration Fund' (*Cassa Integrazione Straordinaria*),⁷ a special system of temporary benefits to workers, which was heavily reliant

on government funds, applicable in secondary industries to cope with a crisis in a particular industrial sector or factory forced to restructure (1968). It introduced specific programs of unemployment insurance, characterised by earnings-related benefits and programs to encourage early retirement, which were limited to industries in crisis which are forced to fire employees (1968 and 1972). There was a change in employment exchange operations in agriculture with a new majority participation of unions in employment committees (1970). The Earnings Integration Fund was extended to agriculture in 1972, and the unemployment insurance system for farm labourers and seasonal agricultural workers was substantially improved between 1972 and 1974. A particular form of unemployment insurance was introduced for homeworkers (1973). Finally, Earnings Integration Fund benefits in force in secondary and building industries were further improved in 1975.

Without any doubt there was a big change in employment policy during these years: nevertheless, public intervention still showed much more consideration to employees than to the unemployed, and especially towards employees with a high level of contractual protection, in the 'primary' labour market, than to others. There was a spectacular increase in public money channelled towards private industries, but very often there was not adequate government control over utilisation of public funds and subsidies. All employment policy appeared to be a residual response to market outcomes and characterised by policy instruments which were not well co-ordinated. We still are very far from an active manpower policy, with the aim of full employment (Regalia, 1984). There has been an extension of social protection to new categories, especially to the working class of big factories, but without any rationalisation.

Housing policy in the sixties seemed to show the same pattern that we saw in previous decades: there was not any clear planning to cope with housing shortages; the main public intervention was still through fiscal concessions and financial subsidies and favoured mainly middle class as well as upper class groups; the government seemed to trust the market to solve housing problems. In fact, during the sixties, inequalities among different area and social strata in housing increased to a large extent.

Public care of children, the handicapped, dependent old-age people and the poor was not characterised by any real innovation in this period, although politicians in Centre-Left governments talked about the necessity of modern

social services provided to every citizen, not only to the destitute. State provision of care generally took the form of public subsidies, quite often very low and with the flavour of charity, and of institutional care mainly through religious and private organisations financed by government. There was a high level of overlap between public and private, and very often there was no control at all over subsidised private organisations. In order to obtain a better understanding of the situation, it is probably sufficient to note that until the beginning of the seventies (1972) a permit from the public authorities was not required by law to manage an Institution to take care of elderly people! In this decade there was a decrease in institutional care for children and an increase for old-age people as well as for the physically and mentally handicapped (David, 1984).

At the end of the sixties some local governments of big cities in northern and central Italy (Milano, Bologna, Firenze) started to experiment with alternative forms of assistance to elderly people (domiciliary services) and new forms for children (child care centres for children less than three years old, financed and managed by local government). In 1970 a big change took place in the Italian political system: regions, in conformity with the Italian Constitution, became relative autonomous from national government. Through general elections Regional Parliaments arose, as well as Regional Governments. This constitutional change has had extremely important consequences for caring systems because, since then, caring policy has been delegated by law to Regions.

In the health sector the most important measure was the new Hospital Act (1968) through which government tried to reduce the growth of health care expenditures related to hospitals. By this law, a public licence became necessary to build new hospitals and depended on existing circumstances (population structure, location of public and private existing hospitals, etc.) and upon a forecast of future needs for health care. However, the fundamental characteristics of the Italian health system did not change in this period, although there was a further extension of insurance schemes through the institution of other health insurance funds. At the beginning of the seventies every Italian citizen was socially insured against illness (Piperno, 1984).

The system is still characterised by a basic distinction of competencies: public health depends on statutory service, and medical services on market operation (Piperno, 1981). The structure of contributions to different

health insurance funds still perpetuates discrimination against certain categories: from 1948 to 1975 the proportion of contributions to the income of insured people grew more in the secondary industries, trade, and finance, business services sectors than in agriculture; in secondary industries the proportions are higher than in trade and finance, business services sector; inside secondary industries the proportions are higher for blue collar than for white collar workers; the proportions are higher, or grow faster, for employees than for the self-employed. Moreover because self-employed contributions are fixed, that is not determined by rate, or based on declared income (and the large tax avoidance which characterises these social strata is well known), differences between value of contributions and monetary value of services obtained increases over time, producing a growing deficit in health insurance funds of the self-employed, deficit financed by public money (Piperno, 1984). Finally, if we take into consideration health care access we find strong inequalities (Hanau, 1981; Piperno-Renieri, 1982) which discriminate against just those categories characterised by relatively higher contributions. Therefore health care operation too, like the pension system, seems to redistribute resources in a 'regressive' way.

The seventies have been characterised by intense legislative activity by the Italian government in social policy, triggered by the women's as well as the social and civil rights movements. The second half of the decade, and in particular the period 1977-78, seems to lead the Italian Welfare System to a second 'turning point'; however, if the first 'turning point' (1968-69) had broadened welfare citizenship without significant modifications of the rationale of particularistic policies, now it is necessary to highlight some qualitative changes in welfare philosophy.

For the first time a breakdown of old rules seems at work, and we cannot ignore the fact that it happened just when, for the first time since 1947, the most important pro-labour party (the Communist party, PCI) was a component of the government alliance, even though not in office. In the light of this circumstance, analysts of domestic affairs will remember these years (1977-78) as the National Solidarity government period. Structural aspects of the economy, as, for instance, the increasing public expenditure deficit or the growing inflation rate, as well as low economic growth are important, of course, in understanding general pressures to rationalise social expenditure; we feel, however, it is necessary to emphasise political aspects. After 1978 indeed, when PCI was again an opposition party, even though structural

economic indicators worsened, the welfare system rationale has not been characterised by any remarkable change.

A combination of the big leftist parties' success at the polls, the Unions Federation founded by CGIL, CISL and UIL, National Solidarity government, and the social mobilisation of women and young people, all played a fundamental role in social policy changes which occurred in this period.

After the reform of basic and compulsory education in the sixties, the seventies should have been characterised by secondary school reform: but on the contrary nothing happened, although many proposals were officially presented in Parliament by political parties (1970-72: the Christian Democratic party (DC) and PCI; 1972-76: all the main political parties), or approved only by one legislative body (1978: project approved only by Senate; 1982: an other project approved solely by Chamber of Deputies). An unfavourable political and cultural climate, very frequent government changes, early general elections, lack of active involvement of teachers' organisations and economic recession are probably the main explanations of continuous failure in the attempt to reform secondary schools. Large changes, by contrast, occurred in the schools' bureaucratic machinery: parents in primary school, students and parents in secondary schools, became, together with teachers, members of the 'school councils' - new school management boards. This broad participation, through elections of parents' and students' delegates, in the government of schools seems to have been the political answer to the student movement struggles of 1968-1969 and the early seventies (Ergas, 1982). There were big expectations about the innovative role of this democratic participation, but, even if it probably helped to reduce students' protest, the outcomes to date have been very unsatisfactory. Teachers are more and more disappointed, students' participation has never been high, only a few parents (very often those close to political parties) regularly attend meetings.

