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**THE POLITICS OF
MINIMUM INCOME PROTECTION**
**Explaining policy trajectories of regional
minimum income schemes
in Italy and Spain**

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EXECUTIVE SUMMARY

When and why do politicians introduce minimum income reforms? Traditionally, this policy sector has been considered less invested by partisan politics dynamics, in reason of low political resources of would be beneficiaries and low weight on overall welfare budget. Conversely, this work argues that the non-contentiousness of this policy field is result of specific social and political actor preferences and strategies. The emergence of social groups opposing targeted benefits and/or the political activation of additional cleavages – and in particular the religious and the territorial ones – might make this policy field particularly contentious, and partisan dynamics more relevant.

Empirically, this dissertation focuses on two countries known for long time for the weak development of social assistance within their social policy system, and the absence of a minimum income scheme: Italy and Spain. In both countries, at the subnational level have been recently introduced last resort safety nets, departing from their traditional model: why is it so? And why those programs rapidly diffused and gradually consolidated in Spain, while in Italy they constituted very often a very brief experience followed by policy reversal and the return to the traditional model?

Through an in-depth reconstruction of the policy-making process in four regional cases – Castile and León and the Community of Madrid in Spain, Friuli Venezia Giulia and Lazio in Italy – this thesis argues that *political exchange* dynamics between powerful social groups, in particular trade unions and faith-based organizations, and political parties are crucial to have path departure, gradual institutionalization and/or policy reversal. More specifically it is argued that the strategic choices of social groups - the *socio-political demand* – and the key features of the party system – *the supply* – were conducive to different political exchange dynamics, which are ultimately responsible for the different policy trajectories of regional minimum income schemes in Italy and Spain. In Spain trade unions and faith-based organizations support for Mis (*strong demand*) under moderate pluralism led to gradual institutionalization, while in Italy, a weak demand coupled with the activation of the religious cleavage made this policy field *contentious*, with centre left coalitions introducing (often) those programs, and centre-right government displacing them.

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Table of Contents

Chapter 1

Introduction	15
1. Research questions	17
2. Outline of the argument	18
3. Research design, methodology and case selection	20
4. An overview of the work	27

Chapter 2

28

Minimum Income Protection in Italy	28
1 Introduction	28
2. The origins of a weak and fragmented model	30
3 The role of means-tested provisions during the Golden Age	36
4 Italian minimum income protection between path departure and policy reversal (1992-2006)	39
5. The Great Recession and the limited anti-poverty interventions	49
6. The season of regional innovations: regional Mi in Italy	54
7 Italy today: still a fragmented and weak minimum income protection model	62

Chapter 3

Minimum Income Protection in Spain	67
1 Introduction	67
2. Anti-poverty policies in Spain from the origins to democracy	71
3. Transition to democracy and federalization of Mi policy in Spain	79
4. The introduction of regional minimum income schemes (1988 – 1995).	83

5 <i>A lost decade? Regional Mis between policy inertia and limited activation</i>	87
6. <i>Facing the crisis: the expansion of regional minimum income schemes.</i>	90
6. <i>The uncoordinated Spanish Minimum Income Protection Model today</i>	95
Chapter 4	
<i>The political dimension of minimum income schemes</i>	106
1. <i>In search for a theoretical framework</i>	106
2. <i>Functionalist theories and the growing demand for Mis</i>	107
4. <i>Historical institutionalism and residual safety nets</i>	115
5. <i>Partisan politics and beyond: the role of political demand, supply and exchange</i>	118
Chapter 5	
<i>Party system and organized interests in Italy and Spain</i>	141
4.1 <i>The Italian Party System</i>	141
4.3 <i>The Spanish party system</i>	153
4.4 <i>Trade unions and policy concertation in Italy</i>	165
4.5 <i>Trade unions and policy concertation in Spain</i>	176
Chapter 6:	
<i>Regional Minimum Income Schemes in Italy. The cases of Friuli Venezia Giulia and Lazio.</i>	186
1 <i>Introduction</i>	186
2. <i>The national debate and reform proposals</i>	187
3. <i>Minimum Income Protection in Friuli Venezia Giulia</i>	192
4 <i>Minimum income protection in Lazio</i>	229

Chapter 7:

Regional Minimum Income Schemes in Spain. The cases of the Community of Madrid and Castile and León. 258

1. *Introduction* 258
2. *The Eighties and the multi-level politics of Mip in Spain.* 260
3. *Regional Mis in Spain: the case of the Community of Madrid* 265
4. *“Politica consensuada”: minimum income schemes in Castile y León* 305

Chapter 8

Explaining policy trajectories of regional Mis in Italy and Spain 334

1. *Introduction* 334
2. *Explaining Path Departure: the key role of political exchange dynamics* 335
3. *Policy reversal versus gradual institutionalization of regional Mis: why is Spain different?* 348

Conclusions 365

Bibliography 370

List of Figures

Figure 1 Social expenditure by function Italy vs Eu28, 2012.....	29
Figure 2 National funds for social assistance in Italy, 2006-2012 (millions of €)	50
Figure 3 Social spending on social assistance, 1995-2012, selected countries	63
Figure 4 Social spending, 2008 – 2013, Spain and selected Eu countries.....	68
Figure 5 Social expenditure by function in 2012, Spain and EU27.....	69
Figure 6 Expenditure and household beneficiaries of Mis in Spain, selected years.	93
Figure 7 Spending for regional Mis, selected years, ordinary financing CAs	94
Figure 8 Regional per capita spending on social services (Lira) in Italy in 1994.....	194
Figure 9 GDP pro capita in the Spanish ACs 1980,1990, 2000 (thousands of dollars).	265
Figure 10 Evolution of requests for the Minimum Insertion Income, 2004 - 2013	298
Figure 11 Mii accepted, denied or awaiting evaluation applications, 2004 – 2014.	300
Figure 12 Unemployment rate in Madrid, Castile and León and Spain, 2007 - 2014	330
Figure 13 CGI selection procedures in Castile and León, 2010 - 2013.....	332
Figure 14 Severe Poverty Rate, 2005 – 2014, selected countries.....	350
Figure 15 Material Deprivation Rate during the Great Recession, Italy, Spain, EU 27	351
Figure 16 Regional spending and revenues in Italy and Spain, Mln. of Euro, 2006 - 2012	353

List of Tables

Tab 1 Spending pro capita in Lira on social assistance, 1880, private and public entities ...	31
Tab. 2 General overview of regional minimum income schemes in Italy.....	59
Tab. 3 Government composition and the evolution of regional Mis in Italy.....	60
Tab. 4 Social protection expenditure by function in Italy, 2010.....	63
Tab. 5 Coverage rate of Mis vs Material Deprivation Rate, selected countries.....	96
Tab. 6 Generosity of regional Mis in Spain, 2014.....	99
Tab. 7 Expenditure and coverage rate of regional Mis in Spain, selected years.....	98
Tab. 8 Generosity, Coverage and Expenditure per capita of regional Mis.....	100
Tab. 9 Political exchange dynamics and minimum income protection	137
Tab. 10 Friuli Venezia Giulia, revenues and expenditures, 2003 – 2012.....	220
Tab. 11: Selection procedure in Lazio	246
Tab. 12: Electoral Results in the Community of Madrid, Years 1983, 1987, 1991.....	265
Tab. 13: Evolution of Imi beneficiaries and extreme poverty 1992 – 1999.....	275
Tab. 14 Election results in the Community of Madrid, 1995, 1999, 2003.	281
Tab. 15 Access Requirements: Imi vs Rmi.....	289
Tab. 16 Budgetary provision and expenditure for the Rmi, 2004 – 2013.....	294
Tab. 17 Mis Generosity: Community of Madrid vs Spain Average, 2004 – 2013.....	298
Tab. 18: Evolution of electoral results in Castile and León, 1983, 1987 ,1991.....	305
Tab. 19: Election results in Castille and León, year 1995, 1999, 2003.....	313
Tab. 20: Evolution of the IMI in Castile and León, selected years... ..	316

Tab. 21 Regional Spending on anti-povety services in CyL, 1998 -2006.....	317
Tab. 22: Mis in Castile and León.....	325
Tab. 23: Policy trajectory of Mis in CyL, 2007 – 2013.....	327
Tab. 24. Evolution of Material Deprivation Rate, Spain, Madrid and CyL, 2008 – 2013....	329
Tab 25. Path departure in Spain.....	340
Tab 26: Government composition and the evolution of regional MIS in Italy.....	350

List of Interviews

SPAIN

Castile and León (CYL)

CYL DSS - Director Department of Social Services – May 20th 2014, Valladolid.

CYL SPD – Social Policy Department – April 8th 2014, Valladolid

CYL SW – Social Worker Municipality of Palencia – April 8th 2014, Valladolid.

CYL UGT - UGT Castile and León – April 21st 2014, Valladolid

CYL CCOO - CC.OO. Castile and León – May 20th 2014, Valladolid

CYL PP - Political Actor, Partido Popular Castile and León – May 19th 2014, Valladolid

CYL PSOE - Political Actor, Partido Socialista Obrero Español CYL – May 12 2014, Valladolid

CYL IU – Political Actor Izquierda Unida – June 4th 2014, Valladolid

CYL EAPN – EAPN Castile and León – July 9th 2014, (skype online interview)

Community of Madrid (MDR)

MDR DSS – Head of Social Services Department (1988 – 2003) – April 28th, 2014, Madrid.

MDR DSS2 – Head of Social Inclusion Department (2002 – 2013) – May 30th, 2014, Madrid

MDR DSS3 – Head of Active Inclusion Department – May 26th, 2014, Madrid

MDR EXP – Pr. Aguilar, Member of the Team of Experts (1990/2001) – June 6th 2014, Oviedo

MDR SW – Social Worker Community of Madrid – May, 16th 2015, Madrid

MDR CCOO - CC.OO. Community of Madrid – May, 29th, 2014, Madrid

MDR UGT – UGT Community of Madrid – May, 28th, 2014, Madrid

MDR IU – Political Actor Izquierda Unida – May, 27th 2014, Madrid

MDR EAPN – EAPN Madrid – May 16th, 2014, Madrid

SP CRT – Director Foundation FOESSA Caritas Spain (1983 - 2011) – May, 26th, 2014, Madrid

SP UGT – UGT Spain Social Services Department – May, 22nd, 2014, Madrid

SP SPM - General Director Ministry of Labour, Social Security and Welfare (1983 – 1990) – June, 1st 2014, Madrid

ITALY

Friuli Venezia Giulia (FVG)

FVG DSP – Head of Social Policy Department - November, 18th, 2013, Trieste.

FVG ROT - General Director of Trieste Healthcare Authority – November, 20th 2013, Trieste

FVG LPC – Labour Policy Councillor (2003 – 2008) – November, 21st, 2013, Trieste

FVG SAC – Social Policy Councillor (2003 – 2008) – November, 19th 2013, Mortegliano (Tr)

FVG GVR – Governor of FVG (2003 – 2008) – November, 26th 2013, Milan

FVG GRN – Green Party Council Member (2003 – 2008) – November, 21st, 2013, Trieste

FVG CISL – CISL Friuli Venezia Giulia – November, 20th, 2013, Pordenone

FVG CGIL – CGIL Friuli Venezia Giulia – November, 22nd 2013, Trieste

FVG CGIL2 – CGIL Friuli Venezia Giulia – November, 27th 2013, (telephone)

FVG PD – Political Actor, Democratic Party – November, 19th 2013, Trieste

FVG DS – Political Actor, DS – November, 27th, 2013, Trieste

FVG ORW – Pr. Fumagalli (Director OR-WIN 2003 – 2008) – November, 12th, 2013, Milano

CRS FVG – Caritas FVG – November, 23rd, 2013, Trieste

FVG DLP – Labour Policy Department, 18th November 2013

FVG SW – Pordenone Social Services – 23rd November 2013, Pordenone

Lazio (LZ)

LZ CGIL - CGIL Lazio –February, 7th, Rome.

LZ CISL - CISL Lazio – January, 23rd, Rome.

LZ FI - Forza Italia Council Member (2005 – 2010) – January, 17th, 2014, Rome.

LZ LPC - Labour Policy Councillor (2005 – 2009) – January, 14th, 2014, Rome.

LZ LPD – Labour Policy Department, Province of Rome – January, 22nd, 2014, Rome.

LZ BIN - Head of Guaranteed Income Studies, Lazio Region – 22nd January 2014, Rome.

LZ SPD – Social Policy Department – January, 16th, 2014.

LZ LSC - President of Labour and Social Policy Commission (2005 – 2009) – 21st January 2014.

Chapter 1

Introduction

When and why do politicians introduce minimum income reforms? Comparative welfare state research does not give a proper answer to this question. While the new social risk literature has extensively proved that in post-industrial society needs based social programs have become a central social protection institution to protect citizens facing some rather general life-course and labour market risks, the political dimension of minimum income protection has received substantial less attention and remained largely under-theorised (cf. Clegg, 2014).

Yet we should be cautious in applying mechanically theoretical frameworks introduced with reference to core social policy area, such as pensions or health care. Those sectors do not rest exclusively on a vertical redistribution of resources from the better-off to those at the bottom of the income scale, minimum income schemes (Mis) do: they are universal yet selective anti-poverty safety nets, financed through taxation, provided automatically to citizens in condition of need following a right based approach (Bahle et al., 2011; Marx and Nelson, 2012). Therefore, Mis provide political actors with a specific set of incentives, which are different from broader programs inspired by different operational logic such as social insurance or universal programs. Their selective nature – combined with socio-demographic characteristics that make recipients propensity to vote significantly lower than average - decreases significantly the electoral incentives to introduce these programs compared with more comprehensive social protection measures (Madama and Jessoula, 2015). Differentiating further this policy sector, beneficiaries' social heterogeneity severely restricts their possibility to mobilize efficiently (Bonoli, 2005).

Relatedly, it is difficult to interpret the political dimension of needs based social policy through the lenses of the traditional partisan politics literature. Left parties might promote safety net facing the harsh opposition of conservative parties whose constituencies bear the burden of financing those policies without expecting to ever receiving those transfers. At the same time, social democratic parties may well obstacle, rather than promote, the

expansion of means-tested benefits because they might be interpreted as an abandonment of the traditional goals of full employment and decent wages as the main road out of poverty (Rosanvallon, 1995). Conversely, right wing parties might support Mis as being the least expensive type of social intervention, while the contractual nature of those policies promises to reduce welfare dependency and consequently lower the cost of the welfare state for taxpayers. This scenario is particularly realistic in the age of austerity (Schafer and Streek, 2014), in which powerful social groups compete for a declining amount of public resources, so that left parties might obstruct the expansion of means-tested benefits in order to defend the acquired rights of their stronger constituencies, the core workers (Rueda, 2007). Conversely, for right parties reinforcing last resort net could be a political alibi for the dismantlement of higher-tier social protections schemes (cfr. Clegg, 2014).

Furthermore, political cleavages other than the labour capital might be particularly relevant in the field of minimum income protection (Jessoula et al., 2014). The political activation of the religious cleavage through conservative parties of religious defense, which have a strong commitment to traditional families' values and to the principle of subsidiarity (Van Kersbergen, 1995), might prevent public intervention and defend the role of primary networks of solidarities. The political activation of the territorial cleavage might hinder the viability of national based anti-poverty schemes, especially in countries characterised by wide territorial differentiation, as the development of a national scheme would result in a significant transfer of resources from rich to poor regions (Jessoula et al.; 2014, Saraceno, 2006). At the same time, in the subnational political arena, activism in the social policy realm might prove useful for "competitive region building" purpose, since social policy are powerful instrument in order to demarcate geographical spaces and to stabilize new form of political organization (Banting, 1995, cfr. Ferrera, 2005).

Finally, the presence of more parties on the right and on the left side of the political spectrum, might increase the competitiveness of the political system, thus inducing them to propose and/or oppose social safety net strategically, significantly affecting policy trajectories.

Therefore, patterns of conflict and consensus on Mis can be extremely various. Last resort safety nets might constitute the loci of an overlapping consensus between traditional left and right wing political parties (Clegg, 2014; cfr. Madama and Jessoula, 2015). On the other hand, Mis might also prompt conflicts not exclusively along the traditional left right dimension, but also within the two traditional political camps (Bonoli, 2013).

This theoretical issue, our lack of knowledge concerning the *politics* of minimum income schemes, constitute the starting point of this dissertation. When and how reforms in this policy sectors are undertaken? What are the main drivers and filters in this policy sector, which has been for long considered less influenced by political competition dynamics, in reason of low political resources of the would be beneficiaries and limited weight on overall welfare budgets?

1. Research questions

Those questions are both theory and empirically driven. Indeed, interest in these questions also arises from the difficulty in understanding recent developments in anti-poverty policy in the Mediterranean countries. Traditionally, social assistance has been the weakest front of achievement of Southern European welfare states (Ferrera, 1996; 2005). At the end of the 1980s, Greece, Italy, Portugal and Spain were the only countries in the “old” Europe where a fully-fledged minimum income scheme was entirely lacking. In the last twenty years, countries in this cluster have witnessed major changes in this policy field (Lalioti, 2016; Jessoula, Matsaganis and Natili, 2015). Specifically, since the beginning of the new century, Portugal has introduced a national Mis. In Italy, the introduction of a national safety net has been frequently on the political agenda, but even though an experimentation was introduced in 1998 – i.e. Minimum Insertion Income (Mii) - it was lately displaced at the beginning of the new century (Sacchi and Bastagli, 2005). In Spain a national scheme was never established, and in Greece until today no major reform passed in this policy field.

At the same time, in Italy and Spain spatial policy rescaling processes have collided with the dynamics of welfare change, leading sub national units to assume increasing importance in this policy field. In Spain, all regions have introduced Mis to the point that they currently cover the whole national territory and may be regarded as almost universal,

despite significant variation in organization, funding, benefit level and programme design (Arriba and Moreno, 2005, Guillén, 2010, Rodríguez Cabrero, 2009). In Italy we observe an inconsistent and somehow contradictory evolution of minimum income protection at the regional level, with a number of regions having introduced Mis, and most of them having subsequently displaced them.

In light of these developments, our original question can be better specified, since two different yet intertwined puzzles emerge. Firstly, the introduction of regional Mis in Italy and Spain - similarly to the introduction of a national scheme in Portugal - constitutes a significant deviation from the original model of protection of Southern European countries, and thus calls for an explanation. Secondly, why in Spain we observe a gradual institutionalization of the regional Mis, whereas in Italy those measures knew only a limited diffusion, and were often subsequently displaced?

2. Outline of the argument

My two central research questions are the following:

- 1- how do we explain path-departure, i.e. the introduction of minimum income schemes in the age of austerity, characterized by strong competition among social groups for a declining amount of public resources?
- 2- What factors explain the policy trajectory of needs-based social policies, once introduced?

The analytical framework applied in this research assumes that policy changes are by-products of political competition (Schumpeter, 1942). In particular, we stress that political exchange dynamics between political actors - looking for support - and social groups - interested in policies that guarantee them power and resources - are crucial for social policy development (Ferrera, 2005; Stoppino, 2001), especially in the minimum income protection area, given the low electoral and political resources of would be beneficiaries.

The *political demand* for minimum income protection might differ considerably in distinct national - but also supranational and local - political arena. The limited mobilization potential of would be beneficiaries - not to mention their low electoral relevance - limit their ability to organize and pressure political parties efficiently. However, the role of

social actors in the social assistance policy-making cannot be limited to group constituted by would be beneficiaries. In fact, relevant groups – in particular trade unions, faith-based organizations, third sector organizations and social movements – might support residual safety nets in order to broaden their constituencies and/or to increase their organizational resources. At the same time, those actors might have good reasons to oppose residual safety nets (Hien, 2014; Rueda, 2007). Depending on the strategic choices of interest groups the socio-political demand might be *strong*, *weak*, or only *latent*. The presence and the key features of the demand is a matter that has to be verified empirically rather than presumed theoretically.

As for the *supply side*, we stressed that political preferences - especially in this policy field - are more diversified than outlined by traditional party politics literature, and therefore it would be too simplistic to assume left parties' efforts to promote minimum income protection and opposition by conservatives. To understand the political dynamics specific to this policy field, we propose to distinguish between *moderate* and *fragmented pluralism*. The former is characterized by the presence of only one political cleavage and limited relevance of within pole competition (Sartori, 1976). Conversely *fragmented pluralism*, which can be considered as a sort of heir of polarised pluralism (Sartori, 1976; 1982) in absence of anti-system party¹, allows the emergence of additional cleavages, competition within the right and the left pole, and might be also characterized by the prevalence of centrifugal over centripetal drives.

Against such backdrop, we contend that even though policy changes are moulded by a set of intervening factors (Mahoney, 2000), that make impossible to pre-determine mechanically the outcome of a policy making process, it appears possible to identify some plausible mechanisms – to be tested empirically – that might lead to the introduction and or expansion of Mis, or rather hinder its development, in the age of austerity.

Three hypotheses emerge as particularly relevant. Firstly, the presence of a *socio-political demand* – be it strong or weak – is a necessary condition to have path departure and/or institutionalization, given the low electoral relevance of would-be beneficiaries. Secondly, the presence of a *strong demand* and *moderate pluralism* is very likely to bring path-

¹ Fragmented pluralism is therefore characterised by high fragmentation, a number of relevant parties above five, similarly to the polarised pluralism typology (Sartori, 1976).

departure and/or institutionalization, according to a *non-contentious competitive credit claiming logic*. Finally, the presence of a *weak demand* and *fragmented pluralism* should lead to path-departure / institutionalization or inertia / policy reversal depending on the government colour, following a *contentious credit claiming logic*.

3. Research design, methodology and case selection

In order to test those hypotheses, this work combines a cross-case comparison and within-case observations, i.e. a broad comparative historical analysis of both Italy and Spain and a detailed process-oriented analysis of selected regional cases in the two Mediterranean countries.

The choice of these two countries is based on a most similar systems research design. This strategy requires holding constant systemic characteristics while maximizing the variance of the specific factors that are considered relevant to explain the observed outcome (Lijphart, 1975, Przeworki and Teune, 1970). Italy and Spain are in fact relatively similar in many aspects that other theories use as explicatory factors: political history, socio-economic conditions, labour market structure, welfare state model and institutional configuration of the social assistance system.

Italy and Spain, together with Portugal and Greece, are very frequently associated in the welfare state literature for reasons that go well beyond geographical proximity. The cultural and political influence of the Catholic Church shaped both countries' history, and continues nowadays to have a significant impact on Italian and Spanish societies as well as on everyday political life. Although there are signs that some of the "collective impulses" reflecting axiological and cultural dynamics are indeed separating Italy and Spain (Moreno and Mari-Klose, 2013), it is undeniable that the cultural bond between the two countries remains strong.

In addition, both countries had a more or less recent experience of an authoritarian right wing regime: Spain from 1936 until 1975, and Italy from 1922 until 1943. Surely, despite the differences in the nature of the two regimes, in both countries dictatorship experiences have contributed to the construction of a corporatist system of social insurance and to the

very weak development of the social assistance sector. Both regimes have also intentionally promoted a family model based on a clear gender division of roles that will have long-lasting consequences for the life of both countries, as it will be frequently underlined throughout this work. According to Ferrera (1996), the authoritarian legacy has also undermined state capacity in Southern European countries, causing a low level of institutional autonomy of the administrative system with respect to the political system.

The presence of an authoritarian regime is also associated with a phase of autarkic economy that contributed to the delayed process of economic modernization. In terms of economic models, in both countries full-scale industrialisation occurred later than in most of the other advanced economies. Back in the Fifties Italy and Spain were still predominantly based on the agricultural sector and self-employment, and the size of the informal and irregular market was comparable to that of a pre-modern economy, especially in some geographical areas. Territorial imbalances were present in both countries, with some pockets characterized by a remarkable industrial development. Despite this slow start, nowadays Italy and Spain are among the fifteen most economically developed countries in the world, and actually compete to be the fourth largest economies in the European Union.

The tumultuous and compressed process of industrialization and economic growth of the Sixties – more accentuated in Italy than in Spain – contributed to the creation of production systems particularly fragmented and characterized by a strong divide between the large and the prevailing small-medium firms, the public and the private companies, and the most dynamic and the economically backwards part of the countries (Molina and Rhodes, 2007), at least when compared with Continental and Nordic countries. Full employment has never really been achieved in neither country, and a sizeable part of the population has traditionally been either inactive or irregularly employed. In 1993, Spain and Italy had a comparatively low total activity rate – respectively 51,3% and 56% in 1993, at least ten points lower than France (65.9%), Germany (66,7%), the United Kingdom (70,1%) and Denmark (74%)². Even though the employment rate increased through time – particularly in Spain - the gap with Continental and Northern countries has not been filled over the following twenty years: in 2011 the employment rate was 61,2% in Italy, in Spain 61,6%, in

² When not specified otherwise, data come from Eurostat online database.

France 69,2%, Germany 76,3%, Denmark 75,7% and the United Kingdom 73,6%. Youth and women dramatically low levels of participation in the labour market - a phenomenon that further accentuated in recent years more in Italy than in Spain - contribute to explain this anomaly.

The delayed industrialization combined with territorial differentiations, in addition to an originally restrictive employment regulation - which has been de-regulated over time, especially "at the margin" (Berton, Ricchiardi and Sacchi, 2012; Davidsson, 2011) - created the condition for segmenting the labour market in three different sectors: a) the regular, b) the peripheral and/ or atypical and c) the underground (Ferrera, 1996; Moreno, 2000; Jessoula et al., 2009). Working conditions and job security – not to mention entitlements to social benefit - differ extensively among these sectors.

This development and the segmentation of the labour market are only to a certain extent able to explain another shared feature of the two countries: the particularly high level – in European perspective – of inequality and poverty. In 2013, both countries had a Gini Index above the OECD average, and only Greece, Portugal and United Kingdom in Europe were more unequal (OECD Online database). On average, in the last two decades relative poverty has been respectively 23% (SP) and 18,7% (IT), both higher than the EU 15 average. High inequality is combined, especially in very recent times, with widespread extreme poverty. The severe poverty rate, an index constructed through setting the poverty line threshold at 40% of median equivalised income, was in 1995 equal to 8% in both countries - against a EU 15 average of 6% - twice as high as France and the United Kingdom. These differences slightly declined until the Great Recession, but are now back to be quite consistent: in 2014, the severe poverty rate was equal to 8.7% in Italy and 10.6% in Spain, against a EU 28 average of 6.3%. Data definitely show a common trend affecting both countries in the last twenty years: a relevant share of the population suffers economic distress, and the social protection system is unable to provide for increasing social needs.

In terms of the welfare model, the comparative welfare state literature tends to include Italy and Spain in the same welfare regime. In the Nineties a wide debate existed among scholars on whether those countries were some sort of "late-comers" within the conservative-corporatist regime (Esping-Andersen, 1990; 1999) or if they constituted,

together with Greece and Portugal, a distinct type of welfare regime (Ferrera, 1996; Moreno and Sarasa, 1996; Rhodes, 1997). Even if most scholars nowadays have recognised the existence of a Southern European model, controversies persist on the defining traits of this regime (Ferrera, 2010; Gal, 2010; Guillén and Leon, 2012). Most agree on a set of distinctive features: the relevance of familism; the presence of a generational bias; the existence of a highly fragmented income maintenance system characterized by peaks of generosity and coverage gaps; universalism in the health care sector; the very weak development of the social assistance sector. Still, the question on whether these countries are also characterized by an inefficient public administration and diffused clientelistic practices divides Southern European scholars.

Despite the intellectual relevance of this discussion, the fact that Italy and Spain have a relatively similar social assistance model is the crucial trait in order to minimize the within case variance, meaning that political actors moved in a set of very similar constraints and opportunities. Scholars agree that, at the end of the Eighties, this policy field constituted the weakest area of the social protection architecture and it presented very similar comparative peculiarities in both countries (Eardley et al., 1996; Gough, 1996; Bonoli, 1997; Ferrera et al., 2005). As it is widely explained in Chapter 1 and Chapter 2, social assistance models in Italy and Spain at the end of the Eighties were characterized by fragmentation and absence of a framework law providing coherence to the system; limited and territorially differentiated development of social services; the absence of a fully-fledged minimum income scheme for the entire working age population. Anti-poverty safety nets existed exclusively at the local level, provided on a discretionary basis and with great territorial differentiation, and confined to those cases where the extended family – the primary network of solidarity - was not able to fulfil its role as a social safety net. In both countries the family played a fundamental subsidiary role as a social “shock absorber” (Naldini, 2002). Women’s responsibility of guaranteeing care for the weaker members of society – children, dependent adults and the elderly – combined with their growing participation in the labour market even led some scholars to talk about the “Mediterranean superwoman” (Moreno, 2004). Other similarities between the two models include the frequently recognized dominant role of catholic organizations and the Church in

providing social assistance (Ascoli and Pavolini, 1999; Guillén, 2010; Moreno, 2000; Naldini, 2002).

Also, the institutional architecture of the social assistance sector presented similar peculiarities. Over the last 35 years Spain and Italy went from being unitary, centralized countries to becoming highly decentralized ones in which sub-national units play an essential role in the provision of public services and take up a significant share of public revenues (Del Pino and Pavolini, 2015). Despite differences in timing and in the political nature of this decentralization processes, when regional safety nets were introduced the allocation of social policy responsibilities across levels shared many common features. The bulk of social insurance provisions, including the pension system and unemployment benefits, rested strongly in the hands of the central government. Conversely, social policies with a strong component of service provision, such as health care, active labour market and social services, were largely in the hands of the sub-national units. As for minimum income protection, in both countries the national level neither established a legislative framework, nor it introduced specific funds devoted to the creation of a regional system, thus leaving open to the regions the possibility to legislate in the field.

Spain and Italy are similar in many regards but they also exhibit interesting variations on the key variables addressed by this study: party system and interest group – state relationship (see Chapter 4). The Italian party system, despite frequent transformations, was characterized in the period under consideration by fragmentation and centrifugal drives, whereas the Spanish party system featured a moderate pattern of competition and a level of fragmentation among the lowest in Europe. As for concertation, in the last twenty years a divided trade unions movement and confrontational relationship with the government characterized Italy, but not Spain.

However, the comparative design is complicated by within case variation: in both countries innovative anti-poverty measures were introduced at the regional level, and with great territorial variation. Therefore, a broad comparative historical analysis of Italy and Spain is supported by a detailed process-oriented analysis of four selected regional cases. This case study approach entails the selection of few cases over a larger population of cases.

The regional selected cases are Friuli Venezia Giulia and Lazio in Italy, and Castile and León and the Community of Madrid. Case selection is driven by an appreciation of their relevance for the specific set of hypotheses previously introduced (George and Bennet, 2005). Three criteria drove the selection choice. Firstly, the research focuses in particular on positive cases where the phenomenon – in this case, path-departure and the introduction of regional minimum income schemes – is present. This strategy, often criticized by quantitative scholars as selecting on the dependent variable, is conversely a quite common and legitimate research strategy in case oriented research (Della Porta, 2008; Mahoney and Goertz, 2006). This criterion was not very restrictive in Spain, where all the CAs had introduced a regional safety net. For Italy, since only few regions introduced a Mis - Basilicata, Campania, Friuli Venezia Giulia, Puglia, Sardegna, Trentino Alto Adige and Valle d’Aosta (see Chapter 1) – case selection was restricted among these few regions.

Secondly, cases are chosen in order to maintain the variance as limited as possible; i.e. case selection was driven by the effort to delineate the “typical” Italian and Spanish regional cases, mirroring the similarities and differences outlined above with respect to the national level. For this reason, cases characterized by stronger regional cleavages and therefore specific patterns of political competition dynamics – such as the Basque Country, Navarra, Catalonia, Valle d’Aosta and Trentino Alto Adige – were not considered. For the same reason, regions characterized by a very strong problem pressure, i.e. a relative poverty well above national average, were not analysed in depth.

Finally, this work is particularly interested in the different role played by right wing parties in the anti-poverty field in Italy and Spain. For those reasons, have been privileged cases where right wing parties were in power at a crucial moment, such as that of the introduction, institutionalization or conversely the abrogation of regional Mis. For this reason, Friuli Venezia Giulia, Lazio, Castile and León and the Community of Madrid were considered the best possible choices: they are all regions where regional safety nets were introduced, with poverty rates below or in line with national average, ruled during the period under consideration also by a centre-right party and with regional party systems mirroring the characteristics of the national party systems.

In these four regions, this thesis conducts a detailed process tracing of the policy making process concerning minimum income protection. This method is considered particularly suited to identifying the sequencing of events, the causal chains that link possible causes and observed outcomes in a particular historical context (George and Bennet, 2005; Steinmo, 2008). For this reason, it appears as the best methodological choice in order to test whether the hypothesized mechanisms contribute to explain the policy trajectories of regional minimum income schemes in the selected cases.

Qualitative evidence is drawn from a variety of sources: parliamentary archives, publications, national and local newspapers, and a very broad number of interviews with experts and policy makers. More precisely, beyond the consultation of parliamentary archives in all four different regions and an extensive reading of all the documentation and regional evaluations over Mis, local newspapers have been consulted focusing on the period previous to the adoption of relevant legislation in all four regional cases. In the four regions were conducted forty-four interviews with government, key experts, parties and trade unions representatives. Furthermore, for the Italian case I took part in fifteen interviews realized under the supervision of Pr. Madama in the framework of the European Project Combating Poverty in Europe to national political actors and stakeholders (Madama et al., 2013), which have deepened my knowledge of the national dynamics in this specific field. As for the Spanish case, Profesor Ana Arriba was kind enough to allow me to consult her extraordinary archive of interviews realized for her Ph.D. thesis (Arriba, 1999) and for subsequent projects.

Qualitative analysis has many strengths, but it is unable to adequately assess the external validity of a theory. Therefore, the aim of this research is not to provide a grand theory able to explain the introduction and the institutionalization (or *vice versa*, policy reversal) of minimum income schemes across space and time. Its main purpose is to to explain policy trajectories of regional minimum income schemes in Lazio, Friuli Venezia Giulia, Castile and Leon and in the Community of Madrid. This allows us to formulate hypotheses on the politics of minimum income protection in Italy and Spain that might contribute to the overall debate over the politics of needs-based policy in the age of austerity. However, we are well aware that the wider relevance of the generalizations made should be controlled through further research.

4. An overview of the work

In order to answer the two major questions outlined above, the remainder of the dissertation is structured as follows. The first part of the thesis provides with an overall description of the key features of the minimum income protection model in Italy and Spain. More precisely, Chapter 2 describes social assistance in Italy since the origins until the present day, underlining the internal fragmentation and comparative weaknesses, with a particular focus on the so called season of *regional innovations* (Lumino and Morlicchio, 2013), i.e. the introduction of innovative anti-poverty programs at the sub-national level. Chapter 3 provides reconstructs the essential features of the Spain social assistance model, from the early days of the Ley General de Beneficiencia (General Law on Charity) in 1822 until the institutionalization of a regional minimum income system. Chapter 4 set the theoretical framework of all the dissertation. After putting into question the explicatory ability of the main theories of social policy reforms for the minimum income protection field, it introduces an innovative analytical framework to interpret the policy evolution of minimum income scheme based on the concept of *political exchange* (Stoppino, 2001). Chapter 5 characterizes the Italian and Spanish political system, underlying the main features of the respective party system and of the system of interest representation. The central part of this dissertation consists of a theoretically grounded empirical analysis of the policy trajectories of regional minimum income schemes in Italy and Spain. Chapter 6 focuses on the Basic Citizenship Income in Friuli Venezia Giulia and on the Guaranteed Minimum Income in Lazio, while Chapter 7 on the regional Mis in Castile and León and in the Community of Madrid. Finally, Chapter 8 presents the main result in a comparative perspective and discusses their implication for welfare state research. The thesis than concludes with a discussion of the political implication of this work, and with the theoretical and empirical issues to be addressed in a future research agenda.

Chapter 2

Minimum Income Protection in Italy

1 Introduction

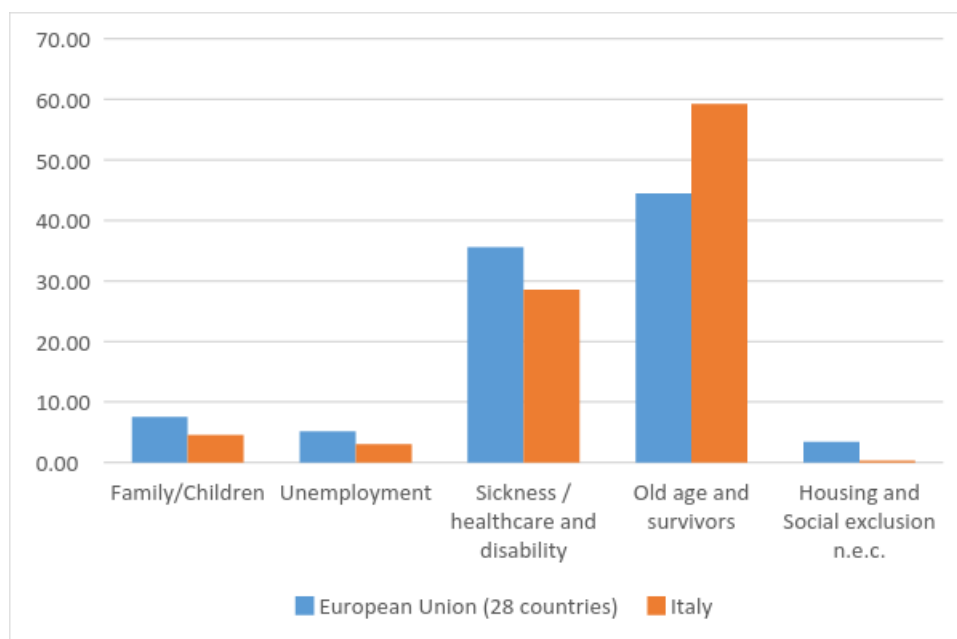
The Italian welfare state combines a hypertrophic occupational pension and unemployment compensation system with a citizenship-based national health insurance, and a very weak state intervention in the field of social assistance, countervailed by the relevance of the family in guaranteeing the wellbeing of its members and by the historically established role of the Catholic Church in the sphere of charity.

Against this background, minimum income protection traditionally had a marginal role. Following the Bismarckian path, the Italian welfare state has been structured in order to protect, mainly on a contributory basis, male breadwinner workers and their families from the typical risks of an industrial society, with implicit reference to a family model based on a sharp gender division of roles. Over time, the Italian welfare state expanded extensively and, with the exception of the health sector that since the Seventies has had universal coverage, mainly along this path. Nowadays, total expenditure as a percentage of GDP does not diverge substantially from other European Countries - in 2012 (29%) it was slightly above the EU 28 average, though inferior compared to France or Denmark. Yet, as figure 1 shows, most social expenditure was absorbed by the function "old age and survivors" (59.2% of the total, against a European average of 44.5%), whereas a limited share is devoted to other risks and functions. Key functions as unemployment, family and children, and poverty and social exclusion are significantly under-financed and limited in their scope.

These data point at the functional distortion that characterises the Italian welfare state. A second distortion characterizing the Italian model – the so-called distributive distortion - concerns the protection gap between "insiders" and "outsiders", who are unemployed (or employed in the informal economy) and thus excluded from the social protection system

(Ferrera, 2006). The enduring absence of a fully-fledged minimum income scheme contributes to fuel both these distortions.

Figure 1 Expenditure by function (%) of total social expenditure, Italy – Eu28, 2012



Source: Eurostat online database

Countervailing the low relevance of the State in the field of minimum income protection and social services, on the basis of the principle of subsidiarity, families carry almost exclusively the burden of caring for their members, and are ultimately responsible for their wellbeing (Esping-Andersen, 1999, Naldini, 2002, Saraceno, 2002). Public intervention is therefore confined to cases in which primary networks of solidarity prove to be unable to respond to those needs, meaning that the extended family "fails" in fulfilling its role as a social safety net.

This chapter provides a general perspective on the Italian minimum income protection system, focusing on the origins and the development of state policies concerning individuals in condition of poverty and social exclusion. Anti-poverty measures are analysed for three distinct historical phases. The main social innovations introduced in Italy from national unification to the end of the fascist regime are analysed in the following paragraphs. As it will be revealed, this take-off period will have enduring consequences on

the fragmented and territorially divided system of social assistance in Italy. The second period analysed covers the so-called Italian First Republic (1948 – 1992), characterized by a decisive growth of social expenditure for contribution-based social insurance measures, especially in the field of pensions, and a much lesser pronounced expansion of targeted benefits for the working age population. The final part of the chapter deals with the evolution of this policy sector in the last two decades (1992 – 2014), a period in which anti-poverty measures gained more salience in the policy debate and some policy innovations were introduced both at the national and at the regional levels. The fourth paragraph focuses on the national level, where we observe an incoherent trajectory made of steps going forth and back, with several innovative programs being introduced as pilot schemes and never becoming fully institutionalized in the Italian welfare architecture (so far). The fifth paragraph delineates similar developments of this policy area at the regional level, where the introduction of the national pilot scheme in 1998 constituted an institutional seed that in some contexts was gathered - albeit with extensive heterogeneity. In many cases, however, regional Mis were short-term experiences rapidly discontinued with the change of colour of the regional government. Finally, in the last paragraph, a general overlook of the Italian income protection model is combined with an assessment of its (low) ability to efficiently protect individuals and families at higher risk of poverty and social exclusion.

2.The origins of a weak and fragmented model

Social assistance has been traditionally a policy sector largely neglected by Italian policy-makers. Counterbalancing the low investment of the State in this sector, from its origins, however, Italy's social assistance system has found support in the extensive network of private charities, particularly those of the Church. In the early XIX century, essentially three forms and channels of assistance to the poor co-existed in the Italian states (as elsewhere in Catholic Europe): municipally funded institutional support; the traditional charity of the *Opere Pie*; and private philanthropies to individuals and families (Stuart Wolf, 2000). The ubiquity and the financial resources of the *Opera Pie* constituted a particular characteristic of the Italian territories compared to elsewhere in Europe,

including the Catholic France and the Catholic German states. Around 1861, it is estimated that there were more than 17,000 opere pie with an annual income equivalent to one sixth of the entire Italian state budget (Gozzini, 2000).

Political unification created no rupture in the charitable system of the former Italian states, strongly characterized by the intangibility of the *opera pie* and dominant role played by the Catholic Church, while the central state maintained a secondary role. Law n. of 1862 limited State control to formal supervision of the economic patrimonies of the opera pie, explicitly renouncing any intention of influencing the uses of this vast care institutions. Private charity remained the centrepiece of the system, peculiar legacy of the historical presence of the Catholic Church in Italy and of the long-standing influence of charity in Italian society: practices and rituals of exchange between gift and deference were particularly important to maintain social balances (Fargion, 1997, Gozzini, 2000). Furthermore, they constitute important sources of power and consent for local elites (Stuart Wolf, 2000).

Alongside these traditional “spontaneous” forms of intervention to mitigate poverty, legislative actions in several Italian cities imposed the prohibition and repression of begging, up to the forced confinement of “the poor and lazy”. In Italy as in the rest of European countries, social assistance policies in XIX century combine a paternalistic approach typical of pre-industrial authoritarian societies with segregating and repressive elements. After all, social assistance was still mostly seen as an instrument of social regulation, aimed at suppressing and preventing cases of deviance rather than answering to solidarity and individual support purposes (cfr. Ferrera and Madama, 2006).