As regards the pension systems, we have to highlight above all an attempt at reform. The National Solidarity government prepared a bill in 1978 to 'rationalise' pensions programs expenditure. For the first time there was official attention to the big disparities among different categories and government tried to redistribute resources towards the less well off. The government bill sought to establish an upper limit for pension levels, to raise the minimum level of benefits and to reduce the extent of differences

between benefits and contributions in different programs. A very important political outcome should have been associated with the bills' enactment into law: the first real 'political exchange' between government parties, from one side, and PCI and unions, from the other side (Regini-Regonini, 1981). Tremendous opposition by interest groups whose privileges were going to be reduced by the bill, and, above all, the end of co-operation between the coalition government and PCI, stopped the enactment.

Today, after six years (and after another bill, prepared by the government in 1980, has been halted in Parliament) the pensions issue is still at the centre of the political arena. The Italian pension system is made up of three different elements: one general pension fund related to almost all private employees, a different fund related to public administration employees and more than fifty special programs (Regonini, 1984).

In the period 1977-78, for the first time in Italian employment policy, Parliament introduced legislative measures to improve the structure of the labour market, making it operate more equitably and more efficiently (Industrial Reconversion Act 1977; Youth Employment Acts 1977 and 1978; Vocational Training Act 1978).

Through the first act, which covered also the industrial workers' mobility issue, Government wished to help people in declining secondary industries who had been displaced, or were in danger of being displaced, from their jobs. The main intention therefore was to facilitate economic adjustments.

The second act was quite similar to a job creation scheme, targeted on young people aged 14-29; it emphasised programs for public sector temporary work experiences and subsidies to private employers covering part of wage costs for a limited period of time. The goal was to increase skills and improve employability for this particular work force, giving the young involved in these programs the possibility of joining on-the-job training and apprenticeship.

The other act was an attempt to restructure all training programs that previously were targeted on unemployed people or on people in danger of being displaced because of industrial contraction. Training programs have now become a public instrument to be utilised by Regional governments to facilitate a more efficient operation of local labour markets: for this

reason programs should not be targeted only on a few disadvantaged groups. In addition, by this act, every regional government must institute a 'Regional Bureau on the Labour Market' to collect data and information, and therefore, facilitate regional economic planning. However, the effectiveness of this law has until now been very limited, mainly because of lack of co-ordination between training programs managed by Regions and employment exchanges managed by central government officers.

All these measures bring to light an innovative approach to manpower policy, but, because of the limited time they have been in operation, complexity of the structure of the law, the bureaucratic rules, and, above all, because of the particular implementation of these acts, the effectiveness of innovative inputs will be strongly reduced and mere assistance aspects will continue to prevail. Other important acts of recent years (Agriculture and Building Sector Unemployment Insurance Special Act, 1977; Southern Unemployment Special Act, 1978; Earning Integration Fund Acts, 1980 and 1981; Early Retirement Act, 1981) will follow the old rationale: 'residual' measures as to market operation, in response to political pressures (Regalia, 1984).

As far as housing policy is concerned, we highlight a reorientation of approaches to intervention between 1977 and 1978. Prior to 1977 public intervention mainly supported the demand for houses; recent acts have involved the government in modifying the supply conditions (Suitability for Building Act 1977; Fair Rent Act 1978; and Building of Dwelling Houses Development Act 1978). There are many contradictions in these laws as well as many innovative elements. The new legislative picture shows a trend towards increased direct public intervention and stronger control of the operation of the market. However, specific implementation of these acts, new emergency acts (like the so called Nicolazzi Act of 1980), local interpretation of legal regulations by building firms, local governments, and unions, Constitutional Court decisions, present proposals prevailing in the Italian political debate, in addition to stagflation, bring to light again in housing policy old priorities: low State involvement and small direct public intervention from one side, government commitment to family home ownership from the other (Tosi, 1984).

Caring policy in the seventies was under strong pressure from women and the civil rights movements and, because of these political factors, has been characterised by many innovative acts: Public Child-care Centres Act (1971),

Family Law Act (1975) and Public Women's Advice and Aid Bureaux Act (1975). However, in this field too, policy implementation reduced or deferred the effectiveness of new measures. The government and the National Institute for Social Security, for instance, for more than five years did not provide funds in order to implement the new programs for child-care centres related to children under 3 years old; today only central and northern regions are able to provide this service to a major part of the citizens who ask for it. The institution of Public Women's Advice and Aid Bureaux is also more 'typical': this act came out as a political compromise between conservative, close-to-religious organisations, and progressive, close-to-feminist forces and should provide women with many important services (legal services, medical assistance, contraceptive methods information, family planning, etc.). According to the feminist movement, bureaux have to work taking into consideration women's issues, above all from a social point of view; according to conservative anti-feminist positions, on the contrary, the bureaux must focus on family life problems, giving high priority to medical and psychological aspects. This second 'interpretation' very often has prevailed in day-by-day operation. Moreover very large public financing of private bureaux are allowed by the same act, and in many regions, especially in Mezzogiorno, this possibility has precluded an adequate development of public bureaux: a good illustration of this phenomenon is Sicily, where, in 1981, 40 out of 46 bureaux were private, strongly reliant on public funds. This act, therefore, seems to partially maintain the old situation: private, mainly religious, agencies which provide services financed by the State (David, 1984).

Caring policy too, like other welfare policies, has been characterised by important measures in 1977-1978 period: in particular the Useless Public Bodies Abolition Act (1977) represents a very important attempt to rationalise public social expenditure. Introduction of this act took a very long time (at least three years in the final phase), but the outcomes were not so remarkable: a Parliament Committee report had identified hundreds of 'useless public bodies' in the caring sector, as well as in other sectors. Nevertheless, as a consequence of this act, only sixty two have been eliminated; the others are still working, solely to 'produce political consensus'. Public service management through a lot of public national bodies is a particular feature of the Italian Welfare System, inherited from Fascism (and it is very important to understand the strong linkages between social policy and the operation of the political system). Indeed, some scholars (Serrani, 1978) have shown the important role played by public national

bodies, especially in social security and social services sectors, as providers of political resources (public funds and jobs availability, patronage system relationships) to political parties or to the organised factions of parties.

Health policy appeared to shift, at the end of the seventies, towards a universalist model. In 1978 through the National Health System Act, the Italian Parliament modified health care systems, at first sight radically: only one insurance management which provides for all citizens, reorganisation of services through decentralisation, institution of Local Health Units (LHU), citizens' participation in LHU management, new relationships between statutory services and private services providers organisations. However, the difference in relationships between contributions and benefits for different categories and different health care access did not substantially change (Piperno, 1984). Therefore, at least from this point of view, the 'regressive' features of the health system are still at work.

Moreover, if we take into consideration what happened in recent years, that is, cuts in the Ministry of Health budget, introduction of 'tickets' through which citizens have to pay a certain proportion of the cost of drugs and laboratory tests, attempts to remove hospitals from LHU control, and delays in policy implementation by Regional and State governments, we reach the conclusion that an official strategy to change fundamental aspects of reform is now at work (Piperno, 1984). Economic crisis, public expenditure hardships, the impossibility of financing a national health system, were the main arguments utilised by conservative political and social forces to prevent institutional changes during the sixties, and to halt the adequate realisation of the reform after 1978.

A picture of the Italian Welfare System would not be complete if we did not also take into consideration fiscal and occupational welfare.⁸ In the Italian case, as in Australia (Keens-Cass, 1983:128), until recently there was a general assumption that the personal income tax system was progressive (that is the proportion of income paid in tax increases as income increases), especially after reform of the taxation system in 1973. Let us focus briefly on this issue.

To understand the operation of the personal income tax system, first of all we have to analyse the progressive tax on personal income (IRPEF) which

represented, in 1982, 35 per cent of all taxation revenue; it is necessary to underline three aspects: tax avoidance, special fiscal treatments, the shifting taxation burden.

1. Strong tax avoidance characterises the self-employed and, in general, non-employee taxpayers. Until now almost every attempt to change the rules in order to reduce this phenomenon has met spectacular hostility and political difficulties.
2. There is also a remarkable 'legal' tax avoidance system because of exclusion of many items from the tax base, under-estimation of others and special fiscal treatments for certain categories of income earners. The more important items excluded from the tax base are accrued capital gains and income from financial assets. Always under-estimated are incomes resulting from land and building property; land register assessment produces exclusion of some items as well as strong inequalities among taxpayers. Finally there are many fiscal concessions provided to a lot of categories, mainly in self-employment and business which are very often a strong incentive to legally evade taxation. Even if we do not have reliable data, we can reasonably suppose that taxation expenditures in the Italian case are large.
3. It needs to be noted that there has been an increased tax burden on wage and salary earners: personal income tax on the average monthly industrial wage was nearly 4 per cent of wages before the reforms of 1973; today it is about 15 per cent.

According to some recent analyses (Valiani, 1982) 'it is necessary to question seriously the effectiveness of present personal (nominal) progressive taxation in order to reduce economic inequalities coming from market operation ... On the contrary, there is a strong suspicion, based on many studies, that present personal income taxation increases economic inequalities, above all deepening the cleavage between after-tax employees income, from one side, and after-tax income of self-employed, employers and capital income earners, from the other side' (Valiani, 1983:47).

If we focus now briefly on other important taxes, our opinion on the redistributive role of taxation system does not change substantially. We have

to mention the remarkable importance of non-income taxation (about 30 per cent of taxation revenue), a low taxation level of company income which characterises Corporation Tax (IRPEG), a marginal role of wealth assets taxation. Therefore it seems reasonable to argue that the principle of 'progressiveness' is not really at work.

There is also another important issue, which increases complexity and discrimination: indeed, according to some scholars (Pedone, 1981) the Italian tax system does not guarantee 'horizontal equity of fiscal treatment'. Because of the narrow taxation base of IRPEF, the many different regimes for different categories, and the differences in tax assessment and collection, 'dispersion' became the fundamental aspect of the Italian system: different fiscal treatments for people earning the same income.

It is therefore necessary to highlight this 'horizontal' inequality in addition to the remarkable 'vertical' cleavage between employees and other taxpayers.

Occupational welfare seems to play an important role in a further 'regressive' redistribution of resources, even if the evidence is weak and sometimes contradictory. According to the last national survey (*Il sole-24 ore*, 8-4-83) fringe employment benefits in Italy do not seem developed to the same extent as in Japan, in the United States or in many other western industrialised countries.

According to a national survey done by FNDAI (National Federation of Industrial Managers) in 1980, 70 per cent of Italian industrial managers do not receive any fringe benefit (Fornaciari, 1981:6). According to a comparative study done by Bocconi University (Milano) on fringe benefits diffusion in the chemical and metal industries, in Italy, Germany, Sweden, France, Belgium and the UK, the Italian cost of employment benefits as a percentage of labour costs in 1979 was the lowest (4.0%) (Predetti, 1982).

A contrasting result is to be found in an EIRR survey of 20 companies (together employing half a million workers) (European Industrial Relations Review (EIRR), July-August, 1978): 'the provision of special bonuses, benefits and facilities is now more widespread in Italian industry than in almost any other part of the European Common Market' (EIRR, 1978:13).

Martin Rein seems to reach the same conclusion, when he analyses fringe benefits as a proportion of total labour costs in the mid 1970s in western industrialised countries. Italy, West Germany, Belgium, France, Austria and the Netherlands should be characterised by the same pattern of expenditure: 'the high expenditure of 40 per cent or more of labour costs' (Rein, 1981:23). According to Rein (and the German source quoted) the Italian cost of employment benefits as a per cent of payroll in 1972 was the highest (46 per cent) (Rein, 1981:17).

We have to look very carefully at pictures coming from quantitative cross-national analyses and from sample surveys; unfortunately there is a considerable lack of data and systematic analyses. However, for a better understanding of the Italian situation, we can underline some elements.

- (a) Italian industry structure is characterised to a large extent by small sized firms and factories: employment in small firms (no more than one hundred workers), represents nearly two thirds (60-70%) of 'regular' manufacturing employment. We can find similar percentages also in the tertiary sector. If we look at industrialised countries, only in Japan can we find some similarities.
- (b) Italian industrial production seems to be characterised by the large size of the informal economy and irregular employment⁹, much more than any other western industrialised country.
- (c) According to the last national survey, previously quoted, fringe benefits have been increasing in recent years especially for clerical, administrative, executive and managerial occupations: the most important fringe benefits are free sickness and death insurance, as well as low-interest finance and private retirement plans.
- (d) It is necessary to consider the distinction between 'legally required' (mandated by State legislation) and 'contractual' (through collective bargaining or through the initiative of the employers) employment benefits. Martin Rein, too, emphasises this aspect when he writes: 'we need at least a cross classification of content by legal status ... otherwise (our) simplification is misleading' (Rein, 1981:30).