In absence of a strong intervention of the central state, territorial imbalances constituted a defining characteristic of social assistance in Italy in the late XIX century. As shown in Table 1, private charities and Opere Pie were in fact more diffused in some geographical areas than in others. It is estimated that the value of real estate assets of the charitable organizations was 1.126 billion liras in Northern Italy, compared to 341 and 430 respectively in Central and Southern Italy (Fargion, 1997).

Furthermore, most municipal charities were situated in Northern Italy (table 1). The model of local government finance adopted by the new Italian state contributed to maintain

initial territorial heterogeneity intact (Battilani, 2000). While the central State in fact tried to standardize local competences, on the revenue side it opted for fiscal decentralization, requiring municipalities to finance expenditure mainly through tariffs on consumption and land tax (cfr. Battilani, 2000). Lacking any form of (fiscal) equalization scheme between the different regions of the country, the richest areas were therefore able to guarantee greater municipal expenditure, which overlapped the equally relevant territorial differentiation in the services provided by private institutions (Table 1).

Tab. 1 Spending in Lire pro capita on social assistance, 1880, private and public entities

Region	Opere Pie (1880)	Municipalities (1880)	Mutual Aid Funds (1878)	Total
Piemonte	3,49	1,24	0,33	5,06
Liguria	3,25	2,02	0,05	5,32
Lombardia	3,48	2,40	0,14	6,03
Veneto	1,57	2,62	0,08	4,28
Emilia – Romagna	3,17	2,54	0,13	5,84
Toscana	1,83	2,62	0,08	4,28
Marche	1,97	2,32	0,09	4,38
Umbria	2,28	2,19	0,10	4,57
Roma	2,99	2,35	0,05	5,39
Abruzzi e Molise	0,48	0,85	0,01	1,34
Campania	2,69	1,28	0,03	3,99
Puglia	0,93	1,29	0,02	2,24
Basilicata	0,39	1,11	0,00	1,09
Calabria	0,22	1,00	0,01	1,22
Sicilia	1,34	1,11	0,02	2,47
Sardegna	0,57	0,69	0,02	1,29

Source: Battilani, 2000

In the last two decades of the nineteenth century, “the social question” entered the political agenda also in Italy, becoming object of the first concrete legislative actions. In 1883 a National Accident Insurance was introduced, followed in 1898 by old age and disability voluntary insurances, limited exclusively to (low income) employees. As for the social assistance sector, the most important legislative intervention - that will have long lasting effects constituting the reference law for this policy field until the year 2000 - is constituted by Law No. 69772 of 1890, the so-called Crispi law. This law introduced public control and uniform discipline for bodies that provided assistance and charity, attempting to convert the *Opere Pie* in Public institutions of charity (Ipab)³. The Crispi law, however, still guided by paternalism and social control aims, did not change significantly the configuration of the social assistance sector. Firstly, because the State did not assume any financial commitment to play at least a subsidiarity role in this policy sector. In particular, the failure to envisage any form of direct public intervention and the absence of funding equalization mechanism did not allow to solve the problem of territorial differentiation. Secondly, because the innovative part of this legislation were rarely and very slowly implemented, meaning that for the most part it has been translated into a simple outsourcing of social assistance to private charities, and in particular to the Catholic Church (Battilani, 2000). As the Constitutional Court later underlined, the generalized public regime regulating the Church Charities, if read in a historical perspective, served the purpose of “constituting a system of ‘legal charity’ that otherwise would have been wholly lacking” (Sent. no. 396/1988) (cfr. Madama, 2010). Therefore, the Crispi law and the subsequent regulations that followed until the First World War decreed the decentralized aspect of the nascent Italian welfare state, attributing *de facto* to municipalities and private charities competence over social assistance policies, and leaving to the state an exclusively regulative function (Battilani, 2000, Fargion, 1997 Madama, 2010).

The World War highlighted the inadequacy of the Italian social assistance system. Increasing unemployment and a general deterioration of work and life conditions of large sections of the population, as well as a decline in health and hygiene conditions, characterized in fact the war and the immediate post-war period. In this new socio-

³ The new law sought above all to strengthen financial controls, affirm the public liability of directors, and promote the concentration of charitable institutions having similar purposes.

economic context, on one side public intervention was highly insufficient, and on the other Charities and mutual aid associations lacked resources and structures to tackle effectively this emergency situation. In response to these deficiencies, from 1917 onwards we observe the introduction of centralized institutions dedicated to specific categories of needy, such as the National Opera for war invalids (1917) and the National Opera for fighters (1918), prototypes of national social assistance bodies that would arise during the fascist period (cfr. Madama, 2010).

The immediate post war years constitute crucial years for the nascent Italian welfare state. In 1919 compulsory social insurances against the risk of disability, old age and unemployment, were introduced in a context characterized by great social mobilization, but also the extension of the suffrage and proportional representation, which guaranteed the inclusion of the Socialists and the Catholics in the parliamentary arena. For the first time therefore, the creation and extension of social rights in Italy cannot be described as a concession on the part of the élites but rather as a response to bottom up pressures and the outcome of competitive democratic dynamics (Ferrera et al., 2012).

Under the fascist regime (1922–43), social policies acquired greater importance both as a goal and as a vehicle of the regime. Important measures were introduced mainly in the social insurance field, the social policy sector best expressing the corporatist traits of the regime. As for social assistance, the state increased its presence setting up many public institutions while still allowing the Church much room for manoeuvre (cfr. Sacchi, 2005, Fargion, 1997). In 1925 the National Authority for Motherhood and Childhood was established, the most relevant public body in this policy sector, instrumental for the demographic policies, which became one of the great symbols of the rhetoric of the regime. This was soon followed by the establishment of numerous other highly centralized entities, each of them taking care of specific categories of needy.

The economic crisis of 1929 helped create the conditions for the establishment of an additional sphere of action of parastatal nature in the assistance realm, directly sponsored by the National Fascist Party. The EOA (Enti opere Assistenziali, National Charitable Authorities), collateral structures of the Party, become in a few months the organizing centre of a series of measures aimed at tackling the unrestrained unemployment. It

provided subsidies in cash or kind to the unemployed, benefits which were however conditional to holding a special certificate provided by the party and to “be available” to work for semi-free to the construction of houses and sport leisure’s (Fargion, 2012). Official statistics reveal that in 1934 EOA had more than 2.88 million recipients; more than the beneficiaries of the unemployment insurance of the time. As stressed by Fargion (2012), the path taken by the regime allowed to cope with an emergency situation at much lower cost compared to any social insurance scheme, as discretionary and optional measures do not trigger mechanisms of automatic expansion. Furthermore, EOA discretionary benefits allowed exercising a tight control on the welfare state by the Party, and guaranteed the availability of cheap labour in case of specific needs. Finally, in 1937, with l. n. 843, Local Body of Assistance (ECA) were introduced in all municipalities, with general care functions – to help the poor, orphans, abandoned children, the blind and the deaf-mute poor – with a complementary role to the Ipab. The most important aspect of the measure, however, resided in introducing a compulsory surtax to be applied to most state, provincial and municipal taxes: this additional tax in fact represented the first formal obligation to fund public social assistance (Madama, 2012).

In addition to this undeniable quantitative and institutional expansion, fascism impressed therefore to the Italian welfare state some traits that would have deeply influenced its future development. Firstly, the expansion was pursued through a dense layering of different legislation that differed punctiliously entitlements among various occupational groups, even around micro categorical lines, setting the stage for the particularistic and clientelistic welfare state that would have then developed and intensified after the war (Ferrera, 1984, Preti and Venturoli, 2000). Furthermore, it is precisely under fascism that a family model characterized by a clear gender division of roles was established; the limitation of female participation to the labor market and the consequent assumption by women of a domestic function, which allowed to limit male unemployment and to compensate for the deficiencies of the public social services system (Gaeta, 1996).

Summarizing, the analysis of anti-poverty interventions from unification until the Second World War, helps identify some of the characterizing traits of this policy area and the policy legacy confronting the nascent Italian Republic. Firstly, we observe a constant use of the care sector for purposes that have little to do with the solution of social needs (cfr.

Fargion, 1997). The development of this policy sector is deeply affected by the need to maintain a delicate balance with the Catholic Church or even, in an increasingly exasperated (and systematic) way during the fascist regime, to maintain public order and guarantee political consensus. The preservation of discretionary mechanisms to access to benefits and services, however, precludes the system to overcome its original charitable setting (cfr. Fargion, 1997, Negri and Saraceno, 1996). Secondly, at the organizational level, we observe a great pulverization of public and private bodies involved in the field. At the forefront there was the plethora of Ipab, which provided assistance to different groups of patients depending on resources availability. A number of public institutions at the local level flanks these institutions, while the central state maintained a residual role (cfr. Madama, 2012).

3 The role of means-tested provisions during the Golden Age

After the fall of the fascist regime, the Constitution became the new reference point for the structuring of the social policies of the Italian Republic. Over the next thirty years, also due to strong economic growth after the war and the social dividend that generated, there was, in Italy as in the rest of Europe, a progressive development of the welfare state. In Italy, welfare state expansion displayed a clear Bismarkian imprints; benefits were broadly contributions related and differentiated among occupational groups and categories.

In the field of social assistance, art. 38 of the Italian Constitution stated that “every citizen unable to work and without the necessary means to live has the right to maintenance and welfare”. These provisions were at last implemented for the two decades after the end of the Second World War, when social assistance continued to be patchily provided by a plethora of public institutions at the national and local level, flanked by private and Catholic Church-based charities. As for combating poverty, a 1952 law established pension minima and related pension supplements. This is a benefit granted to beneficiaries of an earnings-related pension aimed at topping their pension benefit up to a statutory minimum. It is therefore an hybrid measures, that while subordinating access to contribution requirement, aims to ensure minimal resources to beneficiaries. In the late 1960s the most relevant Italian safety nets were introduced, the social pension (1969) and

the disability pension (1971), targeted respectively to poor elderly and disabled, without sufficient contributions to be entitled to the more generous insurance-based benefits. "Inability" was thus interpreted as a fragment in its own right and decomposed in disability (physical and mental) total or partial, and in old age (for individuals over sixty-five), while the legislators did not introduce a scheme that protected from poverty as such (Pizzolato, 2004).

In order to fully capture the main features of the Italian system of income support, one has to consider the underdevelopment of family benefits too. If social care services have resulted to be very poorly developed, also on the side of cash transfer Italy lagged behind. The main scheme of income support for families (Assegno al nucleo familiare) was in fact informed by a social insurance principle. Introduced during the fascist regime, in the postwar period this policy measure underwent several transformations, but following the same evolutionary lines: extreme diversification of benefits according to different occupational regimes (Fargion, 2012). Moreover, only a marginal importance was attributed to family allowances: in 1980 public expenditure for family policies were about seven times lower than pension expenditures, one of the widest gaps recorded in European countries (Ferrera 1984). Since 1983 family allowances are means tested, representing therefore an intervention for purposes of income support addressed to the weaker sections of the population, while keeping the contribution requirements that since 1988 limited the access to cover only employees or retired former employees. Family allowances were thus not conceived as universalistic, tax-financed benefits related to children burdens, being rather considered as wage supplements, financed through social contributions, for employed, unemployed individuals (just if covered by insurance-based unemployment benefits) and retired dependent workers only⁴.

The national framework to combat poverty and social exclusion appears therefore particularly fragmented in Italy. In the legislation implementing the Constitution have thus multiplied policies that certainly, in some way, protected from poverty, but never as such; the latter resulted in fact always coupled to some other factor (family, age, contributory, physical...) of social disadvantage; for this reason, experts have often spoken of *implicit* policies against poverty (Negri and Saraceno, 1996; Sacchi, 2007). To qualify for

⁴ Only in 1998 also the contract workers will have access to this measure.

minimum income protection benefits, an individual must belong to a “protected” category in the first instance, and then must pass the means-test.

The absence of general, tax financed, non-contributory minimum income scheme was one of the peculiar features of the underdeveloped Italian social assistance regime, which was also characterized by the lack of a national regulatory framework and, as a consequence, by a high territorial variation in terms of benefits, beneficiaries and generosity. Actually, when ordinary regions were set up in 1970, the administrative responsibility for social assistance was decentralised to regions and municipalities, while the State retained responsibilities for insurance-based schemes. It has to be noted, in this policy field, decentralisation was not accompanied by the definition of guiding principles or general standards to be fulfilled by the local and regional levels of government in performing their functions. It was simply established that these principles and standards would have been fixed by a national law (the first since the *legge Crispi* of 1890) that would have set out the framework of regulations for the other levels of government.

However, the national social assistance framework law was approved only many years later (L.328 of 2000), thus leaving regions much room for manoeuvre and a greater autonomy than in other policy sectors. Lacking binding provisions, regional governments - sometimes even the municipalities - have structured their welfare system following different logics, linked to the social demand expressed in the area but also to political sensitivity, institutional capacity and financial constraints.

In this highly fragmented context, in some local contexts, such as in Turin in 1978 in Ancona in 1981, Catania in 1983 and Milan in 1989, the absence of a national minimum income scheme was partially overcome by the provision of non-categorical means-tested benefit known as *minimo vitale*. Territorial heterogeneity was very relevant, and many other large and important municipalities - such as Bari or Rome - had not introduced those policy measures. It has been calculated that in 1990 only 59,9% of Italian municipalities provided economic benefits to (poor) families (Negri and Saraceno, 1996). Lacking a general framework, even in pioneering municipalities schemes varied greatly with respect to eligibility rules, benefit amount and degree of administrative discretion in according the benefit. Moreover, the actual payment of the benefit depended on the availability of

financial resources within local budgets. It could therefore happen that when the economic cycle was particularly negative and therefore the need for financial support increased, municipalities did not have enough resources to guarantee these interventions (Bosi, Ferrera and Saraceno 1997; Kazepov 1996).

The high variability emerged from this framework is clearly shown by regional social expenditure per capita, which in the Nineties varied from 21.000 liras in Calabria to 124.000 in Emilia Romagna. Differences in spending faithfully reflected wide differences in the availability of local schemes of income support and social care services (Cies, 1997), a situation that still characterizes Italy. Moreover, the prolonged absence of a framework law on social assistance has resulted in a sprawl of actors and policies not integrated and neither coordinated, generating an unequal and inefficient social assistance system (cfr. Madama, 2006, p. 260).

Summarising, at the national level counterbalancing the absence of a comprehensive reform of social assistance intervention we observe a progressive proliferation of measures of strictly categorical nature, while public assistance continued to play a marginal role; at regional and local level developed in an uncoordinated fashion, leading to a system of social assistance in which citizens are entitled to benefits that vary considerably and that depend not so much on the situation of need *per se* but, rather, on the place in which the person in need lives (Sacchi and Bastagli, 2005).

4 Italian minimum income protection between path departure and policy reversal (1992 -2006)

4.1 The reforms of the Nineties

As it has been reconstructed in the previous pages, the historical evolution of social assistance policies in Italy until the beginning of the Nineties had originated a sector marked by a series of endogenous problems which undermined both its efficiency and its effectiveness (Madama, 2010). Most notably, public intervention in the field of combating poverty and social exclusion was characterized by the lack of an inclusive and organic minimum income scheme, while local social services were plagued by the lack of resources

and the absence of a legislative framework at national level able to define minimum standards for the whole country (Negri and Saraceno, 1996).

At the national level, the absence of a general framework for combating poverty was partly mitigated by the provision of a number of categorical measures addressed to specific social groups, as Pension Supplements, Social Pension, Invalidity Pension and Family Allowances. In the mid-Nineties more than 80% of the total expenditure for social assistance was absorbed by old age and disability function, reproducing in the social assistance sector the functional distortion that characterized the Italian welfare state as a whole.

The categorical measures existing in Italy showed a further limitation: they were inefficient in terms of vertical redistribution, and not very effective in reducing the poverty risk (Madama, 2012). Those schemes had distributive efficiency below 60%, which meant that more than 40% of the resources spent on each of them went to families that were above the poverty line already before the transfers (Baldini and Toso, 2002). The effectiveness in reducing the poverty rate thus was contained: for example, it is calculated that Invalidity Pension and Social Pension reduced the poverty risk of 0.2 points (Madama, 2012).

Furthermore, in absence of an intervention countervailing poverty as such, and not associated with further categorical requirements, existing measures were very often improperly used. In particular, disability pensions become a sort of functional equivalent of a broader anti-poverty policy and very often also exploited for particularistic and clientelistic exchange (Ferrera, 1984, 1996), increasing among the élites, the bureaucracy and lately also among the population the perceived risk of managing means-tested benefits in Italy.

The severe shortcomings of the allocation of public expenditure on social protection in Italy, and in particular its skewed distribution in favour of the elderly and of the insiders due to work-based eligibility, and its inability to provide an effective safety net for those most in need, for a long time have not even been not considered dysfunctional in Italy (Madama, 2010). Indeed, a wide debate over the imbalances of the Italian welfare states and the underdevelopment of social assistance and family policy emerged indeed in 1996,

when the first centre-left government of the Second Republic led by Romano Prodi made the “recalibration” of the Italian welfare state a political priority.

The following year it nominated a commission of study, the “Onofri Commission” (Commission for the analysis of the macroeconomic compatibilities of social expenditure) - composed by leading Italian scholars of welfare studies such as Maurizio Ferrera – with the ambitious mandate of formulating proposals to reform the Italian welfare state within the twin constraints posed by the early EMU participation and that the level of taxation and social contributions were considered already sufficiently high. Influenced by the inputs coming from the European arena (Jessoula and Alti, 2010) this Commission made a clear diagnosis of the weaknesses of the social assistance sector, and at the same time advanced a series of proposals to overcome them. On the side of failures, the Commission included a notable institutional fragmentation, together with policy overlapping, greater emphasis on monetary transfers at the expenses of in kind services, marked territorial differentiation and the lack of a social safety net for the economically excluded. Turning to remedies, the Commission recommended an increase in expenditure and a rationalisation of interventions, a greater emphasis on services in kind in particular in the areas of long-term care and child care, and the introduction of a minimum income scheme.

As a result of the debate created by the publication of the works of the Commission, a number of innovative measures were adopted in this period. To rationalize the sector were introduced two measures. On the side of expenditure, it was established a National Fund for Social Policy that should have allowed to overcome the ineffective multiple lines of financing that characterized those policies for decades. On the side of selection criteria, it was introduced the Economic Situation Indicator (ISE), a new means-test indicator that in the intention of the legislator should have finally provided for a unique “gate” for those applying to social assistance benefits.

Improving selection criteria for determining eligibility was regarded as a precondition to move towards the innovative principle of *selective universalism*, according to which eligibility to social assistance benefits has to be conditional on *citizenship* and *need* only (Ferrera 2000). In that direction three new means-tested schemes are worth of mention: the allowance to families with more than three children, the maternity allowance for low

income mothers not covered by employment-based benefits, and a special social fund for supporting low income tenants. However, the two most promising innovation of this period were the launch in 1998 of “Minimum insertion income” (Mii) pilot scheme (see next paragraph), and the approval of the social assistance framework law in 2000 (L. 328).

The latter was the first law to provide a regulatory framework to the social assistance sector in a comprehensive manner since the introduction of the Crispi Law on 1890. This law defined a systematic multi-level model of governance, involving the central state – with a regulatory and a supervisory role – regions, and municipalities, and it foresaw a new coordination with the third sector⁵. It also defined the process whereby uniform basic standard of public provision and coverage levels should be granted over the whole national country. Furthermore, the law entailed a remarkable relaunch of social services and the reduction of territorial differences through the establishment of ‘essential level of service’ standardized throughout the country. Among the essential level the Law 328/2000 included the right to a minimum income protection, thus implicitly assuming the extension of the Mii to the whole country. The full realization of the programmatic goal of the framework law would have implied a great investment and a significant expenditure increase in this policy field. At the same time, it would have allowed to overcome most of the historical inefficiencies of this policy sector.

4.2. The experimentation of the Minimum Insertion Income

The Mii, introduced with the Decree Law 237/1998, was designed as a universal and non-categorical measure targeted to people with an income below a pre-defined poverty threshold, and consisted of two elements: a cash transfer and a social integration programme. It was initially introduced as a pilot scheme to be tested for 2 years in a limited number of selected municipalities in some of the most disadvantaged areas of the country. The budgetary law for the year 2000 – the last one of the centre-left government - provided for a two-year extension of the experimentation of the Mii and increased the number of municipalities involved in the pilot project. Successive extensions aimed at

⁵ For further details, see Gori (2004), Kazepov and Genova (2006), Madama (2010).

exhausting available resources, made it possible in some municipalities to implement the pilot Mii until 30 June 2007.

Building on the principle of selective universalism, this measure constituted a path departure from the traditional social assistance model which, as we have seen, was characterized by the presence of mainly categorical benefits. For this reason – in addition to the diffused perception among experts and political élites of the risks of managing means-testing in a “soft state” (cf. Ferrera, 2000) – it is important to examine in depth program design and implementation.

As for program design, the possibility to access was limited to individuals residing in the municipality for at least one year, three years in the case of non-EU immigrants. Benefit amount was equal to the difference between household income and a pre-defined poverty threshold. It was the least generous social policy program in Italy – slightly below the amount of the social pension: in 2000, depending on the family size, it ranged from a minimum of € 268 for a single-member household to a maximum of € 660 for a family of four. Household income was calculated using earnings declarations made for taxation purposes, with a 25% deduction in order to avoid the so-called poverty trap. Furthermore, non-contributory social assistance benefits were not taken into consideration in the means-test. As for patrimonial requirements, the law required to take into consideration all the movable assets or properties, with the exception of the property used as household residence.

Since the requirements were considered too stringent, most municipalities introduced specific patrimonial exemptions, income disregards, and even *ad hoc* changes in the equivalence scale adopted by the national law, thus creating wide territorial heterogeneity. Even though they were sometimes justified by the characteristics of the local contexts, there have been also examples of clear misuse (Sacchi and Bastagli, 2005). In general, municipalities faced difficulties in verifying applicants’ actual income, and in dealing with the problem of undeclared work (Ibidem). To this regard, it is particularly interesting to look at the number of beneficiaries over total resident: in the first two-year experimentation in some cases almost half of the population accessed the benefit. Orta di Atella, a small municipality in Campania, became famous because in 1999 46,7% of the

resident population was receiving the Mii. However, this was not the case during the second biannual experimentation, when the maximum rate was of 12,3% in Vibo Valentia (Ministero della Solidarietà Sociale, 2007).

The innovative part of the Mii resided non only in the means-test but also in its activation component, since no other cash transfers in Italy were complemented by integration programs meant to tackle social exclusion and to stimulate recipients' autonomy. The law envisaged, within thirty days from the demand acceptance, the drafting of a customized social integration program to be agreed between the social worker and the beneficiary. The activation component consisted primarily in a request to be active in the realization of a social integration path, and it did not always consist in an immediate commitment to job search. Instead, it was favoured the participation in training and/or social rehabilitation programs, as well as the taking part in social and/or voluntary work, depending on individual characteristics and the territorial socio-economic context. Special attention was devoted to children in order to break "the negative cycle of disadvantage", particularly through guaranteeing the completion of compulsory schooling.

Beneficiaries' socio-economic conditions differed significantly depending on the local context, which is not totally unexpected considering Italian wide territorial imbalances. In the South we observe a prevalence, among beneficiaries, of "normal" families, composed of working-able parents and children, whose main problem is a precarious employment situation. In the Northern regions, need is more frequently associated with extreme marginality, and cases of drug addiction and alcoholism are not rare.

Still, the absence of a stable employment was identified as the main problem by most of the beneficiaries. This is precisely the reason why the "activation" component assumed a particularly relevant role. Almost 70% of Mii beneficiaries participated in some activation programs. Territorial differences were once again relevant, since the number of programs effectively realized decreased moving from the North to the South⁶. In addition to the area of residence, the effectiveness of social integration programs depended on the number of social workers specifically dedicated to the implementation of the Mii. One of the main

⁶ In the South in fact, only 62% of the household participated to those programs, whereas in the Centre and in the North almost all the households were involved in some activity (Ministero della Solidarietà Sociale, 2007).

problems found through the monitoring process was indeed the low investment in the administrative infrastructure: more than 80% of the municipalities had to implement the Mii in addition to their usual workload, with no new resources to hire and train new staff (Ministero della Solidarietà Sociale, 2007).

As for the ability of this scheme to constitute an effective route out of poverty, 15,9% of the beneficiaries ceased to receive the benefit because they had overcome their need. These are not very satisfying data, although a recent research realized by Sacchi and Natili revealed that also in the most developed areas of Continental and Northern Europe a percentage of 20-25% of job placement among social assistance beneficiaries is considered the norm (see Sacchi, 2016). Furthermore, data hide considerable territorial differences: in the North East almost half of Mii beneficiaries exit from the program in less than one year, while in the North West the exit rate falls to 20,3%, in the Centre 15,2% and in the South to only 12,6% (Ministero della Solidarietà Sociale, 2007).

Low exits in Southern Italy are not surprising. In a context in which over half of the working age population is unemployed, as it is in many areas of the Italian South, it is unlikely that social insertion and active labour market programs could be able to solve such severe and widespread structural problems. These results represent the most problematic aspect detected in the evaluation of Mii: without a functioning labour market, a minimum income scheme runs the risk of being the victim of a functional overload (Sacchi, 2007). To this regard, it is also important to remember that a Mis is not to be confused with a labour market policy (cfr. Sacchi, 2005, p. 96) as its overarching goal is poverty reduction rather than employment growth.

To recap, the experimentation of the Mii has confirmed that means-tested benefits are very demanding measures requiring administrative capacity and resources that Italian municipalities did not always demonstrate to possess. In some area of the South, a more carefully designed means test coupled with a clearer guidance on how to comply with the presence of a pervasive black economy and illegal sector would have been very useful. Also, more collaboration on the part of fiscal administration and police, as well as provisions vesting local authorities with the power to undertake controls on income and properties would be crucial for the positive realization of a safety net in Italy (cfr. Sacchi,

2005, p. 99). It is in any case relevant to point out that the municipalities that participated in both experimentations (the 1999 – 2000 and the 2001-2002) have significantly showed increased efficiency over time. As an example, the cases that attracted experts' attention for the extraordinary incidence of beneficiaries over residents disappeared in the second phase. To this regard, monitoring and evaluation appeared to be useful instruments also to reduce some of the problems of managing targeting in Italy.

The Mii pilot scheme pointed out that the difficulties of implementing a minimum income scheme are not only linked to the realisation of the means-test, but also – and perhaps mostly – to the realization of the activation component. In particular, it has shown that the introduction of a Mis needs to be coupled with a general investment in social assistance, and in particular in social enabling services, which might allow to realize the “active inclusion strategy” in all its components. Finally, it has revealed that a Mis cannot solve all the structural problems of a territory, and it should be evaluated on the basis of its ability to contrast poverty, otherwise it will run the risk of functional overload.

Highlight difficulties and taking the necessary precautions for its generalization to the whole country, were exactly the goals of the pilot scheme. For this reason, for instance, the municipalities were selected in the most economically depressed areas of the country, where difficulties to implement a Mis would have certainly been higher. Some of the above evaluations – and in particular the low exit rates - were used instead to avoid the extension of the scheme to the whole country, considered as “costly and ineffective”⁷.

4.3 Policy reversal and the resiliency of the traditional model (2001 – 2006)

In the late 1990s, overcoming the traditional imbalances of the Italian social model and especially the marginality of social assistance policies seemed a feasible ambition. The introduction of the National Framework law on Social assistance, the National Social Policy Funds and of the Minimum Insertion Income – in addition to the new means-test ‘indicator of socio-economic conditions’ (ISE) for those applying for social benefits – were already important step forward in the direction of reducing the chronicle underfunding,

⁷ Declaration of the Ministry of Welfare Maroni, La Repubblica, 19th September 2003.

the category-based approach and the impressive territorial and institutional fragmentation that constituted its main historical weaknesses.

Conversely, in the early 2000s three main factors prevented the definitive path departure from the original model, so that it has been said that the count of achievements against the agenda of the proposals was disheartening (cfr. Gori and Madama, 2007).

Firstly, in the early 2000s, economic stagnation changed government discourse and priorities, which shifted from budget consolidation to economic competitiveness (Jessoula and Alti, 2010). The modernization of the Italian welfare state ceased to be therefore a priority among political élites and experts, substituted by economic growth, tax reduction and a further labour market deregulation as a way to significantly reduce wages and labour cost.

Secondly, the reform of the title V of the Constitution (C. Law 3/2001) in October 2001, modified the institutional framework in which the much awaited Law of Social Assistance was designed, assigning exclusive competence to the Regions for social assistance and social services. This undermined the reform, making it in some respects obsolete. The state was in fact no longer in a position to exercise in depth guidance, set standards to be guaranteed in the whole territory unless these were defined as “essential levels” (Liveas), to be agreed upon the state and the Council of Region, and for which it maintained the financial responsibility (Naldini and Saraceno, 2008). This led to a new stalemate situation and an unclear divisions of responsibilities between the state and the regions. A new regulatory framework has hitherto been delayed, and lack of interest and inter-institutional conflicts prevented the definition of this “essential levels”.

Finally, government colour has significantly influenced the policy trajectory of the social assistance sector (Madama, Natili and Jessoula, 2013). In 2001 the centre-left cabinets of the late-1990s were followed by the new centre-right government led by Berlusconi (2001-2006), whose view of social protection focused on the centrality of the family. In the *White Paper on Welfare. Proposals for a dynamic and supportive society* (2003) and also in the *Pact for Italy* (2003) - a social pact signed with the employers' association, and two (CISL and UIL) of the three main Italian trade unions – it is emphasized its role as a redistributive and

caring agency rather than as a recipient of social provisions (Madama, 2010). As a consequence, we observe a gradual restatement of the traditional social assistance model.

The only monetary interventions reinforced in the anti-poverty field were the pensions supplements (*Integrazione al trattamento minimo delle pensioni*), i.e. a benefit granted to beneficiaries of an earnings-related pension aimed at topping their benefit up to a statutory minimum. To support the families, the centre-right majority decided to use the fiscal lever. The so called No Tax Area was therefore introduced with 2003 Budget Law, an exempts from tax payments workers with an income below a certain nationally defined threshold, which was soon followed by special tax deductions for dependent children. These measures had however a very low effect of poverty reduction, since the poorest people have no earnings and therefore they would receive neither fiscal compensation nor assistance⁸.

The goal of (realizing a) multi-level social service system, with the supervisory and leading role of the central state over the organization of social services, was abandoned, and not exclusively in reason of the new constitutional framework, since the definition of the 'essential levels' and of minimum national standards in social services was never part of the government agenda. Furthermore, central social policy funds were cut significantly (Jessoula and Alti, 2010).

Finally, the minimum insertion income, was at first criticized in the Pact for Italy by stating the impossibility of the Italian state to realize an efficient targeting process and then, far from being extended to the whole territory, was discontinued, since no more resources were allocated for this instrument. Still, this measures under the new constitutional framework could have been one of those levels of provision concerning social assistance the state was expected to set, and, at least concerning its monetary component, it was one of the easiest to craft (cfr. Madama, Natili and Jessoula, 2013, Sacchi and Bastagli, 2005).

Rather, the government preferred to replace the Mii with the so called Income of Last Resort (*Reddito di ultima istanza, RUI*), introduced in the 2004 Budget Law. This was not a national intervention but rather a commitment to re-fund half of the total expenditure of

⁸ This is because those interventions were not designed as a negative income tax, the only fiscal intervention that beneficiate individuals with no earned income.

those regions which decided to introduce a regional Mis. However, since the RUI was not listed among the essential levels of provision concerning social rights to be guaranteed across the whole national territory and the government preferred not to create a new special fund to finance this new measure but rather prescribed the use of the ordinary resources of the National Fund for Social Policies, this gave birth to an inter-governmental conflict and the Constitutional Court declared invalid the proposal (Gambino, 2006). After the court intervention, no anti-poverty measures were introduced, and the RUI fell by the wayside.

The reinstatement of a centre-left government in 2006 did not lead to a new season of modernising reforms. The recalibration of the Italian welfare state was not anymore a priority for the politically weak and internally divided centre left government led by Prodi from 2006 to 2008, despite the presence of a fully-fledged national minimum income scheme in its electoral program. With the support of all three trade unions confederations (see Chapter 4), this government prioritized interventions in the labour and pension fields aimed at the protection of the narrow rights of core labour market insiders, whereas social assistance never became prominent in the public debate. Some improvements are however observable concerning social services; between 2006-2008, the funds dedicated to social assistance increased, with a special emphasis on some fronts such as long-term care and child-care, through the creation of a new Childcare National Plan and the introduction of a Fund for long-term care (Madama, 2010).

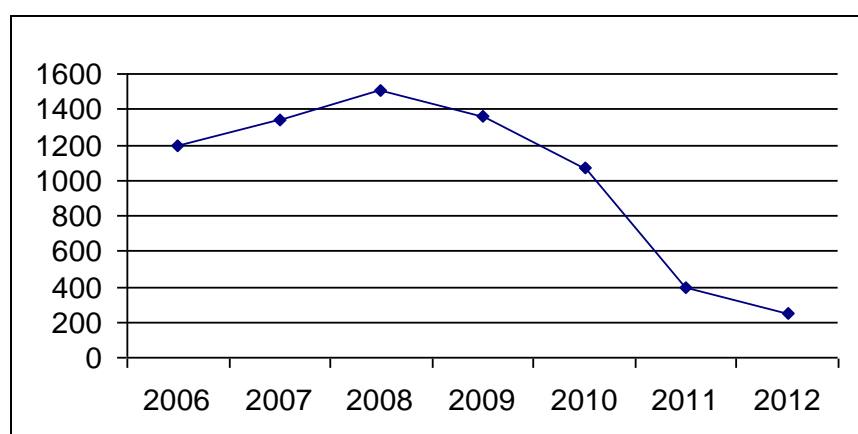
5. The Great Recession and the limited anti-poverty interventions

When the centre-right coalition came back to power in spring 2008 it had to deal with the consequences of the economic and (later) sovereign debt crises. The severe poverty rate – i.e. the percentage of people with an income below 40% of the median income – increased from 6.8% to 8.7% (in EU27 respectively from 5.3% to 6.3%), and the material deprivation rate from 7.5 to 11.6 (EU 27 8.5% to 8.9%). National statistics based on consumption expenditure confirm this scenario. According to ISTAT (2014) from 2007 to 2014 the incidence of absolute poverty in Italy more than doubled – shifting from 3,1% in 2007 to 6,8% in 2014 – so that more than four millions of people in Italy live with an income below

the absolute poverty threshold. In this context, measures in the field of last resort income support remained extremely weak and no social rights were introduced to fight absolute poverty (cfr. Madama, Jessoula and Natili, 2014).

Rather, social assistance was one of the few social policy areas where we observe drastic cuts already in the period between 2008 – 2010. National funds for social assistance and social services were drastically reduced, and some of them were fully abolished (Fig. 2). This fitted well with the Minister of Welfare understanding of a public social service system as a cost rather than an investment, and its marked preference for market solutions supported by the subsidiary role of civil society and households (Madama, Natili and Jessoula, 2013). Also, proposals aimed at defining the essential level of services, advanced by the Regions and by the Association of Italian Municipalities (ANCI) were formally welcomed, but in practice rejected, since no steps forwards in this direction were taken.

Figure 2 National funds for social assistance and social services, 2006-2012 (millions of €)



Source: Madama, Natili and Jessoula, 2013

As for minimum income protection, the onset of the Great Recession fostered a new debate over the weaknesses of the sector in Italy, and spurred the centre-right government to intervene in this policy sector, although following a peculiar line of intervention. In particular, a *Carta Acquisti* (Social Card, SC) was introduced as an emergency measure to provide a public response to the intense spread of absolute poverty outlined above. This is

a debit card to be used to purchase food and pay basic utilities having as a reference model the Food Stamps in the U.S. Income eligibility criteria are very tight⁹ and access requirements very stringent; the measure was initially intended to support exclusively low income Italian pensioners (over 65), but it was later extended also to children below the age of 3, following a debate on the reduction in milk sales during the fourth week of the month (cfr. Madama et al., 2013). This strictly categorical approach confirms the Italian path of anti-poverty policies which distinguish punctiliously among perceived deserving poor and non. The card is financed via general taxation, even though the fund to finance the scheme is open to private donations, and the monetary amount is very low. The card is in fact flat rate and equal to 40 € per month. Furthermore, there is no activation requirement and it does not give access to any active inclusion service. This features further reveal charitable orientation and the residual and passive – if not merely symbolic – nature of this program (cfr. Madama et al., 2014), conceived to provide an economic relief to an extremely limited category of the poor population.

From an administrative point of view, this card presented more than one interesting novelties. It is managed directly by the Finance Ministry in close coordination with INPS and the Italian Post Offices. The horizontal coordination between these different institutions entail a rapid and efficient means-tested process and enable a rather easy management of the card through the Post Offices. The operating cost of the process are low, equal to 1.5 million in 2008, and in any case below 1.5% of the total public expenditure (Ministero del Welfare, 2009). Furthermore, the main strength of this instrument in the Italian context (see below) is its ability to reach the target of most deprived: more than half of the recipients belong to the lowest income decile of the population, even though only a very meagre proportion of the poor receive the benefit.

The launch of the Social Card – coupled with the enduring increase of poverty outlined above – favoured the (re) emergence of a debate over the conditions of last resort minimum income protection in Italy. In 2010 the Catholic Workers Organization (ACLI) – supported by leading Italian scholars – initiated a pragmatic reflection over strengths and

⁹ Households must have a disposable income in 2015 lower than 6.788,61 €. Assets above certain amount are also taken into consideration: in 2015 it is required not to have more than one car or home, and movable assets higher than € 15000.

weaknesses of the Social Card that lead to the proposal to introduce a *National Plan Against Poverty*, a three years plan that foresaw the gradual extension of the coverage and generosity of the SC that would end-up being a fully-fledged safety net targeted to the entire poor working age population and associated with social inclusion measures (Gori et al., 2011).

The proposal was not considered however in line with government priorities, since it envisage the introduction of automatic and subjective social rights for the would be beneficiaries. Rather, the government preferred to launch a proposal for a New Social Card. The new measure envisaged some relevant novelties compared to the old SC, not all in the same direction of the ACLI proposal. The categorical and extreme residual approach was in fact abandoned. Furthermore, it foresaw a certain degree of conditionality and the combination of a monetary and an “activating” component. But the main novelties of this new instrument was that it envisaged a direct link between the Ministry of Welfare and a group of selected charity which had the task to manage the measure, with no role for local governments.

This measure therefore confirmed the adhesion of the Italian centre-right to the principle of subsidiarity, and its interest in the defence of community-based welfare institutions. In February 2011 the law envisaging the introduction of this new pilot scheme in the 12 bigger Italian municipalities passed (L. n. 10/2011), with a dedicated fund of 50 million.

The fall of the Berlusconi government in November 2011 caused the abandonment of this policy project. With the new technical cabinet led by Mario Monti, in office from November 2011, Italy entered into a new “national emergence” phase and government priorities changed drastically. Austerity and further budget consolidation become the new government priorities, and drastic reforms were introduced in the pension and labour market field. Welfare recalibration consisted predominantly in retrenchment in the most developed social policy sectors, while the expansion of social assistance remained at the edge of the political debate.

Notwithstanding, the presence of some very active stakeholders – primarily, the ACLI – and the receptiveness of some policy experts within the Monti government – and in particular the Deputy-Minister, Maria Cecilia Guerra, an economist from the University of

Modena and key expert in the field – coupled with the availability of the (few) funds put aside by the previous government, prevented the complete disappearance of minimum income from the policy agenda.

The project to introduce a new pilot SC was resumed, although the new government was much more influenced by the ACLI proposal and by the European active inclusion strategy, and less prone to defend subsidiarity and the traditional Italian model. The basic feature of the New Social Card changed accordingly. It is primarily targeted to families with children, although budgetary constraints forced to introduce some additional access priorities; only household with at least one children, with an ISE below 3000 euro, and where at least one component have worked in the last 36 months can access to this benefit. (Saraceno, 2013). It is more generous, and benefit amount varies according to family size, shifting from € 231 to € 404. The cash transfer is combined with social and labour market services, and it envisaged also a strong conditionality concerning children school attendance. In general, the wellbeing of underage children is a primary concern within the new framework. Furthermore, although the basic form of a debit card is maintained, the governance is much more complex, as it is foreseen the horizontal coordination between INPS, the municipalities, the third sector and even the ACLI and the trade unions. Great attention is given to monitoring and evaluation procedures in order – at least, this was the original scope - to produce evidence before its generalization to the national territory.

Beside this, in 2012 the Deputy-Minister of Labour and Welfare proposed to use resources coming from the national cohesion fund to support the extension of NSC pilot project to four Southern regions (Campania, Puglia, Calabria and Sicilia). This project is later taken up by the following coalition government led by Enrico Letta (PD) in 2013. Despite rejecting a more ambitious proposal for a fully-fledged minimum income schemes named “Support for Active Inclusion”, advanced by key expert and stakeholders, the extension of the New Social Card to eight regions in Southern Italy is approved in the 2014 “Stability Law” and financed with 167 billion, to be divided in 100 million in 2014 and 67 in 2015 (Decree Law n. 76/2013). Although several technical problems have so far prevented the extension of this measure to the Southern Regions, the 2015 Stability Law has further increased the resource for the New Social Card, which – with a fund of 800 million -should be finally extended to the whole country starting from 2016 (Agostini, 2015).

To sum up, in the last twenty years' minimum income protection gained salience in the political debate in Italy, yet it appeared as a divisive issue, and, differently from most other European countries, until 2015 no fully fledged minimum income scheme has been introduced. After the pilot experimentation of a Minimum Insertion Income, approved by the Prodi government in 1998 and later abandoned by the centre right coalition, since 2008 three different social cards were drafted. The latter represented an important step forward with respect to the Italian tradition of antipoverty policies, as it overcame the passive and charitable orientation of the other two versions, by promoting an integrated approach between government levels and the involvement of civil society organizations (cfr. Madama et al., 2014).

Without underscoring the relevance of this policy experiment, it is important to underline that it presents several relevant weaknesses: it is in fact (again) a pilot project, scarcely financed, with no enforceable rights, and easily subject to policy reversal decisions. Furthermore, eligibility requirements are really stringent: the only categories accessing the benefits are very poor families with children and people very distant to the labour market. The path towards the institutionalization of a fully-fledged minimum income scheme in Italy appears therefore still long and winding.

6. The season of regional innovations: regional Mis in Italy

In the mid-2000s, failing a national intervention in the definition of the Liveas, the Italian regions were the main, and in many cases the only, public bodies responsible for the social assistance sector, although their budget still depends to a large degree on the central state – since the so called fiscal federalism, now asserted in the reformed art. 119 of the Constitution, was still to be concretely implemented (cfr. Naldini and Saraceno, 2008). In this context, the policy dynamics that emerged at the national level in some cases replicated also at the regional level, where an inconsistent and somehow contradictory evolution of minimum income protection can be observed.

The absence of an organic and inclusive national minimum income scheme had led already in the early 1990s some Special Status Regions of Northern Italy to introduce regionally based means-tested income support measures: in 1991 Trentino Alto Adige, the

Autonomous Province of Bolzano and the Autonomous Province of Trento did so, followed by Valle d'Aosta in 1994. In order to observe a greater diffusion of these measures in Italian regions, though, we have to wait until the completion of the regionalization process with the devolution of social assistance competences to ordinary statute regions (C. Law 3/2001), and the failed extension to the whole Italian territory of the Mii pilot scheme. In sharp contrast with the decision of the Berlusconi II government in fact, a number of regions governed by centre-left coalitions decided to introduce innovative Mis regional programs. In 2004 Campania region did so, soon followed by other regions characterized by very different socio-economic contexts. Regionally based MIS were in fact launched in some of the richest regions of the North as well as in some of the most economically backward regions of southern Italy (Table 2): Basilicata (L.r.n. 3/2005), Friuli Venezia Giulia (L.r.n. 6/2005), Lazio (L.r.n. 4/2008), Puglia (L.r.n. 19/2006) and Sardegna (L.r.n. 23/2005). At the same time, some regional laws transposing law 328 foresaw the introduction of pilot regional safety net: this is the case of Emilia Romagna (art. 13, L.r.n. 2/2003), Toscana (art. 57, L.r.n. 41/2005) and Umbria (L.r.n. 11/2003). However, in those regions such legislation has never been acted upon, other than the drafting of feasibility studies by Tuscany and Umbria. Despite this institutional diffusion of regional minimum income schemes, in several regions inertia prevailed as they did not launch similar schemes and limited their anti-poverty strategy to (weakly) top up national funding for social policies targeted to municipalities. As a useful example, in the same period the Lombardia Region legislated in the field of anti-poverty policies (L.r.n. 25/2006) adopting however a different approach, leaving to municipalities the possibility to introduce income support measures in case of need, but directly supporting charitable organizations through regional funds, in particular promoting "Banco Alimentare" (Food Bank), an association that recovers food surplus and redistributes it to primarily Catholic charitable organizations.

As a result of these developments, in mid-2000s Italian regions could be divided into three macro-groups: the autonomous regions of the North which had a longer tradition of managing regional minimum income schemes, since they had been introduced already at the beginning of the 1990's; a group of regions which, despite a very differentiated institutional and socio-economic context, have introduced pilot regional Mis in the mid-

2000s; and a larger group of regions that did not implement uniform criteria for income support to be applied to their entire territory, and that, in the best cases, limited their anti-poverty interventions to top up national funding for social policies destined to municipalities.

Table 2 describes the main institutional characteristics of Italian regional safety nets. Despite the heterogeneity of their institutional design - in terms of generosity, eligibility criteria, coverage and activation measures - and budget limitations they all constituted a path departure from the weak original model embodying the “selective universalism” principle.

These measures were in general designed to contrast the most severe situation of absolute poverty. Benefit amount was particularly low in the Southern regions, significantly below the social pension. Not even low generosity allowed regional Mis ending up being actual individual rights held by all citizens in presence of an economic need. With the exception of the safety nets in Northern Autonomous Regions, the presence of tight budget constraints forced regional administrations to proceed with calls and subsequent rankings and waiting list, determining the number of beneficiaries in relation to available funds. In the Campania case, for example, of about 120 thousand applications declared admissible, only 18900 families have actually received the *Citizenship Income*. Although those percentages were higher in the other regional cases, in Basilicata only about 40% of eligible individuals has actually had access to income assistance in 2007, and in Lazio around 15% (see chapter 4). Conversely, a measure aimed at combating poverty should be able to ensure that all eligible claimants can access to the intervention. Operationally, this requires an initial endowment of adequate resources or the explicit possibility of to adapt (i.e. expand) the budget in case of higher demand than expected (Spano et al., 2013).

Regional minimum income schemes have also often highlighted the poor ability of regional administration to implement such complex measures. In particular, means testing and the introduction of an efficient instrument to estimate the income of potential beneficiaries proved to be one of the main weaknesses of the welfare state, and more generally of the fiscal system, in Italy. With the exception of Sardinia, all regional administration introduced different indexes and *ad hoc* methods to estimate the income of

potential beneficiaries, sometimes integrating estimates of disposable income with more or less sophisticated consumption indicators (Table 2). The adoption of innovative means testing tools has often resulted in increased administrative difficulties and bureaucratic procedures to gain access to the schemes, not sufficiently accompanied by an adequate increase of regional staff able to ensure an effective management of the measure.

Therefore, admission procedures have been particularly long, diminishing the possibility of those measures to react rapidly to condition of social need. In Campania and Lazio, from the opening of the call to the effective payment of the benefits there is over a year; in Basilicata and Friuli Venezia Giulia more than six months. To this regard, regional safety nets would have probably benefited from a national framework capable of providing the tools and devices needed for the standardization of means testing, as well as more guidance on how to deal with the problem of undeclared work (Gambardella, 2007). To this regard a definition of protocols at the central level, in particular with INPS or with the fiscal police (Guardia di Finanza), in addition to an improvement of the local coordination between different institutional actors, can play a positive role in estimating a plausible income and in the repression of abuses.

This aspect is relevant even if it seems that regional schemes were not subjects to manipulation and used in a discretionary way for the purpose of political consensus on the part of the local elite and government. As complex and sometimes, as in particular in the case of Campania, inefficient (Gambardella, 2007), minimum income schemes have ensured that eligibility depended exclusively on the presence of a situation of certified need determined *ex ante* through criteria which were questionable but equal for all potential beneficiaries. Random *ex post* controls made by the Guardia di Finanza, e.g. in Basilicata, Campania and Friuli Venezia Giulia proved that the number of beneficiaries who accessed the measure without the qualification needed to access to those benefits were limited.

Also the implementation of social and labour market inclusion programs has frequently proved difficult for regional administrations. Regional minimum income schemes inherited from the Mii experimentation the aim to combine economic support with social and labour services with the aim to “restore” individual agency in the social life and

possibly in the labour market. At least on paper therefore, in most of the cases regional Mis represented a breakthrough in the Italian tradition of mainly passive benefit, foreseeing horizontal coordination between income support measure, social services and active labor market policies, one of the main weakness of the Italian active inclusion system (Heidenreich et al., 2014). Important exceptions were in Campania, Lazio and Sardegna where it was possible, but not mandatory, to integrate the monetary benefit with social inclusion services, with the consequence that its effective implementation was in most cases limited to the economic support. Moreover, precisely in Lazio and Campania regional laws did not provide additional resources for social inclusion measures and for hiring and training professionals in this policy area. The limited capacity, especially of the smaller municipalities, to raise the economic and social resources necessary to "activate" the beneficiaries, in those cases has severely limited the ability of these tools to be more than a mere subsidy, certainly important, but insufficient to overcome the condition of social disadvantage.

In general, in most regional cases, regional minimum income schemes have often caused a sharp increase of users of social services, revealing the presence of enclaves of extreme poverty unknown to the Italian system of social assistance. If this was a positive development since it allowed the surfacing of new situations of poverty, on the other hand it constituted a functional overload for (underfinanced) social services which faced serious difficulties in providing access to quality and customized services to those "new" users, even in those cases where this was required in the regional regulations. Again, it seems important to point out that it is necessary to strengthen the administrative structure with experienced staff specialized in providing personalized insertion programs, especially if the measures are intended as a tool that goes beyond the mere monetary transfer.

Having said this, it is important to underline that minimum income schemes have first and foremost an anti-poverty function, and we should not bear too high expectations on the ability of these measures to provide an effective path towards employment (Sacchi, 2007).

Tab. 2 – General overview of regional minimum income scheme in Italy

Region	Eligibility conditions	Means testing Index	Basic Amount	Budget constraints	Active Inclusion
Basilicata	· 2 Years Residence				
<i>Cittadinanza Solidale</i>	· Household yearly income below € 3,961 for one member up to € 12,675 for six members	ISE + Consumption Index	300	Yes	Yes
Campania	· 5 Years Residence	ISEE +			
<i>Reddito di Cittadinanza</i>	· Household yearly income below € 5000	Consumption Index	350	Yes	No
Friuli Venezia Giulia	· 1 Years Residence				
<i>Reddito di Base per la Citt.</i>	· Household yearly income below € 5000	CEE	540	Yes	Yes
Lazio	· 2 Years Residence				
<i>Reddito Minimo Garantito</i>	· Household yearly income below € 8000	IRPEF	530	Yes	No
Puglia	· 2 Years Residence				
<i>Reddito Minimo d'Inserimento</i>	· Income threshold	ISE	(350)	Yes	Yes
Sardegna	· Household yearly income				
<i>Contrasto alla Povertà</i>	below € 7.101,00 for one member up to € 7.989,00 for six members	ISEE	350	Yes	Yes
Trentino Alto Adige	Insufficient household income in relation with minimum needs of all members.	(ICEF+ Consumption Index)	Bz: 584 Tr: 540	No	Yes
Valle d'Aosta	· Residence				
<i>Minimo Vitale</i>	· Income threshold (e.g. 413 Euro per months in 2005)	IRSEE	542	No	Yes

Regional minimum income schemes, as the previous experimentation of the Mii, revealed that especially in contexts where almost one third of the workforce is unemployed, as in large parts of Southern Italy, it is inconceivable that the social and labour market inclusion projects allow by themselves to solve such severe and widespread structural problems. The experience of Citizenship Solidarity in Basilicata in this regard is revealing: although the region heavily invested in the activation component through the preparation of various social integration programs - involving more than 72% of the beneficiaries (Achilli, 2007) – we observe very few exit from the program due to the overcoming of the condition of economic need. In general, it should be stressed that active labour market policies may have positive effect only for targeted populations, those who had potential for reinsertion that had to be supported and those whose territorial contexts were equipped to provide with real possibilities in the actual labour market.

The most critical aspect is however that the multidimensional nature of poverty requires structural long-term policies and interventions. In this perspective, the Italian experiences show, as a whole, strong weaknesses, summarized by the fact that until now they have often found insurmountable obstacles in going beyond the experimental stage.

This season of regional innovations (Lumino and Morlicchio, 2013), in fact, was short-lived and was followed by a phase in which regionally based minimum income schemes were drastically limited. Regions previously characterized by policy inertia continued along the same path, and no new initiatives were promoted by sub-national units. Moreover, we observe a differentiated development even in the regions that previously introduced pilot Mis depending on the result of the following political election (Tab. 3): in all the regions where a centre-right coalition succeeded, replacing a centre-left coalition, these measures were rapidly discontinued, and Campania, Friuli Venezia Giulia, Lazio and Sardinia experienced a neat “policy reversal” path. In the following chapters we will give a closer look to the dynamics that lead to this particular outcome in Lazio and Friuli Venezia Giulia. As for the *Citizenship Income* in Campania, despite it was less and less financed over time, soon after the entry into office of the new Caldoro (Freedom Party) administration the measure was definitely abandoned.

Tab. 3 Regional government composition and the evolution of regional Mis in Italy

Region	Period of implementation	Path departure /Inertia (Year)	Government Coalition (2005-2009)	Continuity / Reversal (year)	Government Coalition (2009 – 2012)
Basilicata	2007 -	Path departure (2005)	Centre Left	Continuity	Centre Left
Puglia ¹⁰	2007 – (Only in selected municipalities)	Path departure (2006)	Centre Left	Continuity	Centre Left
Autonomous Province of Trento	1991 -	Path departure (1991)	Centre Left	Continuity	Centre Left
Valle D'Aosta	1994 -	Path departure (1994)	<i>(Regional party)</i>	Continuity	<i>(Regional party)</i>
Autonomous Province of Bolzano	1991 -	Path departure (1991)	<i>(Regional party)</i>	Continuity	<i>(Regional party)</i>
Campania	2006 – 2010	Path departure (2004)	Centre Left	Reversal (2010)	Centre Right
Friuli Venezia Giulia	2007 – 2008	Path departure (2005)	Centre Left	Reversal (2009)	Centre Right
Lazio	2009 – 2010	Path departure (2008)	Centre Left	Reversal (2010)	Centre Right
Sardegna	2007 – 2008	Path departure (2005)	Centre Left	Reversal (2009)	Centre Right

Source: Author Elaboration

Conversely, where we observe a continuity of centre-left governments, those measures were confirmed. In particular, in Basilicata, a small Southern Region characterized by unusual political stability, in 2009 the Region approved a new intervention called Program to combat poverty and social exclusion (COPES) that, albeit in continuity with the previous program, intervened in the structure of governance with the aim of improving its activation component. As for the Special Status Regions that had introduced their

¹⁰ The case of Puglia appears however a different case, since the law introducing a minimum income scheme have not been implemented effectively in the whole region, but only in few municipalities.

measures already at the beginning of the Nineties, during the crisis the measures were maintained in Valle d'Aosta and in the Autonomous Province of Bolzano. In 2010 the Autonomous Province of Trento introduced a new program to face the social consequences of the crisis that, for its permanent nature, the guarantee of the individual right regardless of budget constraints, the governance structure and the presence of a constant process of monitoring and evaluation, constitutes a best practice for the Italian standard (Spano, Trivellato and Zanini, 2013).

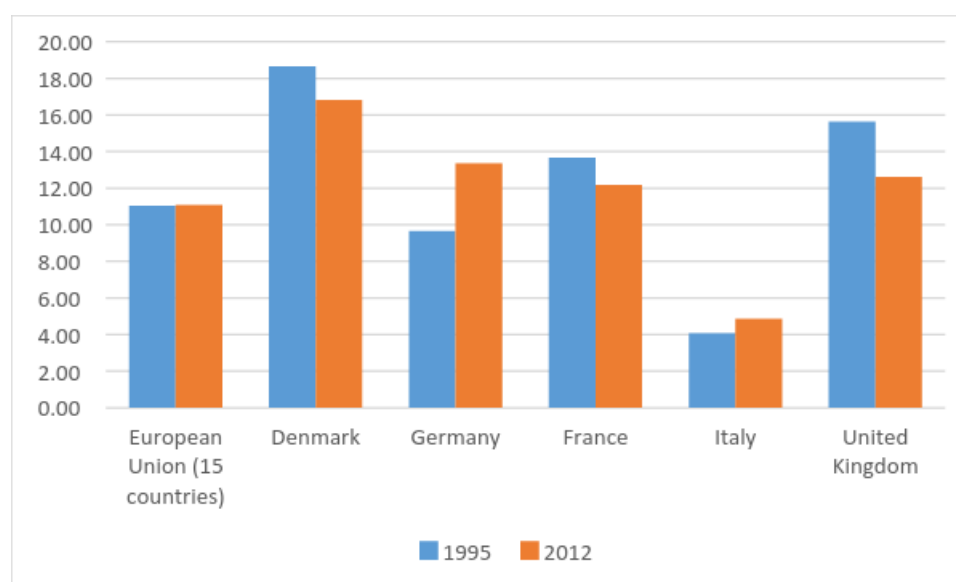
Basilicata, Valle D'Aosta and Trentino Alto Adige (both the Bolzano and the Trento Province) were the only Italian regions in which the Mis remained in place over the entire period. In very recent times a number of regions – Emilia Romagna, Friuli Venezia Giulia (L.r. 15/2015), Molise (L.r. 9/2015), Puglia, Sardegna (L.r. 7/2014) and Toscana - are either planning or have just introduced a new regional Mis. Once again, this trajectory seems to be influenced by partisan politics dynamics, since all these regions are ruled by centre left coalitions. However, the well-advertised launch of a Reddito di Autonomia (Autonomy Income) – which so far is more of a plan against social exclusion than a minimum income scheme - in Lombardia by a LN government might indicate the opening of a new phase. So far indeed, the evolution of regional minimum income schemes confirmed the peculiar difficulties of the institutionalization of minimum income rights in Italy, since the introduction of those policy measures in some regions did not produce spill-over effects and/or policy diffusion, as it has been the case in other European countries, such as Austria and more recently Spain (Arriba and Moreno, 2005, Fink and Grand, 2009).

7 Italy today: still a fragmented and weak minimum income protection model

Despite some promising attempts occurred both at the national and regional level, the recalibration process of the Italian welfare state towards the less protected categories has so far been limited. Public spending for general social assistance (excluding old-age and disability benefits), family burdens and unemployment compensation, has remained low compared to that of the most advanced European countries. As figure 3 highlights, expenditure in Italy (% GDP) targeted to deal with working-age social risks (excluding

health care, unemployment and disability) was less than half that of Germany, France, United Kingdom, Sweden and EU-15 average.

Figure 3 Social spending on GDP (family, social exclusion and housing functions), 1995-2012, selected countries



Source: Eurostat online database

Some measures introduced in the last two decades — such as the maternity allowance directed to mothers having no insurance coverage, the benefit to families with more than three children, the fund to support low income tenants, regional Mis and the New Social Card—partially redirected social assistance expenditure towards the wide group of outsiders. Those measures, however, due to their narrow focus and limited budgets, did not alter the overall structure of minimum income provision in Italy for working age people, that still lacks a coherent and inclusive last resort safety net.

Table 4 provides a general overview of the structure of social expenditure, with a focus on its internal distribution among functions and schemes. As can be noticed, social assistance continues to be the Cinderella of the Italian system of social protection. Furthermore, more than 80% of the total expenditure for social assistance was attracted by old age and disability functions, thus reproducing in the social assistance sector the distortions that

characterizes the Italian welfare state as a whole. Conversely, social expenditure for able-bodied working age individuals constituted less than 17% of total social assistance expenditure, and a large part of these resources allocated to the family allowance scheme, that is a hybrid measure of income support structured along contributory lines, thus excluding the worse off in society.

Table 4. Social Protection Expenditure by function in Italy, 2010

Function	Expenditure (mln €)	% on GDP
Old Age	244.840	15,8
Unemployment	37.978	2,5
Health Care	105.451	6,8
Social Assistance	61.900	4
Family Allowance	6.347	0,4
Family deduction	10.516	0,7
Social Card and Benefit for families with 3 or more underage children	800	0,1
Social Pension	4.001	0,3
Pension Supplements	12.000	0,8
Invalidity Pension	16.394	1,1
Local Services (monetary transfers and services)	8.605	0,6
Other	3.237	0,2
Total social expenditure	450.169	29,1

Source: IRS (2012).

Low expenditure is accompanied with a very low targeting ability: most of the social assistance measures in fact do not benefit those at the bottom of the income scale. All the authors that have examined the ability of the Italian income support system supports this diagnosis (Baldini and Toso, 2000, Sacchi and Bastagli, 2005, Irs, 2012, Ruffini and Toso,

2013, Fabrizi, Ferrante and Pacei, 2014). In Italy, a high share of social assistance expenditure is not directed towards low income household, nor to families belonging to the area of economic poverty in the strict sense: about a quarter of spending (24%) on Social Pension, a third (34%) on Family Allowances and almost 60% of expenditure for Invalidity Pensions benefit in fact household belonging to the five richest deciles of the population (Irs 2011).

The Social Card(s) introduced in recent years performs far better in addressing resources to the poorest sector of the population. Analysis conducted by the Commission of Inquiry on Social Exclusion (2010) reveals that more than half of the beneficiary families and about 56% of total expenditure of the Old Social Card is directed to the poorest decile of the population (90% to the first two deciles). However, the categorical approach and the scant generosity of this measure limits severely its efficacy: it is estimated that only 18% of absolute poor households can access to the measure. Moreover, its low generosity (40 euro per month) meant that its impact on absolute poverty is contained, allowing to overcome a condition of absolute poverty in 2009 to about 40 thousand families in a million (CIES, 2010).

Finally, fragmentation and territorial inequality continue to undermine the efficacy and effectiveness of the Italian minimum income protection system. In the last twenty years, rather than solve this problem, it become worst, and fragmentation has increased. All the schemes of the early Nineties are still entirely in place: the pension minimum and the social pension; the civil invalidity pension with its accompanying allowance; the family allowance, and the lump-sum benefit provided by the municipalities. Since the end of the Nineties, these measures have been complemented with further means-tested benefits; the allowance for families with three or more under-age children and the maternity allowance for mothers who lack insurance coverage; the Social Card; pension supplements and various forms of tax relief. To these, we have also to add the most interesting institutional innovations occurred the last decade; the New Social Card, so far implemented only in the twelve bigger Italian municipalities; and the regional Mis, with new programs introduced in the last months in Emilia Romagna, Friuli Venezia Giulia, Molise Puglia, Sardegna, Toscana, beside the more institutionalized experiences in Basilicata, Trentino Alto Adige and Valle d'Aosta. In a context of strong budgetary constraints, all the three government

level in Italy intervene in the anti-poverty sector with no vertical nor horizontal coordination.

Therefore, the lack of a coherent and systematic approach to combat poverty and social exclusion seems clear, where the lack of coordination gave rise, in addition to coverage gaps, to functional overlapping. In 2015, minimum income protection in Italy can be seen as a puzzle made of several schemes (Madama, et al. 2014) that remain fragmented and not able to guarantee a minimum level of protection to the citizens, as revealed by increasing relative and absolute poverty rates.

Chapter 3

Minimum Income Protection in Spain

1 Introduction

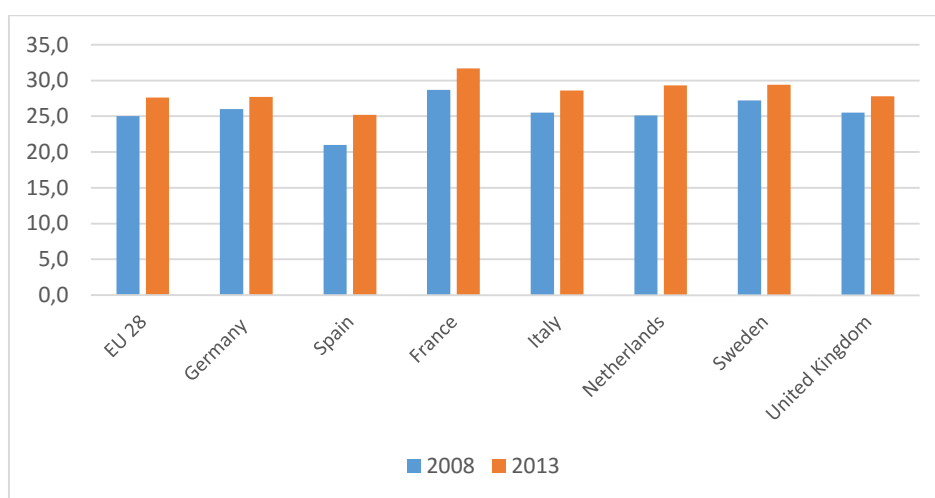
Over the last thirty years, only few European welfare states were transformed more profoundly than the Spanish system of social protection. The welfare state inherited by the Franco regime was a strongly centralized and underdeveloped version of the Bismarckian model (Guillén, 2010). The main pillars of this regime consisted in comprehensive but not universal social insurances in the field of pensions and health care, while a reduced coverage characterized unemployment benefits. The social assistance sector was meager, with family and care policies severely underdeveloped and cash benefits independent of labor position were totally absent. The Church, benefiting from large state subsidies, and the family (namely women's caring activities) played a crucial subsidiary role in the protection of the poor and socially excluded (Arriba and Moreno, 2002).

The fall of the Franco's regime and the peaceful transition to democracy were followed by the consolidation of the social security system, and also by an expansion both in generosity and in coverage of social rights in the field of health and social care. This process of expansion and consolidation was combined with an intense decentralization that changed significantly the broad architecture of the Spanish welfare state.

The reforms in the fields of pensions and unemployment benefits have been successful in terms of coverage and generosity. In the health care sector, paradigmatic reforms lead to the creation of a universal national health system and to a progressive decentralization of competences and responsibilities to the sub-national governments. Also the social assistance sector was improved but to a lesser extent than other social policy sector: in this field subjective automatic rights were introduced for the old and the disabled, while we observe a gradual expansion - although there is still room for improvement - of social services, family policies and minimum income protection for the working age population.

Those significant efforts to consolidate a comparatively underdeveloped social protection system, were combined with a strong attention towards the maintenance of a viable system in a framework of persistent high level of relative poverty and, especially in the last two decades, growing social inequalities. Before the onset of the Great Recession, Spanish welfare state managed to be consolidated as a medium sized welfare state with social spending below the European average, including Italy (Fig. 4) (Rodríguez Cabrero, 2011).

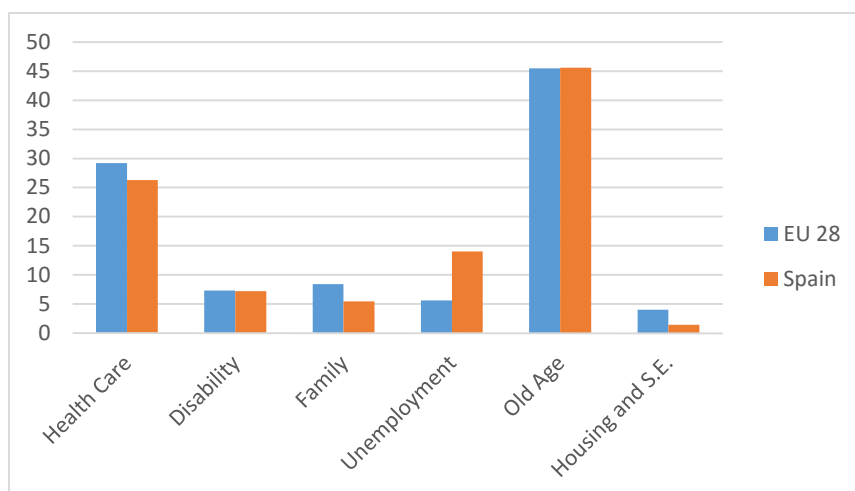
Figure 4 Social spending as a % of GDP, 2008 – 2013, selected countries.



Source: Eurostat Online Database

A closer look to social expenditure internal composition reveals some of its defining features (Fig. 5). A comparatively higher spending for unemployment benefits shows one of the main challenge of the Spanish social system, further exacerbated by the Great Recession: a large share of the Spanish citizens faces great difficulties in finding an employment, while many others are trapped in temporary and poor quality jobs. Indeed, unemployment rate never fall below 20 per cent between 1982 and 2000, and after a decreasing phase until 2008 - mainly due to the extensive growth of temporary employment - has risen again with the financial and economic crisis: in 2014 24,5% of the Spanish were unemployed (Eurostat Online database).

Figure 5 Social expenditure (% GDP) by function in 2012, Spain and EU27.



Source: Eurostat online database

A second feature is the result of the locking of the total expenditure for families and children, housing and social exclusion, i.e. the expenditure functions that are more directly related to social assistance, which is well below the European average (SP 6,8% vs EU 28 12,4%). Similarly to other Southern European countries, also in Spain the literature has stressed how the gaps in the social protection system have been covered by the important role played by the family and, especially, by the “Mediterranean superwomen”, who have taken care of the children and the elderly, and in general, of all the dependent members (Moreno, 2004).

In particular, minimum income protection for the working age population has been traditionally low developed. In the last thirty years however, Spain have witnessed major changes in this policy field. In particular, in spite of inertia at the national level, in the short period between 1989-95 all Autonomous Communities (ACs) introduced programs that – albeit with differences - aimed at tackling poverty and social exclusion through universalistic benefits for individuals with incomes below a certain threshold, associated with measures to promote social and labour market integration of beneficiaries (Aguilar et al., 1995, Arriba and Moreno, 2005).

The peculiarity of the Spanish case rests on the introduction of regional safety nets in the absence of a national legislative framework setting minimum standards, guaranteeing coordination between different instruments, substituting regional governments in case of non-compliance and facilitating the diffusion of best practices. Questions arise on whether those measures - which were also expanded and consolidated in the last two decades - add up to an integrated system. Indeed, on the one hand, they provide a broad economic safety net for the poorest sector of the population but on the other hand, these programs are characterized by uneven protective intensity, marked institutional differentiation as well as a growing tendency to apply the principle of activation to the most vulnerable.

Against this background, this chapter aims to investigate the consequences of this uncoordinated process of decentralization, providing a detailed description of the evolution of regional safety nets in Spain, also highlighting the peculiarities of the fragmented Spanish system of minimum income protection in a comparative perspective.

The first paragraph in particular provides an historical description of the first social assistance measures from the early XIX century to the end of the Francoist regime. The second focuses on the transition to democracy and on the contested construction of a multi-level social policy system. The third paragraph describes the process leading to the introduction of regional safety nets in all Spanish Autonomous Communities and outlines the main features of those regional measures in the initial phase (1988 - 1995). The fourth paragraph focuses on the period 1996-2005, characterized by limited development in this policy field coupled with increasing territorial differentiation and growing tendency to make benefits conditional on job-search activities. The fifth analyses the expansion - in terms of generosity, coverage rate and expenditure - of regional anti-poverty measures during the economic-financial crisis and the subsequent Great Recession in 2008-15. Finally, the sixth paragraph points out the comparative strengths and weaknesses of the fragmented Spanish model of minimum income protection.

2. Anti-poverty policies in Spain from the origins to democracy

2.1. *The origins of the Spanish Welfare State*

In Spain, the first social policies emerged in a context characterized by high levels of political conflict and instability and a retarded and geographically localized industrialization process. Throughout this period, the Catholic Church maintained a strong influence in the political and social life.

In the early XIX century, the Church was actually the main actor providing assistance to the poor and the needy in Spain, and maintained a set of charitable institutions among the most developed in Europe. The earliest public measures for the needy were introduced with the 1812 Cadiz Constitution, which entrusted municipalities with “public responsibility of social nature”. Accordingly, the *Ley General de Beneficiencia* (General Law on Charity) in 1822 aimed at creating a public system for the “poor and the lazy” through the gradual absorption of private entities, which in the original intentions of the legislator had to become public bodies.

Those new public institutions, called *Juntas* (Assemblies), were formally subordinated to the authority of the State, but the influence of the Church remained very strong as its administration was in the hand of clergymen. Legislative intervention in this field was further developed with a new law in 1849, which confirmed the primary role of municipalities and provinces, but for the first time envisaged the creation of a department within the national government to coordinate its activities, called *Direccion General de Beneficiencia, Correccion y Sanidad* (General Directorate of Charity, Reformation and Health). This name unveils a sort of social control function typical of social assistance measures in the nineteenth century¹¹. In Spain as in the rest of Europe, the main purpose of public assistance was to isolate beggars in specific institutions, in many aspects similar to prisons, rather than responding to solidarity principles.

As a result of these developments, in the mid-century charity was formally under the responsibility of local authorities. However, the almost permanent political and social

¹¹ To this regards, it is also significant its placement within the Ministry of Public Order.

convulsion left the Catholic Church as the main - and in some geographical areas the only - institution able to provide assistance to the sick, the poor and elderly (Sarasa, 1993).

In 1883, simultaneously with the creation of the first compulsory social insurance schemes in Germany, the "social question" entered in the Spanish debate. A "Commission of Social Reforms" was created, recognizing for the first time a state responsibility in the social field. This Commission was devoted to the drafting of legislative proposals, and aimed at creating a system of public compulsory insurances similar to the one introduced in many Western European countries in the late nineteenth century, beginning the slow transition from public's charity services to the new concept of compulsory social insurance. The origins of the Spanish welfare state were profoundly influenced by the work of this commission (Guillén, 1990). Following its guidelines, the "Law on Workplaces Injuries" was approved in 1900, the Social Reforms Institute was created in 1903 and the National Insurances Institute (Instituto Nacional de Previsión, INP) was established in 1908.

Throughout this decade, the INP promoted a private and voluntary system for the payment of old age pensions and accidental injuries insurance. With the unfolding of the revolutionary movement, which resulted in the general strike of 1917, the Spanish government was confronted with the limits of the existing social insurance schemes. It subsequently proposed new universal insurance schemes covering the risks of old age, sickness, unemployment and maternity. The strong opposition of employers and landowners, with the latter group supported by a large sector of the Catholic Church, only allowed the introduction of the first compulsory pension insurance scheme, limited to industrial workers (Naldini, 2003). These broader insurance proposals were then frozen by the advent of the dictatorship headed by General Primo de Rivera (1923–30), supported by traditional oligarchic groups, which however maintained the old age insurance schemes and introduced maternity benefits in 1923¹².

With the Second Republic it was launched a plan for a unified social insurance scheme. It was intended to consolidate existing social insurance schemes (retirement, old age, maternity), to introduce new ones (sickness, disability, unemployment), and afterwards to unify them into a single scheme. Despite republican policy-makers' efforts, the only new

¹² It established a maternity allowance and medical assistance during pregnancy for those working mothers who were paying contributions for old age insurance.

scheme introduced was the insurance against occupational injuries (1932), while insurances against illness and unemployment remained out of the compulsory system (cfr. Naldini, 2002). Few developments invested also assistance to the needy: the decree of August 23, 1934 created the *Dirección General de Beneficiencia y Asistencia Social* (Department of Charity and Social Assistance). Formally, this law introduced also an automatic right to social assistance, "*recurrible ante los tribunales de justicia*". However, during the short-term experience of the Republic the fundamental nature of the social assistance sector did not change; it maintained its social control function and organizational dispersion, while the Catholic Church continued to play a primary role (Moreno and Sarasa, 1993).

2.2 *The autarchic phase of the Franco's regime*

The development of the Spanish welfare state saw an abrupt interruption with the military uprising of Franco and the subsequent civil war. The seizure of power of Franco inaugurated a period characterized by a strong corporatist orientation, an attempt to achieve total autarchy in the economy with no foreign interference and efforts to promote a homogenous Catholic society under the auspices of a conservative Church (Pérez-Díaz, 1993). In the meanwhile, social policy was largely neglected and oriented towards both charity and beneficence (Arriba and Moreno, 2002).

The measures introduced in the early years of the Franco dictatorship are strongly influenced by the most reactionary sector of Spanish Catholicism and intended to create, as himself declared in 1937, "a State Catholic in the social" (Moreno and Sarasa, 1993). The (limited) state interventions aimed at maintaining social status differences and to promote a strong division of role based on gender¹³. The main interventions in the social policy field were designed to protect the dependent workers and to pursue the return of women from the factory to their household, "taking care of their husband and children". With this

¹³Even though here we mainly deal with social policies, it is relevant to notice that at the end of the civil war in 1939, Franco abolished all the legislative innovation introduced during the Second Republic supporting gender equality, including women's right to vote, divorce by mutual consent, equal rights between spouses, and abortion, with the aim of making women completely dependent on their husband.

purpose a Family Subsidy¹⁴ was introduced in 1938 followed in 1945 by a supplementary wage system named *Plus de cargas familiares* (family bonuses): both measures supported the male breadwinner family model, they were paid directly to the father and they mostly aimed to encourage women to stay at home (Naldini, 2002). In the subsequent years an “Old Age and Disability Insurance” and a “Sickness Insurance” were introduced. Those measures provided limited cash transfers and health benefits targeted to a small proportion of the population, composed mostly of low-income industrial workers and their dependent family members (Guillén, 1990).

Along with the compulsory social insurance, which has proven to be inadequate, the old system based on voluntary mutual insurance (*mutualidades laborales*)¹⁵ was restored, giving rise to a fragmented structure with several coverage holes. In combination with a very low and regressive taxation, it provided very little space for vertical redistribution.

Public intervention for the non-working population remained paternalistic and supplied along charity lines. Social services were residual in the public sphere and they were integrated in the local and/or provincial administration. Monetary assistance to beneficiaries was provided in a discretionary manner in context of visible need, and it depended on available funds. The main innovation in this field was the creation of an authoritarian parastatal body, called *Obra de Auxilio Social* (Social Relief Work), by the fascist *Falange*, based upon the voluntary female work, in many cases forced by a compulsory social service for women along the lines of military conscription for men (Arriba and Moreno, 2002). Given the scarce public intervention in anti-poverty programs, subsidiary actions were carried out by private organizations, mainly associated to the Catholic Church, and by foundations such as the Red Cross and some quasi-public Saving Banks (*obra sociale de las Cajas de Ahorro*). As a resume, we can argue that social protection built in the early decades of the Franco regime rested on few mandatory social insurances of limited coverage, labour mutual societies and charity.

¹⁴It consisted of a monthly cash benefit paid directly to the *jefe de familia* (head of household) with at least two children, with the aim of alleviating poverty which was widespread especially among numerous families.

¹⁵They consisted of social protection associations rooted in big firms or industrial/services branches.

2.3 Late Francoism and the roots of the Spanish welfare state.

At the end of the 50s the autarchic model became untenable for the Franco regime, which was forced to promote changes in its economic and social policies. In an attempt to integrate the country into the international economy in fact, the Franco regime adopted a new deal that tried to combine an authoritarian political system with Keynesian demand policies (Rodríguez Cabrero, 2004, cfr. Naldini, 2002). A process of economic modernization open to foreign competition (and investments) was promoted in particular by a group of Opus Dei technocrats who, after a government reshuffle in 1957, hold key posts in Franco's government. This period of economic '*desarrollismo*' (developmentalism) was open by the implementation of the Stabilization Plan in 1959, which marked the turning point for the progressive liberalization of the economy and enabled Spain to gain from the expansive cycle in the international economy. In the 1960s we observe a substantial growth of the Spanish GDP¹⁶ and full employment was reached, although the migration of a great proportion of Spanish workers as well as the very limited female presence in the regular labour market were essential elements for this achievement.

This context of rapid economic development and technocratic guidance opened up a new wave of social reform led from above that constitutes the roots of the modern Spanish social security system (Guillén, 2010; Rodríguez Cabrero, 2004,). With clear references to the Bismarckian model, a system of comprehensive compulsory public insurances was designed as the centre of the Spanish social system and experienced intense development in this period. In 1958 it was finally introduced the Unemployment Insurance; in 1963 the Basic Law of Social Security (*Ley de Bases de la Seguridad Social*), a fundamental law which aimed to unify into a single fund the various insurance instruments launched over time and to improve their coverage, through the elimination of eligibility requirements that made the system accessible only to low-income workers. Even though the *mutualidades laborales* were initially maintained, they withered away in subsequent years (Guillén, 2010).

This first move towards a greater "universalization" was reinforced in 1972 when a reform of the Social Security, the Financing and Improvement Law (*Ley de Financiación y*

¹⁶ Between 1960 and 1974 the Spanish GDP grew at an average rate of 7.1% while industrial production increased by 10% annually (García Delgado and Jiménez, 1999).

Perfeccionamiento) was implemented with the aim of expanding social protection, especially for what concerned temporary labour incapacity, unemployment and old-age pensions. The reform of the social protection system materialized also with other measures, such as the introduction of the minimum wage, again in 1963. As a consequence of those developments, social expenditure grew significantly during the 1960s: from 35.5% in 1960 to 55.9% in 1970 of the total public spending. It has to be highlighted, however, that this increase corresponded to a meagre 3% point of the GDP, and in 1970s social expenditure constituted only 10.2% of the GDP (Rodríguez Cabrero, 2004,).

In the new architecture of the Spanish welfare state, social assistance maintained its secondary and residual role¹⁷, even though some legislative changes are observable also in this policy field. In 1960, several funds for financing assistance were legally established, such as the National Fund for Social Assistance (Fondo Nacional de Asistencia Social, FONAS). This Fund aimed to support charity institutions and to distribute subventions to develop social assistance services, which were characterized by the simultaneous presence of “public” and private charity. “Public charity” had a mandate to care for the needy and pretended to articulate, without being achieved in practice, a system of care structured along different territorial levels. Its regulation established obligations for public authorities, but those obligations remained mostly on paper¹⁸. Moreover, this fund was characterized by disorganized and unclear criteria and the absence of a framework law that established a uniform regulation. Alongside those funds, from the late 60s social services were created within the Social Security, financed through contribution, and devoted in particular to retired poor workers.

Private initiatives, given the scarcity of the public offer, were crucial in this policy field and were also affected by relevant changes. In the broad field of disabilities, mutual aid organizations had a very strong impulse, and particularly associations of parents of

¹⁷ A primary protective role was played by the families, and namely women, who were expected to stay home and look after children, the disabled and the elderly. Private initiatives corresponded to the second level of protection, with Catholic associations as the main actors. The State intervened only occasionally and residually.

¹⁸ The citizen had the legitimacy and the right to inform public authority about her circumstances, and the administration was obliged to take them into consideration, but she did not have an inherent right to demand the provision of the service (Aguilar, 2009). Therefore, differently than social insurance provisions, social assistance did not provide citizens with automatic social right.

children affected by disorders or disabilities started to play a very important role. In general, main changes in the social assistance realm were represented by the progressive embracement of the Social Catholicism doctrine by the Spanish Catholic Church and the erosion of its alliance with the Francoist state (Pérez-Díaz, 1993). This resulted in a reinforcement of its subsidiary role¹⁹ and in more modern and comprehensive course of action to contrast poverty, away from those traditional charities of mere relief to the needy, pursued in particular by the newly formed Caritas (Arriba and Moreno, 2002).

In the early 70's, economic growth and progressive industrialization, coupled with the opening of borders and the advent of mass tourism, transformed Spanish society, making it similar to Western Europe. These phenomena had unintended consequences for the regime, which from the Sixties had to deal with strikes and demonstrations of opposition emerging in the labour relations, in the universities and even in its relations with the Church (Bosco, 2005).

The Franco's regime, in search of legitimization, reacted by introducing expansionary measures in social protection, especially concerning temporary labour incapacity, unemployment and old age pensions. With the implementation of the General Education Law (*Ley General de Educación*) in 1970 and the General Social Security Law (*Ley General de la Seguridad Social*) in 1974, the level of public spending rose significantly. The population covered by health care insurance went from 55% in 1968 to 77% in 1973, while the number of pensions increased nearly eight times between 1960 and 1973 (Rodríguez Cabrero, 1993; 2004). Considerable wage increases also took place between 1974 and 1976. These factors set the basis for the subsequent climate of social consensus which allowed a peaceful transition to democracy (Arriba and Moreno, 2002; Rodríguez Cabrero, 2004).

Therefore, at the end of the Francoist period the main bulk of social spending was directed to retirement pensions and unemployment benefits, while social assistance was

¹⁹While emphasizing the fundamental role of the Catholic Church in providing assistance to the more vulnerable sector of the population, it is however important to highlight that the regime also contributed all sorts of material resources to the Church, and with great generosity. The subsidies from the Francoist state were substantial: endowments to the clergy for the normal functioning and personal expenses of the secular clergy, wages and salaries of ecclesiastical personnel employed in the public administration; subsidies to church-run education; tax exemptions and direct investment in the construction or reconstruction of religious buildings (cfr. Pérez-Díaz, 1991).

characterized by a scarce public financing. Private or non-profit institutions played an important role with long-standing consequences for the general coherence of the social assistance system and especially regarding its institutional fragmentation. Alongside FONAS, the *Obra Social de Auxilio* began in the 60s a path of gradual decline that would lead to its extinction in 1974 and to the creation of the National Institute of Social Assistance (INAS), with the aim of transforming the field of public charity in modern social assistance. Thus, from the end of the Sixties it started to take hold a conception of social assistance as a distinct level of protection complementary to social security. This level would encompass actions in the field of minimum income protection (social pensions and economic aid for the unemployed), health and social care. This process presented a lot of contradictions and it was implemented more on paper than in reality.