- (e) There is so much differentiation as regards legal employment conditions within the Italian public sector and between the public and private sectors, that Italian scholars describe the situation as 'a jungle' (Gorrieri, 1974).

If we take into consideration all these elements and the evidence, it seems reasonable to hypothesise that Italian occupational welfare, at least in the private sector, does not appear very developed and that, in any case, 'legally required' employment benefits are more important than 'contractual'. However, because of the particular structure of Italian industry and because of the important role played by the informal economy, occupational welfare in the public sector and in a very limited part of the private sector increases existing inequalities and discriminations within the work force and in the society as a whole; therefore it represents, in Italy too, a regressive mechanism of distribution of resources. We are not able to estimate government's contribution to occupational welfare through tax revenue forgone, but it is probably quite considerable.

Developments in recent years confirm the usual patterns of growth of the Italian welfare system: no welfare field has been characterised by rationalisation, there have been many reform plans, but none of them has become an Act of Parliament.

The pressure on the State of different social groups to obtain further resources has increased, while the capacity to govern of coalition governments has weakened. We have also seen a sharp decline in protest movements and an extension of welfare citizenship rights. However, an impressive structural perseverance and coherence between the old and new regimes seem at work in the welfare area. The development and implementation of the main welfare policies depend, as in the past, on the search for consensus and political legitimation by political forces and on particular balances of power from time to time prevailing inside the political system.

The Italian Welfare system is still very far from a universalist type. Since the beginning, as we have seen, welfare policies have shown mainly 'particularistic' and 'residual' features. Domestic social policy never substantially altered social stratification caused by the market economy. The political system control of social policies has been always very strong; indeed, without doubt, excessive 'politicisation' of the welfare apparatus remains a

peculiarity of the Italian case.

In my opinion the principal limits to further growth of Italian System are only apparently economic (the growing deficit of public expenditures, the almost impossible control of public social expenditures). The real limits come from the operation of the political system which makes it very difficult to have general reform of any welfare policy as well as of the taxation system.

3. DOMESTIC PERSPECTIVES ON SOCIAL POLICY : RETREAT FROM THE WELFARE STATE OR CHANGING BOUNDARIES BETWEEN 'PUBLIC' AND 'PRIVATE'?

'The unconditional commitment towards the public intervention in the social field which has supported the development of the Welfare State in the last years, has gradually but surely weakened today' (Paci, 1982). From the end of the 1970s neo-liberal and neo-marxist, conservative and progressive, right and left oriented scholars have been emphasising from different points of view the 'failure' of the Welfare State: it did not achieve the main aims pursued, creating at the same time a lot of new economic, social and political problems (Flora, 1981:8).

In particular, the perception of the State as the main mechanism of resource allocation met with much disapproval: behind that there is an implicit evolutionist view of the relationships between State, market and the other traditional mechanisms of resource allocation (family, kinship, community, neighbourhood, religious institutions and voluntary associations), the idea that there is an inevitable trend of progress towards a more extensive Welfare State, which will replace gradually any other kind of social services and public goods provision. At the same time it was widely accepted that a developed Welfare State would represent the most advanced answer to the need of social protection, much more egalitarian and appropriate than the market and the voluntary organisations.

Today those who have been the strongest supporters of the Welfare State are changing their opinion; 'a complete revision is taking place in the conventional wisdom of social science' (Paci, 1982). But if it is true that we need a new model, it is also true that the search is still at the beginning. Above all it needs to be noted that apparently many schemes have been suggested: from conservative cost-cutting proposals (return to the family, privatisation, higher level of voluntarism) to progressive attempts at reforming public intervention in order to lower the degree of inequality and respond appropriately to 'new' social needs.

The evidence from the Welfare Systems which have tried to pursue the most 'universalist' aims in social protection (Great Britain and Scandinavian countries) is making clear how hard it is to redistribute resources from the rich to the poor, to keep under control the costs of public services and at the same time to satisfy properly all the social needs, primary and secondary

(not basic), as well as to supply every kind of good and service required by a social demand more and more complex, multiform and heterogeneous. 'The State cannot see to the rendering of all the services that are needed to make a good society' (Beveridge, 1948:304). In those countries too there is an increasing awareness of the Welfare System's redistributive limits: 'the Welfare State we have been experiencing since the end of the war cannot eradicate the poverty' (Korpi, 1982).

On the contrary 'this' Welfare System benefits especially the better off; 'almost all public expenditure on the social services in Britain benefits the better off to a greater extent than the poor. This is not only true for services such as roads ... it is also true for services whose aims are at least in part egalitarian, such as the aggregate complex of housing policies. As a result equality, in any sense of the term, has not been achieved. In all the relevant areas, there persist substantial inequalities in public expenditure, in use, in opportunity, in access and in outcomes. Moreover, in some areas (though by no means all) there is evidence to suggest that the policies concerned have failed even to reduce inequality significantly' (Le Grand, 1982:3-4).

In Britain, as well as in the Scandinavian countries, it is possible to notice many changes in the sixties and in the seventies towards a less universalist model of social policy. In Sweden, social security has shifted from a system based on the same benefits and contributions for everybody to one based on earnings-related benefits - first of all for sickness benefits, later for workers' compensation, then for unemployment benefits and finally for pensions (Esping-Andersen and Korpi, 1983). In housing policy, too, you can see the same tendency (ibid.). In Britain they started to modify the egalitarian characteristics of the model and to reduce the degree of universality in the sixties, through the National Insurance Acts (1959 and 1966), re-establishing the principle of income-related contributions and benefits for pensions, unemployment, sickness benefits and workers' compensation (Paci, 1984; Jessop, 1980). And now 'the wind of privatisation': 'in almost every area of public activity the present Government has proposed, advocated, and, in some cases, implemented policies for substantially reducing the role of the State' (Le Grand, 1983:1).

In Italy the debate on the future of the Welfare System is still at the beginning: only in the last three years have social scientists started to

imagine new 'scenarios' in domestic social policy. Nevertheless, in the light of the lack of serious and systematic analyses of the welfare policies which has characterised the national arena until recently, almost every 'solution' appears confused and superficial (very often only the product of ideological and political propaganda).