This sector remained poorly developed and severely fragmented. Means-tested economic benefits for the elderly poor and the disabled shifted under the responsibility of the FONAS, even though they were largely discretionary and numerically insignificant. The small supply of social services was provided by a variety of public bodies: there was the centrally managed "Social Security System", financed through contribution and institutionally separated both from the National Institute for Social Assistance (INAS)- the social services of the municipalities- and from the different national funds financed through general taxation (such as the National Fund for Social Assistance) introduced in 1960. Fragmentation and absence of common standards were coupled with limited funding and absence of guaranteed automatic rights (*sin garantía de derecho*) similar to the one developed in other European countries.

As a result, one could say that the development of social assistance in Spain during late Francoism was a half-hearted attempt, especially on paper, to transform public charity into a social assistance system complementary to the already established and compulsory social insurance system (cfr. Aguilar, 2009).

To sum up, the Spanish welfare state of the mid- to late 1970s was an underdeveloped version of the Bismarckian model (Guillén, 2010). Public expenditure on social protection amounted to 17.1 percent of GDP, while the average for the EU15 was of 21.9 percent (*Ibidem*). The authoritarian welfare state (Rodríguez Cabrero, 2004) built during the late

Francoism was characterized by the prevalence of social insurance schemes, with a reduced coverage of unemployment benefits, and a very meagre system of social assistance, with family and care policies severely underdeveloped and absence of targeted benefits. The Church, benefiting from large state subsidies, and the family (namely women's caring activities) substituted the state in the protection of the poor and socially excluded (Arriba and Moreno, 2002, Guillén, 2010).

3. Transition to democracy and federalization of Mi policy in Spain

At the time of the transition to democracy, the Spanish welfare state is confronted with two significant and tight challenges. In 1979 the oil crisis hit profoundly the Spanish economy which entered in a recession that lasted until mid-80, preventing the expansion and consolidation of the Spanish social protection system. Secondly, the unsolved problem of the relationship between the central state and local autonomies and the growing requests for greater territorial autonomy created the necessity for a new territorial model and a differentiated distribution of (social) competences among government levels.

Concerning the first issue, from Franco's death in 1975 until the victory of the Socialist Party (PSOE) in 1982, we assist to the consolidation of the Spanish welfare state, consisting in an expansion in terms of coverage and expenditure rather than structural reforms (Guillén, 1996). The 1978 Spanish Constitution confirms the centrality of the Social Security edifice for the social protection of its citizens, while maintaining the residual role and the institutional fragmentation of the social assistance sector. As noted, the institutional space of this policy area within the Spanish welfare edifice inherited from the regime is unclear, as a result of the fragmentation and the poor coordination between the social services connected with the social security system²⁰ - the National Fund of Social Assistance financed via general taxation and managed by the central State²¹, and social services and emergency discretionary benefit managed by the municipalities. The Spanish Magna

²⁰ It is in this period we observe a re-structuring of the social services financed through contribution and managed centrally within the "Social Security" system, with the grouping of services related to old age and disability within the National Institute of Social Services (INSERSO) and the creation of the National Institute for Employment (INEM).

²¹ It financed mainly the non-contributory old age and disability pensions, which until 1990 (see below) were fragmented and not automatic social right.

Charta did not resolve this institutional ambiguity but rather confirmed social assistance' juridical subordination: the constitutional provisions neither defined nor regulated the non-contributory realm of social assistance and social services. Within the Constitution of 1978, some individual social rights are listed (social security for all citizens, Art. 41), protection of the family (Article 39) as well as protection of disabled persons (Art.49) and support to the elderly (Art. 50), while there is no clear definition of the right to social assistance, a circumstance that led some authors to consider it a weak and conditional right (Aznar, 1994).

This is also due to the collision of constitutional definition of citizenship right with a very complex and politically salient decentralization processes. The VIII title of the Spanish Constitution did not establish neither a list of Autonomous Communities²² nor a complete index of the functions under the jurisdiction of these new-born institutions, but rather provided a range of functions which the meso-governments may choose to exercise, while the others would have remained in the hands of the central state. All those powers and responsibilities which were not listed as 'exclusive competences' of the central government could be claimed and exercised by the Autonomous Communities (art 149.3). As a consequence of the flexibility of the constitutional provisions and the vague definition of the social assistance field, between 1982 and 1993 all ACs claimed in their Statutes of Autonomy a large number of services and functions concerning social assistance, and welfare policies in general (cfr. Arriba and Moreno, 2002). The only services which remained outside the request of the sub-national governments were those internal to the Social Security area (the INSERSO).

The surge of regional laws, despite increasing the fragmentation of the system and strengthening the duality between the "solid" encompassing social insurance system for dependent workers and their families managed by the State and the residual regional social assistance for all those excluded to the Social Security, would however result in the overall modernization of the system.

²² The Spanish Magna Charta establishes only the procedures that provinces and municipalities must follow to become Autonomous Communities. On the decentralization process in Spain, see Aja 2003, Baldi 1998, Börzel 2002, Moreno, 2001.

The absence of a clear definition and institutional space of the sector was indeed a source of inter-institutional friction, and allowed the introduction of important measures also by the central government, especially in the field of disability and old age. In 1982 the Law on the Social Integration of Disabled was approved (*Ley de Integración Social de Minusvalido*), introducing benefits for the working age population with severe disabilities (of more than 75%). Such a reform constituted a path deviating change from previous policies that left responsibilities in this field to charities and private associations, even though it suffered from insufficient budget and had a skewed orientation towards economic benefits at the expense of social services (Vicente Marban, 2010).

Alongside this articulated decentralization process, in the period between 1982 and 1992 the socialist governments undertook a series of reforms to strengthen the protective ability of the Spanish welfare state. Particularly relevant was the reform of the unemployment benefit²³, which reinforced their coverage and generosity and introduced a second unemployment assistance pillar²⁴. Moreover, a “third” unemployment benefit (*Subsidio Agrario*) for the agricultural sector was introduced in 1983, with the characteristic that eligibility for the program was limited to rural workers in Andalucía and Extremadura²⁵. Despite these ambitions and efforts, many needs were left unattended by the Socialist reforms. Benefits did not reach part of the unemployed, who either had labour trajectories that were too short to meet the eligibility criteria, or had been informally employed in the underground economy. While more experienced workers (and the elderly in general)

²³Those changes were introduced by Law 31/1984. In 1989 R.D. Law 3/1989 introduced amelioration in the second pillar of unemployment benefits, especially for long term unemployed. As a result of those reforms, coverage of the unemployed passed from 43.4% in 1984 to 80.3% in 1992 (Cruz Roche, 1994).

²⁴In Spain, age and family conditions affects benefit levels and also eligibility to the second pillar. Thus, a jobless person over 45 was eligible even without dependents, as long as they had exhausted at least twelve months of unemployment insurance. Moreover, the unemployed over the age of 52 and those eligible for a retirement pension were allowed to receive unemployment assistance for an indefinite period, that is, until they reached the retirement age at 65. In contrast, few young people qualified for assistance. Entering the labour market as an unemployed person did not constitute benefit eligibility, and only those who had contributed sufficiently could receive unemployment insurance, which was key to subsequently receiving unemployment assistance under the conditions previously outlined.

²⁵ Workers who were inscribed in the agricultural social security regime and who had worked sixty days in the agrarian sector during the previous year were eligible for an unemployment benefit equal to 75 percent of the minimum income for six months of the year. Benefit duration was directly related to the number of days worked, but the scale used was more favourable to older workers than to young people, unless the latter had dependents.

became the main beneficiaries of those reforms, younger workers and families remained largely outside from the protective net provided by those social policies. Those shortcomings are particularly relevant because the 1984 labour market regulation reform contribute to the flexibilisation and progressive segmentation of the Spanish labour market, through the liberalization of fixed-terms contract, although the ordinary framework for contracting remained untouched.

Paradigmatic changes were introduced in the health sector with the General Health Law of 1986, which created a universal national health system, with competences gradually devoluted to the *Comunidades Autonomas* (Guillén, 2002). Partially different was the policy trajectory in the pension field, where the socialist government introduced in 1985 a restrictive reform, aimed to ensure its future financial sustainability (Guillén, 2010).

Even though the Social Security system continued to be “solid” and well developed, important improvements were achieved also regarding social assistance. In particular, in 1988 it was established the Ministry of Social Affairs, that promoted the modernization of the system²⁶, and in 1990²⁷ was introduced a flat rate non-contributory pension for the elderly and the disabled. Social services were improved especially in the provision of childcare, even though they remained underdeveloped in reason of the very low initial condition.

To summarize, in the period between 1982 and 1992, under the socialist governments we assist to an expansion both in term of generosity and coverage of the unemployment system, the universalization of the health sector, the introduction of flat rate means tested benefit for the (poor) disabled and old people, while social services began their thwarted path towards modernization. Despite overall improvements, the social protection system still lacked a comprehensive safety net directed to all citizens in condition of need.

²⁶ In particular, the adoption of concerted plan with the CAs (in disparate field such as Old-age, Drug Addiction, Equal Opportunities, or Youth) aimed at creating uniform criteria in the field of social services valid in the whole Spain. Moreover, they paved the way for the future transfer of the social services of the INSERSO to the regional systems of social services.

²⁷ The Non Contributory Pensions and Benefits act (1990) guaranteed a pension to the disabled unable to work and to those above the age of 65 without means who had not the minimum contributions necessary to qualify for contributory pension.

4. The introduction of regional minimum income schemes (1988 – 1995).

At the end of the 1980s, Spain displayed a weak system of minimum income protection for the working age population. Public intervention in the anti-poverty field was provided locally and with great territorial differentiation, while the family was ultimately responsible for the well-being of its member (Naldini, 2002).

The introduction of the *Revenu Minimum d'Insertion* (Minimum Insertion Income) in neighbouring France and the entry into the European Union, with the consequent participation to the Poverty Programs launched by the European Commission, contributed to prompt a political debate on poverty and social exclusion. In particular, religious associations drew attention on anti-poverty policies and minimum income protection. Since January 1986, Caritas Spain officially supported the introduction of a comprehensive safety net, a decision followed by an intense advocacy at national and local level. On the other hand, social workers' professional associations assumed a more tepid position towards the adoption of a Mis, since they would have preferred to strengthen the structure and the organic of the social service system (Aguilar, 2009).

Requests to introduce a last resort safety net were strongly backed by both Spanish trade unions - Comisiones Obreras (CC. OO.) and Unión General de Trabajadores (UGT) which included a Minimum Income Scheme (Mis) in the *Propuesta Sindical Prioritaria* (Union Priorities Proposal, PSP) signed on October 1989 (Arriba and Moreno, 2005). This proposal was addressed to the national government and to all the Autonomous Communities (ACs). Moreover, some parties systematically included a minimum income scheme within their electoral programs at national and regional level: with different accents and forms, this is the case of left parties such as Izquierda Unida (Maravall, 1990) and of parties of Christian Democratic tradition such as Centro Democrático Social (Revilla, 1990), or regionalist centrist parties such as Partido Nacionalista Vasco and Convergencia Y Unio in Catalonia. Notwithstanding those pressures, the Spanish socialist government opposed means-tested benefit against poverty and preferred to focus its initiatives in other policy field (Arriba, 1999; see Chapter 5).

Against this background, in Spain the dynamics of welfare state change collided with spatial policy rescaling, leading sub-national units to introduce regional minimum income

schemes. In particular, we observe two distinct paths across ACs, both leading to the introduction of regional anti-poverty measures. In the Basque Country, Cataluña and Navarra, regionalist centre parties, with strong organizational ties with the catholic movement, supported the introduction of regional safety nets, not least with a “region building” purpose. In all the other ACs, trade unions were able to negotiate with regional governments the introduction of Mis: in the short period between the end of 1989 and 1991, social partners and subnational government signed social pacts which included regional Mis (see Chapter 8).

As a result of these distinct processes, in the brief period between 1989-95 all Autonomous Communities introduced public anti-poverty programs that – despite significant variation- combined a monetary support with measures to promote social and labour market integration (Arriba and Moreno, 2005).

Regional safety nets constituted in Spain a path departure from the weak original model – providing protection to all those previously uncovered citizens with an income below an established threshold and non-possessing the contribution necessary to access to unemployment benefits, embodying therefore the “selective universalism” principle (Jessoula and Alti, 2010). Despite the heterogeneity of their institutional design - in terms of generosity, eligibility criteria, coverage and activation measures – it is possible to identify the main features of the Spanish minimum income protection system at the beginning of the Nineties.

First, entitlement to Mis rested on subjective and judiciable rights as well as on codified administrative procedures only in a very limited number of cases; in most regions access to these programs largely depended on discretionary administrative decisions, these in turn being conditional on both the amount of resources made available in annual budget laws and the political will of regional administrations. Given the high regional differentiation in terms of budget available for those programs, it was possible that where poverty was more widespread, the chances to access were more limited, when not almost entirely precluded.

Secondly, resources allocated for these measures were extremely limited. In 1996, total expenditure for regional safety net was below 0.03% of the GDP. Therefore, regional Mis

provided a modest economic support to a very narrow segment of the population, i.e. they were residual schemes aimed at combating very extreme conditions of poverty. Benefit amounts – and, thus, access threshold - were well below 50% of the minimum wage. Equivalence scales were regionally differentiated, but with the exception of the Basque Country, for a household composed of four persons the benefit amount was significantly lower than the minimum wage. This feature had not only the effect that in most regions the benefit was inadequate to lift households - especially numerous - above the poverty line, but also severely limited the segment of the population that could access. The presence of patrimonial and behavioural requirements (see below), as well as strong budgetary constraints, further restricted the possibility to access: as a result, in 1993, only 0.19% of Spanish households, a very limited part of poor Spaniards, had access to these measures.

Thirdly, territorial fragmentation was evident: it regarded available resources, benefit generosity, coverage, institutional as well as social inclusion elements. Regional expenditure did not only vary greatly from one region to another, it was also frequently lower in those regions where poverty rates were higher. Increasing the complexity of the system, each region introduced a mosaic of different means-tested benefits rather than a unique, inclusive and organic Mis, and it was not unusual that, in addition to these measures, other forms of economic support took into account the specific housing and/or training needs. Moreover, the system lacked inter-territorial coordination mechanisms (Ayala, 2012) both with national and municipal means-tested poor relief measures.

Fourthly, those measures were not only aimed at alleviating poverty, but also aimed at the social and possibly labour (re-)insertion of beneficiaries. Therefore, those measures had a contractual nature, requiring the signing, at least on paper, of a concerted plan between the social services and the beneficiaries. Especially in a first phase those measures differed widely regarding their social integration component (Aguilar, Gaviria and Laparra, 1995): broadly speaking, we can divide them between regions providing social and – rarely - labour market services and those favouring the direct creation of public jobs in municipal or regional government as the main form of social re-integration. Both form of social inclusion - but especially the provision of services - were limited by severe implementation gaps. The presence of very strict behavioural requirements was another striking

characteristic of Spanish minimum income schemes. According to the regional laws, if the beneficiary were to make a loosely defined “improper” use of the monetary allowance and/or did not guarantee adequate caring of underage children, social workers could withdraw the benefit. Since such strong conditionality was rarely accompanied by services that allowed to effectively overcome social problems, in many regional cases the threat of losing the subsidy appeared as the only social integration measure.

Finally, to strengthen the introduction and development of new regional systems of income protection in most of the regions were introduced new institutional bodies, the *Comisión de Seguimiento* and the *Comisión de Coordinación*, made of the regional government - in particular of the departments of labor and social policies - municipalities and trade unions and employers' organizations. The former role was to ensure the proper implementation of the scheme, to collect data regarding the number of requests and grants awarded, and to provide the regional government with an annual assessment; the latter aimed to ensure both vertical and horizontal integration between the different institutional bodies deputed to the administration of the measure, i.e. region, municipalities, provinces, as well as the various associations that deal with social and professional reintegration. Both of these institutions could intervene in the policy-making process advancing proposals for improvements. These institutional innovations are relevant since they indicate the intention of the CAs to become the main actor in the field of anti-poverty policies, expressing the will - at least on paper - to perform a directive and controlling function between the various instruments deployed on the territory and encouraging the interaction between the different actors potentially active in the fight against social exclusion.

With the approval in the Balearic Islands of Decree 36/1995, all CAs had introduced anti-poverty measures: path departure from the original model was thus completed. Despite the relevance of this institutional innovation for the Spanish welfare state, in the mid-1990s the Mip system still appeared strongly residual and comparatively underdeveloped (Aguilar, Gaviria and Laparra, 1995).

5. A lost decade? Regional Mis between policy inertia and limited activation

In the mid-1990s the period of expansion of social spending in Spain and creation of regional system of social assistance gave way to another characterized by concern for rationalization, maintenance and viability of the system of social protection, focused especially in securing its financing (Rodríguez-Cabrero, 2004). Meanwhile, during the 1990s and early 2000s, Spain experienced an (uncompleted) transition towards a “post-industrial” order, which profoundly altered occupational structures, as well as family and gender relations. The emerging service economy opened up new employment opportunities for women, the young and other “outsiders” (often migrants), often at a heavy cost in terms of the quality of those newly created jobs. In this rapidly changing context, a growing number of people struggled against the consequences of intermittent labour careers, being stuck in a low-skill low-wage occupation, badly protected against unemployment as a result of an unstable career path, unable to balance paid work and family responsibilities, becoming a lone parent, reaching old age and becoming frail without family support, etc.

During the late 1990s and early 2000s, the Spanish economy experienced also an intense growth: on average, between 1995 and 2005 the GDP grew of 3.9 percentage points per year, whereas unemployment decreased from 20.7% in 1995 to 9.2% in 2005. Even though this did not translate in a reduction of poverty and social exclusion (Ayala, 2012), those trends contributed to remove poverty from the political agenda: the introduction of a national Mis was never proposed by any political party in the parliamentary debate and, at least at the national level, it did not rank high in trade unions’ bargaining agenda. Despite that, in 2000 a new scarcely financed scheme²⁸ - called *Renta Activa de Inserción (RAI)* – was introduced, aiming at labour market re-insertion of long term unemployed, aged 45 plus, who have exhausted their unemployment benefits and have family dependents. This measure strengthened Mip in Spain while contributing to sector fragmentation.

Also at the regional level inertia prevailed in the field of Mip, leading some authors to label this decade as a sort of *travesía del desierto* (lit. journey across the desert) (Laparra, 2004). In fact, the most critical nodes of the regional Mip were left almost untouched.

²⁸ In 2004 the total number of beneficiaries of the RAI were 39.253.

However, similar to the path departure phase, strong territorial differences existed. In fact, few regions – most notably Catalonia, Madrid and Navarra, which transformed their residual safety net into a right-based Mis – introduced significant reforms that made substantial improvement in their Mip system.

The majority of the CAs made only incremental legislative interventions, in most cases increasing – although limitedly – benefit amount and coverage rate, whereas other regions did not intervene at all in this policy field. As a result, total regional expenditure for the Mis rose limitedly, from 165 million euro in 1996 to around 350 million in 2005, i.e. the 0,04% of the Spanish GDP. This growth is inadequate and territorially differentiated - caused in particular by the decision of the Basque country to extend the Mis coverage to poor elderly in 2000, de facto resulting in an expenditure growth of 114.3% between 2000 and 2004. Significant expenditure increase affect however also other CAs, in particular those who have introduced expansionary reforms and where programs were already more developed in the first phase (Cataluna, Madrid, Navarra, but also Galicia and Castile and León).

The generosity of regional minimum income schemes increased in almost all regional contexts, even though benefit amount remained well below the minimum wage and/or the relative poverty threshold. If in 1997 the average amount of the benefit for a single person was equal to 235.7 euro - 58% of the minimum wage - in 2004 it was equal to 318 euro. Behind those data persisted regional differences, with benefit amounts ranging from 249 euro in Cantabria to 426 euro in the Basque Country - a striking difference considering that those are two neighbouring CAs with very similar cost living standards.

Since the access threshold became slightly higher, Mis coverage, (slowly) increased: household beneficiaries passed from 63.714 in 1996 to 96.899 in 2004. This very slow process of increase of coverage was however inadequate vis à vis the needs of the population, since only a limited share of the extremely poor could have access to those benefit: in 2004, the severe poverty rate – i.e. the percentage of people with an income below 40% of the median income – was 7.4%, whereas only 0.6% of the population received Mis.

Alongside these partial improvements, this phase is characterized by both the participation of many CAs to the European OMC process and the diffusion of the activation paradigm in accordance with the directives of the Lisbon strategy (Pérez Eransus, Arriba and Parrilla, 2009). This resulted in a change of the nature of regional Mis, which, similarly to other European countries, are to a greater extent conditional on the recipients willingness to work and increasingly assume a “reintegrative” function (Moreira, 2008).

In particular, in most regions the creation of subsidized jobs – i.e. “socially useful jobs” - in public offices ceased to be the main social integration tool, even though they remained one of the possible activation strategies in some CAs (eg. Galicia, Madrid, Navarra) (Laparra, 2004). Conversely, since the beginning of the 2000s, many CA’s increased their effort in linking economic support with different services, especially devoted to the labour market (re) integration of Mis beneficiaries. This process included two different dimensions. On the one hand, it is increasingly mandatory for beneficiaries to be active in the job search (Perez Eransus, Arriba and Parrilla, 2009). In particular, it becomes common to find in regional laws references to the duty of labour market integration, formal requirements not to refuse any job, and greater controls over beneficiaries - who are increasingly demanded, at least formally, to present themselves to the appropriate offices whenever required. On the other hand, we see attempts to facilitate the horizontal integration between employment and social services, in an effort to move towards an individualized and multidimensional approach that should strengthen individual ability to participate in the labour market. Many regional laws include the overarching goal of integrating social services and employment centres, sometimes also introducing – at least formally – plans to fight the marginalization of Mis beneficiaries through the combined action of housing, health, education, labour and social departments. This integrated approach is particularly pronounced in the community of Madrid, where access to financial support is tied to an intensive take-over by social services, which are required to assess beneficiaries’ competencies and social problems, to stipulate a personalized program that included measures of physical, mental, social and of family support, and to ensure the effective implementation of those measures through time. The Madrid case is not isolated, as many AC’s introduces cross-sectoral plans with the specific goal of social inclusion, under the

impulse of the European Union OMC process (Perez Eransus, Arriba and Parrilla, 2009). However, implementation gap and the limited financing of employment and social services meant that the activation strategy has concretized mostly in its first dimension, namely aimed at kick-starting the unemployed' return to work (Rodríguez-Cabrero, 2009). At the same time, the development of insertion programs constitutes a significant novelty in the Spanish social service tradition, constituting an important advance in social intervention (Ayala, 2012), despite the usual limitation in terms of territorial differentiation and implementation difficulties.

We may therefore conclude that in this decade, the most relevant weaknesses of the Spanish Mis system were not overcome. Regional Mis remained mainly discretionary, highly residual, and in many cases also predominantly passive. At the same time, some promising seeds were introduced in some front-runners CAs. Moreover, regional anti-poverty programs changed in many cases their nature and governance structure, moving towards an integrated and multi-dimensional approach which, however, in many regional cases did not result concretely in an increase in their protective capacity.

6. Facing the crisis: policy expansion of regional minimum income schemes.

The Great Recession had a tremendous impact on the policy trajectories of regional Mis in Spain. At the national level, the onset of the financial and subsequently economic crisis deeply influenced the policy trajectories of the Spanish welfare state, which in the first years of the new Socialist government experienced a new expansionary period (Guillén, 2010). In 2006 a major reform of the labour market was introduced which aimed to reduce the segmentation and progressive dualization of the Spanish labour market, while in the pension field Law 2006 introduced an amelioration of both contributory and non-contributory benefits. In particular, in the field of new social risks, Zapatero's governments introduced a wide range of measures, including initiatives to facilitate the residential autonomy of young people (Gentile and Mayer Duque, 2009), to promote female employment and the conciliation of work and family life (through an unprecedented expansion of child and elderly care schemes), and to encourage fertility as well as helping young families through birth grants. Particularly relevant in the social assistance field in is

the introduction in 2006 of the so-called Dependency Law (Law 3/2006), a framework law setting minimum standards to be guaranteed throughout the country in the field of social services for disabilities²⁹. Also in reason of a very low initial amount, social protection expenditure on family/children policies increased beyond the European average between 2004 and 2010 (36% over this period, only below the Irish growth rate for this area of policies within the EU-15) (cfr. Mari-Klose, Moreno-Fuentes and del Pino, 2013).

The onset of the financial and subsequently economic crisis deeply influenced this trajectory and substantially puts an end to these expansive trends. In the short period from 2008 to 2013, GDP declined of 7.3 points, while the number of unemployed dramatically increased from 8.3% in 2007 to 24.5% in 2014. As for poverty and social exclusion, all European indicators reveals the dramatic social consequences of the recession: the “anchored” poverty rate reached 22.2% of the population in 2013 – with a growth of 1.9% from 2008, the third most relevant increase in the Eu28 after Greece and Portugal – whereas the “severe poverty rate” reached 9.3% of the population (+ 1.9%) (Jessoula, Matsaganis and Natili, 2015).

The initial reaction of the Socialist government – from March 2008 to November 2011 - was to use social protection as an instrument to mitigate the adverse effects of the crisis on the population. In 2009 it was introduced a “Temporary programme for unemployment protection and integration’ (PRODI) with the aim of expand unemployment benefits to those workers whose benefits had already run out³⁰. More in general, no restrictive reforms were approved until 2011, when the reform of the pension system was practically imposed on the country by the EU and the public debt crisis. In the health care sphere, restrictive measures have been approved regarding rationalizing the costs of pharmaceutical services (Law 4/2010) (Guillén et al., 2009 and 2010; CES 2010-2011). Simultaneously, the crisis actually prompted the re-launch of a debate about the possible

²⁹ Similarly to the Gender Equality Act (2007), the implementation of this Law has been hampered by a clear lack of resources. This is in part due to the crisis’s impact on the public budget, but it is also because the sources of financing were not clearly defined (Sarasa, 2012, Rodríguez Cabrero and Marbán Gallego, 2013).

³⁰ This program – reformed several times in the last years, and nowadays called Plan Prepara - consists of a means tested benefit of 400 euro for the unemployed under 65 who have exhausted other benefit rights and whose families have no other source of income. The strong conditionality as well as the impossibility to receive twice the benefit severely limits the number of beneficiaries (Arriba, 2014).

introduction of a national safety net. Trade unions, in particular, made an official proposal to the government in 2014; NGO's – and especially EAPN Spain - backed the proposal by Comisiones Obreras. Also some political parties actively called for reinforcing minimum income protection: among these, Izquierda Unida – which had failed to create a commission aimed at studying the viability of a national minimum income scheme in 2007 and had traditionally supported trade unions' proposals in this field – and lately Podemos which has included the establishment of a national means-tested safety net in his political programme. Despite pressures, mounting unemployment and poverty, national measures in the field of last resort income support remained extremely weak and no social rights were introduced to fight absolute poverty.

In this context, despite increasing budgetary constraints and strong pressures towards containing sub-national expenditure (Del Pino and Pavolini, 2015), between 2007 and 2014 a significant – though possibly not sufficient - expansion of regional safety nets is apparent in Spain. This was very often the consequence of a political exchange between regional governments and trade unions, where the latter obtained the expansion of last resort safety nets and the former legitimacy and sharing responsibilities regarding public policies. This expansion touched almost all the relevant weaknesses of the Spanish Mip system.

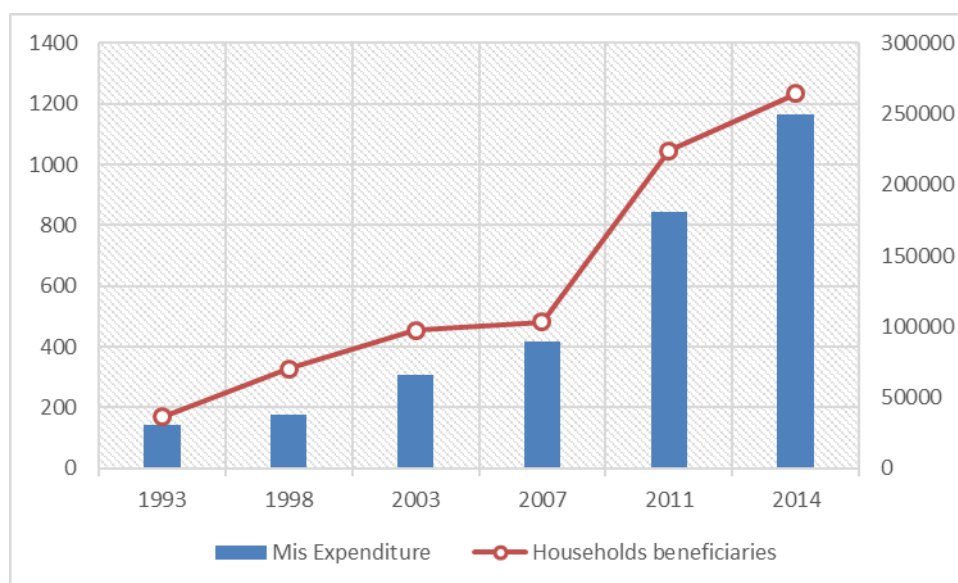
Many regions introduced in fact ameliorative legislative changes in the definition of the subjective right to access to this benefit. Particularly relevant is the approval of Law 4 of 2005 in Asturias, which marks a turning point for regional Mip paving the way for a series of legislative changes aimed at formal recognition of the right to a minimum amount of resources necessary to maintain decent living standards. This right has been announced in the new Statutes of Autonomies that were approved in 2006 and 2007 in six regions: Andalusia, Aragón, Baleares, Castilla y Leon, Catalonia, Extremadura and the Valencian Community. More concretely, the legal right to access these measures is afterwards recognized in specific laws in Cantabria (Ley 2/2007), Castilla y Leon (Ley 7/2010), Extremadura (Ley 9/2014), Galicia (Ley 10/2013) and La Rioja (Ley 7/2009), in addition to regions that already did so (Cataluña, Madrid, Navarra and the Basque Country). Incremental legislative improvements were introduced in other regions such as Murcia (Ley 3/2007), Valencian Community (Ley 9/2007), where it is attenuated the extremely residual character of the measure, although those CA's constitute nowadays in Spain –

jointly with the Balearic Islands, Canaries, and Castile La Mancha – the only CA’s where the possibility to access is still subject to budgetary constraints (Ministerio de Sanidad, Servicios Sociales, e Igualdad, 2015).

Additionally, beneficiaries more than doubled in the same period and the coverage rate increased from 0,6% in 2006 to 1,45% in 2014 (Fig. 3). Although generalized, this growth is regionally differentiated: in the Basque Country coverage rate grew of more than 4 percentage points while in Castilla - LaMancha less than 0.4 and in Murcia of 0.5. These developments suggest a trend towards greater fragmentation of minimum protection in Spain, which - far from decreasing - has grown since the early-2000s.

Mis expansion in Spain is not simply a reflection of rising caseloads, since benefit levels also increased in real terms. The amount of the average benefit shifted from 353 euros per month in 2006 (56% of the minimum wage) to 430 euros (65.7%) in 2014. Regional differences remained relevant, since the basic benefits amount ranges from 300 euro in Murcia to 666 € in the Basque Country. Those differences are even greater if we consider larger households: four-member households receive up to 434 euro in the Valencian Community, 945,88 in the Basque Country.

Figure 6 Evolution of total expenditure and household beneficiaries of Mis in Spain, selected years.

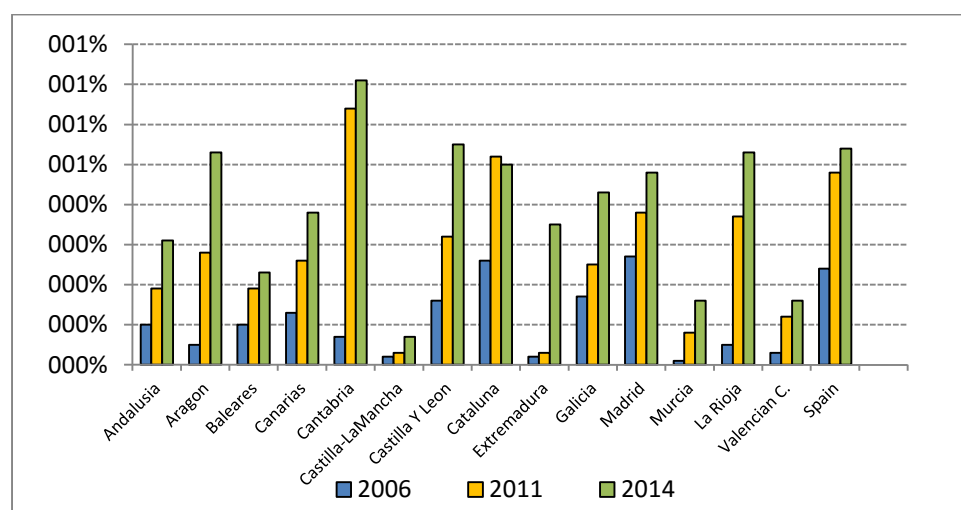


Source: Author's elaboration on Ministerio de Sanidad, Servicios Sociales e Igualdad

The combination of enhanced legal guarantees, higher thresholds for accessing the benefit and the social consequences of the economic crisis, resulted in a significant expansion of total expenditure on Spanish regional Mis, which increased from around €360 million in 2006 to almost 1.2 billion in 2014 (Fig. 6). Although the total expenditure as well as the number beneficiaries increased in all CAs this joint representation hides considerable differences, as spending particularly increased in special financing regions (Navarra and the Basque Country). However, it is important to underline that those trends are generalized: in all CA's, generosity, coverage and expenditure increased during the Great Recession, especially in the period between 2008 and 2012.

What appears particularly important – especially in comparative perspective - is that expenditure for regional Mis grew in a period of strong budgetary constraints. If we consider a standard measure of “welfare effort” – i.e. Mis expenditure as a percentage of total regional budgets – this increased significantly in all Spanish regions, also limiting our analysis to the regions with “ordinary” forms of financing (Fig. 7). Particularly impressive is the expansion in some CA's – such as Aragon, Cantabria, Extremadura and La Rioja – that prior to the crisis had very residual safety nets (Fig. 7).

Figure 7 Expenditure for Mis as a % of total regional budget, selected years, ordinary financing CAs



Source: Author elaboration on Ministerio de Sanidad, Servicios Sociales e Igualdad, several years

Finally, along with policy expansion, this period is characterized by the introduction of some institutional innovations further in the direction of stronger conditionality and activation. In particular, we observe the diffusion in all Autonomous Communities of complex sanction mechanisms – previously existent in the Community of Madrid and the Basque Country only - that intervene in cases in which beneficiaries do not comply with the plan agreed with the social services, or commit frauds to gain access to the benefit. In the majority of regional Misa gradual curtailment of the monetary benefit depending on the severity and/or the cumulative nature of the beneficiary “faults” was in fact introduced.

Besides that, innovations are introduced in certain regions, with the aim of addressing the so-called poverty trap and making “more convenient to return to work”. In some regions – and especially Aragon and Castile and León – income deductions have been introduced allowing to combine income from work and minimum income, along the same lines of what is happening in many other European countries. In the Basque Country and in Castile and León alongside the traditional safety net have been introduced special services and treatments for workers benefiting of anti-poverty schemes. Moreover, in some CAs the regional safety net is nowadays managed by the employment centre rather than the social services. Those approaches are in line with the stronger emphasis posed on labour market integration typical of many CAs – and European countries -, but are interesting because seem to go in the direction of reducing the extremely residual approach typical of regional Mis in Spain, and to address the increasingly thorny issue of working poverty.

6. The uncoordinated Spanish Minimum Income Protection Model today

In the previous paragraphs we analysed the policy trajectories of regional anti-poverty safety net in Spain, which from a series of discretionary regional measures aimed at relieving the most marginalized and at risk of exclusion segment of the population, have become - in most regional cases - a right based income support measure targeted to the individuals with an income below a pre-defined threshold, independently from their social and labour market situation. What appears particularly significant about this trajectory is that expansion of regional safety nets – in term of expenditure, coverage, benefits and

welfare effort – has occurred in all Spanish Autonomous Communities, although in a differentiated way. Moreover, this trajectory appears uni-directional: in no case - to our knowledge - regional Mis have been subjects to severe subtractive reforms, even though substantive efforts to control public expenditure are evident in some cases (e.g. Madrid, Catalonia). The main question is therefore whether Spain has finally overcome the barriers that have traditionally impeded the construction of a minimum income protection system in Southern Europe, thus finally catching up with “European standards” in this policy field. If this is the case, this twenty-five years long trajectory can be actually defined as one of a gradual institutionalization (Mahoney and Thelen, 2010) of a minimum income protection system. In order to answer this question, in this final paragraph, we highlight the peculiarities – both positive and negative - of the Spanish system of minimum income protection in comparative perspective.

6.1 Low coverage and territorial inequality: the limits of the uncoordinated Spanish model

In the previous paragraph, we highlighted that through a series of legislative reforms, most of the regional safety nets – with the exception of Balearic Islands, Canaries, Murcia and Valencian Community – have removed budgetary constraints, so that nowadays a person who is formally entitled to the benefit, yet excluded, has the right to appeal to a court. Still, Mis beneficiaries – although increasing – are well below the number of people experiencing economic hardship in Spain (Arriba, 2014). Partially this is a trend observable in all industrialized countries: a study recently published by Eurofound [2014] concluded that all the estimates made over the years - related to various countries and using different methodologies - show percentages of not take up greater than 40%, so that it is quite normal – although, perhaps, not acceptable - to have more poor than social assistance beneficiaries. However, this appears a particularly worrying phenomenon in Spain, since the distance between Mis beneficiaries and the share of people experiencing material deprivation is among the highest in Europe (Tab.5)

Tab. 5 Coverage rate of Mis vs material deprivation rate in 2014, selected countries

Country	Mis Coverage	Material Deprivation Rate	Percentage point difference
Austria	2,8%	4%	- 1,2%
Denmark	4,9%	3,2%	+ 1,7%
France	5,6%	4,8%	+ 0,8%
Netherlands	1,9%	3,2%	- 1,3%
Portugal	1,9%	10,6%	- 8,7%
United Kingdom	3,1%	7,3%	- 4,2%
Spain	1,4%	7,1%	- 5,7%

Source: Author elaboration from National Statistical Offices and Eurostat

Some specific characteristics of the regional anti-poverty measures contribute to explain such undesirable record. Firstly, the Spanish Mi system is still among the most complex in Europe. The absence of a common regulatory framework allows for very different regional requirements and procedures, increasing the asymmetries on information between administration and beneficiaries that frequently are among the most frequently cited causes of high level of non-take-up of social assistance benefits (Matsaganis et al., 2008). In top of that, regions have adopted very unclear and elaborated selection procedures, severely undermining the possibility of potential beneficiaries to access to regional safety nets, particularly in reason of their socio-demographic characteristics – i.e. low education and income levels.

Secondly, patrimonial requirements are often very stringent in the Spanish case, significantly decreasing the number of potential beneficiaries. As an example, in Castile and León owing a small and non-rentable house in the countryside – which is very common in this part of the country – is sufficient to have precluded the possibility to access to the regional safety nets. Moreover, migrants have to demonstrate that they do not have similar possession in their native countries, so that they have to obtain the necessary

documents – often requiring to travel back home - and having them officially translated in Spanish, a process so complicated and expensive that frequently discourage them to file in an application. Similar procedures – which have the clear goal of maintaining under strict control the total number of beneficiaries – exists in most of the regional regulations, severely restricting the number of beneficiaries in the Spanish case.

Thirdly, discouraging procedures are very often – although not always - coupled with low administrative capacities, especially in terms of lack of IT infrastructure and adequate personnel. Means-tested benefits require the ability to make a plausible estimate of applicant's income. This means that different sources of the public administration – municipal social services, regional government, labour and finance ministries, etc. - have to be able to communicate through a unified/integrated data processing structure, something which has been introduced only in a limited number of regional cases. Furthermore, also due to the complexity of the procedures, the exponential growth of request in reason of the Great Recessions made necessary to strengthen the bureaucratic structure, something which was only randomly done. This resulted in one of the main weaknesses of the Spanish Mis: the long waiting time. According to Caritas (2013) the average waiting period between the application and the effective payments is six months, but in the most extreme case can be more than one year, leaving beneficiaries in a sort of dependency limbo, with rights to services and benefits recognized but not receiving them.

The combined effect of system fragmentation, the presence of very strict and complex access requirements and selection procedures, and limited administrative effectiveness strongly undermine the possibility to access to the Spanish last resort safety nets, therefore reducing the protective capacity of those regional instruments.

The second most relevant weakness of the Spanish minimum income protection system is territorial differentiation (Ayala, 2012). Wide differences exist among regional safety nets in terms of generosity, coverage rate and expenditure – not to mention regulation and conditionality requirements.

Tab. 6 Generosity of regional Mis in Spain, 2014

Generosity	Basic Amount	Maximum Amount
Least Generous	300	372
State Average	427,3	683,4
Most Generous	662	962

Source: Ministerio de Sanidad, Servicios Sociales, e Igualdad, 2015

In terms of generosity, benefit amount differs among CAs, and the difference between the most and least generous case is impressive (Tab. 6). What appears particularly worrying is that territorial differences in this dimensions are increasing: if in 2004 the differences among the least and the most generous amount were of 176 euro, ten years later are more than doubled, reaching 362 euro.

Equally relevant are the differences in terms of coverage rate and expenditure. Even limiting our analysis to regions which did not enjoy special fiscal treatment – as it is done in tab. 7 – Spanish territorial differences are strong and persistent. Perhaps more worrisome, rather than decreasing, in the last years policy expansion has been accompanied by increasing territorial differentiation.

Tab. 7 Expenditure and coverage rate of regional Mis in Spain, selected years.

	Coverage (% of regional households)	Expenditure (% of total regional exp)	Coverage (% of regional households)	Expenditure (% of total regional exp.)
	2008		2014	
Least protective	0,06%	0,02%	0,32%	0,07%
State Average	0,68%	0,25%	1,45%	0,67%
Most protective	1,61%	0,59%	3,37%	2,16%

Source: Authors elaboration from Ministerio de Sanidad, Servicios Sociales, e Igualdad,

In general, territorial differentiation might not be necessarily a problem – after all it might be that approaching the level of government to citizens enhance efficiency and responsiveness to people' problems, and therefore differentiation is simply a result of different conditions. Problems of equality arise however when the least economically developed part of the country – where poverty is concentrated - have worst social programs.

Tab. 8 Generosity, Coverage and Expenditure per capita of regional Mis, selected regions.

Region	GDP per capita	Basic Monthly Amount	Coverage	Expenditure per capita
Extremadura	15.500	€426	2,2%	€16.3
Andalucia	16.800	€400	0,7%	€11.05
Castille LaMancha	18.300	€372	0,5%	€2.27
Murcia	18.400	€300	0,6%	€4.9
Spain (Average)	22500	€429	1,4%	€25.47
Aragon	24700	€441	2.4%	€22.2
Basque Country	29.300	€665	5,1%	€205.20

Source: Author's elaboration based on Ministerio de Hacienda and Ministerio de Sanidad, Servicios Sociales, e Igualdad

Actually, if it is not possible to argue that in Spain richer regions have better programs – for example, Madrid, the AC's with the highest GDP per capita in Spain has a less generous and protective measure than the Spanish average - it seems that the most economically underdeveloped autonomous communities - where the need for effective safety nets is higher – often have less protective schemes. As table 8 displays, the four regions with the lowest regional Gdp in Spain – Extremadura, Andalusia, Castille La Mancha and Murcia – have safety nets which have a far lower protective capacity.

A national intervention aimed at guaranteeing the diffusions of best practices, setting minimum standards, ensuring coordination between different instruments and to

substitute regional governments in case of non-compliance and, perhaps more relevant, the presence of specific funding lines to ensure a certain degree of horizontal redistribution between subnational units thus seem particularly important to avoid the risk that decentralization leads to territorial inequalities. Within a national framework, it is possible to imagine ameliorative interventions by subnational governments, as well as some degree of freedom concerning in particular active inclusion measures that might require taking into account the specific characteristics of the local labour market. Conversely, in the current scenario - in which subnational units have exclusive jurisdiction with regard to the possibility of introducing measures in this field of policy - it seems difficult to limit the risk that the poorest regions have less generous and inclusive schemes.

2.5.2. Policy expansion in hard times: decentralization and anti-poverty schemes

Along with the problems mentioned above, the uncoordinated decentralization of social assistance competences in the Spanish case resulted in the introduction of different programs that currently cover the whole national territory and may be regarded as almost universal (Guillén, 2010). Therefore, it seems plausible to argue that – coupled with pressure from relevant interest groups and the absence of veto players at the regional level (Lalioti, 2016; see Chapter 8) – it has favoured path departure from the original Southern European model of weak public intervention in this policy field. Three factors appear particularly relevant in order to understand the positive incentives that regional political actors faced compared to the nationals. Firstly, at the regional level it was possible to introduce budgetary constraints on access to these measures, therefore allowing controlling expenditure, while the absence of a national measure and the support of European institutions towards those schemes provided for high visibility to regional political entrepreneurs “hungry for votes and recognition”. Secondly, introducing minimum income schemes at the regional level did not result in redistribution of resources from richer to poorer parts of the country. This was a very salient issue which might have been vetoed by powerful regionalist parties – such as the Partido Nacionalista Vasco and/or the Catalan *Convergència i Unió* - in the national political arena. Finally, it is not by chance that in Spain the first regional measures were introduced by regionalist parties: in

the subnational political arena, activism in the social policy realm was useful for competitive region building purposes, since social policy are powerful instrument in order to demarcate geographical spaces and stabilize new forms of political organization (Ferrera, 2005). As a matter of fact, despite timid efforts by some old - Izquierda Unida - and new – Podemos – political parties and by the trade unions, at the national level it has been so far impossible to introduce an inclusive and fully fledged anti-poverty measure. Therefore, it seems that the uncoordinated decentralization of Mip favoured the introduction of a Mip system in Spain, which would be otherwise – also in light of the comparative evidences outlined below - probably absent.

Furthermore, it is important to underline that, despite problems outlined above in terms of poorer regions having less protective schemes, there are also some positive trends in the direction of greater equality of the system emerging in the last years. In particular, the poorest region in Spain (Extremadura) has recently introduced expansionary reforms, strengthening significantly its last resort safety net. As a result, the number of beneficiaries has increased enormously - from 3195 in 2013 to 25205 in 2014 - resulting in an exponential growth of total expenditure from around 3 million to more than 17 million euro. Also in Castile and La Mancha beneficiaries increased by more than double from 2013 to 2014. At the same time the Basque Country – indisputably the most protective scheme in Spain – is among the very few Autonomous Community which have not contributed to the general growth of minimum income expenditure from 2013 to 2014, which has been once again significant (+12,1%). Despite it is too early to announce an *égalisation dans le progrès* for the Spanish safety nets, those evolutions – coupled with the extraordinary efforts made in Asturias, a medium economically developed CA in Spain which has the second most protective scheme in Spain in terms of beneficiaries and expenditure – suggest that political decisions are at least as relevant as socio-economic conditions to explain the policy trajectories of regional Mis, and it is therefore possible to have protective measures also in the less economically developed part of the country.

Such outcome – the progressive amelioration of safety nets in the most economically underdeveloped part of the country – is particularly relevant, also because so far no subtractive reforms have been introduced in the Spanish Autonomous Communities in this policy field. The absence of retrenchment – despite undeniable attempts to control

public expenditure – is particularly interesting in light of the policy evolution of minimum income protection in other Mediterranean countries. As we have seen in the first chapter in Italy, there have been several attempts to depart from the traditional model and to introduce innovative last-resort safety nets both at the national and regional level, but they were soon followed by policy reversal (Madama, Jessoula and Natili, 2014). Conversely, Portugal has introduced a national Mis at the end of the Nineties. However, during the crisis, despite the magnitude of the social distress and rapidly increasing poverty rates, the centre-right Portuguese government has extensively reduced its anti-poverty effort: the reforms undertaken in 2010 and 2012 led to a reduction of beneficiaries by roughly 50%, while at the same time the average monthly benefit amount per household decreased from €239.70 to €215.21 (Jessoula et al., 2015). Nowadays, in terms of coverage rate, generosity, and expenditure per capita, the Portuguese Mis is less protective than the fragmented and uncoordinated Spanish regional model.

So far – despite similar formal and informal pressures to contain public expenditure – the Spanish regional Mis have not been subject to retrenchment and/or policy reversal, but rather to policy expansion. This not only constitutes an exception within Southern European countries, but it is also remarkable considering the general evolution of social policies in Spain during the crisis: pensions, unemployment benefits as well as health care have all been subject to severe cuts (Pavolini, Leon, Guillén and Ascoli, 2015). It seems therefore plausible to hypothesize that the very weaknesses of the Spanish model – i.e. its fragmented and uncoordinated nature – have also affected the policy-making process, allowing greater resistance against retrenchment in this policy field. This appears plausible as well as in line with the literature on the relationship between federalism and the welfare state, which outlined how federalism and institutional complexity make expenditure cutbacks more difficult to achieve (Obinger et al., 2005).

To sum up, the regional system of minimum protection in Spain in the last twenty years has seen a steady growth, although territorially differentiated and poorly coordinated, becoming an important level of protection for thousands of Spanish citizens. The data provided in this chapter highlighted that even though minimum income protection remains comparatively underdeveloped in European standards, with low level of financing and a great level of fragmentation and weakness in the overall coherence of the

system, the decentralization process, in combination with the harsh consequences of the severe economic crisis, led in Spain to a significant expansion of the minimum income protection system.

As stressed by León and Guillén (2011), the main present and future challenge of the Spain society is the links between social protection and a dualized labour market with recurrent high rates of unemployment and a permanently high number of precarious jobs. In this sense an efficient system of minimum income schemes, providing income security coupled with services that should ensure an easier (re)entry into the labour markets, is crucial. Regional anti-poverty schemes, despite strong differentiation in terms of generosity, coverage and institutional arrangements, have gradually consolidated to the point that they constitute an established last resort safety net for poor Spaniards. However, coverage holes in the protection of the most vulnerable coupled with profound territorial differences (and inequalities) have frequently led researchers to emphasize inefficiencies and comparative weaknesses of this decentralized model of minimum income protection (Ayala, 2012, Rodríguez Cabrero, Arriba, Marbà and Moreno-Fuentes, 2015). Similar to the Austrian case before the recent centralizing reforms (Fink and Grand, 2009) - without a national intervention setting minimum standards, providing specific funding lines, guaranteeing the coordination between different public agency and to substitute regional governments in case of non-compliance, minimum income protection in Spain is characterized by limited coverage (and high non take-up) rate, institutional inefficiencies and territorial inequalities in the possibility to access to Mi benefits.

At the same time, it should not be overlooked that these programs have provided – especially during the crisis - a broad economic safety net to a relevant part of the poor population in Spain. Moreover, so far, the Spanish safety nets have – perhaps too slowly, but constantly - ameliorated their protective capacity, and despite strong pressures to contain public expenditure especially during the Great Recession neither policy reversal nor retrenchment is visible in this policy field, contrarily to what happened in the other Mediterranean countries and in all other social policy areas in Spain. In this regard, the Spanish uncoordinated and fragmented regional Mi system – especially in a Southern European comparative perspective - might not look too bad after all.

Chapter 4

The political dimension of minimum income schemes

1. In search for a theoretical framework

Social assistance and minimum income protection have traditionally been inadequate in Southern Europe (Ferrera, 1996 and 2010). Until the early Nineties, Italy, Spain, Greece and Portugal were the only EU 15 countries where a nationwide last resort safety net was fully lacking. How can we explain this deficiency? Comparative political research has identified four key factors that contribute to explain the very meagre developments in this policy area (Fargion, 2000, Naldini 2002, Moreno 2004, Ferrera, 2005): the role of family, the incidence of underground economy, timing and low administrative capacities. The extended family has been historically the main social shock absorber in Southern Europe (Esping-Andersen, 1999, Naldini, 2002, Moreno, 2004), responding to a wide range of risks and needs, from childcare to unemployment, from elderly care to housing, and guaranteeing economic security to all its members. The presence of a well-developed underground economy provides in this countries earning opportunities, therefore constituting an important, if unsecure, source of income for many families. The combination of those two elements allow to understand how poor families in Southern Europe were able to cope with monetary poverty, pooling together different sources of income resources, such as for instance, the social pension of a grandfather, the seasonal earning of the first spouse topped by some undeclared income from the informal economy (cfr. Ferrera, 2010). The administrative competences necessities to implement minimum income schemes, which are complex measures that require an ability to realize the means-test and repersonalized programs that promote beneficiaries "activation", collide in these countries with a low degree of efficiency by the public administration. Furthermore, the territorial concentration of material deprivation in areas where the black economy and the illegal market is pervasive generates fear of degeneration and particularistic exchange and patronage (Ferrera, 2005). Finally, an additional element refers to the moment in which

socio-demographic changes have increased the demand for minimum income protection, which in Southern European countries - differently from the Nordic countries - coincides with a phase of forced containment of social expenditure (Fargion, 2000). The combination of these factors affected the possibility of institutionalizing minimum income protection in Southern Europe decreasing cogency, since there are available other sources of income to mitigate material deprivation, and feasibility, increasing the difficulties in finding the necessary resources to finance safety nets and providing incisive arguments to those who oppose their institutionalization.

The introduction of a minimum income schemes in Portugal as well as the more contested development of regional minimum income schemes in Italy and Spain constitute significant deviation from the original model of protection of Southern European countries, which requires a different type of explanation: what are the explanatory factors that allows to overcome institutional barriers and to depart from the original path? Secondly, despite very similar background (economic, social, institutional) (i.e. most similar research design), we observe divergence in the policy evolution of regional safety nets: why in Spain we observe a gradual institutionalization of the regional Mis, whereas in Italy those measures knew only a limited diffusion, and were often subsequently displaced?

To answer those questions, we refer to the main theoretical approaches that seek to explain the introduction of social policies and social policy reforms: functionalism, the power resources theory and historical institutionalism. Scope of the next paragraphs is to highlight the strengths and the limits of those approaches to explain Mis reforms, in order to develop a theoretical framework that could allow interpreting the variation in the policy evolution of last resort safety nets.

2. Functionalist theories and the growing demand for Mis

The institutional structure of the welfare state rests on a social and economic context that has undoubtedly contributed to shape its forms in different historical moments. In a nutshell, the functionalist approach aims at explaining change as the ability of the system to meet the evolving challenges posed by the environment: the inadequate functioning of a

structure has repercussions on others, producing widespread dissatisfaction that leads to the institutionalization of a more efficient unit. This approach, in its pluralist variant called "logic of industrialization", is used by Wilensky (1975) to explain the expansion of Western welfare states (1945 - 1975): the growth of social needs - linked with economic development and population ageing - generates a request for public intervention in social policies.

In the last thirty years, the intensity and the kind of social needs and risks changed in all Western Countries. In particular, demographic and socio-economic transformations, the shift to a post-industrial labour market, and the new international political economy context have deeply put under pressure existing social arrangements. According to Pierre Rosanvallon (1995), those transformations have caused the emergence of a new social question – the rise of social exclusion as a stable condition for an increasing size of the population and the simultaneous decline of economic growth in western societies - requiring the shift from predominantly Bismarckian to selective and inclusive welfare states (see also Marx, 2007).

Effectively, deep socio-demographic transformations have affected European societies. The aging of the population generates new types of demands, both by the elderly (long-term care, etc.) and by family members (mainly women) with care duties. At the same time changing relation between active and inactive population puts under pressure the financial sustainability of social protection systems. Major changes have also concerned family and gender relations. The post-war traditional family with a single income (male) earner constituted the normality has been replaced by a greater variety of families types: with two income earners, single-parents, etc. In this new context, the social protection role of the nuclear family, which has traditionally been a highly significant instrument of poverty prevention in many welfare states, is under mounting pressure. Women's employment reduces the time available to devote to traditional household care activities for the weaker members of the family, such as children, elderly and / or disabled. Similarly, the greater frailty of the family and the decline in the average size of households affect the possibility of relying on the primary solidarity networks to cope with economic problems and care needs. Finally, greater instability of the couple limits nuclear family ability to act as a social shock absorber: where the two-parent model allowed families with

children to simultaneously earn labour income and meet childcare needs in most institutional contexts, the growing number of single parent households – usually single mothers – today find themselves at substantial risk of poverty due to the difficulty of reconciling childcare and work (Clegg, 2013).

Also labour markets were deeply transformed in the last decades, as a result of a wide number of challenges: to mention few, technological innovation, the transition to a predominantly service economy, economic integration and globalization. Standard employment contracts – full-time and open-ended - have markedly shrunk, temporary or long term unemployment increased significantly as well the share of atypical contracts. To enhance the job-creation potential of the service sector, labour market deregulation and/or the decentralisation of collective bargaining institutions have been encouraged, resulting in contracting wages in particular for low-skilled atypical workers. As a result, the protectiveness of the employment relationship – the ability of work to generally offer a secure route out of poverty - has come under increasing strain in most European countries and many households with someone in work today are today at risk of poverty (Cantillon and Vandebroucke, 2014; Marx, 2007; Saraceno, 2015).

The transition to a post industrial economy, high rates of temporary or long term unemployment, flexible labour markets, the spread of atypical and female employment, family instability, and mounting demands for individualization and gender equality, have given rise to a whole range of new social needs, many of which welfare states - especially in the Mediterranean area - are poorly prepared to meet. Such post-industrial social needs and demands typically includes claims for welfare coverage of the atypically employed, for gender equality in social insurance schemes, for child and long term care facilities, and more generally, for minimum income protection for people with discontinuous employment biographies (Bonoli, 2005; Häusermann, 2010). Even though those transformations have distinct social repercussions in different European countries according to their diverse institutional traditions, the result of these simultaneous developments has been similar everywhere: while minimum income provision was once concerned mainly with people who were in positions of social marginality – due to, for example, homelessness or severe drug or alcohol problems – today it has become a central institution for the social protection of people facing some rather general life-course and

labour market risks, which may however in certain cases be compounded by complex personal circumstances and barriers to social and economic (re)integration (cfr. Clegg, 2013, Madama et al., 2014). More recently, the Great Recession – with the subsequent return of mass unemployment in Europe, cutbacks in first tier social benefit program in some places and changed demographics – contributed to make minimum income protection even more important as a safeguard against low income and poverty (Marx and Nelson, 2012).

However, the politics of reform depends on the time and the context in which a problem emerges in the agenda (Pierson, 2000 and 2004; Bonoli, 2007). Regrettably, the growing demands for expanding minimum income schemes are concomitant with a period of declining resources to finance social expenditure. Since few decades low growth and massive unemployment undermine the financial basis of the welfare states. The financial and subsequently economic crisis has put furthermore under severe stress the financial viability of national social arrangements in several countries. Those trends highlight the conflicting functional pressures that are facing European welfare state, pushing European welfare state to a functional recalibration of their social protection systems (Ferrera, Hemerijk and Rhodes, 2000), re-directing their social expenditure in favour of those risks that are today less protected. Those trends are especially evident looking at disappointing poverty trends, with a sizeable part of the European population at risk at poverty and social exclusion, particularly in the Mediterranean area (Cantillon and Vandenbroucke, 2014; Jessoula, Matsaganis and Natili, 2015).

Functional pressures are not sufficient to understand the scope and direction of policy change. European social protection systems facing similar constraints and opportunities evolved in different ways and, although this changing structure of needs in European societies constituted a pressure for expanding social assistance, European welfare states have adapted very differently to these “new” functional pressures. The critics to functionalist theories concern their limited capacity to explain variations in the level of social spending and in the institutional setting of welfare states in countries with a similar structure of constraints and opportunities (Myles and Quadagno, 2002). As in the past European states have introduced different kind of social arrangements, today they are reacting differently to the challenges of a post-industrial society in the period of

permanent austerity (Pierson, 1994). Functional pressures allow us to identify common factors underlying welfare state evolution; nevertheless, in order to understand the scope and direction of change it is necessary to include other variables related to the political and institutional systems, which are closer to the decision-making process and filter exogenous pressures.

3. Class politics and means-tested benefits

The functionalist approach, considering policies as the result of impersonal pressures, has been increasingly questioned from the Seventies, when a large and influential literature in comparative politics has outlined the role of political agency and partisanship as determinants of political outcome and choices (Myles e Quadagno, 2002). The saliency of party politics variables - related to partisan preferences and the balance of power among social classes - increased in welfare state research in the early 1980s, when "politics matters" became the dominant paradigm in explaining cross-country variations in welfare state institutional arrangements. Building on the seminal work by Korpi (1983), the traditional power resource theory (PRT) pointed at a direct link between leftist governments - jointly with powerful unions - and social policy expansion (see also Stephens 1979; Esping-Andersen, 1985).

The original power resource theory builds from a class interpretation of politics. Individuals sharing a similar position on the labour market and in employment relations, have analogous opportunities and constraints, similarities generating what has been called "the logic of the situation" characterizing socioeconomically delineated classes (cfr. Korpi 2006). Classes mobilization through parties and unions allowed individuals with unbalanced resources in the market arena to move the distributive struggle into the political arena, where their numerical strength could be used more effectively. Studies in this strand of research postulates that left parties are representatives of the working class, hold strong preference for redistribution through more generous social programs that offer protection from the market to workers and weaker segments of society. Consequently, the left fights for welfare state expansion in the democratic class struggle. On the other side of the political spectrum, right parties and employers' associations represent high income

individuals, who have strong preferences for lower taxation and limited redistribution, and therefore prefer reducing state involvement in the economy and limit social expenditure.

Traditionally, this theory deduces the policy preferences of a political party directly from its party family, or even from its label, and assume a linear and direct relationship between the type of party in power (e.g. social democratic or conservative) and policy output (cfr. Häusermann, Picot and Geering 2012). Parties representing specific constituencies have different social policy preferences and the party composition of governments are major determinants of the timing, substance and expansion of the welfare state (Schmidt, 1996).

This approach has been widely applied by scholars to interpret overall welfare state arrangements and sectoral developments that occurred in core social policy areas, namely pensions and health care. Conversely, the political dimension of social assistance policy has received substantially less consideration (Clegg, 2014). Policy analyses have largely prevailed in this policy field, which has long been considered residual and less contentious, due to its limited impact on overall welfare budget and the limited political resources of would be beneficiaries.

More recently, however, the political dimension of means-tested benefits has received more attention (Bonoli, 2013; Iversen and Soskice, 2009; Häusermann, 2012; Jessoula et al., 2014). Scholars in the partisan politics tradition have underlined that in the current political economy context powerful social democratic parties allied with strong labour movement may well obstacle, rather than promote, the institutionalization of means tested safety nets. According to Rueda (2007) in particular, the shift from a situation of full employment and manufacturing predominance to the current post-industrial scenario, accompanied by rising unemployment and the consequent, in response, development of so-called atypical work, have led to a situation in which the possibility of the working class to act as a unitary actor pursuing the interests of the weaker segments of the society has changed. As a consequence, in the “Silver Age” of the Welfare State (Taylor Goody, 2004) the interests of the labour market insiders, core workers with secure employment fundamentally diverge from those of the outsiders, long term unemployed and atypically employed. The latter no longer benefit from employment protection, have marginal

position in the industrial relations system and suffer particularly growing wage inequality. Therefore, they would benefit from redistribution through compensating transfers and from state funded opportunities for (re-) training. Insiders, who are well positioned in the labour market, have an interest in secure their employment and good reasons to oppose vertical redistribution through residual safety nets, since they are net contributors. Herein lies the well-known insider–outsider dilemma: centre-left parties are pulled in opposite directions by two groups of voters – both part of the historical core constituency of the left – that have different interests (Rueda, 2007). Rueda’s contention is that left parties in order to avoid electoral loss have an incentive to protect their stronger constituency, the insiders.

In fact, as pointed out by Bonoli (2005), the chances of would be beneficiaries of Mis to influence the political arena appear limited when confronted with the post-war industrial workers. The selective nature of these programs – combined with socio-demographic characteristics that make recipients propensity to vote significantly lower than average – significantly decreases the electoral incentives to introduce Mis compared with more comprehensive pensions or health care programs (Madama and Jessoula, 2015). Moreover, beneficiaries’ social heterogeneity restricts their possibility to mobilize efficiently (Bonoli, 2005). Among potential beneficiaries we find, in fact, young people looking for a first job, single mothers with dependent children, low-skilled workers trapped in irregular jobs and precarious contracts, long-term unemployed and migrants, i.e. social groups that can hardly identify a common interest.

In the perspective of the classical partisan politics the presence of a *weak demand* (cfr. Madama and Jessoula, 2015) on the one hand, and the potential opposition of organized labour (see below) on the other, may limit the interest of left parties to promote these measures, especially in the age of austerity which sees different claims (and social groups) competing for scarce resources.

Several authors have recognized that with the shift from an industrial to a post-industrial economy the concerns and interests of a shrinking core workforce are divergent from other workers, especially workers outside manufacturing, even though there is less consensus regarding its consequences in term of left party constituencies and therefore policy preferences (Emmeneger et al., 2012). According to some authors, in the post-industrial

society, blue collar workers in continental Europe are increasingly likely to vote for right wing, even far right parties (Kriesi et al. 2006; Bornschieer 2010; Häusermann and Walter, 2010; Bornschieer and Kriesi, 2013), whereas left parties tend to represent a heterogeneous amalgam of workers and middle class individual. As a consequence, Häusermann (2012) claims that conservatives parties, and particularly radical right parties, have a clear interest in opposing minimum income schemes, whereas left parties are increasingly divided in policy reforms, but especially “new” left parties, those considered to be representative of the middle class including many labour market outsider, are expected to promote those policies because they benefit most directly their electorate.

These approaches underline that political decisions are not simply the result of interpersonal economic forces. However, similarly to the old PRT – at least in its most simplified version – most of them, despite having an opposite view regarding who are the main constituencies of left and right parties in the post-industrial society, consider parties’ policy preferences as a direct consequences of micro level objective interests of their constituencies. They have therefore a functionalist view of politics, implicitly considering that the presence of a particular social risk affecting a relevant share of a party’s electoral constituencies is directly transposed into a policy preference.

In contrast, political parties have at least some degree of autonomy with respect to the social structure, and politics cannot be reduced to power balance and alliance between classes (Sartori, 1990; Picot, 2010). Political science literature has stressed that several other factors shape the political process, therefore conditioning its result also in term of social policy outcomes. Firstly, formal political institution and policy legacies influence the policy making process that adjudicate among conflicting interests. Secondly, the main interest groups in a policy field have an important role in channelling information, aggregating preferences and, mostly, translating new ideas into concrete policy proposals. The relations between interest groups and parties and political exchange dynamics are therefore crucial in order to understand the political preferences of parties and political dynamics as well as their effect on policy change. Thirdly, cleavage constellation deeply influences the political process whereas those approaches tend to focus exclusively on the labour capital division. Relatedly, the specific configuration of the party system has an

autonomous role in shaping party preferences and the policies individual parties advocate once in government. The following sections will focus on each of those factors.

4. Historical institutionalism and residual safety nets

Neo-institutionalism challenges the pluralist view that social class (objective) interests are efficiently transmitted to political élites via interest groups and political parties; instead, neo-institutionalist scholars highlight the role of political institutions in shaping the policymaking process. Providing strategically useful information, affecting identities and preferences of actors, constitutions and political institutions structure the political process (Immergut, 1998; Hall and Taylor 1996). For this reason, neo-institutionalism places at the centre of the reflection institutions, or rather, the differential capacity of different political systems to produce public policies, and therefore to determine institutional change.

Historical institutionalism enriches the debate arguing that public policy should be considered as institutions, and therefore focuses primarily on policy legacy to analyse the evolution of a policy sector (Pierson and Weaver, 1993). Past choices affect subsequent policies, encouraging social forces to organize themselves around certain lines rather than others, to adopt some identity, or develop an interest in certain policies that are costly to change, activating a mechanism known as policy feedback (Pierson, 2000). Social policies, in particular, generate strong incentives that reinforce their stability and their further development, due to the presence of high fixed costs associated with the introduction of new institutions and to the influence of groups interested in their preservation, composed not only by the already beneficiaries but also by future beneficiaries who expect to receive what previous generations have already had. Within this perspective, it has been emphasized that the original configuration of the welfare state, result of specific historical struggles and of power relations in a specific historical moment, have long terms inertial effects on the policy making process in the social policy area, allowing some actors to have access to the policy making process and creating strong constituencies. As a result, the “new politics” of the welfare state is not so much the result of partisan politics, but rather

structured and informed by the previous choices made during the phase of configuration and expansion of the welfare state (Pierson, 1994).

Policy legacies have a crucial explanatory power. However, we need to consider some peculiarities of the minimum income protection field. In general, it appears very likely that programs financed via general taxation have different inertial effects than programs financed via contribution which tends to produce acquired right. As argued by Korpi and Palme (1998), the possibility of creating strong social constituency appears different regarding targeted benefits, because those types of social policy programs are directed primarily at individuals below the poverty line, which as we have seen have limited political and mobilization resources. Targeting might result generating coalitions between better-off workers and the middle class against the lower sections of the working class, something which can culminate in tax revolts and backlash against the welfare-state. Actually, also Castles and Uhr (2005) refers to the different “political potential” of means-tested benefit and social insurance, hypothesizing that the former, being directed only to a limited part of the population, have a lower mobilization potential than the latter. These arguments point to the fact that we envisage different political dynamics confronted with universalistic and/or social insurance programs, and lock in and increasing returns effects should be carefully examined and tested in this policy domain.

More generally, the main critic to historical institutionalism points to its excessive emphasis on structural constraints and continuity: if it provides useful instrument to understand policy inertia, it is less useful to explain cases of policy change (Jessoula, 2009; Streek and Thelen, 2005). In fact, the emphasis posed on the resilience of public policies arrangements make historical institutionalism an approach better equipped to explain stability rather than processes by which institutions originate and evolve. Change is interpreted as a long lasting path dependent process, thus marginal and incremental. In order to explain radical ruptures or paradigmatic changes, it refers to external shocks (independent from the theory), during “critical junctures”, in which constraint on action are lifted or relaxed, allowing actors to pursue policy change. As a result, this approach provides useful instruments to explain gradual evolution once policies are introduced, but it does not provide equally useful tool for explaining those crucial moments when institutional configurations are upended and replaced. These theories tend in fact to be

marred by excessive structuralism, therefore underestimating the role of actors in processes of institutional change (Hay and Wincott 1998).

Challenging this dominant view regarding the persistence of institutions, growing empirical literature has shown that welfare states are changing considerably, and not only due to external pressures pushing in the direction of retrenchment (Bonoli and Natali, 2012; Hausermann, 2010; Hemerijck, 2012; Palier, 2010). The empirical evidence presented in the previous chapters showed that in Italy and Spain there has been a change in their social protection system, through the introduction of regional minimum income schemes. This policy change is hardly understandable in terms of policy legacy and path dependency: moreover, their differentiated evolution – institutionalization vs policy reversal - highlights how some institutional changes are difficult to capture through historical institutional lenses (Mahoney and Thelen, 2010).

A number of scholars within the historical institutionalist tradition have underlined how the expected operation of institutions itself sometimes generates pressures for changes, underlining that properties of the institutions themselves are actually of crucial importance to explain change. The notion of *institutional wedge*, introduced by Ferrera (1993), outlines how even an accidental or partial change of the institutional configuration has unintended consequences and might modify the structure of constraints and opportunities in which political actors move, opening up new spaces of action and possibility for institutional change. This concept has been used by Madama (2010) to show how a sentence by the Italian Constitutional Court, ending a public law regime for the Italian Public Assistance and Charitable Institutions and creating a regulatory vacuum that needed to be addressed, resulted in a new political - institutional configuration that proves to be very important to understand the adoption of the Italian Framework Law on Social Assistance Act (D. Law n. 328 of 2000). Jessoula (2009) showed how the presence of a particular institution, the employee severance pay (TFR), less resistant to change, eased the shift of the Italian pension system into a multi-pillar system, acting as an “institutional gate”, a “door” that, if forced by the actors involved, allowed and supported institutional transformation. Both concepts refer to the fact that institutions can act not only as constraints, but they can also represent opportunities for actors. Similarly Obinger et al. (2005), investigating the role of federal institutions in shaping the welfare state, challenge the predominant view that

federalism is always an institutional constraint on government growth, suggesting that a more careful analysis of institutional properties might reveal that, under particular institutional conditions, the decentralization of social policy competences might provide actors with positive incentives and might therefore be associated with policy innovation and welfare expansion (see also Rodden 2003; Fargion, 2000; Bonoli and Champion, 2014).

Highlighting the potential dynamics for change associated with a specific institutional configuration allow to emphasize that institutions can constitute not only constraints but also opportunities for actors. However, as highlighted by recent advancement in historical institutional literature, we should drive our attention on actors' possibility of action within the structure. An effective explanation of gradual transformative change must be based on the interaction between the building properties of an institution and actors, their preferences, and their behaviour and strategies. In other words, it is necessary to integrate in historical institutionalist theory a satisfactory amount of agency and power resources variables to gain explanatory power (cfr. Mahoney and Thelen, 2010).

5. Partisan politics and beyond: the role of political demand, supply and exchange

In modern democracies, political action operates in two distinct arenas. We call them the *demand side* and the *supply side* of the political system. Both of these arenas provide opportunities of exchange and bargaining through the deployment of a wide array of resources (Ferrera, 2005). In the political arena – the supply side - political action takes primarily the form of a power struggle between party leaders, competing to get more or less permanent governmental office in a poliarchic context (Dahl, 1972). In the group arena – the demand side - group leaders and lobbyists do not seek power or governmental positions for themselves, but have a peculiar interest in the political process and in the content of specific policy decision, since they might obtain advantages or suffer substantial damages from it. This prompt them to support one or some political parties rather than others, in expectation of being able to obtain favourable policy decisions, and is called pressure. It is different in nature from the former because it does not seek political power per se but it is interested in the content of policy decisions (Stoppino, 2001).

The “normal” political exchange process (Stoppino, 2001) is characterized by the bidirectional relation between the demand and the supply of the political system. Political parties and party leaders compete to obtain support of societal actors – both interest groups and individual voters – to hold office, whereas governmental position allows to take collectively binding policy decisions which are specifically targeted towards certain groups rather than others. On the other hand, different social groups engage in competitive pressure - via electoral or financial support – on political groups in order to obtain (or to avoid) certain political decisions, which confirm or enhance (or conversely, decrease or damage) their power and resources. From this angle, social rights appear firstly as political products, as they originate from exchanges between politicians interested in offices and social actors interested in the specific content of state policy (cfr. Ferrera, 2005; Stoppino, 2001).

Political exchange dynamics take place also between parties and individual voters. Groups however condition structurally and permanently the political process in their area of interest, and therefore are more likely to exert permanent pressure on political actors and government compared with single voters. This is particularly the case in the minimum income field, where beneficiaries are few, with dispersed interests and a low mobilization potential (Madama and Jessoula, 2015).

Next paragraphs are thus devoted to discuss main groups and political parties’ strategies in the specific area of minimum income protection. The implicit idea is that both party elites and interest groups are faced with specific constraints and incentives in this policy area and that a better specification of the structure of opportunities within which actors move is a key factor to explain policy outcomes.

5.1 The demand side of political competition: interest groups and Mis

Social policy reforms constitute an endless battle among social groups. However, potential beneficiaries of minimum income schemes are widely known to possess few of the resources necessary for group formation (Bonoli, 2005; 2013; Hay, 2001; Olson, 1965). Effectively, they are a very heterogeneous group of individuals characterized by different biographies, diverse interests, and a wide range of identities and beliefs systems (Bonoli,

2005; Esping-Andersen, 1999). Among the potential beneficiaries we observe, in fact, young people looking for a first job, single mothers with dependent children, low-skilled workers trapped in irregular jobs and precarious contracts, long-term unemployed and migrants, i.e. social groups that can hardly recognize in a common interest. Besides, the political action of the unemployed and especially the poor might be marginalized since they are excluded or very distant from the production process. Workers in an enterprise have already assembled for work and, if they have worked together long enough to have established a social network, they have a good chance to organize a union. By contrast, the unemployed and very often also the atypically employed are not automatically assembled or associated in some ways that can generate selective incentives available through social interaction (Cloward and Piven, 1977). Finally, since the demand for minimum income protection is frequently connected to phases of the life cycle and therefore is transitional, the group of potential beneficiaries is not stable but changes over time, decreasing the possibility of group formation.

The central tenet of this paragraph is that if the beneficiaries do not have the necessary resources and face considerable obstacles that constrain their possibility to mobilize efficiently, other organized interests might be able to draw policy-makers' attention, potentially hindering or even favouring the introduction of minimum income schemes (Hay, 2001). Empirical and theoretical literature has shown the relevance of three particular groups: trade unions, the Church and associated faith-based organizations, anti-poverty groups and social movements.

Trade Unions

Historically, trade unions played a major role in welfare state development by promoting democratization and the expansion of social rights as a core element of citizenship (Esping Andersen, 1992; Streek and Hassell, 2004). Indeed, the function of protecting employees against social risks (through mutual aid fund, etc.) has often anticipated the role of unions as workers' representatives in bargaining over wages and work conditions (Brugiavini, et al., 2000). This is hardly a surprise, since the working class and especially the industrial proletariat were among the social group with the most pressing concern for redistribution

and protection against social risk such as old age, unemployment, sickness and work injuries. This was not just because workers were especially exposed to the vagaries of (at the time) modern economies and technologies, but also because of their low pay (Baldwin, 1990).

However, as to the position of the trade unions towards means-tested benefits limited to the poorest segment of the income distribution they are far from being clear-cut and have to be contextualized both across time and space. At the end of the XIX century, when public assistance benefits were occasional, residual, and discretionary interventions, involving severe stigmatization of the beneficiaries, workers' mobilization gave the decisive impulse for shifting from poor relief and public assistance to the introduction of the firsts public compulsory social insurance schemes, although this followed distinct paths in relation to different institutional and political context (Alber, 1982). In the post-World War II period of welfare expansion, despite marked national variations both in term of political process and policy output, the development of the welfare state was also result of a political exchange between governments and trade unions, entailing wage restraints on the side of the unions, and providing for social security expansion by government. This resulted in expanding provision that stabilized the income of the male breadwinner and their families. Despite the fact that the type of social security provision trade union demanded varied substantially with the type of trade unionism and its interaction with other political forces (Baldwin, 1990; Ferrera, 1993), quite generally the goal of trade unions and their allied social democratic parties was to eliminate the need of the traditional poor relief and social assistance measures, in a context characterized by economic growth, Keynesian macroeconomic policies that aimed to guarantee full employment and the predominance of the industrial sector. In the Scandinavian countries, social entitlements were extended to all citizens, including housewives and other non-active groups; eligibility thus become largely independent from work performance or other market participation (Esping Andersen and Korpi, 1987). In Continental countries, even if occupationally fragmented, compulsory social insurance benefits were extended to all different categories of workers, typically flowing from industrial employees to agricultural workers, then to the self-employed and finally to other marginal or inactive categories, thus finally resting on a nationwide pooling of risks and standardized rules

(cfr. Ferrera, 2005). In both Beveridgean and Bismarckian welfare states, residual social assistance schemes were to serve as a residual layer of social support underneath universal and/or insurance-based social protection arrangements, providing for the 'exceptional cases' with unusual needs that in a full employment economy fell through the net of more comprehensive programs and remained poor (Clegg, 2013).

As we have seen above, from the beginning of the 1980s, risk structures have changed quite dramatically with respect to early post-war years. The slowdown of economic growth was followed by the return of long-term unemployment in Western European political economies and the consequent deregulation and flexibilization of employment contracts. In addition, employment structures have changed profoundly with the secular shift from industrial to service economies, and low-skilled labour has faced a growing risk of unemployment, low pay, and precarious employment. As a result, minimum income protection has gained new relevance in guaranteeing a minimum standard of living for a growing part of the citizenship, including workers with non-standard form of employment contract (Bahle et al., 2011; Cantillon and Vandenbrouke, 2014; Clegg, 2013).

Several reasons, however, decrease trade unions support for means-tested income protection measures. Targeted measures might be seen suspiciously because they are not specifically directed to workers, i.e. their main constituency (Rueda, 2007). Moreover, they divide low income employees from the middle class, creating incentives for a gradual and stigmatizing "ghettoization" of social policy beneficiaries (Esping Andersen and Korpi, 1987), running the risk of a progressive erosion of public support for social policy with the consequent risk of welfare backlash (Korpi and Palme, 1998). Furthermore, they are financed through general taxation, therefore also by dependent workers which constitute trade unions main constituencies, a particularly relevant factor especially in countries characterized by a relevant share of autonomous workers and which are not particularly effective in tax collection. Finally, minimum income schemes, being interpreted mainly as policies for the poor might result in a qualitative decline of services - according to the idea that 'welfare for the poor become poor welfare' (cfr. Ferrera, 2000) - and, more generally, they might constitute an abandonment of the traditional social democratic goal of full employment and universal welfare state (Clegg, 2013; Rosanvallon, 1995).

From a different angle however, the shift towards a post industrial economy constitute also a challenge for trade unions, whose membership is declining in all western economies, although with a different intensity across countries. This decline is mainly due to the fact that trade unions tend to lag behind the structural changes that have invested western economies and societies, and tend to represent the traditional core workforce, especially blue collars workers and in the public sector, whereas face mounting difficulties in representing workers in the private service sector and in small companies, especially younger cohorts and employee with non-standard employment contract (Ebbinghaus, 2006).

Trade unions therefore face strategic choices in their response to those structural changes and the progressive dualization of the labour force (cfr. Goldthorpe, 1984, p. 149). In the industrial relation arena, their traditional reaction has often been to oppose atypical work in all its forms and as a consequence, to avoid or exclude precarious workers; however, in recent years, most unions have accepted that precarity is a reality that will not disappear and have recognised the need to represent the interests of this group of workers (cfr. McGormick, 2011). In the social policy arena, their choice is whether to react to this changing structure of risk modifying their traditional attitude of suspicion and introducing non-contributive benefits in their bargaining platform, or take a more conservative approach, devoted to defend those social right which have been acquired during the expansionary phase of the welfare state. The latter approach, which is very often underlined in the insider outsider-literature (Saint Paul, 1998; Rueda, 2007), would be “sectional”, as trade unions react to protect and narrowly promote the policy interests of their remaining core membership, even if their numbers are in decline (cfr. Clegg et al., 2012). The former approach stresses unions role as leaders of a general movement towards social progress, far beyond the economic interest of their core constituencies. The broad literature on so-called union revitalisation (e.g. Baccaro et al., 2003; Frege and Kelly, 2003; Hyman, 1996) in particular, has extensively documented the attempts of unions to take up the causes and interests of workers beyond their core membership, largely for recruitment reasons. From the perspective of this literature, promoting minimum income policies that provide income security to the so called atypical worker and the unemployed would be attractive to unions as part of a more general strategy of agenda broadening.

Church and faith-based organizations

Labour movements are not the only groups that played a relevant role in the development of the welfare state and minimum income protection. Churches and religious movements have deeply influenced the nation building process with relevant long term consequences for the welfare state and have culturally and normatively shaped the definition of what should be the proper answer to emerging social risks. In particular, in the field of anti-poverty policies, in the early days of welfare state formation, religious norms and more or less bitter State-Church cleavages have affected the organizing principles of social assistance and the timing of its introduction (Manow and Van Kersbergen, 2009). The early fusion of state and church in the Scandinavian and Anglophone countries allowed the central state to distinguish itself as an autonomous agency for redistribution and facilitated a more pronounced penetration of the state in education, poor relief and health care systems (Flora, 1986; Ferrera, 2005). In contrast, especially in predominantly Catholic countries, harsher conflicts over competences in educational and poverty relief measures constituted significant obstacle to the development of public intervention in those policy fields. Moreover, as stressed by Kahn (2009), different denominations and religious doctrines have different considerations regarding what should be done in order to support the individual without any income (if anything), and especially regarding who should be in charge of this task (if anybody). In particular, it appeared that the social doctrines of the Catholic Church, with its special emphasis on the principle of subsidiarity³¹ and its long tradition of supporting the poor through charities rather than public entitlements, contributed to the lack of state provision for the most in need (Kahl, 2009). Effectively, in the Catholic world - in countries such as Spain, Italy, France and Portugal - social assistance issues remained long core domain of church charity, whereas universal public safety net were not introduced neither in the early days of welfare states formation or in the Golden Age of welfare state expansion.

More recently, authors have stressed that, despite being largely unnoticed by scholars, churches have massively expanded their involvement in faith-based welfare provisions in many modern industrialized country (Fix and Fix, 2002; Bahle, 2003; Harris et. al, 2003,

³¹ In a nutshell, the subsidiarity principle states that what can be done by a lower level (a private organisation, the family) should not be taken over by a higher level (the state).

Göçmen, 2013). Hien (2014) argues that under increasing budgetary constraints and the spread of neo liberal anti-state doctrines, faith-based organization are increasingly taking over welfare tasks from the state, delineating a “reversal path” in an opposite direction compared to the evolution of the modern state.

Generally, therefore, the relevance of the Catholic Church and great diffusion of religious associations have been considered detrimental to the development of public intervention in this policy field. However, similarly to other group and organization, faith-based organizations’ preferences and strategies might change as a reaction of changes in the political environment (Warner, 2000). In particular, it appears plausible that church adjusts its political strategy to the challenges and opportunities created by an expanding welfare state, with relevant consequences for the politics of minimum income protection (cfr. Kahl, 2009). At the hearth of this approach there is the idea that it is useful to view the Church as an interest group, at least in democratic polities, operating like everyone else in a world of scarcity, competing for political support and preferred policies in order to maintain its organizational integrity, to survive and to increase resources (cfr. Warner, 2000). Considering churches as strategic organizations suggests that there can be as much internal variation in preferences and strategies within a given religious body as there is among denominations. Shared doctrines do not presuppose the same political strategies or influence: as an example, primarily catholic countries, from Poland to Italy to France, show very different patterns of Catholic Church political behaviour, and political strategies varied across time and across countries. Religious organizations are social actors who engage in alliances, support specific political formations, and structure social and political cleavages (cfr. Grzymala-Busse, 2012).