In Italy, much more than in other countries, we have to deal with the growing deficit in public expenditure and the impossibility of financing further growth in public social expenditure, at least in the short run. The so-called conservative political interests of the country are interested only in cost-cutting proposals, attributing to social expenditure (social welfare) almost the entire responsibility for the public deficit. Nobody from that side seems to take into consideration the workings of the taxation system and its revenue forgone: the tax expenditures problem, the legal tax avoidance phenomenon among the self-employed, in the capital income as well as in the property area. Nobody considers 'fringe benefits' in the occupational situation as a part of the Welfare System. There is a general conventional perception of the Welfare State which focuses solely on social welfare but ignores fiscal and occupational welfare. Therefore the only alternative to the 'crisis' in this context seems privatisation.

As is well known, privatisation proposals in the context of social services can be classified into at least three groups. First there are those involving a reduction in State provision, second there are proposals involving a reduction in State subsidy, and finally those for reducing the amount of State regulation (Le Grand, 1983:66-67). In my opinion, until now the Italian privatisation supporters have been considering especially how to replace public with private provision. They ask for a new family policy to re-establish the family as the provider of services for the State (Donati, 1981), for an increasing role in social services provision assigned to volunteer work and to the traditional institutions (Donati, 1982; Ardigo, 1981 and 1982) and for more room left for the market mechanisms of resource allocation (Donati, 1982).

Let me now highlight some aspects in the Italian context related to the return to the family proposals and the voluntarism issue.

In Italy, because of the women's movement and the movement for civil rights, the legislation concerned with many important social issues was sub-

stantially modified in the 1970s: the Divorce Act (1971), the defeat in a national referendum of conservative proposals to abolish divorce (1974), the Family Law Act (1975), the reduction in the age of majority (1975), the end of any legal discrimination between male and female in the job situation (1977), the Abortion Act (1978). Women's issues are changing above all in the urban areas; almost everywhere there is a major awareness and sensitivity about the gender issue, in family life, in the job situation as well as in the social and political context. It is common in the cities to have young couples, especially the well educated, who are trying to modify the traditional domestic division of labour (Ascoli-David, 1982); it is however a difficult, very long and uncertain process. As has been demonstrated, family care is still care essentially by women (Balbo, 1976 and 1978; Saraceno, 1980; Paci, 1980; IRER, 1979).

At the same time female participation in the labour market has increased very much in recent years and quite often in the informal economy: all the research into so-called 'black' labour or irregular employment and the informal economy in the seventies (Bergonzini, 1973 and 1979; Deaglio, 1974; Brusco, 1975; Canullo-Montanari, 1978; Paci, 1980) has brought to light considerable quantities of irregular employment which do not appear in the official statistics, especially female irregular employment. From some studies, for instance the one in the Marche region characterised by small firm industrialisation, it was clear that the actual female participation rate was twice that published in the official statistics (ISTAT): 50.7 per cent instead of 23.8 per cent (Ascoli, 1980). In recent years, especially because of the increasing difficulties in finding a full time regular job and the economic pressures on the family budget, the high inflation economic recession (stagflation) has probably pushed more and more women (as well as very young and aged people) into irregular employment.

To assume that it is possible today to increase family care very much does imply that women's care for children, the elderly, handicapped and sick, as well as for relatives and able-bodied men, can really increase within the family, (and, at the same time, that the domestic 'oppression' of women, with the social devaluation of housework, has to be maintained). Moreover, it does mean hypothesising that in the future there will be a substantial increase in the pool of potential caretakers, through a strong reduction of the labour force participation of women. Finally, it does mean neglecting the changing demographic patterns: the last Census figures (1981) have

brought to light another reduction in family size, following the trend of the previous decades, and a further increase in 'one-member' households, that is people who live alone.

Even if some research has shown a persistent important Welfare role of kinship networks in Italy (Bulgarini-Vicarelli, 1979), it is reasonable to suggest that the kinship Welfare function (in Italy quite often the 'grand-mother Welfare function') is destined to lose importance in time.

Which will be the dominant type of family or household in the next decades? How is it possible to build a new social policy for 'the' family? For 'which' family? Is it realistic to hypothesise a future strong reduction in female labour participation in the labour market or to overlook the historical process of the emancipation of women?

As far as voluntarism is concerned, first of all it is worthwhile to underline the big confusion which until now has characterised the Italian debate. For the last few years the main political forces have manifested a strong interest in the issue (Agnelli Foundation, 1979; Tavazza, 1981; Cotturri, 1982; Serri, 1982) putting a great emphasis either on the utilisation of volunteers in social services provision or on the importance of the voluntary sector in social insurance and in the health sector. Indeed they often confound voluntary social agencies (the structures) with volunteerism (the values); moreover they are thinking about the voluntary social agencies or non-government welfare organisations (NGWOs) as an alternative to State involvement.

We lack any scientific analysis of the dimensions and the characteristics of voluntarism in Italian society; it is quite reasonable to say that in Italy, as in other countries, the Welfare State could not provide the existing range of services without the help of the NGWOs, above all in the health sector and in the personal social services, but it is not possible to estimate the real relationship at work.

Nevertheless it is necessary to stress the differences between Italy and other countries, for instance the Anglo-Saxon countries, in the 'participatory culture', as well as in the citizen's level of 'self-organisation' for social purposes and association for pluralistic objectives, independently of government. After the 'Workers' Friendly Societies' (the *Societa' Operaie*

di Mutuo Soccorso) of the nineteenth century, we notice that in Italy a revival of the 'civil society' in the field of social protection and public welfare took a very long time, until the sixties (Paci, 1984). But in the seventies the political system has succeeded with few exceptions in again obtaining leadership in the Welfare initiative through a decentralisation of statutory services in many fields and an apparent democratisation in the management of the services (Ergas, 1982).

Because of the particular development of the Welfare System that we analysed in the previous pages, Italian society has progressively lost her own capacity for self-organisation in the social protection arena and has become more and more dependent on State action. This very small independence from government and political parties and the low level of societal involvement in welfare issues are very important in explaining the behaviour of Italian citizens who expect everything to come from the State. Only the religious (Catholic, above all) institutions have been able to maintain the volunteerism value for social purposes and I suspect that a big part of volunteerism in Italy today has a religious explanation.