As a consequence, Church traditional opposition towards improving minimum income benefits could transform into support, when religious movements and associations consider that they could better achieve their ends by using the state as an instrument to realize the desired social order (cfr. Kahl, 2009). In particular, two interconnected institutional changes might introduce new incentives to change the political preferences of religious associations regarding minimum income schemes. Firstly, since the late 1980s access to minimum income schemes is associated with, if not conditional to (Moreira, 2008), participation to social programs that aims at the social reintegration of beneficiaries,

paving the way for the increasing prominence of voluntary organizations in the implementation of those services. Increasingly, in the governance of minimum income protection the state is the main provider of funds and resources, whereas local government agencies and voluntary organizations are the implementers. This opens up new space for action and for increasing funds for voluntary - and therefore, especially in Southern Europe, mostly religious - associations. The discussion over the introduction of the *Revenu Minimum d'Insertion* (Minimum Insertion Income) in France (1988) was actually initiated by Church and associated religious associations, which then engaged in the service provision within the RMI.

Secondly, in particular during a harsh social crisis, the Church might call for more state involvement in a situation where traditional church institutions are increasingly unable to cope with rising and changing needs (Kahl, 2009). Increasing social demand coupled with decreasing financing might induce the Church to look state resources, if guaranteed a strong voice in the design of the programs and in their implementation.

Anti-poverty groups and social movements

The main argument advanced so far is that it is useful to consider the strategies of trade unions and religious organizations, and therefore also their specific relations with the political system, in order to assess the country specific direction and scope of policy change in this policy sector. Other interest groups increasingly have a voice in the policy-making process in this field, both at the supranational, national and subnational level. NGOs and voluntary associations, also not of religious origin, may constitute a “poverty lobby” whose importance varies extensively in the national political arena, but might be relevant especially in sensitizing the public opinion regarding measures that might benefit or worsen the condition of the poorest members of the society (Clegg, 2013). As an example, the European Anti-Poverty Network and its national branches are active in issuing report and analysis regarding minimum income schemes at the national and local level.

Also social movements in the last decades have paid increasing attention to the theme of income security. In the past decade, an *anti-precarity* movement has emerged in Europe,

with origins and strongholds in Italy, France, and Spain, though the movement has sprung up in several European countries, including Portugal, Germany, Denmark, and Sweden (Lee and Kofman, 2014; Choi and Mattoni 2010; Neilson and Rossiter, 2008)³². Within this movement precarious, contingent or flexible workers emerged as a new kind of social and political subject (Neilson and Rossiter, 2008). The reflection towards the situation and the living conditions of this “new” political subject, demands for an unconditional (basic) income become part of the bargaining platform of many social movements (Mouchard, 2002, Mattoni, 2009), that were supported also by international fora such as the Basic Income Network. Despite the fact that those movements usually strongly criticized European minimum income schemes for their strong conditionality and their workfare attitudes, their mobilization might be relevant because they increase public awareness and concern about the condition of precarious workers, and raise the issue of income security for those citizens who do not have access to stable work contracts.

To sum up, despite relevant obstacles to the mobilization of would-be beneficiaries, other interest groups might pressure for minimum income protection. In different period and countries, trade unions, religious associations and social movements have campaigned for increasing the protective ability of residual safety net. Consequently, a common platform among different interest groups supporting the introduction and/or the expansion of Mis attract the interest of political parties in this policy area. Conversely, a more fragmented demand run the risk of undermining the possibility of strengthening social safety nets (see below). However, in order to understand the specific mechanisms that might link interest groups and political parties, we have to introduce also the *supply side* – i.e. the party system structure.

5.2 The supply side of political competition: going beyond the classical partisan politics literature

Social and interest group look to the state and political parties in order to obtain the preferred policies, supporting in the electoral arena those parties that are able to guarantee

³² In particular, political action against precarity began to coalesce in mass mobilization of precarious workers in the EuroMayDay protests, which spread from Milan in 2001 to 18 European cities by 2005.

their influence and organizational survival. Political exchange dynamics are shaped by systemic characteristic of the party system, decisive to observe whether a policy proposal will become a policy choice.

In the last decades new ways of conceptualizing the role of political parties have emerged (see Hausermann, Picot and Geering, 2012) that – questioning some of the underlying assumptions of the PRT – provide fertile insights regarding the politics of minimum income protection. In particular, scholars have outlined that political preferences might be more complex than outlined so far, and have emphasized the relevance of additional cleavages and of political competition dynamics.

Political preferences

Political parties' ideological commitments and preferences are more complex and diversified than originally foreseen by the traditional welfare state literature. As recently stressed by Jensen (2014), taking the partisanship argument seriously requires to go beyond the simplified assumption that the “left invariantly wants more and the right invariantly wants less government” (Jensen, 2014, p. 127).

This holds particularly true in the case of social assistance policy and minimum income schemes. Right parties should oppose pro-poor policies, as their main constituency finance through tax those measures and are very likely to be excluded by the means-test (Jensen, 2014). However, right parties might also support Mis as being the less expensive type of state intervention to help those affected by market failures, while the contractual nature of those policies promises to reduce welfare dependency and consequently lower the cost of the welfare state for taxpayers. As Pierson (1994, p. 101) argued: “if conservatives could design their ideal welfare state, it would consist of nothing but means-tested programmes”. Moreover, in the age of austerity (Schäfer and Streeck, 2013), introducing and/or reinforcing Mis could be a political alibi for the dismantlement of higher-tier social protections schemes (cfr. Clegg, 2014).

Also on the left side preferences might be more complex than often presumed. Targeted measures may well resonate with traditional leftist claims to reduce poverty and

inequality. At the same time, sustaining Mis could also be interpreted as an abandonment of the traditional goals of full employment and decent wages as the main road out of poverty and a return to the moralizing age of assistance (Rosanvallon, 1995).

Therefore, patterns of conflict and consensus on Mis can be extremely various. Last resort safety nets might constitute the loci of an overlapping consensus between traditional left and right wing political parties (Clegg, 2014, cfr. Madama and Jessoula, 2015). On the other hand, Mis might also prompt conflicts not exclusively along the traditional left right dimension, but also within the two traditional political camps (Bonoli, 2013).

Political Cleavages

Scholars have underlined the relevance of cleavages other than the labour capital for social policy evolution. Class conflict has been a reality everywhere, but of course this was not the only social struggle translated into the political arena. Political science literature has demonstrated the relevance of numerous political cleavages other than class (Rokkan, 1970), and that additional cleavages shape parties' identities and policy priorities.

The presence of different cleavages constellation in the various national political arenas has been considered relevant to explain the differentiated policy choices made both in the genetic moment and in the crucial phase of expansion in different Western industrialized countries. According to Ferrera (1993, 2005) the fragmentation of the political space along dimensions different from the class line has hindered the development of universalistic policies in those countries where more cleavages were active during the phase of introduction and expansion of the welfare state. Ferrera pointed out that the presence of ethnic, linguistic or religious cleavages, which crosscut the party system, favoured more fragmented programs with occupational coverage. Manow and Van Kersbergen (2009) consider the presence of a different cleavage structure fundamental to explain the formation of different welfare regimes (Esping-Andersen, 1990). In the Liberal countries the absence of cleavage different from labour-capital in the political arena favoured an alliance between the middle and the upper class, resulting in a residual welfare state. In Northern and Continental countries the middle class had different incentives to coalesce with workers because there was an urban-rural cleavage in the North, "activated" by

agrarian parties, and a strong state–church cleavage in Continental countries, politically activated by parties of religious defence, i.e. Christian Democracy. Social democratic parties coalesced with Agrarian in the Nordic countries, which preferred the introduction of universal income protection (see also Baldwin, 1990). The Continental regimes was instead the results of the preferences towards a status preserving occupational welfare state of the Christian Democracy.

The relevance of cleavages other than the class labour has been therefore used especially in macro studies covering the broader issues of welfare types, rather than in explaining single policy decisions. However, the political activation of traditional cleavages – i.e. the State - Church and Centre – Periphery - might be particularly useful to interpret party policy preferences in the field of minimum income protection (Jessoula et al., 2014).

Religion influences political behaviour both directly, shaping views on political issues through doctrinal affinities, and indirectly, implying support for specific policies and regimes through the organizational support and mobilization of religious authorities and institutions (cfr. Gryzmala-Busse, 2012). In the field of anti-poverty policies, religious norms and more or less bitter Church – State conflict have affected the organizing principle of modern social assistance policies and the timing of its introduction. In particular Van Kersbergen (1995) has deeply studied the long term consequences on the welfare state of the political activation of the religious cleavage through conservative parties of religious defense (Van Kersbergen, 1995, Manow and Van Kersbergen, 2009). In Continental Countries, those parties, which have a strong commitment to both traditional families values and to subsidiarity principle, delayed or prevented public intervention in certain policy fields in order to defend the role of primary networks of solidarities. Madama (2010) argues that in Italy the limited interest of the Christian Democratic party – preferring to support the existent broad network of community based charities – contribute to explain the absence of a national safety net during the so called First Republic.

Several authors in recent years have also focused on the (re) emergence and politicization of Centre Periphery relations, and its relevance for welfare state development (Keating, 1998 and 2010; Ferrera 2005; McEwan and Moreno, 2005). This is due to the increasing

importance of subnational level of government in planning, financing and implementing social policies, especially in health care, social assistance and in active labour market domain. At the same time, this process has been favoured by the emergence of territorial and regionalist political parties in many national political arenas (De Winter and Türstan, 1998), associated with the emergence of harsh territorially based (re)distributive conflicts over the allocation of resources and competences to different geographical area.

Territorial politics affects Mis since there is a considerable variation across European countries in the governance of minimum income protection³³ (Clegg, 2013; Eardley et al. 1996; Kazepov et al. 2008). Furthermore, the political activation of the territorial cleavage might hinder the viability of national based anti-poverty schemes, especially in country characterised by wide territorial differentiation, as the development of a national scheme would result in a significant transfer of resources from rich to poor regions (Jessoula et al. 2014; Saraceno, 2006). At the same time, in the subnational political arena, activism in the social policy realm might prove useful for “competitive region building” purpose, since social policy are powerful instrument in order to demarcate geographical spaces and to stabilize new form of political organization (Banting, 1995; cfr. Ferrera, 2005). In fact, as highlighted by Banting, “social programs designed and controlled at the regional level can become instruments for strengthening regional cultures and enhancing the significance of local communities in the lives of citizens” (Banting, 1995, p.271). This implies that the political mobilization of regional identities may have a distinct impact in the national and in the subnational political arena, constituting a significant obstacle to the introduction of a comprehensive national measure, whereas having a positive impact on the development of regional minimum income schemes.

³³ In the U.K. and in France, regulation and financing of minimum income benefits are national competences, as well as administration, is a responsibility of a central government agency, and delivery only is in the hands of local branches. In Sweden, albeit within a national framework that guarantees minimum standards, financing and delivering of minimum income schemes is a competence of local (municipal) authorities. In Spain and until 2010 also in Austria regional minimum income schemes have been introduced in the absence of a national framework law or specific national funds.

Party competition

Scholars have looked at competition dynamics created by the various party system configurations in order to understand the differences in the development of Western welfare states (Ferrera, 1993, Ferrera et al, 2012; Picot, 2012). In particular, Ferrera et al. (2012) have looked at the peculiar political dynamics of the polarized multi-party system (Sartori, 1976) to explain the roots of the imbalances that still characterize the Italian welfare state (see Chapter 1). In this party system, the presence of a bilateral opposition and of anti-system - parties, had crucial systemic consequences: ideological divisions, centrifugal drives and politics of “outbidding or over promising” (Sartori, 1982, Wolinetz 2004) are crucial elements to explain the “exceptionalism” of the Italian welfare state, which lies in the expenditure structure, much geared towards the protection of ‘insiders’ through contributory schemes (so called distributive distortion) and the over-protection of old age (functional distortion). In a more general vein, Ferrera (1996, 2010) explains the dualistic nature of the income protection for working age people in Southern Europe as the result of ideological polarization and the presence of a radical-maximalist and divided left. In these countries the reformist forces of the left - facing harsh competition from the centre and not supported by the radical “anti-system” parties of the left wanting to protect the interest of their constituency (industrial workers) - were not able to introduce more universal and less fragmented social protection schemes, finally opting for a dualist policy: generous benefits for core workers coupled with a policy of weak subsidization of marginal workers.

As relevant as they have been in the past, with the fall of the Berlin Wall and the declined relevance of Marxist and Fascist parties in Western Europe, as Mair (2005) has observed, currently there are no case in Western party systems of polarized pluralism, and liberal democracies fit increasingly into the category of moderate pluralism.

Also in non-polarized political system party competition dynamics have been considered relevant for social policy formation. Iversen and Soskice (2006) argued that in different party systems the middle class has different incentives to forge an alliance with upper or lower income group. In a two party system, the middle class fearing an excessive taxation will more often vote for right than left parties, whereas multi-party system allows for the

formation of a centre middle class party which has higher incentives to coalesce with centre left parties because they can together “exploit” the rich while guaranteeing that a not excessive tax burden will fall on the shoulder of the middle class. As a consequence, under two party system the welfare state remains residual, whereas multi-party systems guarantee higher redistribution.

The main limits of this argument is that, considering political parties as a transmission belt of different income groups, it relies on a simplified vision of party politics. Moreover, it does not really focus on the systemic properties of different party systems, i.e. on the large differences that exist among multi-party systems, in terms of number of parties, degree of polarization and number of cleavages activated/represented in the political arena³⁴.

Kitschelt is among the scholars that have given closer attention to the strategic aspect that determines the policy preferences of parties, especially in relation to the new politics of the welfare state and the different incentives that political parties have to retrench the welfare state (Kitschelt, 2001). Among the four elements that he considers as relevant to improve the prospects of (restrictive) social policy reforms³⁵, one in particular appears important for our discussion: mild electoral trade-offs, i.e. only weak or no rival parties to the immediate extreme of governing parties. His argument relies on the assumption that in order to understand party preferences, we have to take into consideration the position of the parties they are competing with: the presence of “new social protest” parties or minor parties in the centre or on the left of the political spectrum might limit the possibility of Christian or Social Democratic parties to introduce restrictive reforms, because in presence of niche “neighbouring” parties supportive of the welfare state they run the risk of losing voters endangering their office-seeking goals (Kitschelt, 2001). Similar strategic considerations are also included in Arndt work (2013). In a nutshell, his argument is that if social democratic parties adopt a “third way” strategy and change their social policy

³⁴ Similar problems of oversimplification concern their dependent variable; their distinction between generous and residual welfare states, focused on levels of spending only, ignores the profound differences in the way spending is organized and targeted in the advanced political economies (cfr. Manow, 2009).

³⁵ The other three are the existence of a strong market-liberal party and the declining credibility of parties defending the welfare state, a configuration of competition around economic distributive issues rather than socio-cultural ones, and a party organization that minimizes strategic inertia at the level of activists and party leaders (cfr. Kitschelt, 2001).

preferences to appeal to new segments of the middle class – such as high socio cultural professionals, technical specialists and managers (Arndt, 2014) – it might have electoral loss only in case a proportional electoral system allows for the entrance in the political arena of new parties representing the interest of their traditional core constituencies. In this case, serious challengers - both leftist parties and new radical right parties - can exploit the window of opportunity opened by Third Way reforms and forge a realignment of social democratic core constituents (cfr. Arndt, 2013).

This argument provides a more dynamic account of party policy preferences, emphasizing the relevance of “niche” parties, which are deemed to emerge or to react as a consequences of the strategies adopted by “mainstream” left parties. However, Arndt does so only considering the ex-post electoral consequences of the party structure, while not considering the party system structure relevant to understand the policy preferences of parties.

Some authors have instead included the characteristic of the party system in order to understand whether a (left) party will include targeted redistributive measures within their policy proposals. Iversen and Soskice (2009) argue that when social democratic parties face strong Christian democratic parties their only viable option is to effectively compete with them over the protection of core workers and to abandon “poor” constituencies. Conversely, Beramendi and Anderson (2012) contend that the presence of minor leftist parties creates incentives for the dominant left party to attract low income voters offering targeted benefits³⁶.

Less attention is given to the social policy consequences of a divided right, which in our perspective may be relevant as well, especially in the social assistance field (see also Jessoula et al., 2014, Natili, 2015). Given the low political resources of would be beneficiaries and the fact that middle and high income individuals finance those policies without receiving those benefits, a right party might find convenient to campaign against minimum income protection. Moreover, several authors have outlined that radical right

³⁶ Also Picot (2012) - among the authors that have more forcefully argued that parties’ actions depend on the other parties they have to compete with - hypothesizes that in non-polarized party system, competition within the left pole “will bring policy attention to the preference of social constituencies that are neglected in purely centrist competition” (Picot, 2012, p. 166).

parties oppose safety nets maintaining a welfare chauvinist attitude, since migrants constitute a significant share of Mis beneficiaries (Hausermann, 2012). Therefore, competition within the right pole and/or the presence of radical right parties opposing Mis, might have relevant consequences for minimum income protection, especially if this party is pivotal for forming a governmental coalition.

Against such backdrop, we contend that politics is crucial to understand developments concerning Mip, especially in Southern Europe, where the historically limited development of the social assistance sector prevents path dependent dynamics (Pierson, 2000). In particular, we argue that – especially in this policy field – it is necessary to go beyond the traditional partisan politics literature, as political preferences concerning minimum income protection are more complex than originally foreseen by the traditional PRT, and that the political activation of the above mentioned cleavages in addition to the class divide coupled with parties' competition and coalition dynamics significantly shape Mis reforms.

5.3 Political exchange and the politics of Mis in the age of austerity

The analytical framework applied in this research assumes that policy changes are by-products of political competition (Schumpeter, 1942). In particular, we stress that political exchange dynamics between political actors - looking for support - and social groups - interested in policies that guarantee them power and resources – are crucial for social policy development, especially in the minimum income protection area, given the low electoral and political resources of would be beneficiaries.

In the previous paragraphs we have outlined that the *political demand* for minimum income protection might differ considerably in distinct national – but also supranational and local – political arena. The limited mobilization potential of would be beneficiaries – not to mention their low electoral relevance – limit their ability to organize and pressure political parties efficiently. However, the role of social actors in the social assistance policy-making cannot be limited to group constituted by would be beneficiaries. In fact, we have underlined that relevant groups – in particular trade unions, third sector organizations and social movements – might support residual safety nets in order to broaden their

constituencies and/or to increase their organizational resources. At the same time, those actors might have good reasons to oppose residual safety nets (Hien, 2014; Rueda, 2007).

Depending on the strategic choices of interest groups the *socio-political demand* might be *strong*, *weak*, or only *latent*. The demand is *strong* when powerful social groups coalesce and present a unique reform program which aims at introducing and/or strengthening social safety nets. But also when all those actors present distinct proposals, and no actor opposes the presence of a safety net. It is *weak*, in various degree, when social actors are divided on this issue, and some of them resist its introduction and/or expansion. Obviously, depending on which actor sustains what, a *weak* demand might be more or less relevant, and having different influence on the policy-making process. Finally, the demand is only *latent* when it is the result of functional pressures not adequately represented in the group arena. Since it depends on the strategic choices of relevant interest groups, the presence and the features of the demand is a matter that has to be verified empirically rather than presumed theoretically.

As for *political supply*, we stressed that political preferences - especially in this policy field - are more diversified than outlined by traditional party politics literature, and therefore it would be too simplistic to assume left parties' efforts to promote minimum income protection and opposition by conservatives. In particular, going beyond the traditional partisan arguments, we argue that Mis - despite the limited political relevance of would be beneficiaries - might be the loci of an overlapping consensus between traditional left and right wing parties (Madama et al., 2014). However, the political activation of the religious and/or territorial cleavages in addition to the left-right divide may make social assistance policy more contentious. In fact, anti-poverty policies are crucially shaped by normative considerations that may trigger deep-rooted value-oriented conflicts within both the left and the right camp (cfr. Madama, 2015). Finally, the presence of more parties on the right and on the left side of the political spectrum, might increase the competitiveness of the political system, thus inducing them to propose and/or oppose social safety net strategically, significantly affecting policy trajectories.

Thus, it is useful to distinguish between *moderate* and *fragmented pluralism*. The former is characterized by the presence of only one political cleavage and the limited relevance of

within pole competition. Conversely *fragmented pluralism*, which can be considered as a sort of heir of polarised pluralism (Sartori, 1976; 1982) in absence of anti-system party³⁷, allow the emergence of additional cleavages, competition within the right and the left pole, and might be also characterized by the prevalence of centrifugal over centripetal drives.

Moderate pluralism should favour the emergence of an overlapping consensus over Mis. This might be instead prevented under *fragmented* pluralism. In fact, the political activation of the State-Church cleavage favour the appearance of an opposition towards public intervention in the anti-poverty field. The (re) emergence and politicization of the Center Periphery relations might hinder the viability of national based anti-poverty schemes, while favouring their introduction at the sub-national level.

Furthermore, the presence of several parties at the right and at the left side of the political spectrum might have opposite consequences for minimum income protection. At the left side, the presence of a radical left party might favour the introduction of Mis in the political agenda. Conversely, a radical right parties should oppose last-resort safety nets. The presence of those parties might have relevant consequences for Mip, especially if they are pivotal for forming a governmental coalition.

Against such backdrop, we contend that even though policy changes are moulded by a set of intervening factors (Mahoney, 2000) - between others, socio economic conditions, structural conditioning given by the international context, the institutional architecture and social policy configuration - that make impossible to pre-determine mechanically the outcome of a policy making process, it appears possible to identify some plausible mechanisms – to be tested empirically – that might lead to the introduction and or expansion of Mis, or rather hinder its development, in the age of austerity (Tab. 9).

³⁷ Fragmented pluralism is therefore characterised by a number of relevant parties above five (Sartori, 1976).

Tab. 9: Political exchange dynamics and minimum income protection

Type of Demand	Moderate Pluralism	Fragmented Pluralism
Latent	Inertia	Inertia
Weak	Unpredictable (Inertia)	Left Path Departure – Institutionalization Right Inertia – Policy Reversal
Strong	Path departure – Institutionalization	Unpredictable (Path-departure – Institutionalization)

My first hypothesis is that the stronger the *socio-political demand*, the easier path departure and/or the institutionalization of a Mis. Furthermore, given the low electoral relevance of would-be beneficiaries, the presence of a demand is crucial to have better Mis. Therefore, a strong or a weak demand are a necessary condition to have either the introduction, the expansion and/or the institutionalization of a last resort safety net.

Secondly, in presence of a strong socio-political demand, moderate pluralism, i.e. a party system structured along the left-right dimension only, should favour the introduction and/or institutionalization of a Mis. In this context, path departure and/or policy institutionalization follows a *non-contentious competitive credit claiming logic* (see also Bonoli, 2012). Parties have no reason to oppose minimum income protection, and therefore support their introduction/expansion in order to obtain the support of interest groups.

Thirdly, in presence of a *weak* demand, *fragmented pluralism* should lead to path-departure / institutionalization or inertia / policy reversal depending on the governing coalition, following a *contentious credit claiming logic*. In fact, competition within left parties affects positively the possibility to institutionalize Mis, since it increases the relevance of marginal groups with traditionally low political resources. Moreover, it should increase the bargaining potential of even residual or not so relevant interest group. Conversely, competition within the right might led to policy inertia or even policy reversal, as on the

right side preferences appear to be more diversified, with the Catholic right and radical right parties potentially opposing minimum income schemes.

The political logic that characterizes the other cases is more uncertain and unpredictable. In party system classifiable in the moderate pluralism type, in presence of a *weak* demand predominance of path dependent dynamics appear plausible. However, also path-departure / institutionalization is possible, depending on which group sustain or oppose and on party-social group linkages. As an example, a centre-left party might introduce and/or strengthen a safety net if the trade union movement strongly support it, even if the Church opposes it.

The presence of a *strong demand* and *fragmented pluralism* should allow path departure and/or policy institutionalization, but also policy reversal is possible in theory. In fact, depending on the political system, the political activation of the territorial cleavage and/or the presence of radical right parties might lead to a contentious policy making process whose outcome depend on coalitional strategies and power balances between different parties.

Chapter 5

Party system and organized interests in Italy and Spain

This work builds on the idea that to understand the specific trajectories of Mis in Italy and Spain we have to take into consideration the specific configuration of the party system and of the organized interest. In order to qualify similarities and differences between the two cases, in this chapter we provide a description of the main characteristics of the Italian and the Spanish party system and of their system of interest representation.

The chapter is structured as follows. The next paragraph is dedicated to the parties and party system configuration in Italy from the end of the fascist regime until the Monti government. Conversely, the third paragraph focuses on the construction of a moderate pluralist party system in Spain during the transition and its systemic characteristic. In the fourth paragraph our attention shifts to the representation of organized interests in the Italian political system, with a specific focus on the role of concertation for social policy development. Finally, the fifth deals with trade unions and concertation in Spain, in order to delineate key features and differences with the Italian case.

1 The Italian Party System

1.1 The polarized pluralism of the "First Republic"

The strong contraposition between different historic political traditions – Christian Democracy, Socialism, Communism, Liberalism, but also (post) fascism and Regionalism – is one of the key features of the Italian Republican story. This is at least partially explained by the enduring consequences of the tumultuous phase that have followed the fall of the fascist regime. Indeed, between 1944 and 1946 all the anti-fascist parties - which previously comprised the Committee of National Liberation (CLN) - the communists (PCI), the socialists (PSI, at the time called PSIUP), the Catholic party (DC), the Actionists – formed nine different governments, with a balanced party representation.

In the first free elections in 1946 all those parties obtained parliamentary representation and they were able to participate to the Constituent Assembly. The results of this elections show also *in nuce* some of the structuring features that characterized the Italian political life for almost four decades (1945 – 1992): the emergence of Christian Democracy as a prevailing force among the moderate electorate, the small electoral support in favour of the Liberal Party, and the competition between the Communists and the Socialists for the hegemony inside the left wing – even though, until 1956, those two parties maintained an informal alliance known as the “Italian socialcomunism”.

The defining features of the Italian party system crystallized after 1948 elections. In addition to those peculiarities, the well-known religious conflict, and latent territorial conflict exacerbated by the presence of strong geographical differences, contributed to structure the Italian party system of the immediate post war period. Those socio-economic conflicts and the heritage of the democratic consolidation phase coupled with a proportional electoral law with a very permissive entrance threshold favoured the consolidation of a large number of parties. Basically, until the Nineties the Italian party system was based on seven state-wide parties.

The Italian Social Movement stood on the extreme right part of the political spectrum. It is a neo-fascist political parties pushed to the sidelines of Italian political system until the Nineties, with an electoral support that fluctuated around 5 percent, with a peak of 8.7% in 1972 after the so called “Hot Autumn” and the merge with the monarchists. On the left front, after the 1948 defeat, the “Popular Front” – the electoral coalition between the PCI and the PSI - dissolved. The Italian Communist Party became progressively the second largest political party in Italy and one of the strongest communist party in the West, in reason of its entrenched mass party organization – i.e. its diffused presence within Italian society and internal discipline - and its solid international bonds with one of the international superpowers. Conversely, the Italian Socialist party was crossed by deep divisions and splits, due in particular to the initial decision to support the Communist bloc, which, coupled with lower organizational resources, helped in the determination of the progressive hegemony of the PCI. Only after the 1956 Soviet repression in Hungary, this party distanced itself from the communists, and started to move slowly to the centre-left.

At the centre of the political system the DC, which could count on the open support of the Catholic Church and on its role as a “guarantor” of the democratic system, became the largest and dominant political party. In various combinations it formed unstable governing coalitions with the smaller parties that constituted the broad spectrum of Italian moderate parties: on the centre-left the PSDI - a party split from the PSI after the decision to join the PCI in the 1948 election - on the centre and on the centre right with the PRI and the PLI.

The fragmentation of the political supply cannot be considered the main feature of the Italian political system. The international Cold War context coupled with the hegemony of the Communist Party in the left camp created a party system structured on the communist/anti-communist cleavage, rather than along the left/right cleavage as in most Western democracies (cfr. Cotta and Verzichelli, 2008). The religious cleavage was clearly represented in the political system: while the DC can be explicitly defined as a party of a confessional nature, all the other centre left parties presented rather accentuated anticlerical stances. Although relevant for some specific policies – for example education, divorce and abortion regulation, but also social assistance and family policies (see below) – the religious divide has never been crucial for government formation, since the Christian Democrats preferred to form an alliance with secular parties in order to contain Communism. Similarly, despite the relevance of the left-right cleavage for specific economic and social policies, it just had tiny effect on government formation. Minor centre and centre left parties (and later, also the Socialist Party) always preferred to form government in coalition with the Christian Democrats rather than gave birth to a left government under the supremacy of the PCI.

The structuring of the party system around this fracture is the source of some of the unique characteristics of the Italian party system in a comparative perspective. Between the two parties that contended the relative majority of votes in Italy, only one could actually access to government positions, therefore there was no alternation in government between the two (Galli, 1966). In fact, even though the PCI was able to become the main party within the left pole, national and especially international factors prevented it to become a serious government alternative.

Besides this *conventio ad excludendum*, contributed to this outcome the fact that the Christian Democrats – as most of the European Christian-Democratic parties (Kalyvas, 1996, Van Kersbergen, 1995) - was not a right-wing or a bourgeois party, but rather, a centre interclasses party. This party especially in the Forties and the Fifties could count on the open support of the Catholic Church and its extensive network of organizations, but over time had also been able to build (if not dominate) an intense relationship with all interest groups, including both employer organizations (in particular but not exclusively in the agriculture field) and a part of the trade union movement (see next paragraph) (Morlino, 1998). Also as a consequence of this organizational strength and its pivotal role in the party system, the Christian Democrats remained continuously in power in the forty-five years of the First Republic life, while other smaller parties of the centre right (PLI) and of the centre-left (PRI and PSDI first, then from the beginning of the 1960s also the PSI) alternated in government coalitions. Communist remained permanently excluded from government coalitions as well as extreme right parties, and in particular the Italian Social Movement, heir of the Italian fascist tradition.

Sartori (1982) defined the systemic features of the Italian Party system after the watershed elections of 1948 as “polarized pluralism”. The main distinctive features of this party system resided in: a) presence of relevant anti-system parties³⁸ (PCI and MSI) b) stable occupation of the centre by a hegemonic party (DC) and the existence of bilateral opposition c) high ideological polarization – i.e. a political space characterized by a large distance between the two extremes - and therefore an anti-pragmatic mind-set both at the mass and especially at the élite level, and d) prevalence of centrifugal drives over centripetal competition. Those systemic features had a number of relevant consequences. In particular, the impossibility of alternation made irresponsible the opposition, because it did not have to “respond” to its electoral promises, but to some extent also the government, because it never really run the risk of losing office.

The party system that we have briefly outlined demonstrated over time a remarkable ability to persist to the profound socio-economic and cultural changes that throughout

³⁸ According to Sartori, “a party can be defined as being anti-system whenever it undermines the legitimacy of the regimes it opposes” (cfr. Sartori, 2005 p. 118).

forty years have deeply turned the country (Cotta and Verzichelli, 2008). However, it is possible to observe different political “season” in the history of the First Republic.

The first phase after the consolidation of the Italian democracy (1948 – 1962) is known as *centrismo* (centrism) since the DC ruled in coalition with smaller centrist parties. In 1963 the DC inaugurates a new phase of governing coalition with the Socialist Party, hoping to isolate and to weaken the influence of the PCI within the left pole. This new centre – left coalition, which prevailed until 1976 with only a small break in 1973, can be considered for its length one of the most important of the Italian Republican period.

However, the strategy to make this alliance between the reformist wing of the Christian Democrats and the Socialists the hegemonic fulcrum of a new political system was largely unsuccessful. A large part of the trade unions and of the political left remained in fact under the influence of the Communist Party. Furthermore, the PSI suffered from a party split and several electoral losses, while the PCI in the Seventies continued to increase its vote shares, to reach its historic peak (34,4%) in the 1976 election.

This election was followed by a phase of national solidarity called the “Historic Compromise”, in which – in a phase of economic and political crisis - minority government of the DC were sustained by the “not-no confidence” policy of the PCI. This election was relevant also because it represented the moment of the greatest consensus towards the two major parties, which were able to get more than 73.1% of the votes. A decade later, they got only 60,9%: historically, Italian politics entered in the phase called *Pentapartito* (Five-party coalition), characterized by greater political fragmentation and five parties’ coalitional government. DC, PSI, PSDI, PRI and PL remained in fact permanently in government from 1981 and 1991, while PCI, which lost 4% in its votes between 1976 and 1980, was once again in opposition.

In this period, characterized by electoral decline of both PCI and DC, the secular parties of the government coalition - and especially the Socialist Party – managed to obtain the so called “equal dignity”: for the first time in the Italian Republican history, the Presidency of the Council was not a monopoly of the DC. Under the new leadership of Bettino Craxi, the Socialist Party increased relevantly its share of power and votes, but it failed its objective

to corner the PCI, which maintained, although with some difficulties, its primacy within the left.

According to some scholars, those events - and in particular the “de-radicalization” of the Communist Party and, to a certain extent, also the secularization of the Christian Democracy since the mid Seventy, had changed the nature and consequently the constitutive mechanisms of the Italian party system, which was characterized by the prevalence of centripetal rather than centrifugal drives (Farneti, 1983). Moreover, as noticed by Di Palma (1978, see also Lange et al., 1982, and Salvadori, 2013 pp. 136 - 140), the parliamentary cooperation between the Christian democrats and the Communist Party in the Seventies was hardly reconcilable with the ideological patterning and the irresponsible opposition theorised by Sartori (1976, 1982).

At the same time, during the 1980, despite several years of élite-level cooperation and a lower degree of polarization, the PCI was still perceived as an anti-system party and the party system was still tripolar, with a strong centre (DC) and two bilateral oppositions excluded from government offices. As noticed before, the essential features of the party system were still the same after forty-five years (Picot, 2012, Sartori, 1982, Cotta e Verzichelli, 2008). As outlined in Chapter 2, things were to change with the advent of the so called “Second Republic”.

1.2. The “Second Republic” and the fragmented bipolarism

It is not an exaggeration to define the events of the early Nineties as an earthquake for the Italian party system: as a result of both national and international events, it underwent a radical transformation which caused the dissolution of the Italian Communist Party and the demise of the Christian Democrats, the Socialists and their government allies.

Three factors in particular led to the collapse of the old political structure: the fall of communism in Eastern Europe, the activation of the territorial cleavage and the emergence of a separatist challenge, and an escalating succession of corruption scandals. The fall of the Berlin wall and the collapse of East European Communism had a strong influence on a party system which was mainly structured along the conflict line between “communism

and anti-communism". This event had obvious consequences on the PCI which - after a long debate and a congress fraught with tension turned away communist ideology to transform itself into a progressive left wing party, later called the Democratic Party of the Left (PDS). This caused the split of the party's left wing, which founded a new party, the Communist Refoundation Party (PRC). But - perhaps less obviously - the end of the Communist block constituted a challenge also for the Christian Democrats, whose role as a safeguards against the communist threat had worked not only as an electoral message - inducing many Italians to "hold their nose and vote for the DC", in the famous words of the Italian journalist Indro Montanelli - but also as a glue that held together different ideological stances and territorial realities.

Moreover, this legitimation had insulated the DC against many demands and discontent with their government performance (Picot, 2010). Therefore, the fall of the Berlin wall was followed by the emergence of new popular demand to reform the political system and to challenge national political élites. This comes to surface with the unexpected results of the 1991 referendum on abolishing multiple preference votes in the open list proportional representation system which, despite governmental parties invited voters "*to go to the beach*", obtained an incredible success³⁹.

Resentment against the central Italian government contribute to explain also the explosion of a new political party, the Northern League (LN), formed in 1991. This party built its support on the disappointment of the Northern middle class electorate with the DC, due to the common perception that the central government wasted resources collected mainly from their tax burden, since public expenditure grew while public services remained poor (Ruzza and Falla, 2006). The attack on the nature of the Italian state and the way in which it drained the resources of the north, was articulated through an innovative radical anti-establishment discourse (Segatti, 1992, Diamanti, 2003).

The LN, emerged in 1992 national election as a leading political actor, obtaining 8,7% of the votes. Since those votes were all concentrated in the Northern regions, in this area it

³⁹ The result was 95.6% in favour, with a turnout of 65.1%. This positive results paved the way for a second referendum which in 1993 repealed the law on proportional representations for Senate elections. This shift from a proportional to a majoritarian electoral system for one Chamber was followed in 1994 by a similar legislation for the other.

become the second party, challenging the traditional DC leadership in the most economically dynamic area of the country.

After the signals sent by the 1991 referendum and the 1992 elections, the crisis of the Italian “partitocrazia” was accelerated by a new decisive factor: the entry of a judicial campaign against bribery (Tangentopoli, lit. “Bribesville”). This enquiry uncovered a huge system of corruption and illegal party financing, with many leading politicians and parliamentarians especially from the PSI and the DC put under investigation, exposing to the public the hidden connections existing between business and politics.

In the crucial months between 1992 and 1994, the already weakened traditional political system have been subjected to a converging attack from several directions - from the Northern League, the referendum movement, the judiciary and the media and public opinion - resulting in a rapid loss of the political system social legitimacy, and the beginning of the transition to the so-called Second Republic, whose start is usually associated with the first elections held under a new majoritarian system in the spring of 1994. Indeed, those elections marked the evaporation of the old parties. PCI and MSI were the only parties surviving the political earthquake, but they both had to change their names⁴⁰ and moderate their political stances.

Despite the extraordinary fluidity of the Italian political framework in the period between 1996⁴¹ and 2012 – characterized by the continuous emergence of new parties, movements, electoral coalitions, splits, divisions and mergers – it is possible to delineate some defining features of the structure and mechanism of a new party system, at least until late 2011, when a new institutional crisis and the results of the 2013 election gave birth to a probably new party system, which is still in a constitutive phase in the moment of writing (December 2015).

⁴⁰ Also the MSI in fact merged in 1994 with some of the most conservative elements of the DC to found a new right party, AN.

⁴¹ In 1994 the party system was tri-polar rather than bi-polar, since the main heir of the DC, the Italian Popular Party, and the new Party of the leader of the referendum movement, Mario Segni, formed a centre pole not allied either with the right or the left pole. The severe defeat of the centre pole in the majoritarian competition led to the decision of centre parties to coalesce either with the left or the right parties; especially from the 1996 election, the Italian party system become therefore prevalently bi-polar.

Its main attribute was the presence of two broad electoral coalitions of parties on the centre-left and the centre-right, both internally fragmented and very differentiated (Bartolini, Chiaramonte and D'Alimonte, 2004). On the centre right, we observe what is probably the major novelty of the new Italian political system, the emergence of Silvio Berlusconi's personal party, Forza Italia (FI). Especially at the time of its foundation – few months before the 1994 election - its political platform was based on an electoral appeal to all the centrist and right wing political forces to join a new political project under the Berlusconi's leadership to prevent the rise to power of the post-communist, to defend the free operation of the market against the abuses of the State and to reduce taxes (Cotta and Verzichelli, 2008). Its electoral message was at the same time traditional and very innovative: from one side, it retrieved the old DC strategy to present itself as a champion of the moderates and safeguard against the post-communist. On the other side, differently from the DC, FI positioned itself clearly at the right side of the political spectrum (Cotta and Verzichelli, 2008). Especially in the first electoral campaigns Forza Italia had a neo-liberal program, promising to defend the market – and especially the small and medium enterprises, the autonomous workers and the professionals – against the trade unions and the state. As signalled by Fasano and Pasini (2004, 2012) however, within its electoral program, “a significant reference to the family, traditionally understood as the privileged beneficiaries of all major public intervention, from education to social policy” remained (cfr. Fasano and Pasini, 2004, p. 25, Author Translation). In general, it combined an innovative mixture of liberalism in the economic sphere with paternalistic and traditionalist elements (Ibidem).

In addition to the innovative nature of the political message - and the wise use of the media - FI – also thanks to the leader's availability of a great amount of resources – was capable of attracting part of the old political élite (especially from the Socialist Party, but also from the other small centrist parties, PRI, PSDI and PLI) and to build an alliance with the new emerging right forces, which included in the North the LN, and in Central and South Italy the post-fascist AN. This asymmetrical electoral coalition reflected a mixture of anti-state, anti-party mixture and aversion to the First Republic which was hard to

reconcile with the structural alliance with one of the heir of the DC the Union of Cristian and Centre Democrats (CCD)⁴² (Raniolo and Tarchi, 2015).

The Left Democratic Party, one of the two PCI successor, assumed a substantial role on the centre-left side.⁴³ The unexpected defeat in the founding 1994 election – which ended up with a clear victory of the new formed centre-right pole under the Berlusconi leadership – made clear to the party leaders that only seeking an alliance with centre parties would allow to win elections. Therefore, from the 1996 election, it formed an alliance with one of the succeeding formations of the Cristian Democrats - the Italian Popular Party (PPI)⁴⁴ - located at the moderate left of the political spectrum, with the Federation of the Greens and with several smaller centrist or moderate left parties. Moreover, it was also able to reach a pre-electoral agreement with its main competitor on the left, the PRC. This coalition won the 1996 general election and formed the first cabinet in which the (post) communist were present.

However, the relations with the radical left party remained difficult. After a dispute over the Italian participation to the international mission in Kosovo, the PRC withdraw its “external support” causing the government fall in 1998. This decision was divisive also in the PRC camp, where a group of dissidents split and founded a rival communist outfit which supported a new formed centre left government until the end of the legislature in 2001.

In general, the left pole – even more than its right counterpart – was invested by subsequent splits and mergers of the new parties, that made difficult to give an account of its continuous transformations. In order to understand the complexity of the politics of alliance within the centre-left it might be sufficient to say that in 2006 general election seven different political formations within the left coalition obtained a Parliamentary seat and one of them, the Olive Tree, was a confederation of the two major parties (the Democrats of the Left and the Daisy).

⁴² Since 2002 Union of the Centre (UDC).

⁴³ From 1998 Left Democrats. In 2007, Left Democrats and Margherita merged into the Democratic Party.

⁴⁴ Since 2000 it merged with other smaller centrist parties in a new center party called Daisy.

In this period, we observe the formation of Berlusconi cabinet in 2001 – after a clear victory of the right pole, facilitated also by the auto-exclusion of the PRC from the centre left electoral coalition – followed in 2006 by a second Prodi government after an election won by a very narrow margin of 25,000 votes.

The new Italian party system emerging from the 1992 – 1994 transition phase assumed therefore a predominantly bipolar structure of competition. Distinguishing this phase from the First Republic, electoral competition in the period from 1996 until 2013 was between a centre-right and a centre left pole, and resulted in alternation in governmental office. The second defining feature was the extreme fragmentation: the number of relevant parties represented in the Parliament persisted, and even increased compared to the First Republic (Morlino, 2013).

In this fragmented system, the main parties of the two coalitions – FI and DS – never managed to impose themselves as a truly majoritarian party, able to steer the policy making process in a coherent way. Both parties had in fact to face the open competition of their allies⁴⁵. This is due to the opposite incentives provided by this *fragmented bi-polar* party system: on the one hand, they had to attempt not to leave any space on their respective flanks, and on the other hand competed to win over moderate voters and take them away from the centrists. This party system created specific incentives for its components (Bardi, 2007). Centripetal tendencies are observable especially in the electoral arena, due to the bipolarity of the system and to the importance for the election results of the centre of the political space. However, the competition is centrifugal in the parliamentary arena, where the decision making process took place, because coalition parties competed against each other and had electoral incentives to defect on issues considered fundamental for their own electorate (Bardi, 2007). The coalitions were thus repeatedly challenged by conflicting interests and ideological aspirations of each member group.