It is possible therefore to describe Italian society, as a 'party government society' (Pasquino, 1983), with very small independent 'voice' in the social protection field beside public initiatives. If this is true, to imagine that voluntarism and an increased activity of NGWOs in the short run could solve the 'crisis' of Italian welfare seems absolutely unrealistic. Moreover, it has been demonstrated (Hatch, 1980; Johnson, 1981; Kramer, 1981; Hadley-Hatch, 1981; Graycar, 1983b) that NGWOs do not represent an alternative to State involvement in social policy: they provide a supplement or an extension of similar government services, and are complementary to public intervention. 'There are very few activities performed only by NGWOs and most fall under the head of "collective action" or advocacy' (Graycar, 1983b:48). Furthermore they are increasingly reliant on public funds and quite often 'act as conscious agents of government' (Graycar, 1983b:48). Finally, in many fields State provision seems preferable to regulation as a means of preventing the private exploitation of monopoly power and permitting a degree of control over the service that private provision cannot match (Le Grand, 1983:70). So, it seems clear that, even if the voluntary movement and the self-help groups should be encouraged, they cannot replace the statutory services. Government and NGWOs are 'two co-existing organisational systems, occasionally co-operating and infrequently competing or being in conflict'

(Kramer, 1981:252). In Italy the voluntary sector (the structures), as we saw, is particularly underdeveloped in comparison with the United States, Great Britain, Australia or the Netherlands. As far as volunteerism (the values) is concerned we lack any data, even rough, on the dimensions and the characteristics of this phenomenon, that is of 'the contribution of unpaid labour to organised activity in the Welfare field' (Graycar, 1983:164).

We know from the evidence of other countries (Hamilton-Smith, 1973; ACTION, Office of Public Affairs, 1974; Kramer, 1981; Johnson, 1981; Hardwick-Graycar, 1982; Paterson, 1982) that the non-paid labour in social welfare is supplied predominantly by women, and that women volunteers are predominantly middle or upper class (Smith, 1975; Johnson, 1981). Therefore the reliance and the demand for increased volunteer activity in the social services means relying on a higher female involvement in unpaid labour. If we think, now, about the demand for a new family policy and the increasing female participation in the informal economy discussed before, there is a reasonable suspicion that a wish to preserve the sexual division of labour in the family as well as the labour market segmentation by gender is behind these proposals of privatisation.

We can reasonably conclude that the return to the family and voluntarism do not seem very helpful in dealing with the Italian 'crisis', especially in the short run. Both proposals appear unrealistic and/or cynical.

However, the problems are still there and the defects are real: a too rigid and bureaucratised State apparatus, the impossibility of keeping under control the costs of services, a growing user-dissatisfaction towards the provision of many services (especially in the health sector), the lack of an employment or housing policy able to cope with current hardships, a growing shift of the tax burden towards wage and salary earners, a lot of privileges and discrimination in the working of social security and in income maintenance policy, an excessive 'politicisation' of the welfare administrative machinery, where to be a party member, or very close to a political party, becomes, very often, much more important than to be competent and qualified in that particular kind of job.

The solutions to many of these problems depend to a great extent on political structural factors. Because of the particular Italian political system characterised by 'big-coalition government' (four or five parties) on one

side and the strongest western Communist party on the other side, the opportunity for change seems very small and every change will be very slow and gradual. Progressive scholars and politicians, too, are taking into consideration the opportunity of changing the current Welfare System and it is possible to distinguish two main purposes: first, the reform of the welfare administrative machinery and, second, a new fiscal policy.

To raise the level of social protection it seems necessary to obtain a major decentralisation of the statutory services as well as a true community participation in decision-making and an effective citizens' control of the management of services. Furthermore, to reduce the inequalities and the discrimination in the social security mechanism, a rationalisation of the programs seems necessary. It also seems necessary that, in order to achieve a much more equitable, less regressive personal income tax system, legal tax avoidance (in areas other than salaries and wages) be eliminated and tax expenditures be recognised as a welfare measure.

Some progressive analysts argue that, to reach the poor and reduce social inequality, we should not pursue solely universalist policies; it would be preferable to adopt selective social policies, characterised by positive discrimination towards target social groups, trying to avoid a high level of stigmatisation, even if it is very difficult (Rainwater, 1982); this policy, however, has to be enacted in a universalist institutional public framework (Paci, 1984). This position seems very similar to the Titmuss (1968) position:

'The challenge that faces us is not the choice between universal and selective social services. The real challenge resides in the question: what particular infrastructure of universalist services is needed in order to provide a framework of values and opportunity bases within and around which can be developed socially acceptable selective services aiming to discriminate positively, with the minimum risk of stigma, in favour of those whose needs are greatest' (Titmuss, 1968:135).

There is an increasing awareness of the necessity to change the boundaries between 'public' and 'private', reducing the State monopoly in some fields and creating a new public framework which enhances the family care system and gives much more opportunity to the volunteer sector to grow.

One way could be, according to some British scholars (Donnison, 1984;

Bosanquet, 1984), to build new forms of non-capitalist local enterprises (co-operatives or companies distributing no profit to individuals) or to finance and manage public activities very different from the past, through 'mixed types of enterprise'. This research about new policies alternative to the conservative privatisation, however, is still in its infancy.

The main possible avenue for major change in Italy, given present circumstances, is, above all, through a high level of social mobilisation; this last is absolutely necessary to enhance the participatory culture and the 'voice' of the Society in the social field, independent of the political system.

In addition, we have to highlight the experience of some regional governments, above all in central Italy, where the Communist and the Socialist parties are together in office, and the Christian Democratic party is in opposition. In that context, a strong development of regulatory and redistributive¹⁰ policies can be noted and it is possible to see a different rationale at work in personal social services. Therefore it is possible to hypothesise that a significant shifting of political power to the leftist parties at a national level could be another important condition for major change.

In the meantime, the conservative interests (and the Government in office) will probably win some battles and succeed in cutting part of public social expenditures, even if not a great deal; in the short run social protection and public welfare will presumably become worse.

4. SOME LESSONS FROM THE ITALIAN CASE : ISSUES FOR THE AUSTRALIAN DEBATE

As an American analyst recently wrote 'Australia's social welfare system is different from that of any western European nation, the United States, or Canada' (Aaron, 1984:1). If the analysis also takes into account fiscal and occupational welfare, the degree of differentiation of the Australian Welfare System is probably diminished; however, it still remains significant. In particular the differences between some Italian welfare policies and those prevailing in Australia in the same field, at first glance, seem really considerable (the best example is pensions policy).

Nevertheless, just because of the diversity, to take from the Italian case some issues helpful for the ongoing Australian debate seemed to me quite interesting. It could help to clarify which is the most appropriate approach to achieve certain purposes and to stimulate the search for original solutions to the need for social protection in the next decades which, everywhere, will be characterised by a new economic and social environment.

First, I will take into consideration issues concerned with the Welfare System in the context of slow economic growth. In the Italian case it became very clear, at the beginning of the 1980s, that as growth slows down, competition between different groups to obtain public resources become fiercer: the size of the cake grows very slowly, but everybody wants a bigger slice!