At least until 2008 election the distinctive properties of this party system were alternation and bipolar competition coupled with fragmentation and low coalitional internal

⁴⁵ In order to win a predominantly majoritarian electoral competition main parties had to form encompassing coalition, this in turn providing small parties with strong blackmailing potential (Picot, 2012).

cohesiveness. Those features were favoured by the revival of some of the old structure of cleavages - i.e. State-Church, Centre-Periphery (Ieraci, 2012, Jessoula et al., 2014). The emergence of LN, the first territorial party acquiring a national relevance in the republican history, contributed to (re) activate the territorial cleavage - introducing in the political arena demands for greater autonomy of the (Northern) periphery towards the Centre in order to reduce territorial redistribution.

Besides, despite the disappearance of a strictly confessional party, the catholic values – and the Catholic Church – continued to influence the political system, and to structure political conflicts (Naldini and Saraceno, 2008). Centre right parties – especially FI and AN – openly endorsed Catholicism and the traditional family (Fasano and Pasini, 2012). In 2003, this coalition promoted the role of the family as the core of every welfare programme (Ministero del Welfare, 2003). More in general, references to the Catholic family as the cornerstone of society – against migration, multiculturalism and secular liberal values – were the glue that realized the programmatic convergence of right parties (Diamanti and Lello, 2005).

To some degree, the two revived cleavages overlapped with the traditional left-right divide as follows: Left-State-Centre vs Right-Church-Periphery (cfr. Jessoula et al., 2014, p. 7). At the same time, on specific occasion and issue they contributed to intra coalition conflicts and within pole electoral competition. Within the centre-right, the territorial rescaling claims of the LN were frequently a source of conflict with the nationalist AN program. At the left side, religious issues were often divisive, since the coalition was split between confessional tendencies (expressed mainly by the Daisy) and more secular and modernizing ones, supported by the Left Democrats and the radical left parties. As a consequence, its approach to family, Catholic schools, homosexual marriage, and other ethical issues, relied very often on contradictory and not very intelligible choices (cfr. Fasano and Pasini, 2012, p.12).

The 2008 election broke again with some of the party system characteristics of the preceding years. In the spring of 2007 the DS merged with the Daisy to form a new party, the Democratic Party, with the purpose of finally assuming a majoritarian nature within the centre-left (Lazar and Giugni, 2015). This was soon followed by the announcement of

the creation of a united centre-right party, Partito del Popolo della Libertà (the People of Freedom Party, PDL), under the renewed leadership of Silvio Berlusconi, created by the merger of FI, AN and other smaller parties.

The 2008 election was therefore characterized by the victory of the right coalition and by an impressive reduction of fragmentation: an imperfect bipolar quadrille was established, where the two main parties, the PD and the PDL, were in fact partnered “only” by two allies, respectively the Italy of Values (IDV) and the Northern League, whereas the centrists of the UDC attempted to survive the siege. Despite the reduced fragmentation, political competition was still radicalized, both between the parties and within the ruling coalition and the PDL (cfr. Raniolo and Tarchi, 2015, p. 173), confirming the enduring relevance of multiple cleavages in Italian politics. On the left side the so called *vocazione maggioritaria* of the PD lasted shortly and it was followed by a phase of difficult coalitional engineering both at the national and at the regional level. Therefore, in 2010 regional election, the left coalition was mostly composed by the PD, the IDV, the Federation of the Greens and the Left Ecology and Freedom Party (SEL). Also the right side the coalition was threatened by continuous internal conflict that led to the exit of one of the PDL founding leaders, Gianfranco Fini, and the creation of a new party – Future and Freedom (FL).

The bipolar nature of electoral competition coupled with the internal fragmentation and competition dynamics, allow us to conclude that the systemic properties of the party system in Italy remained rather constant up to the institutional crisis of late 2011 and the 2013 election. The features of this *fragmented bipolar* party system were competition and the alternation between a centre right and a centre left coalition, both very diversified and internally fragmented. Fractionalization and the resilience of the cleavage structure ensured limited coalition cohesiveness and that policy making process was characterized by centrifugal drives.

3. The Spanish party system

Especially in comparison with the Italian, the history of the Spanish democratic political system – at least until very recent times - appear familiar and reassuring: a story of general

stability, long cabinet, with few relevant electoral changes. While the Italian Second Republic scored thirteen governments and nine prime ministers in twenty years, Spain has had six prime ministers during the last four decades.

Despite this apparent political stability, the distinct electoral fortunes of the parties, coupled with a number of party split and merger have given rise to different electoral periods. For this reason, here the recent history of the Spanish political system is divided in three distinct phase: the transition to democracy and the return of a competitive party system (1977 – 1982), the Socialist predominant phase (1982 – 1992), and the period of bipolar competition and alternation (1992 – 2015).

3.1 The peaceful transition and the first (moderate) Spanish party system

The Spanish transition from an authoritarian regime to a competitive democracy – i.e. that flowing and uncertain period when new democratic structures were about to emerge, while some of the structures of the old regime still existed (cfr. Morlino, 1998, p. 19) – was to many extents exemplar, representative of a pragmatic political élite and of a mass that had chosen to support liberal democracy.

It began shortly after Franco's death on 20 November 1975, or more precisely with the appointment of Adolfo Suarez as Prime Minister by King Juan Carlos on July 1976. In spite of its undemocratic origin, Suárez government consulted widely with all relevant political forces. The transition consisted thus primarily in tough and protracted bargaining between political forces and institutions that had been adversaries for long time over the very nature that the Spanish political system had to assume in the years to come.

All actors adopted a pragmatic attitude during the consultations, which allowed to overcome the obstacles that come alongside this types of process. In fact, the different political groups had to accept compromise: the Communists and the Socialists had to give up some of their traditional claims, recognize the monarchy and the national unity, and to accept the immunity of the regimes officials (including the torturers). At the same time, militaries and most conservative forces had to accept democracy and the recognition of all political parties, including the “communist demon” (Bosco, 2005). Despite the difficulties,

the transition from an authoritarian regime to a liberal democracy is realized in Spain without ousting the government originated from Francoism – so avoiding the *roptura* (breakdown process) originally envisaged by the democratic forces – but agreeing on an agenda of reforms and institutional changes – the so called *reforma pactada - ruptura pactada* (negotiated reform-negotiated break) – that led to the successful realization of the first competitive elections in 1977 and the proclamation of the Constitution the following year. The agreements were not limited to the political and institutional sphere; the government and the social partners in fact signed a social pact – the well-known Moncloa Pacts (see section below) - which was able to guarantee a certain level of social stability and economic well-being in this turbulent phase.

This inclination towards moderation and pragmatic confront among élites is also explained by the dramatic Spanish history, and the willingness to evoke the conflicts that afflicted the Second Republic. In fact, political élites were well aware of the excessive parliamentary fragmentation, intense ideological polarization, and chronic government instability, and of its dramatic consequences. This effort to avoid past mistakes also led to the introduction of a particular electoral system - based on the so called d'Hondt system of proportional representation - explicitly designed to avoid excessive fragmentation and to encourage stability.

This peaceful transition was not an élite led process – on the contrary, it was conditioned by mass pro-democratic support, i.e. by the emergence of popular pressure and civil society in Spain (Pérez-Díaz, 2003). The population strongly supported the referendum on the Law for Political Reform that opened the constituent process for creating a liberal democracy in Spain and, in the first Spanish general election (June 1977) since the outbreak of the civil war in 1936, clearly preferred moderate forces against the more radical ones. The main results of the first democratic election were a victory for the reformist right over the neo-Francoist right and the prevalence of the moderate left over the radical left, which clearly expressed Spaniards' desire to turn the page of the dictatorship (Chislett, 2012).

The Union of the Democratic Centre (UCD) - a coalition hastily formed by Adolfo Suarez of twelve small variegated centre and centre left political groups, including the more progressive segments of the Francoist bureaucracy - won 34.4 percent of the vote and 166

of the 350 seat. This party was a sort of Spanish “functional equivalent” of a Cristian Democratic party⁴⁶ and occupied the centre of the political space (Linz and Montero, 1999). The main competitor on the right was Popular Alliance (AP), formed by an élite closely associated with the Franco regime and leaded by Manuel Fraga. Its ties and its poorly disguised appreciation of the past regime, combined with the controversial personality of some of its executives’, confined AP in this stage at the far right of the political space – receiving 8.2% of the popular votes in 1977.

PSOE stood on the left side, very close to the UCD both in terms of votes (29,3%) and ideological stances. During the transition and in the first electoral consultation in 1977 it was internally divided between those supporting a reformist and responsible approach, leaded by Felipe Gonzalez and Alfonso Guerra, and the *criticos* sustaining a more radical agenda (Mendéz Lago, 2005). This duality dissolved in November 1979 during the so-called *Bad Godesberg* of Spanish Socialism (Linz and Moreno, 1999), when an Extraordinary Congress eliminated the definition of the party as Marxist and adopted a reformist program. After this process of moderation, the PSOE progressively substituted its labour tendency with a catch-all image and it was able to present itself as a credible alternative to UCD government.

Finally, the “extreme” left part of the spectrum was occupied by the Spanish Communist Party (PCE), legalized just few months before the election, which obtained a share of 9.3% votes. As PSOE, this party, had given up “armed insurrection and the dictatorship of the proletariat” to embrace a democratic road to socialism (Bosco, 2000). After forty years of forced exile and strong anti-communist propaganda, party’s priority was to be accredited as a responsible and democratic force. Also for that reason, just before 1977 election, the PCE distanced itself from the Soviet Union and launched the Eurocommunist movement with the Italian and French communist parties.

⁴⁶ A number of factors prevented the emergence of a Cristian Democratic party in Spain. Linz and Montero (1999) underline one element in particular: differently from the German and to some extent also from the Italian case, the Catholic Church in Spain was among the main supporter of the Franco regime. Therefore, to move away from close involvement in the Civil War and collaboration with the authoritarian regime, it had to emphasize its non-partisan position and accept political pluralism, also within the Catholic community (Pérez Díaz 1993, cfr. Linz and Montero, 1999).

Besides those four major state-wide forces, also a number of regionalist parties obtained a parliament representation. Those were especially parties from the ACs with a strong nationalist movement, i.e. the Basque Country and Cataluña⁴⁷, but also from Andalusia and Canarias.

The 1979 election confirmed the trend of the previous election, and allow to define the basic features of what has been defined, in Sartorian terms, a moderate pluralist party system (Linz and Montero, 1999). Despite a relatively large number of parliamentary parties, the number of relevant party was low because of the major differences in their parliamentary sizes. The number of state-wide parties was in fact restrained and only four of them out of thirty-three which were present in the Cortés in 1936 were also in 1977 parliament⁴⁸ (Bosco, 2005). Besides limited fragmentation, the party system was characterized by centripetal competition. The distance between the two main parties, the PSOE and the UCD, was actually small. Moreover, bilateral competition from the AP and the PCE did not substantially affect the mechanisms of competition, because none of them can be defined an anti-system party. In fact, none of them defended regimes other than democracy, and both parties were moderating their action in those years in order to complete their legitimisation as democratic actors. Moreover, all parties were conscious that Spaniards' striking ideological moderation only permitted a centripetal type of interparty competition (cfr. Linz and Montero 2009, p. 19).

3.2 The predominant party system, or the long journey from moderate pluralism to a stable bi-polar system (1982 – 1992)

The 1982 election reshaped drastically Spanish party system. The UCD, which won the previous two elections and successfully overseen the transition, lost 28% of its vote share,

⁴⁷ The most important expression of nationalism in the Basque Country and in Catalua were respectively the PNV and PDC (Pacte Democràtic per Catalunya, a Catalan coalition which in 1979 would stabilize as CiU, formed by Convergència Democràtica de Catalunya (CDC) and Unió Democràtica de Catalunya (UCD).

⁴⁸ Most of the extreme leftist parties, including the previously very relevant anarchists, the extreme right forces associated with the Carlist tradition or with the most conservative faction of the Catholic Church, and other smaller groups that have deeply affected the functioning of the polarized system of the second republic, disappeared, while the extreme right wing parties received less than 1% of the vote and subsequently dissolved.

156 of its 168 deputies, and collapsed, thus disappearing from the Spanish political scene. Furthermore, the prevailing balance between the left and the right - main feature of the first two elections since the combination of UCD and AP vote equalled votes for PCE and PSOE both in 1977 and in 1979 – was fundamentally broken.

The Spanish electorate massively supported a governmental change, giving the PSOE a broad majority. The Socialist victory was extraordinary: with 48,1% of the votes and 202 seats (57.9%), for the first time in Spanish history a party obtained the absolute majority of seats.

The sudden disintegration of the UCD benefited the PSOE, and AP, which in coalition with the Democratic Popular Party (PDP, a small conservative party), obtained 26,4% of votes and emerged as the Spanish main opposition party. AP growth was almost as surprising as UCD failure, since it was able to obtain a five-fold increase of 1979 votes, although it remained very distant (- 21.7%) from the PSOE.

Conversely, the PCE's attempts to emulate the Italian *sorpasso* – i.e. to obtain the hegemony over the left forces – failed. Compared to 1979 election, the PCE lost more than 60% of its votes, and the ratio between the PSOE and the PCE reached 12 to 1 in terms of votes (compared to 3 to 1 in 1979) (Linz and Montero, 1999). Furthermore, many regionalist parties that entered Congress in 1979 disappeared, although the PNV and CiU maintained their positions, and became a permanent actor of the national political system.

The PSOE won the 1982 election with a reformist moderate programme of modernizing the country and consolidate the Spanish democracy. Once elected, its main concern was to react to the negative economic outlook. Leaving soon aside the electoral program of a supply oriented strategy, the Felipe Gonzalez government introduced a strict programme of economic adjustment and structural reforms from 1982 to 1985, which included devaluation, a reduction of the money supply, industrial restructuring and greater labour market flexibility (cfr. Méndez Lago, 2005, see also Chapter 3).

The socialist second term (1986-1989) continued along the same path of country modernisation and fiscal consolidation. Spain joined the European Economic Community and remained in the NATO, despite the PSOE previously had an anti-NATO position. The government maintained therefore a very “responsible” and centrist profile also in the

economic sphere, which led to increasing tension with the labour movement, and particularly with the “sister organization”, the UGT (Gillespie, 1990; see below). The unions complained that the benefit of a sustained economic growth were not reaching the workers. These tensions led to the proclamation of the first general strike of the Spanish history in December 1988 (see below).

The success of the general strike marked a turning point in the social and economic policies of the PSOE. In the following year, social expenditure grew from 17 to 20% of the GDP, the coverage of unemployment benefit increased from 34% to 67%, and non-contributory benefits for the pensioners and the disabled were introduced (Guillén, 2010).

Pursuing this strategy of modernizing the country – i.e. expanding responsibly the welfare state while at the same time ensuring wage restraints and economic growth – and strengthening its autonomous organizational resources, this party became a dominant party in the Spanish electoral system. The elections of 1986 and 1989 in fact confirmed the balance of power established in 1982, albeit with slight variations. The PSOE remained firmly the first Spanish party, distancing its main opponent – the AP – of respectively 18 and 14 percentage points. Moreover, the competition between the PSOE and the PCE continued to be extremely unbalanced even after the PCE created in 1986 United Left (IU), a coalition with other small and disparate leftist groups which would attempt to channel the representation of this new left groups (Linz and Montero, 1999).

The stabilization of an hegemonic role of the PSOE within the centre left was countervailed by the strong confrontation within the centre and right pole. In the summer of 1982, the dramatic electoral loss and the chronic internal tensions gave rise to a series of splits in the UCD that spawned three parties: the Party of Democratic Action (PAD) with a centre left orientation⁴⁹; the Democratic and Social Centre (CDS), led by the transition leader Suárez in the Centre, and the PDP on the right, with a Christian democratic orientation.

One of those party, the CDS, after the 1986 election became the third political force in Spain – obtaining 9,2% of votes in 1986 and 7,9% in 1989 - even though its strategy of becoming a central pivotal position in the Spanish party system failed. In fact, the PSOE obtained for three consecutive elections the majority and did not need to form a coalitional

⁴⁹ This party was later absorbed by the PSOE.

government, therefore withholding the pivotal role that the party was looking for (Linz and Montero, 1999).

In the meantime, the AP's strategy to secure domination of the political spectrum to the right of the PSOE would only bear fruit ten years later. The ancestor of the PP in this phase faced several difficulties in distancing its image of a post-Francoist party, and, although it became the main opposition party, its electoral ceiling remained stable at 25 per cent.

During this period, the frequent merge and splits of parties – both on the extreme left and on the centre and right side of the political spectrum – did not endangered government stability. According to the Sartori's typology, the Spanish party system in this decade represented a particular type of moderate pluralism: a predominant-party system. The PSOE outdistanced during this decade all its competitors – from a maximum of 27% in 1982 to a minimum of 19% in 1989 - won three consecutive elections, remaining significantly stronger than all the others, therefore conforming with the general characteristic of this typology (Sartori, 2005, p. 171 - 178).

4.3.3 Bipolar Alternation and the re-emerging cleavages of the Spanish party system (1992 – 2014)

During the period 1982–92, Spain was a party system with one main party at the centre of the political arena, the PSOE. Later on, in the 1990s, the pattern of competition in Spain changed, shifting to a bipolar moderate multiparty system.

Some factors are particularly relevant to understand this transformation. In particular, we have to take into consideration the transformation of the AP. After the bitter and consecutive electoral defeats of the 1980s, AP party's leaders realized that it would have been extremely difficult to overcome the 25% electoral ceiling without deeply transforming the party image⁵⁰. Thus, the ninth AP Congress of January 1989 approved fundamental changes, and led to the creation of the Popular Party (PP), a predominantly centre positioned catch-all party. In the same motion, the party was defined as liberal, conservative and Christian Democratic, acknowledging the existence within its own ranks

⁵⁰ In 1985 65% of the Spanish considered AP an authoritarian political force, while a minority (6%) considered AP a modern party, democratic (21%) and able to rule (26%) (Bosco, 2005).

of different ideological tendencies (cfr. Balfour, 2005, p. 149). During the congress, the young José María Aznar – President of Castile and León since 1985 – was appointed President of the “new” PP.

Under his leadership, the PP deeply reorganized into a specialized hierarchical and centralised organization and redefined its ideology seeking to be considered as a party heir of the UCD (Balfour, 2005, Bosco, 2005). In a famous speech given in the April 1991, Aznar defined the PP as a party of the centre whose task was to recapture the spirit of the transition to democracy and to launch ‘a common project of democratic renovation’ (Balfour, 2005, p. 152). In this way the policy platform of the party assumed decidedly a moderate tone. Support of social policy, necessity to fight unemployment, subordination of public order to individual liberties become part of party proposals, while reference to the dictatorship or to divisive ethical issues were carefully avoided.

In general, in the run-up to the 1993 and 1996 elections, the PP made frequent reference to its vocation as a centre party. This strategy – also in reason of the economic crisis and the large numbers of scandals involving the PSOE in the early Nineties – begun to bear fruit in the 1993 election, when the Socialist did not obtain the absolute majority for the first time in ten years, and the gap between the centre left and the centre right was reduced to only four percentage points. Furthermore, the strategy of *conquering the centre* allowed to defeat the CDS, the centrist rival that vanished altogether in 1993.

After four consecutive socialist victories, in the 1996 election the PP obtained the relative majority. Even though the PP overtook the PSOE of less than 300.000 votes (1,2%), the growth of this party under Aznar was rather impressive: in 1996 it won 38,8% of votes, 13 percentage points more than in 1989. This sustained consensus growth was confirmed also in 2000, when for the first time the PP gained the absolute majority, with 44,5% of votes – approximately ten points more than its main opponent, the PSOE. Similarly to 1993, the 1996 election was also characterized by the positive results of IU, which obtained 10,5% of votes, consolidating its position of third political party in Spain, although very distant from the two other state-wide parties.

Aznar first government was inspired by moderation and pragmatism, and many of its policies merely continued those of the PSOE administration (Linz and Montero, 1999).

With the aim to gain legitimacy, the new government made also considerable effort to maintain a dialogue with the trade unions and the employers' organization (Molina, 2011, see below). In its XIII National Congress, held in January 1998, the PP depicted itself as a "centre and reformist" party, while some of its most important leaders – including Manuel Fraga, one of the founder of the AP and first president of the PP - went as far as to identify PP's policies with the 'third way' of Blair and Schröder (Balfour, 2005).

This strategy was electorally efficient and allowed the party to obtain a clear absolute majority in 2000. Under this condition, the new Aznar government pursued a more confrontational strategy vis à vis the social partners and adopted a more conservative agenda (Balfour, 2005, Montero and Gunther, 2013). However, despite the electoral defeat in 2004 – especially due to the government choice to support Bush war in Iraq and the terrorist attack in Madrid just before the election – the party definitely removed its image that resembled a post-Francoist formation and became – with the PSOE – the main protagonist of the Spanish political system. The elections of 2004 and 2008 - both won by the PSOE under the new leadership of José Luis Rodríguez Zapatero – did not substantially modify the nature of the Spanish political system. The only changes were the slow but constant decline of IU⁵¹ and the brief emergence of a new small centrist state wide party.⁵²

To sum up, in the 1990s Spain shift to a stable *moderate pluralist* party system, characterized by bipolar alternation and centripetal competition – features that did not change until the very recent election in December 2015. The level of electoral fragmentation during this period (1993 – 2012) was among the lowest in Europe, since the disappearance of the CDS meant that only four national (IU, PSOE, UPD and PP) state wide parties obtained parliamentary representation⁵³. Moreover, the concentration of the vote on the two major parties has been very high: it oscillated between 73,4 and 83,8 percent of the votes, and

⁵¹ From 1996 to 2008 IU lost approximately 1.7 million of votes, declining from 10,5 to 3,8% in terms of vote share.

⁵² This is Unión, Progreso y Democracia (Union, Progress and Democracy, UPD), a self declared social liberal party positioned at the center of the political spectrum which obtained respectively one and five seats in the Congress of Deputies in the 2008 and 2011 election.

⁵³ In 2011 also Unión, Progreso y Democracia (Union, Progress and Democracy, UPD), a self declared social liberal party positioned at the center of the political spectrum obtained five seats (1,5%) in the Congress of Deputies.

between 84,6 and 93 percent of the seats. This format of the party system, typical of moderate pluralism, led to a centripetal logic of party competition.

Beside the great concentration of votes for the two main electoral parties, the electoral system severely restrained the possibility of IU to influence the mechanisms of competition at the national level. In addition, another element structurally conditioned political competition dynamics in Spain in this phase: the presence of a territorial cleavage, activated by a number of regional and nationalist parties both in the national and in the regional arena.

At the national level, this cleavage assumed a crucial role starting from the Nineties. Indeed, the formation of both PSOE (in 1993) and PP (in 1996) single party minority governments, depended respectively from the external support of the Catalan CiU and from a more formal agreement with CiU, CC and the PNV respectively. These agreements were particularly expensive for the central governments, which had to cease greater fiscal autonomy to sub-national levels. Furthermore, the PP government in order to sign the agreement had to deal with the Basque, Catalan and Canarias CAs, which obtained noteworthy concessions.

This territorial cleavage influenced not only national politics, but also regional party systems. For this reason, according to Linz and Montero (1999, p.2) Spain's main characteristic is the presence of party systems, rather than *a* party system. In several CAs the presence of regional party deeply influences the mechanism of competition and the structure of the party system. In the Basque Country, Catalonia, and Navarre – where for historical, cultural and political reasons the territorial cleavage is particularly strong - a number of nationalist parties ranging from the extreme left to the centre-right compete among themselves and with state-wide parties within the format of distinct regional party systems. Nationalist party – at least to some extent – creates specific dynamics also in Galicia and in the Canarias Islands. The territorial cleavage is much less relevant in the other autonomous communities, where the average votes for nationalist or regionalist party is below 5 points - in most cases, significantly below – and electoral preferences are generally concentrated between PSOE and PP. Also in those ACs, the main difference between the regional and the national party system is the presence of more proportional

electoral system, that do not favour a strong concentration of seats and favoured more complex coalition engineering processes, involving both regional parties and IU.

Beside the territorial cleavage, recently we observe also the revival of the religious cleavage in Spain (Montero and Gunther, 2012, Sánchez-Cuenca and Dinas, 2012). Historically, religion has been a crucial factor in shaping political preferences in Spain. However, during the transition, the political élites were well aware of the devastating consequence of the polarization of the political conflict in Spain during the Second Republic and the role of the secular/religious divide⁵⁴. Also the Catholic Church, to distance itself from the collaboration with the dictatorship (Pérez-Díaz, 1993), preferred to emphasize its non-partisan position and adopted a consensual approach aiming to avoid religious conflicts. As a consequence, despite the presence of the cleavage, political actors were not willing to exacerbate conflicts on the religious-secular divide and refrained from mobilizing voters around religious issues (Montero and Linz, 2001).

Things changed gradually with the institutionalization of a predominantly bi-polar party system. When in 2000 the PP formed the first absolute majority government, it sought to re-activate and mobilize the religious vote by taking up religious claims both rhetorically and in the formulation of public policy (Balfour, 2005, Montero and Gunther, 2012). In 2003 Aznar government introduced an education reform which (re)made religion a compulsory subject in both primary and secondary state schools, a practice that was demised since the end of the Franco regime. More in general, the PP adopted positions very close to the Church traditions on a wide variety of issues. Conversely, the following Zapatero socialist governments enacted a series of secularizing measures – including the legalization of gay marriages – that were vehemently contested by the PP leaders and by the Catholic hierarchy. According to some authors, the re-emergence of the Church/State cleavage have been so important that it is leading to a re-polarization of the Spanish Party system (Gunther and Montero, 2012).

⁵⁴ In Linz and Montero (1999) words *“the leaders of the PCE and PSOE, two parties that in the 1930s had been distinguished by their fierce anticlericalism, now showed an unprecedented capacity for moderation and pragmatism. As Linz has put it (1993a, 44), all agreed on a policy of never again.”*

To sum up, in the period between 1992 and 2012 the Spanish political system has undergone relevant changes. In particular, we have observed the emergence of a bipolar political system characterized by the alternation between a centre-left and a centre-right catch-all party. The pattern of competition is moderate, although it is complicated by the (re) emergence and political activation of the territorial cleavage (Sanchez-Cuenca and Dinas, 2012, Oriols and Balcells, 2012). Not surprisingly, considering the mechanisms of political competition outlined so far, the electorate perceive that despite acrimony in political debate – which is a characteristic of a competitive democracy - the two main contenders, PSOE and PP maintained a consensual view on most of the fundamental issues about the economy and the state (Sanchez-Cuenca and Dinas, 2012, Fernández-Albertos and Manzano, 2012) – although they are increasingly divided on ethical issues.

Despite relevant electoral changes, it seems the basic features of the party system have remained constant over the three periods – the transition (1977 – 1982), the PSOE hegemonic period (1982 – 1992), and the bipolar alternation period (1993 – 2012). The party system can still be assimilated to *moderate pluralism*, at least until the very recent emergence of new important national political forces such as Podemos and Ciudadanos. The level of party fragmentation is among the lowest in Europe, and the concentration of votes among the two main parties has remained constantly high. Moreover, the ideological moderation of the PSOE - and to a lesser extent of IU - and the PP's strategy of conquering the centre have guaranteed that the dominant pattern of competition is centripetal, since parties have tried to attract voters in the centre of the political space. Until 2015, the combination of electoral preferences and the effects of the electoral system facilitated the formation of single-party governments, centripetal competition and ideological moderation – despite some sign of polarization were clearly observable, especially concerning the territorial organization of the State and the relationship between the Church and the State.

4. Trade unions and policy concertation in Italy

The dynamics of Italian trade unionism were driven by a complex pattern of political identities and cleavages, which somehow parallel the complex and multi – cleavages

driven dynamics of political competition in Italy underlined in the previous paragraph. Both the socialist – communist and the religious divide, not to mention the international context, are in fact particularly important to understand the multi-faceted events that resulted in the creation of a complex and fragmented labour movement.

In June 1944 it was established a single trade union, the CGIL. It was in essence a political creation, an expression of the shared commitment of the three main political thoughts in Italy – Communism, Socialism and Christian Democracy - to a consensual process of post-war reconstruction. However, this unity could not survive the international context and the re-emerge of the party political competition dynamics previously outlined.

Therefore, in October 1948, soon after the decisive DC victory in 1948, a small catholic fraction of the labour movement formed a non-communist worker organizations called “free” CGIL (LGCIL). Another internal split of the CGIL occurred the following year - when republicans, social democrats and some ‘autonomist’ socialists formed a new federation, initially named FIL. Those unions soon joined into the CISL. A significant section of the FIL, disapproving the merger, in particular for the catholic dominance of the new born CISL, broke away and constituted the UIL.

The 1948 split up gave rise to a situation of competitive trade unionism based on party – ideological affiliation (Regalia and Regini, 1995). Each of the three organizations belonged to distinct trade unions “ideal types” (Hyman, 2001). CGIL, by far the largest confederation, dominated by the communists but with a significant left-socialist minority, embraced an ideology of militant class struggle. Economic demands were framed more as reference points for collective mobilization than as elements in a ‘realistic’ bargaining agenda, therefore being particularly suspicious of the idea of negotiations on a sectional basis which might undermine class unity.

CISL was closely associated with the governing party, and its leaders sympathized politically with many leading employers. Though dominated by Christian democrats, it cannot be explicitly considered a catholic trade union, rather it insisted on its “religious neutrality”. Nevertheless, in line with catholic social doctrine, CISL identified its role as advancing workers’ interests by strengthening their organized integration in society, thus encouraging social and political order. It emphasized the relative autonomy of its sectoral

organizations against the greater centralization of CGIL which in turn represent an 'economic' rather than a 'political' orientation (cfr. Hyman, 2001 p.145)

UIL was by far the smallest organization, and it was constituted mainly by republicans and social democrats, even though it tried continuously to assert its autonomy from political parties. It pretended to distinguish both from the CGIL and from the CISL, respectively for its focus on immediate gains for the workers and for its availability to support actions that might end up embarrassing the government.

During the Fifties, fragmentation and confrontation between rival confederations resulted in trade union weakness and in a drop of membership. This was exacerbated by the particular condition of the Italian labour market after the WWII, characterized by high unemployment and the relevance of migrant workers – which very often came from the most conservative rural parts of the country – in larger firms. Moreover, Italian labour rights were still bluntly protected, and even being a unions' activist, especially for the CGIL, was frequently rather dangerous.

Under those conditions, strikes were difficult and therefore infrequent. Furthermore, all the trade unions were organizationally weak and faced considerable difficulties in establishing roots in the workplaces. Weakness in the labour market and in the plants accentuated trade unions dependency on political parties (cfr. Regini, 1981, p. 40). This was particularly relevant for the CGIL – which did not enjoy government political support and therefore was not frequently recognized by the employers – which effectively joined PCI and embraced an ideology of militant class struggle, underling its broad political action rather than its economic role. Under those conditions, we observe a very weak development of concertation, due to the limited interest and the ideological distance between the government and the most representative trade union (Regini, 1981).

In the late 50's the climate of ideological confrontation in Italy declined – also due to economic growth and lower unemployment level - and trade unions adopted a more pragmatic approach in industrial relations. In particular, CISL signed a series of company agreements – often co-signed by the UIL - which were appreciated by most of the workers since they brought real improvement in working conditions (Hyman, 2001). Initially, this approach was severely contested by the CGIL in reason of the segmented and dualistic

nature of the Italian labour market (Regalia, 1978): negotiating significant wage increase in the most advanced industries of manufacturing meant to leave behind the interests of those employed in the traditional sector of the economy. The largest Italian confederations therefore initially considered those agreements a betrayal of broader working class interest, and denounced the rival union aptitude to underwrite any proposals made by the management. However, also CGIL was gradually forced to embrace CISL approach and to shift from a broad political agenda to workplaces issue, also because it was losing ground in terms of membership (Hyman, 2001). This process occurred gradually and it allowed CGIL to strengthen its organizational resources at the territorial level. Despite the effort, until the late Sixties the political role and the condition of dependency of major unions from political parties was not questioned (Regini, 1981).

This system of 'predominantly political' industrial relations, characterised by the division and the market weakness of the unions, in the late Sixties brought to a period of collective mobilization that deeply transformed Italian trade unionism. Despite the so called Hot autumn was mainly driven from below⁵⁵ – attributed to a broad workers discontent over labour conditions, intensification of work pressure and to the cost and squalor of city living – official confederations rode the strike and were among its main beneficiaries (cfr. Hyman, 2001, p. 148, Regini, 1981). Trade unions membership in fact increased substantially, and by the mid-Seventies almost half of the workforce was unionized. Moreover, in this period the unions strengthened themselves, assimilating the rank and file structure in their own organizational machinery. Finally, assuming control and discipline functions, trade unions were able to make themselves indispensable as partners to both employers and governments (Regalia and Regini, 1998). Therefore, in the mid-Seventies the Italian unions suddenly found themselves transformed into powerful actors, in both economic and political terms (Hyman, 2001).

This phase of predominant conflict and decentralised action in the market was followed by the centralisation and the moderation of economic demands in exchange for benefits in the political arena, in order to tackle a period of economic stagnation, and mostly the

⁵⁵ The weak organizational resources of the trade unions and the consequent limited institutionalization of the industrial relation in Italy are among the main factors that explain the extraordinary intensification of social conflict in the period 1968 – 1972.

simultaneous appearance of low growth, unemployment and inflation (cfr. Regalia and Regini, 2001).

This decade of concertation (1976 – 1984) – which entailed trade unions acceptance of wage restraints despite their strength in the labour market in return for greater influence in fiscal and social policy (Pizzorno, 1977) – was certainly in line with the new stance of the PCI. In fact, as we have seen in the previous paragraphs, in the late Seventies the PCI shifted from a revolutionary to a reformist program, and it was even available to sustain the most progressive elements of Christian democracy in order to safeguard Italian democracy. From the government perspective, trade unions incorporation in the policy making process added much needed legitimacy to tough economic choice (Pizzorno, 1977). This was the case especially because the trade union emerged after the hot autumn were the most popular representative institution in Italy. But from a trade union point of view, it was also a strategy that aimed to react to the worsening economic condition ensuring public investment and employment increases in the most deprived area of the country, even at the cost of risking membership dissatisfaction (especially among the skilled Northern industrial workers) (Regini, 1981, Hyman 2001).

Thus throughout the Seventies, a period characterized by difficult economic and especially political conditions in Italy, the CGIL radically re-assessed its union model, from class opposition to political exchange and social partnership (Hyman, 2001), a process that had invested many European trade unions in that period.

In the early Eighties, with inflation on the rise and public finance that reached a level of criticality in reason of increasing public debts, governments attempted to share with the trade unions hard choices in economic and social policy field, targeted in particular to interrupt inflationary pressures trough a revision of the wage indexation mechanism (*scala mobile*). Therefore, in 1983 social partners, the five-party coalition government and employers' associations engaged in a protracted and laborious negotiation whose outcome has been a tripartite agreement, signed on January 1983. In exchange for a revision of the *scala mobile* and of a very limited flexibilisation of the labour market, the government ensured selected benefits both to the employers and to the workers (Regalia and Regini, 1997). This agreement is particularly important because it represents the first example of a

trilateral concertation in Italy, revealing (also) trade unions new reformist strategy and openness to dialogue.

With the PCI returning to a more oppositional stance after the 1983 election and the appointment of Craxi (PSI) as first minister, political barriers impeded the institutionalization of a stable concertation process in Italy. In 1984 the new Socialist government tried in fact to repeat the experience, even though the size of the public debt largely prevented the possibility to offset the cost incurred by workers using public benefits. Moreover, the majority block of the CGIL, under the pressure of the PCI, refused to endorse the agreement. The governmental proposal was therefore accepted only by the two minoritarian trade unions, the CISL and the UIL. Confirming the political valence of this agreement, the government sought to remedy to CGIL deficiency by introducing its content in a decree law, but the PCI – the main opponent to the socialist government, which wanted to preserve its hegemony on the left - reacted promoting a referendum against the decree.

Although the referendum failed and the decree law was therefore introduced (Law 219/1984), this episode marked the end of a period characterized by the unity in the trade unions and aborted any further attempt to introduce anti-inflationary social pact for the rest of the decade; divergent political goals thus came to predominate again within trade unions relationship and cultures (cfr. Regini and Regalia, 1987, p. 211).

The second half of the 1980s was therefore marked by adversarial relationship between government and social partners, and between the CGIL and the other organized interests at the national level. Quite surprisingly, at the local level relationship were instead characterised by what has been called “micro concertation”, i.e. a new phase of pragmatic company – level decentralised action, with all unions willing to take account of the new firms’ need to restructure in a competitive and volatile international market. Despite their ideological orientations, unions in this phase can be considered as “a factor of modernisation and flexibilisation in the regulation of the economy” (cfr. Regalia and Regini, 2000, p. 371).

National concertation, which ceased after the failed tripartite agreement of 1984, was resumed extensively in the 1990s. A number of factors contributed to explain the revival of

concertation in Italy in that decade: the collapse of the old political system, with the consequent crisis of the traditional party-unions linkages, and a climate of “national emergency” as a result of a dramatic fiscal and economic crisis and of external pressures from the international and supranational arena (EU) to align Italian economy to European norms, despite a record of public debt and inflation far from converging with Maastricht criteria.

The collapse of the DC, the PSI and PSDI brought to the loss of stable political reference both for the CISL and for the UIL. Also the CGIL reinforced the distance with its associated party, formally dissolved internal party factions, and clearly adopted a post-communist identity (Hyman, 2001). This position contributed to restore unions’ unity, which was in crisis since the breakdown of the confederal pact in 1984. At the same time, the severe loss of legitimacy of the political system as a result of the corruption scandals and the international pressures to balance state account – further exacerbated by the “run up to EMU” – represented crucial objectives for the “technocratic” governments of Amato (1992) and Ciampi (1993) to reach an agreement with the only representative institutions still legitimized, the social partners.

The results were two fundamental tripartite agreements between 1992 and 1993 concerning income policies and wage bargaining structure. Those agreements abolished the *scala mobile* and introduced a mechanism based on the joint commitment of the social partners to conform their behaviour to the expected inflation rate – a much more flexible variant of the *scala*, that would help reduce the inflation rate from 5 percent to 1.9 between 1992 and 1997. Secondly, a two level collective bargaining system was institutionalized, with a better definition of the precise roles of each level in order to avoid overlapping.

The negotiation of the pension system reform probably constituted the source of the most severe social conflict in Italy since the early Seventies. The retirement system was clearly a particular sensitive issue for the trade unions since it affected the entitlement of their core constituencies. In fact, already in the 1980s pensioners were the largest sections of membership in all three confederations and, by 1993, they constituted half of the CGIL membership (Baccaro and Pulignano, 2011). Therefore, the plan of the centre-right Berlusconi government to introduce unilaterally a pension reform provoked the harsh

reaction of the trade unions, the organization of a vast demonstration and of a general strike, which ultimately caused government resignation (Jessoula, 2009).

At the beginning of 1995, the centre-right government was replaced by another “technocratic” government, yet sustained by a centre left majority. This was led by Lamberto Dini – the Minister of Treasury of the previous government – who involved the social partners in a concerted effort to draft the new reform proposal. The final agreement – which was not signed by employers’ representative – was transposed into law 335/1995 and it represented a critical watershed for the Italian pension system, replacing the previous earning-related system with a notional defined contribution system. However, such a concerted reform protected the unions core constituencies through extremely long phasing in periods for the implementation of the new system that basically guaranteed the safeguard of “acquired rights” of older workers and retirees, i.e. the trade unions membership (Jessoula, 2009).

A new concertative phase evolved in the late 1990s, when the experience of technocratic governments was closed and the Second Republic was structuring around a fragmented bi-polar party system. The victory of the centre left coalition in 1996 led to a period of tripartite agreements in the area of employment policy. A “Pact for employment” was signed in September 1996, aimed at promoting employment especially in the least developed area of the country, and it was later reported into the so called “Treu reform” which triggered a shift towards a more flexible and deregulated labor market⁵⁶, not adequately accompanied by investments on the security side (Jessoula and Alti, 2009, Berton, Richiardi and Sacchi 2009). Like in many other European countries (Davidsson, 2011), the flexibilisation of the labour market was at the margin, thus it concerned essentially the newly employed, while dependent workers – and especially those employed in large firms and in the public sector, the most unionized categories - were not affected by the reform. The Pact for employment was followed in December 1998 by a new tripartite “social pact for development and employment” (known also as “Christmas

⁵⁶ Law 196/1997, among other things, simplified the procedures for employing part-time workers and using fixed-term contracts and apprenticeship contracts. Moreover, it introduced temporary agency work, which was previously prohibited in Italy.

Pact”) which covered a wide range of issues, including training provisions, reducing indirect employment costs, territorial development and vocational training.

At the end of the 1990s the newly-emerged corporatist system seemed to be directed towards its way to institutionalization. From the government perspective, it was convenient because it facilitated the introduction of difficult and restrictive reforms, able to guarantee the securing of the public finance, the decline of inflation and the consequent admission into the EMU. From the trade unions view, social pacts ensured that policy reforms – reducing the scope of the pension system and introducing greater flexibility – did not harm neither the acquired rights nor the labour market power of their core constituency (Simoni, 2010), although they had to pay a price in terms of wage restraints (Baccaro, 2002).

Conversely, in the following years we observe a neat decline of tripartite agreements. Several factors contributed to explain this outcome. Italy was by then a member of the European Monetary Union, therefore the *vincolo esterno* (external constraint) (Ferrera and Gualmini, 2004) was far less effective in impeding social and political actors to pursue their own political agenda (Molina and Rhodes, 2007). Thus the employers’ organization began to question the economic performance of the tripartite agreements and to demand a further liberalization of the labour market, concerning also the firing regulation in the big firms. Those claims were shared by the centre-right coalition. Facing adversarial demand to withdraw concertation, the trade unions front once again broke up on labour market issues, with the more centrist UIL and the CISL on one side and the left-wing oriented CGIL on the other side⁵⁷.

The victory of the right pole in the 2001 election opened up a new phase of adversarial relation both within the trade unions movement and between employers and the largest trade union, the CGIL. The new centre-right government made clear from the outset, in particular in the *White Paper on the Labour Market* (Ministry of Labour and Social Policies, 2001), its intention to prompt for deregulation and its willingness to distance itself from

⁵⁷ This is revealed already in the late 1990s in particular on the opposing positions taken by the trade unions in the transposition of the EU directives on fixed term works (EC/1999/70) and on the break-up of the unions front in the Milan Employment Pact of February 2000 (Berton, Ricchiardi and Sacchi, 2012, Molina and Rhodes, 2007).

the concertation attempts made in the previous decade, portrayed as a failure, even if that meant clashing with the (divided) unions. In the government plan, policy concertation had to be replaced by a much more loosely defined “social dialogue” (Molina and Rhodes, 2007).