We can speak of competition within the system: one of the most interesting examples in the Italian case is between pensioners, on the one hand, and employees, on the other. In fact, given the present characteristics of the Italian Welfare System and given very slow economic growth, to increase substantially the benefit level of pensions, at least to cope with high inflation rates and the increasing cost of living, does mean an increase in the public expenditure deficit. The only way to cope with the public deficit, if it is not possible to change in a substantial way the taxation system, is either to increase the taxation burden on salary and wage earners or to cut other social outlays.

At the same time this kind of competition makes more complex the operation of the political system. If we take into consideration the unions, for example, we have to highlight the following picture:

- (a) they rule the National Institute for Social Security, trying to cope with an increasing enormous deficit;
- (b) they also represent the pensioners: and there has been an impressive syndicalisation of pensioners in recent years;
- (c) at the same time, they represent public and private employees.

Therefore, three roles, three different kind of interests, and quite often, strongly contradictory positions!

This issue leads us to another question: what are the limits of the Italian Welfare System? As I wrote previously, the main limits to further development of the system are the characteristics of the political system and taxation policy (but, of course, this last is strictly associated with the first). In the short run it is easy to forecast for the Italian Welfare System a certain degree of 'inertia': no political will to retreat explicitly on existing commitments, no social vision to move forward, and, therefore, no general reform of any welfare field. Nevertheless, the welfare arena is still very important for political competition; pensions policy gives us the strongest evidence. General reform of the system has been halted many times in Parliament, but between 1978 and 1982 the same Parliament has enacted two hundred special bills on pensions, each one related to a single problem or a single category of pensioners: every ten days a new act related to pensions!

In this situation, to change the main features of the system seems very hard: however, at the same time, interest groups, social categories and private lobby groups try to improve their own situations through the parties, the organised factions of the parties or the unions.

What are the limits on the Australian Welfare System? What kind of competition exists within the Australian system to obtain a bigger slice of the cake?

These questions lead us straight ahead to the third issue: the relationship between social policy and social consensus. The growth of the Italian Welfare System since the post-war period according to an incremental principle and the present difficulties in keeping under control social welfare expenditures, bring to light a strong relationship between public social expenditure and 'social consensus'.

The vast sums of money involved in the welfare policies make it very hard for a government to make any kind of rationalisation which implies a reduction or an elimination of privileges and a redistribution of resources. After a social group or a particular category has obtained some benefits, only a very strong political will can change the situation. Given the characteristics of the Italian political system, social policy is an extremely important instrument in obtaining consensus (especially pensions policy); the welfare legislative and institutional picture is so complex and fragmented that each interest group or category which is strongly organised has the possibility of obtaining some advantages. This interaction between social policy rationale and political consensus, as we have seen, is absolutely relevant to an analysis of the peculiarities of the Italian Welfare System.

Is this relationship playing an important role in Australian welfare too? The answer is not easy, but, given some aspects of the political system (the structure of Federal, State and Local Government, the three-year terms for the Commonwealth Government and the constitutional responsibility of the Federal Government for welfare and social security), it is perhaps possible to hypothesise an affirmative answer. Indeed the Fraser Government, despite its intention, did not succeed in reducing expenditure on social security¹¹ after the 'Welfare explosion' produced by the Whitlam Government measures. It is very hard for the Hawke Government to institute a new assets test for the old age pension (Jamrozik, 1984) or tax to a greater extent the superannuation lump sum payments: the effects of both these measures would be a reduction of some social privileges, even if the first will reduce the 'de facto' universality level of the program. In Australia too, although more slowly than in other countries, the aged are becoming more and more an important pressure group in the political arena (the same will happen with women). To what extent will these variables influence Australian social policy?

According to some scholars, in Australia the dole, which at present remains the lowest benefit, will rise to the level of the other benefits (Menzies, 1984:10). In addition,

'while the labour market remains depressed, there would appear to be no alternative to providing persons who are unable to find employment with an adequate level of income support. This could involve some relatively modest increases in expenditure in some cases (but) there appears to be a degree of consensus that rates of pensions and benefits are generally too low' (Cox, 1984:25/30-31).

Is, in Australia too, the competition between pensioners and unemployed to improve their own benefit level, becoming more and more relevant?

It seems to me that the competition within the system, the limits on the system, and the relationship between social policy and consensus are also becoming very interesting issues in this country. The policy formulation process, as is well known, is both a techno-methological and a political activity. There are many system constraints on policy formulation: cultural/ideological, political/structural and operational (Graycar, 1979:142).

The 'Italian story' stresses the importance of cultural/ideological as well as operational restraints. A typical example is the National Health System Act (1978). According to this reform, a complete decentralisation of services, with a very large democratic participation in the boards of new 'local health units', medicine more and more focused on illness prevention and therefore on analysis of the social environment, work situation and normal current life conditions, a strong integration between social and medical aspects in the treatment of disease, should have characterised the new Health System, which should provide most forms of medical care free (or almost free) to anyone who needs it. Indeed, none of these qualitative changes has really taken place and the main change in recent years has been a substantial increase in the public outlays for health care.

Democratic participation has become a further allocation of political resources (power) among the main political forces; the medical associations opposed the introduction of innovative inputs in the public health system (faculties of Medicine, hospitals, local health units); there is a growing user-dissatisfaction, because the reform has increased the degree of bureaucratisation.

The lack of a participatory culture and an adequate social 'voice' independent of the political system we discussed previously, the absence of important changes in the political arena in recent years and the strength of the interest groups involved in health care, all help us to understand the failure of many important aims of this reform, which was, in the 1970s, the most significant attempt to modify some basic characteristics of the Italian Welfare System.

The same cultural/ideological constraints were probably at work with the

Whitlam Government in Australia. 'It was suggested, for example, that the Whitlam Government tried to go too far too fast for the bulk of the Australian population in terms of cultural/ideological values' (Graycar, 1979:144). The importance of these system constraints seems to give particular emphasis to the opinion that in the Australian welfare arena the only possible avenue for major change, given actual political structural factors, 'is through forms of community participation and citizen control' (Graycar, 1981:516).

The Italian evidence also stresses the importance of administrative procedures and institutional arrangements in the implementation of welfare policies. If we take into consideration again Italian health care, as a clear example, we can describe the following mechanism: the central government provides, by law, every year, public funds to the regional governments; the regional governments allot these sums of money to the local health units according to 'objective' criteria and the local health units utilise the resources for health services. Regularly these last have to face cost overruns; in that case the regional governments ask and obtain from the central government supplementary funds in order to finance the deficits. This particular arrangement makes clear that there is not any possibility of planning or controlling public social expenditures for Health Care. To put regional governments at the risk of cost overruns, giving them at the same time the possibility of raising the necessary revenue by taxation, would be the only rational measure; politically, on the contrary, to leave the entire financial responsibility to the central government (which is far from local constituencies) is much more convenient.

In Australian health care, the situation seems completely different and the institutional arrangements guarantee that 'if there is collective will to restrain outlays, they provide a practical framework for doing so ... Australia already has in place the institutional arrangements for making decisions about how fast or how slowly health expenditures should be permitted to rise' (Aaron, 1984:46). The question, however, is still important: to put it in more general terms, we can say that, in order to control the costs of services, it is essential to look very carefully at the institutional arrangements between who really manages the public services and who is responsible for the financing of the services.

From the Italian debate, even if later than in other countries, it is possible to derive in the recent years a change of mind by some leftist

scholars with regard to the meaning of universality in the welfare field. Universality seems more and more reduced to Titmuss' 'infrastructure of universalist services' and selective policies towards the poor appear the best complementary way in order to diminish the inequality.

How to combine, in the Italian context, universal purposes to achieve an infrastructure of universalist services with positive discrimination and selectivity in policies to reach those whose needs are greatest? This is a very difficult question to answer. We know that the strategy of promoting equality through public expenditure on social services has failed (at least in some Western societies) and that, if we desire to achieve greater equality, the most effective strategy is probably still to reduce economic inequality through a redistribution of money income (Le Grand, 1982).

Nevertheless, to achieve universalist-oriented programs in the public provision of social services still remains a very important aim in the Italian Welfare System: first of all, it seems necessary to reorganise health care and the personal social services, changing the institutional arrangements (decentralisation, democratic participation in decision making and management control, different relationship between public services, managers and those responsible for the financing of the services) and promoting a radical cultural change in the rationale of the services; secondly, we need an active manpower policy (it would be the first time); finally, it is extremely important to modify free compulsory education as well as the high school. Moreover, it appears necessary to channel more resources into many social security programs (particularly pensions and unemployment benefits), reducing, at the same time, the complexity, the degree of discrimination and unequal differentiation of almost all the programs, as well as the inappropriate utilisation of resources (like, for instance, the pensions policy to cope with unemployment and economic underdevelopment).

Only after these kinds of changes have been made in social services, in social security and in the taxation system, will it be possible to evaluate the real dimensions of inequality and to build new policies to deal with them. To think about new 'leftist' selective policies today, before those big changes have occurred, is utopian or misleading.

How to put the universality versus selectivity debate in the contemporary Australian scene, when, from one side, the Labor party too 'has retreated

from policies favouring universal programs and appears almost as committed as the present Liberal party to holding down public expenditure and focusing "limited resources on those in greater need" (Allen, 1983:100) and, from the other side, the Hawke Government has recently introduced the Medicare program, Australia's second version of a National Health System, following Medibank, which has a universal coverage and 'forces upper income groups to pay for a larger share of the cost of care than do voluntary agencies' (Aaron, 1984:43).

The political debate and the research probably have to go on, investigating the working of the means-tested programs, the actual dimension and characteristics of poverty, the level of inequality in the distribution of resources, the characteristics of particular major disadvantaged groups and, above all, drawing general attention not only to the public expenditure, but also to the taxation system. Further to the Italian situation, we have evidence that, in Australia as well, any program to reform the social welfare system which neglects tax reform is incomplete (Dixon-Foster, 1980) and very often misleading (Cass, 1982).

It is necessary, in Australia as well as in Italy, to reach a new consciousness of social inequalities. This could be the main aim, in the short and medium term, if we want to win the ideological battle for redistribution of resources and to obtain a real 'infrastructure of universalist services'.

NOTES

1. We use the word 'statutory' in a general sense to mean services provided by central or local government, and not in the narrower sense of something established by Act of Parliament.
2. When we refer in this chapter to Western European countries, we mean France, Belgium, the Netherlands, West Germany, the United Kingdom, Austria, Switzerland, Denmark, Sweden, Norway, Finland and Italy.
3. By 'active manpower policy' is meant an employment policy enacted in a particular country to deal, in a co-ordinated manner, with three different issues: entry into the labour force of new workers, employment conditions of employed people and assistance towards retirement.
4. The Italian education system in the fifties can be roughly described as follows: primary school based on five years of compulsory education (elementary school) and on two alternative after-elementary schools (*Scuola Media or Avviamento*) that run for another three years (only the attendance at *Scuola Media* gives the possibility of further education through the secondary school); secondary or high school, differentiated in many ways, that can run for three, four or five years. Only one type of high school (*Liceo*) provides the opportunity of a completely free choice of faculty at the University level.
5. New primary school runs now for eight years of compulsory education (elementary school + *Scuola Media Unica*).
6. Attendance of a particular type of secondary school is no longer important to the choice of a University faculty: everybody who has obtained a high school Diploma can enroll himself or herself in any faculty he or she likes.
7. 'Earnings Integration Fund' (*Cassa Integrazione Guadagni*) is used when an industry has to reduce temporarily its production: the employer does not fire workers, but puts a certain number of employees in *Cassa Integrazione* for a limited period of time. It means that these employees, during this period, receive about 80 per cent of their previous wage or salary and do not work. A large part of the financing of this system comes from government funds managed by the National Institute for Social Security. 'Distortions' of this mechanism have been very common in Italy, especially during recession periods: to avoid mass unemployment in certain areas or in certain sectors, and for political reasons, government very often accepts maintenance of thousands of workers in *Cassa Integrazione* for years! In this way they do not increase official unemployment figures: these persons are not unemployed because of dismissal, but are workers employed, temporarily in *Cassa Integrazione*!
8. By 'fiscal welfare', according to Titmuss' terminology, we mean 'allowances and benefits transferred through the taxation system'; by 'occupational welfare', 'benefits associated with the remuneration for paid employment' like, for instance, non-monetary fringe benefits. (For these definitions see Keens-Cass, 1983.)
9. By 'irregular employment' is meant a work relationship which does not conform to the law: for example, a work relationship in which the

employer does not pay to the National Institute for Social Security the contributions related to his employees (in this case the employee is not entitled to any pension).

10. Here 'regulatory' and 'redistributive' are indicating two major categories of public policy (the other is 'distributive'), as in Lowi, 1963.
11. It needs to be noted however that the increasing importance of unemployment and sickness benefits from 1971 to 1981 is 'clearly a reflection of the economic recession' (Graycar, 1983:6).

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