The government initiated a new negotiation which, facing the CGIL open hostility, continued separately with CISL, the UIL and the main employers’ association, Confindustria. Discussion broke down due to government proposals to relax the protection for worker unfair dismissals (i.e. the famous article 18 of the Workers Statute), which led CISL and UIL to join CGIL mobilization, preventing the reform of the art. 18 to be ever enacted into law.

Negotiations between government and the social partners, but without the CGIL, resumed some weeks later and led to the Pact for Italy in July 2002 – a comprehensive plan to improve the fortunes of the Italian economy which, among many other issues, tolled the bell for the Minimum Insertion Income (Sacchi and Bastagli, 2005). The adversarial relation between the government and the CGIL were further exacerbated by the decision to unilaterally introduce in 2004 the minimum age for seniority based pension. However, despite two general strikes and several mobilizations, the unified trade unions front was not able to block government reform.

Concertation returned at the centre of the political stage with the following centre-left government, elected in April 2006. In 2007, the so called “Welfare protocol” signed by the centre left cabinet and trade unions prevented the phasing in as of January 2008 of the 2004 pension reform, and consequently avoided the abrupt increase in retirement age for seniority pensions (three years) defined by that reform, the so-called ‘scalone’ (big step). This measure favoured a small number of core insiders’ workers, with significant cost for the whole pension system (Jessoula, 2009).

This was the last tripartite agreement signed by all the social partners in Italy. In 2008 the centre-right coalition returned to power. The government strategy of *divide et impera* was once again effective, and strategic divisions among the three confederations resurfaced and the unions split again. In January 2009 an agreement of the collective bargaining structure was signed by the social partners, but with the exception of the CGIL, which

claimed that the agreement provided inadequate protection of the wages and salaries' purchasing power (Baccaro and Pulignano, 2011).

To sum up, two main conclusions might be drawn for what concerns trade unions, concertation and its role in the Italian welfare state transformation in the period between 1994 and 2011 – before the onset of the economic crisis and the deep political and institutional changes that follow the entry into office of the Monti government in November 2011 and, especially, the 2013 election.

Firstly, concertation has followed a rather predictable trajectory: when the centre-left coalition was in power, CGIL, CISL and UIL engaged in negotiations that ended up with the signing of national agreement. Conversely, with a centre-right coalition, concertation shifted to a social dialogue marked by government refusal to accept vetoes, and only CISL and UIL signed social pacts.

Therefore, the transition from a multi polar to a bipolar party system transformed the traditional party-unions linkages, but it has not limited the relevance of ideological conflict. In particular, the CGIL appeared to have maintained a favoured (although less harmonious) relationship with the PDS / DS / PD, while the position of CISL and UIL have proved harder to define (Molina and Rhodes, 2007), even though it seems that the CISL have maintained a privileged dialogue also with the Catholic area within the centre right, well represented by the former Labour Minister Maurizio Sacconi.

Secondly, trade unions have used their role in the negotiations for welfare reforms primarily to protect the narrow rights of their constituency (Culpepper and Ragan, 2014, Simoni, 2010). The social rights of the labour market outsiders have not scored high in the trade unions agenda, which have followed the strategy of negotiating for their member rather than mobilising new groups. Over time, this has undermined seriously trade unions legitimacy especially among younger cohorts (Culpepper and Ragan, 2014), resulting in declining union membership⁵⁸ and even in the creation of new groups in all Italian cities,

⁵⁸ Unions density has declined substantially starting from the Seventies; but in particular from early 1990s to 2008, it fell from 40% to 29% of the workers, a decline particularly intense among workers below 34 to 19% (cfr. Simoni, 2010)

possessing little confidence in union, organising protest and providing free legal advice to non-standard workers⁵⁹.

5. Trade unions and policy concertation in Spain

Since Spain return to democracy, tripartite social dialogue has played a fundamental role as a socio-governance mechanism, although it has gone through several distinct phases. However, the trade union movement was born decades before the transition. UGT was founded in 1888 as the trade union branch of the PSOE. Until the end of the Civil war it was the main trade union in Spain along with the anarcho syndacalist CNT – which still exist today, but unlike UGT never recovered the glories of the pre-Franco days. After all, the dictatorship marked a deep break in unions' history. Independent trade unions were in fact outlawed, their leaders executed, jailed or sent into exile, their assets seized by the state, and employers and workers obliged to join the official state-controlled union.

Despite being fiercely repressed, the workers' movement was one of the foremost opposition forces to the dictatorship (Hamman, 2001). The Communist Party began to infiltrate the regime's unions during the 1960s and set up "from the inside" a parallel organization, creating what would be later known as the Workers' Commissions (CC.OO.). During the Sixties, this organization operated also clandestinely, engaging in different illegal activities, such as strikes and mobilizations. As a consequence of those activities, by the time Franco died CC.OO. were significantly stronger compared to UGT, which was active only in few regions and whose leadership had survived mainly in exile, thanks to the support of the International Confederation of Free Trade Union.

During the transition, trade unions supported democracy acting in close cooperation with left parties. Keeping conflict at a low level during this delicate phase, they obtained political recognition and organizational benefits (Molina, 2011). The famous Moncloa Pacts, were a sort of mirror in the economic sphere of what had been realised in the political sphere: a strategy of consensus and social dialogue between unions and employers' representatives allowing to control the mounting economic crisis that

⁵⁹ San Precario in particular, although not seeing itself as a union, has become a de facto a form of representation for atypical workers in Italy.

threatened to blow the march to democracy. Accordingly, trade unions obtained legal status in April 1977, when also the PCE was legalized, while the right to strike, to form and to join a union has been recognized a year later by the Spanish Constitution.

Despite this formal recognition, industrial relations in Spain were at this stage weakly institutionalized and the Spanish trade union movement divided. The political and ideological differences between the two main unions that emerged during the transition - the CC.OO. and the UGT - had their origins in the strong links between them and the two labour parties, the communist and socialist respectively. The divisions were exacerbated by the fact that, as a result of their different trajectory during the dictatorship, the CC.OO. enjoyed stronger capacity for mobilization and it was much more present at the company level, whereas the UGT still had to build its organizational strength: those features, coupled with their different ideological affiliation, required the latter to be strongly recognized by the state and more available for social pacts with respect to the former (Molina, 2010).

Thus, different associational traditions and party union linkages led the trade unions to pursue a variety of strategies both in the political and in the corporate arena. Therefore, the 1980 Workers Statute, introducing the building block of the Spanish industrial relation system, was negotiated between the UGT with the employers' association, and later sustained in Parliament by the PSOE, while CC.OO. drafted an alternative proposal, backed up by the PCE, which was rejected. Similarly, at the firm level the UGT engaged in negotiations with the employers' organization, while the CC.OO. in this period pursued a much more confrontational path (Hamman, 2008).

As for national comprehensive social agreement, the internal division between the unions impeded a vast recourse to concertation. Only one important tripartite agreement was signed - the National Employment Agreement of 1981, known also as the *Pacto del miedo* (Pact of Fear) - which is indeed emblematic of trade unions and government interests in this particular period. Negotiations were initiated several months after the failed coup d'état by a fragile UCD government with the aim to strengthen democratic stability and reverse a critic economic situation. This internally fragmented Government in order to get CC.OO. support - which was reluctant to commit itself to wage moderation and to restrain

from industrial conflict - had to made recourse to parallel pacts, containing a series of organizational and financial compensation that allowed to overcome its opposition (Molina, 2011, p. 80). As a result of this pact, the social partners obtained important roles in the Committees that manage Spanish social security⁶⁰.

This situation of very weak institutional presence and confrontational relations changed gradually during the long hegemonic period of the PSOE leaded by Felipe González. In 1984 the Government – facing a difficult economic situation, high inflation and an unemployment rate constantly above 20% - initiated a round of talks with the unions, hoping to negotiate an agreement over wage moderation. In exchange, unions demanded a substantial growth of social protection, and further organizational concessions (Molina, 2011). The government commitment to fiscal balance and austerity policy split the trade unions, with the UGT willing to keep negotiations, and the CC.OO. dropping out. The successive agreement with the UGT entailed some possible agreement to expand unemployment benefits and minimum pensions, and a series of organizational concessions to the unions, which considered – in particular UGT - the consolidation of their organizational structure and their recognition as a political actor a priority (Molina, 2011).

Conversely, the Socialist government conveyed social pacts as a purely legitimizing factor, and not as a mean to share economic and political choices with the trade unions. Indeed, few months after the agreement, a restrictive pension reform was unilaterally introduced despite UGT contestation (Guillén, 2010).

This reform convinced the UGT leaders, increasingly blamed by their members for their alliance with the government (Molina and Rhodes, 2011), that contrary to widespread expectations neither the organization nor workers would have experienced any substantial improvements of their condition under the PSOE government. This led to a deteriorated relationship between the UGT and the PSOE and to the consequent “break-up of the Socialist family” (cfr. Gillespie, 1990), which had three fundamental consequences.

Primarily, from 1987, CC.OO. and UGT abandoned the overtly adversarial positions that characterized their relation from the beginning of the transition (Hamman, 2008). Not only

⁶⁰ Those are the National Social Security Institute (INSS), the National Employment Institute (INEM), the National Health Institute (INSALUD), and the National Institute of Social Services (INSERSO).

the UGT distanced itself from the PSOE, but also the collapse of support for the PCE strongly diminished its influence over the CC.OO., so that both unions became much more independent from ideological divisions and party strategies.

Secondly, facilitated by the recovered unity of action, both trade unions refused the new government proposal for a broad tripartite agreement for 1988, arguing that those broad social pacts had the only effect of legitimizing government policy, without real improvements neither for workers nor for the unions. Conversely, the unions demanded the government to engage in more specific issues-negotiations aimed at improving citizens' social protection, for example in the area of disability (Hamman, 2008, Molina, 2011). This was formally outlined in the *Propuesta Sindical Prioritaria* (Union Priorities Proposals, PSP), a programmatic accord between the CC.OO. and UGT over their overall strategies and priorities.

Finally, both unions began to re-emphasize mobilization. A packages of labour market proposals launched by the government in late 1987 – which included the introduction of a new flexible contract for unexperienced workers - triggered the first general strike in the Spanish history, on 14 December 1988.

The great success of the strike prompted the Socialist government to undertake the so called *giro social* (social turn) in its economic policy and to negotiate union proposals - on separate tables for each of the issue negotiated, as demanded by the unions (Molina, 2011). As a result of those negotiations a series of social policy measures were introduced, such as the non-contributory pensions for the elderly and for the disabled, the indexation of pension schemes to past inflation, and the extension of unemployment benefits to some particularly exposed groups. Furthermore, spending on unemployment and pensions rose sharply, and the universalization of health cover was rushed (Rodríguez Cabrero, 2011).

The worsening of the economic situation in the early Nineties prompted new efforts by the government to get the trade unions involved in a “Social Pact for Progress”, but the unions disagreed with the idea of signing an encompassing social agreement – in particular because it involved wage moderation in exchange for what was considered an insufficient expansion of the unemployment benefits. Failed negotiations led to unilateral introduction

by the government of a labour market reform tightening benefits eligibility which resulted in drastic cuts (Guillén, 2010). Unions replied by calling a general strike.

In this worsening economic framework, the relationship between the Felipe González government and the social partners – including the employers – continued to deteriorate over the years, shifting between failed negotiations, unilateral reforms and the unions recurring to mobilization, such as a second general strike in January 1994. Despite conflict, a fundamental agreement was reached in 1995, the so called Toledo Pact, which consolidated a model of ongoing agreed reform of the pension system resulting in its overall rationalization, guaranteeing its financial sustainability but also its redistributive nature (Guillén, 2010; Rodríguez Cabrero, 2011).

The last González governments (1988 – 1995) were therefore characterized by high level of conflict and the absence of omni comprehensive social agreement, even though – also in reason of narrow social pact – social expenditure had expanded in a universalistic direction and overall social policy coverage increased. In general, during the Socialist period the trade unions had strongly consolidated their organizational structure and became socio-political actors recognized by the State and by the employers (Hamman, 2008, Molina and Rhodes, 2011). Several bipartite and tripartite pacts had in fact been signed during this period. In 1991 the Social and Economic Council (CES) was finally set up—called by the 1978 Constitution—as a tripartite consultative body that discusses social and economic issues and policies. Furthermore, during this period the unions showed their high mobilization potential with successful general strikes and they also increased their membership, from 12,2% in 1982 to 17,6% in 1995 (Oecd online database).

When the Popular Party won the election and formed a minority government, Spanish trade unions entered a new political framework. Concerned about the possible repercussion for its recently acquired image of a centre party of an enduring tension with the trade unions and in need to consolidate its legitimacy – while the PSOE was already warning that social rights were under attack (Molina and Rhodes, 2011) - the new government recognized that the social partners were essential actors in the policy making process and made considerable efforts to maintain a permanent dialogue over economic and social policy.

As for the trade unions, in this phase, their main concern was the segmentation of the labour market and their failure to attract temporary workers (Molina and Rhodes, 2011). Therefore, they reacted to government proposals confirming their preference for narrow pacts and functionally separated negotiations over encompassing social pacts. In this way, they took advantage of the favourable political framework to sign important agreements which would allow to present themselves both as defenders of outsider as well as insider workers. In 1996 a new social pact in the pension field was signed consisting in a reduction of core workers' rights and a (modest) amelioration of the conditions for non-core ones (Guillén, 2010, p. 196). In the unemployment field, the "Agreement on Employment and Social Protection of Agrarian Workers' of 1996 resulted into the inclusion of Southern peasants' workers into the general unemployment scheme, while "The Interconfederal Agreement for Stability in Employment" of 1997 fostered improvements for temporary and part-time workers, and to some extent also of the autonomous workers. In general, those agreements aimed at the consolidation and rationalization of the Spanish welfare state, resulting in overall fiscal savings, while at the same time reducing the gap between stable and non-standard workers in the access to the social security system (Guillén, 2010).

The political context changed significantly when the government obtained the absolute majority in 2000. With a stronger government whose primary aim did not consist in gaining legitimacy, tripartite concertation weakened significantly (Molina, 2011). In 2002 the Government proposed to open a dialogue over a labour market reform: since no agreement was reached, it unilaterally issued a reform of unemployment benefits (Law 5/2002). In reaction, the two major unions organized a general strike that led to labour minister resignation and a repeal of most of the government proposals (Del Pino and Ramos, 2009).

Revealing the peculiar nature of policy concertation in Spain, failed negotiation in one area did not result in automatic drop of concertation in other fields: in 2001 a pension agreement was reached with only CC.OO., and a tripartite agreement on collective bargaining was signed the following year. Furthermore, for the first time since 1984, an agreement on income policy was reached among employers and unions. Those developments reveal the vitality and the flexibility of concertation in Spain, but also its vulnerability and failure to achieve a complete institutionalization (Molina and Rhodes,

2011). Social pacts remained in fact dependent on government' needs, since "a government with a strong majority could afford to embrace a 'take-it or leave-it' strategy" (cfr. Molina and Rhodes, 2011, p. 189).

Therefore, even without considering partisan political differences, it is no surprising that the minority government led by Zapatero was determined to engage in social dialogue. Following the usual pattern, functionally separated negotiating tables were once again opened, and more than twenty different agreements were signed in the following years, in areas such as employment policies (2006 labour market agreement), pension policies⁶¹ (law 40/2007), and social assistance. In particular, in the latter field a tripartite Agreement on Protection of Dependent People, proposed in late 2005 and turned into law in December 2006, represented one of the most important policy reforms since the return of democracy, providing – at least on the initial intention of the legislator⁶² – universal coverage for all people in need of care. Overall, those reforms resulted in a significant increase in the coverage of unemployment benefits, in raising real minimum wage and better family policies (Hamman, 2013).

The perception of social dialogue as a useful mechanism to govern economic and social policy changed drastically with the economic and especially with the sovereign debt crisis. Thus the initial agreement between the social partners and the trade unions in late 2008 on proceeding with social dialogue⁶³ were lately disappointed as the government had to face the consequence of those two consequent crisis. The rapid worsening of the fiscal position of Spain – with the deficit raising from 1.9% in 2007 to an unprecedented 11.1% in 2009 – and the (resulting) supranational increasing pressure led the Spanish government to introduce a drastic austerity package, which included pension freezing, a 5 per cent cut in the salaries of civil servants along with a block on wage increases in the forthcoming years, removal of the check for every new born child called "cheque bebé", and a significant reduction in public works and investments (Molina and Miguélez, 2013).

⁶¹ Focused on an amelioration of both contributory and non-contributory benefits

⁶² The following assessments of the *Ley de Dependencia* have highlighted how its implementation has been hampered by a clear lack of resources (Sarasa, 2012, Rodríguez Cabrero and Marbán Gallego, 2013).

⁶³ See the July 2008 *Declaración para el Impulso de la Economía, el Empleo, la Competitividad y el Progreso Social* (Declaration to Stimulate the Economy, Employment, Competitiveness, and Social Progress)

Besides, also concertation was attacked: since the negotiations over labour market reform that primarily aimed to ease restrictions on workers' dismissal were unsuccessful, the government decided to introduce it unilaterally. The trade unions reacted calling a general strike, which however was largely ineffective.

As in the past, a Socialist government, facing economic recession, high unemployment and heavy supranational pressures to constrain public debt, failed to reach an agreement with the social partners. According to Hamman (2013) this choice depended on electoral consideration made by Zapatero which was suffering from an erosion of popular consensus and tried to regain it by turning away from concertation. Conversely, Molina (2014) points that in a weakly institutionalized context, the available resources determine actors' willingness to engage in a concertative process. Therefore, concertation in this phase failed because the costs of legitimizing austerity measures and wage moderation far outweighed the benefits unions could obtain, since in a crisis context there were not enough resources that could be used for compensating the «sacrifices» made by the other actors.

Under both perspectives, the clear PP majority emerging from the November 2011 election and the enduring supranational pressure to contain public expenditure created the conditions for unilateral decisions by the government. In fact, the strength of the government dissolved need for union legitimization, while persisting external pressure strongly limited the possibility for the government to compensate loss through benefits. Indeed, no comprehensive social pacts were signed in the last four years. The Rajoy government introduced in 2012 a radical labour market reform which significantly eased the possibility to fire dependent workers, and the general strike promoted by UGT and CC.OO. failed to reverse it. Furthermore, the trade unions were not even consulted in the drastic austerity measures introduced afterwards (David Luque and Begega, 2015, Hamman, 2013, Molina, 2014).

To sum up, this trajectory reveals that despite low level of unions density, trade unions have been relevant actors in the Spanish policy making process since the consolidation of democracy. It is possible to detect some of their defining features and their role in

concertation – at least concerning the period previous to the Great Recession, which have significantly altered already established equilibria.

Firstly, in particular from the late 1980s onwards, the relations between the trade unions and the government ceased to be politicized, i.e. they stop to depend on established party union linkages and strategies. Indeed, from 1987 CC.OO. and UGT, while competing at the firm level for workplace representation, began to converge on their strategic goals and on a common diagnosis of what was wrong with the Spanish economy. As a consequence, they abandoned ideological divide adopting instead a pragmatic approach, and they were available to negotiate – on functional separate tables rather than on catch-all social pacts – independently of government colour (Molina and Rhodes, 2011).

This does not mean that *politics* was irrelevant for the success or failure of the concertation process: conversely, during most of Spain's democracy, social pacts between government and unions primarily reflected political contingencies rather than economic necessities (Hamman, 2013). The lack of formal channels of representation – the role of the Social and Economic Council is limited to consultation – made the specific need and/or strategies of the actors and political exchange dynamics crucial to understand the outcome of a negotiation between the social partners and the Government (Molina, 2011). Negotiations and their outcome depended: primarily, on government possibility to provide with social policy benefits in exchange for overall fiscal consolidation and wage moderation policy, which depended on the economic situation and supranational pressures; secondly, on government necessity for legitimization, which depended on the political context. To this extent, we can conclude that tripartite social dialogue is to a large extent subject to the political will of the government (Hamman and Kelly, 2011). In particular, social pacts have most often been signed with weak governments depending on the support from minor parties.

Finally, two phases are clearly distinguishable concerning trade unions goals in social pacts. In the first period, which lasted for all the Eighties, trade unions were concerned about their organizational and institutional consolidation, so they were very “sensitive” to government offers of involvement in social policy governance and parastatal bodies. Later on, once their influence on policymaking had become more or less ascertained, welfare

issues moved at the top of their bargaining agenda (Molina, 2011). To this regard, it is significant to underline that in the social policy arena they have not only acted to preserve the interest of their member. Rather, their request was to expand and strengthen the less developed areas of the Spanish welfare state, so that the inclusiveness of unemployment benefits, the non-contributory realm of the pension system, as well as the advancement in social assistance and social care have been primary concerns for the trade unions. As a result, tripartite agreements brought to the consolidation of the Spanish welfare state in a universalistic sense.

Even though it cannot be completely sustained that those features have prevented Spain unions from being perceived as a primarily “pro-insiders” interest group, it is however to be noticed that, in contrast to many other Western European union, density in Spain – despite it remained one of the lowest level in Europe - have not declined in the last decades. Conversely, it has grown since the early 1980s from 8.3% to 14.3% in 2008 (Hamman, 2013).

At the same time, in recent years a growing part of Spanish society has begun to criticize trade unions pragmatic approach and their availability for social dialogue. In particular, civil society protest movements - the *15 March Movement* and the *Indignados* – accused the trade unions to have been too accommodating to both the PP and the Socialist Party’s reform agenda, also in reason of the extent of their institutionalization and dependence on state resources. This had led to a further alignment of trade unions and the adoption of common proposals – such as the launch of a Common Popular Legislative Initiative (*Iniciativa Legislativa Popular, ILP*), proposing the introduction of a national minimum income scheme – which, so far, have received little attention by the Government.

Chapter 6:

Regional Minimum Income Schemes in Italy.

The cases of Friuli Venezia Giulia and Lazio.

1 Introduction

Anti-poverty policies in Italy have been following an inconsistent and at times 'schizophrenic' pathway in the past twenty years. As a matter of fact, Italy is one of the very few 28 member states of the European Union where there is no comprehensive minimum income scheme. This is not due to inaction or lack of attention, quite the opposite. Over the years, faint but ambitious attempts have been made at a national level to reform this area, followed by major steps backwards and the introduction of supplementary partial or marginal measures, all without ever introducing a coherent and inclusive reform that would certify the right of citizens to being protected against the risk of poverty (Madama, Jessoula and Natili, 2014). Similarly, innovative measures based on the principle of selective universalism have been adopted at a regional level, with the aim of effectively tackling poverty and social exclusion. But they were often abandoned quickly.

There has been a lively debate around the reasons behind the paradox affecting Italy, where relative and absolute poverty rates are higher than in the rest of Europe, while the income support system is weak and fragmented. Ferrera (2005, 2010), in particular, argued that the model of extended family solidarity, which is typical of Southern European countries, and the presence of an irregular labour market have enabled people in need to seek other sources of survival, thus reducing the demand for government support, while low institutional capabilities have fuelled (perhaps well-founded) concerns amongst elites and the population that these measures might degenerate into exchange networks for Italian distributive party élites. Saraceno (2006) hinted that, besides these predominantly

institutional reasons, the focus should also be placed on the poor interest of stakeholders, and in particular trade unions, in minimum income schemes.

The introduction of Mis, albeit at a regional level, drive us to investigate the factors that have helped overcome the institutional and political barriers that have historically hindered the development anti-poverty policies in Italy. Furthermore, the failed institutionalisation of such measures - in most cases, at least - raises questions as to whether the very same factors identified by literature as helpful to understand the failed introduction of such measures can also provide an explanation for policy reversal dynamics, or whether it is by contrast necessary to enlarge the theoretical framework and consider also additional variables.

To answer such questions, this chapter will first briefly cover the national debate over minimum income protection in Italy, and then focus on the subnational level. Two cases, in particular, have been extensively researched: Friuli Venezia Giulia and Lazio. Case selection consent to test whether the territorial concentration of poverty and limited administration capabilities – both typically associated with Southern regions – are the only factors behind the inconsistent trajectory of anti-poverty policies.

This chapter is organised as follows. The next paragraph deals with the national debate around minimum income, with particular regard to early proposals and the introduction and removal of a guaranteed minimum income scheme. The third paragraph centres around the *Reddito di Base per la Cittadinanza* (Basic Citizenship Income, BCI) scheme in Friuli Venezia Giulia: the dynamics that led to its introduction, the main features of the scheme, and its revocation. Finally, the fourth paragraph focuses on region Lazio and its short-lived *Reddito Minimo Garantito* (Guaranteed Minimum Income, GMI) scheme.

2. The national debate and reform proposals

“In Italy, the topic of the so-called minimum income has left the small context of the very few experts dealing with it until a few years ago and is now playing a major role in the economic and political discussion”. This statement by Edwin Morley Fletcher, apparently coming from some article published in the past few months, was in fact contained in an

article by Gaspare Nevola in *Stato e Mercato* back in 1991. This reveals that for a long time, the introduction of a universal yet selective minimum income scheme did not even appear as an option in national political debates (cfr. Madama et al., 2014). The fear of the political élites that means-tested benefits would have been too complex to manage in a country characterized by the presence of a pervasive illegal sector and a vast black market contribute to explain this neglect, which is further exacerbated by the ideological hostility of the two main party of the First Republic, the DC and the PCI (see Chapter 3). The former (DC) was a party of religious defence which embraced the principle of horizontal subsidiarity by emphasising the importance of traditional family ties and supporting the existing broad network of religious community-based welfare institutions (Madama, 2010). The religious cleavage in the Italian political system prevented a development of the social assistance sector: as outlined by Ferrera in fact, during the post war years “it was maintained a familistic and male chauvinist approach, confirming the persistent ideological stranglehold of Catholicism in Italian society and in particular on family issue” (cfr. Ferrera et al, 2012, p. 330. Translation by the author; see also Naldini and Saraceno, 2008). Besides, also the Italian Communist Party (PCI) had a very limited interest in strengthening Mis, yet for different reasons. It was actually far more inclined towards the extension of generous social insurance schemes targeted to workers, particularly in the most unionised sectors, i.e. large corporations and public employment, rather than sponsoring residual Mis (Ferrera, Fargion and Jessoula, 2012).

But this statement also suggests that at the end of the 1980s, at least among experts, some proposals concerning Mis were discussed at congresses and conferences, some of them even landing in Parliament⁶⁴.

In this respect, of particular relevance was the conference organised by IRES – CGIL on the “citizen's salary”, as documented in magazine *L'Inchiesta*, issue 83-84, January– June 1989. Similarly to Spain, the debate in Italy was partly triggered by the interest in what was occurring in France, where a *Revenu Minimum d'Insertion* was introduced by President Mitterand in 1988; indeed, it was not by chance that the conference mentioned above was

⁶⁴ Reference is here made to the various bills somehow considering a guaranteed minimum income that were presented between 1989 and 1990 by *Democrazia Proletaria* and *Partito Socialista Italiano*, as well as the bill introduced by Minister Formica, the bill put forward by *PCI*, and the citizens' initiative promoted by *Federazione Giovani Comunisti Italiani*.

largely dedicated to discussing this measure and was attended by a number of French experts (Capecchi, 1989). But the interest in a universal income support system was not confined to theoretical and academic debate, as many social and political actors put forward a range of proposals in this direction.

The first of such proposals stemmed from the initial “Commission on Poverty” chaired by Ermanno Gorrieri, considering the possible introduction of a “social cheque”, i.e. unconditional monetary support for households and elderly people with income below a threshold defined as the minimum level (Mirabile, 1989). This was a passive monetary benefit, to be funded by reorganising existing benefits.

Of a different nature were proposals arising from the political and party arena. These measures were proposed for the first time between 1988 and 1990. There were relevant differences among them, but they all took shape within the parties making up the varied Italian leftist landscape, and they all differed from the Gorrieri proposal in that they identified single individuals and not households (registered families) as recipients.

Democrazia Proletaria, a far left political party that was active in Italy between 1978 and 1991, was one of the first political forces to introduce a well-structured bill at the Chamber of Deputies. The bill provided for giving an income equal to the salary of government employees to unemployed or never previously employed individuals for at least 12 months who could not access to unemployment benefits, subject to their availability to accept community jobs or to take part to training programs. The proposal developed by *Partito Socialista Italiano* (PSI), called “Scambio di Solidarietà” (solidarity exchange), also made access to this income conditional on participation to “social service” activities, i.e. activities to be performed within the vast universe of cooperation and volunteering (Brunetta, 1989). However, this was a measure directed at individuals with no income, and to be initially and experimentally applied only to young people aged between 18 and 24. *Partito Comunista Italiano* (PCI) included the citizenship income theme in the agenda of its 20th Conference, which ended with a specific motion for the introduction of a minimum income scheme as part of a review of the different unemployment subsidies. Unlike the other proposals, this was a measure to be implemented as part of labour policies, applying

to unemployed and never previously employed individuals, not subject to means-testing but conditional on availability to work or to attend training.

Parties proposals were therefore different from Gorrieri's proposal, as they developed within the context of labour policies vs. that of social assistance policies, and focused on individual rather than household transfers. Most importantly, they never got to be voted in Parliament and were therefore never implemented. The so-called Formica bill, named after the socialist Labour Minister under the Christian Democratic government led by Ciriaco De Mita, provided for an income support measure exclusively for young people aged between 18 and 29. The premature fall of the government in 1989 caused the project to be abandoned, and never recalled by the following DC governments.

Failure to approve minimum income legislation in the late '80s in Italy was also due to the poor interest in such schemes on the part of social partners. In an interview featuring the meaningful title “La persona non ha bisogni minimi”⁶⁵ (The individual does not have minimum needs), the then CGIL (*Confederazione Generale Italiana del Lavoro*, general Italian labour confederation) secretary-general Bruno Trentin harshly criticised emerging suggestions to introduce a basic income. However, during that interview, CGIL's former secretary also expressed his objection to a targeted minimum income scheme, because available resources were to be used to create jobs and not to guarantee a safety net. Moreover, it emerges quite clearly Italian trade unions fear that a national *Mis* would replace the existing income protection system – and especially the wage supplementation fund (*Cassa Integrazione Guadagni*, CIG). Worthy of note are some of the notions expressed during the interview:

“In modern society, it is not possible to pursue equal minimum income for everyone, however targeted. (...). Unless available resources are multiplied, the introduction of a minimum income would just end up making the most pressing issue costlier, without solving it - namely, the issue of support measures, in terms of income and services, upon achievement of truly universal opportunities. Where is the problem? The problem lies in the incompatibility between these forms of minimum income and the existing measures, which are better modulated, such as the wage supplementation fund, unemployment benefits, (...). Given Italy's current situation, it is difficult

⁶⁵ *L'Inchiesta*, January-June 1989, page 103.

*to reconcile these two approaches, so much so that the most limiting aspect of the two bills regards funding sources: They don't have the courage to say that these are replacement measures for all other forms of income support."*⁶⁶

The opposition of CGIL's secretary did not certainly facilitate an agreement on the introduction of a Mis. In fact, while the Italian left-wing parties were discussing whether to introduce citizenship income, unconditional minimum income, or a French-style minimum insertion income, Italy was in the early '90s among the few European countries lacking a universal safety net.

Legislative motions did not turn into bills until the election of Romano Prodi's government, the first centre-left government of the Second Republic. As already mentioned in the first chapter, upon the initiative of PDS Minister Livia Turco and strongly influenced by inputs from the supranational arena (Jessoula and Alti, 2009), this government implemented, on an experimental basis, the so-called Minimum Insertion Income (Mii), in 1998, only for a few municipalities and for a limited period of time, in order to identify and overcome any obstacles to its final institutionalisation (See Chapter 1). However, the second Berlusconi government, after an agreement with social partners which was not signed by the CGIL, decided not to extend the measure to the entire nation, and initially envisaged introducing a vaguely defined Income of Last Resort, which was however never implemented.

The failed extension of the Mii was a clear step towards the traditional model, but - combined with Constitutional Reform n. 3/2001 giving regions exclusive domain over social assistance - it paved the way to the so-called season of *regional innovations* (Lumino and Morlicchio, 2013). The next paragraphs are actually focused on this season, in particular on the introduction of *Reddito di Base per la Cittadinanza* (BCI) in Friuli Venezia Giulia and *Reddito Minimo Garantito* (GMI) in Lazio.

⁶⁶ *L'Inchiesta*, January-June 1989, page 103.

3. Minimum Income Protection in Friuli Venezia Giulia

3.1 Economy, labour market and society in Friuli Venezia Giulia

Located on the border between Latin, Germanic and Slavic traditions and cultures, Friuli Venezia Giulia (FVG) is a peculiar region in the Italian context. Article 116 of the Constitution sets out that this region, along with islands Sicily and Sardinia, and other border regions characterised by the presence of large language minorities, that is Valle d'Aosta and Trentino Alto Adige, is to be provided with special forms and conditions of autonomy. Its particular geographic position, at the border between the Western bloc and the Communist bloc, and failure to define the Trieste issue (which was not solved until 1953) postponed the establishment of Region Friuli-Venezia Giulia (FVG), which eventually took place with Constitutional Law no 1 of 1963.

Being a special-status region in Italy has always meant having greater jurisdiction and enjoying special regional financial privileges. Even though there are considerable differences among special-status regions⁶⁷, it is possible to identify the following three financing sources (Ieraci, 2012): shared tax system, earmarked transfers, and autonomous tax system. The first one, i.e. transfer of shares of government tax revenue, is the first and most substantial source of financing for Friuli Venezia Giulia. Pursuant to article 49 of the Special Statute and subsequent changes⁶⁸, FVG receives a significantly higher share of financial contributions than the other Italian regions, especially as a result of a greater share from income taxation on individuals and VAT⁶⁹. Besides such shared financial contributions, there is a number of earmarked transfers, which ordinary-status regions also

⁶⁷ Financing methods for special-status regions are defined by their respective statute of autonomy and related enactment provisions, and they have evolved much differently over time (see Baldi, 2012, for example).

⁶⁸ During the financing evolution of special-status regions, sharing quotas have been extended to an increasing number of taxes and brought to increased percentages, at times in accordance with statutory provisions, at other times as a result of subsequent statute changes: with regard to FVG, see in particular laws 158/1976, 457/1984, 662/1996, 289/2002 and 244/2007.

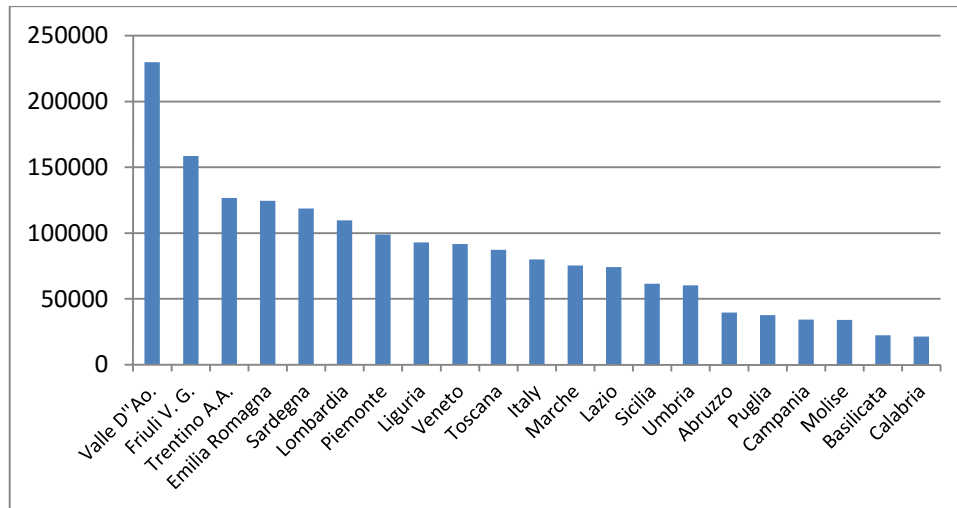
⁶⁹ More in detail, FVG receives from the government: six tenths of revenue from income tax on individuals (IRPEF), four tenths and a half of revenue from income tax on legal persons (IRPEF), six tenths of revenue from withholding taxes, 9.1 tenths of revenue from VAT, excluding import VAT, nine tenths of revenue from state tax on electricity, nine tenths of the fiscal share of state tax on regional consumption of tobacco monopoly products.

benefit from. These have been decreasing with time, especially with the abolition of the National Healthcare Fund and with the introduction of legislative decree no 56/2000, which eliminated a large part of restricted transfers in favour of increased application of shared financing⁷⁰. Finally, as a result of the tax devolution process which started in the '90s, regions can have “own” financing sources, i.e. the possibility of introducing specific regional taxes. However, this possibility has not been used by regional legislators, so FVG did not establish its own distinct and autonomous fiscal system (cfr. Ieraci, 2012). Similarly to ordinary-status regions, the main components of “own” regional financing are the additional regional income tax on individuals (IRPEF), and IRAP (*Imposta Regionale sulle Attività Produttive*, regional tax on productive activities), introduced upon suppression of the National Healthcare Fund, which today constitute the largest financing contribution to regional budgets.

The special financial treatment and, in particular, the transfer of higher shares of government tax revenue mean that special-status regions, especially those in Northern Italy, enjoy greater financial resources as compared to ordinary-status regions (see Baldi, 2012), and without having to pay the costs in terms of heavier tax pressure, as FVG has not established a separate taxation system (see Ieraci, 2012). Therefore, it is no surprise that FVG is one of the regions with higher per capita spending on social service (Fig. 8) and with one of the most developed social welfare systems in the country since as early as the '90s.

⁷⁰ In particular, starting from this moment, ordinary-status regions have been receiving 33% of revenue from VAT and excise duty on petrol and diesel. The regional financing system was later revised in 2008 with the introduction of the so-called fiscal federalism; regional VAT revenue shares were attributed to each region based on parameters defined by the financing discipline applied to current healthcare expenditure of ordinary-status regions.

Figure 8 Regional per capita spending on social services (Lira), 1994



Source: Commission of Enquiry on Poverty and Social Exclusion (1997).

In this region, higher spending capacity was coupled with strong economic growth in the early 2000s, which continued until the outbreak of the global financial crisis. Showing a diverse but in many ways underdeveloped economic structure until the '60s, FVG has subsequently experienced a remarkable development. Agriculture, a traditionally important sector of Friuli's economy, has progressively lost ground to manufacturing, both in terms of employment and income generation. Friuli's industrial structure, particularly well developed in the regional provinces, is by now predominant over agricultural production, mainly due to a number of robust areas (furniture, household appliances, engineering etc.) that are prevalingly directed at exports, and which grew further during the '90s by increasing its manufacturing and trade space targeted at Eastern European countries (Andreozzi and Panariti, 2002).

Economy in this region retains however a dual structure, whereby the Friulian area dynamism contrasts with a somewhat stagnating Julian area. In the latter, manufacturing is indeed less developed, and economic growth is mostly due to a considerable expansion of the tertiary sector, in particular banking and insurance (especially in Trieste), and to radical trade reorganisation processes. Another important economic sector in this area is

tourism, mainly as a result of a constantly increasing number of tourists in the coastal areas, accounting for nearly the total seaside tourism and over half of the overall tourism in the region.

Such differentiated economic structure, both from a functional and territorial point of view, makes the labour market of Friuli Venezia Giulia one of the most dynamic in Italy. In the early 2000s, the employment rate was steadily higher than the Italian average and consistently growing, increasing from 58.6% in 1999 (IT 52.5%) to 65.4% in 2007 (IT 58.6%), while the unemployment rate in 2007 was as low as 3.4% (IT 6.1%). So it does not come as a surprise that the relative poverty rate was low (8.8% in 2004, vs. an Italian average of 19.1%), as well as the material deprivation rate (FVG 3.3%; IT 6.9%). On the whole, Friuli Venezia Giulia was a relatively wealthy region, with per capita GDP slightly above the average, a solid and growing economy, a well-performing labour market and relatively low relative and absolute poverty rates.

However, the overall labour context was made less bright at this stage by an increasing number of people with unstable careers, suffering from the anxiety and lack of security that are typical of precarious employment. A survey conducted for the region by a team of experts headed by Fumagalli (2005) revealed an exponential increase in “atypical” work (temporary workers, employed persons or temporary agency workers) in the early 2000s, rising to account for one fourth of workers in 2005.

3.2 The political system in Friuli Venezia Giulia

The political system of FVG has been highly stable, at least until 1993. The period from 1964 to 1993 saw the succession of only four regional presidents, all of them leading members of the Christian Democratic Party (DC), with a centre-left coalition mainly backed by PSI, PSDI and PRI (Ieraci, 2012). The new phase inaugurated by the collapse of the First Republic party system revealed a much more unstable situation, strongly characterised by the rise of *Lega Nord*, the most voted party in the regional elections of 1993, which was entrusted with the first regional government without the backing of DC (coalition government with PRI and PLI). This government did not last long though, less than one year, leading to one of the most turbulent political phases in the history of FVG,

with as many as six governments within the short period of a legislature, each of them backed by a different majority. Elections on 14 June 1998 brought more stability into the political situation, with victory by the centre-right coalition made up of *Forza Italia*, *Alleanza Nazionale* and *Unione di Centro*, which governed for the entire legislature, initially headed by Roberto Antonione and later by Renzo Tondo.

From that point onwards, the political system of Friuli Venezia Giulia was characterised by an alternation between centre-right and centre-left coalitions. Regional elections in 2003 witnessed the first victory by a centre-left coalition, called *Intesa Democratica*, which included *DS*, *Margherita*, *PRC*, *PDCL*, *Italia dei Valori*, *Verdi*, *Popolari Udeur*, *Partito Pensionati*, as well as a civic list called *Cittadini per il Presidente*. The independent Riccardo Illy was thus elected president with the backing of *Intesa Democratica*, beating Alessandra Guerra, supported by *Casa delle Libertà per il Friuli-Venezia Giulia*, by approximately 66,000 votes, i.e. 10% of voters.

In 2008, in an electoral climate heavily influenced by national political elections taking place at the same time, the centre-right won back the government of the Region, receiving 53.6% of votes over 46.4% of *Intesa Democratica*, while *Lega Nord* obtained broader consensus (plus 3.8% compared to 2003). *Forza Italia* member Renzo Tondo became president, backed by *Unione di Centro*, *Lega Nord* and *Popolo delle Libertà*, the newly formed party after unification of *Forza Italia* and *Alleanza Nazionale* (see chapter 4). At the end of the legislature, this government too was not confirmed at the polls: On 22 April 2013, with *Movimento 5 Stelle* running and thus making the electoral competition tripolar, Debora Serracchiani, backed by *Partito Democratico* and *Sinistra e Libertà*, won over outgoing president Renzo Tondo by a mere 0.4%.

3.3 Introduction of 'Reddito di Base per la Cittadinanza' in Friuli Venezia Giulia.

Policies against poverty and social exclusion in Friuli Venezia Giulia in the early 2000s, as in the rest of Italy, were mostly under the domain of local social services. There was no direct intervention by regional authorities in this area, as their task was traditionally confined to managing a social fund and directing resources to municipalities. Such funds allowed municipalities to finance and provide ordinary (ongoing) and extraordinary

(larger once-off subsidies by reason of exceptional events) to citizens in need, with control under exclusive domain of municipalities. In Friuli Venezia Giulia, this regional fund was originally financed exclusively through regional budget. The framework law reforming the sector (Law no 328/2000) provided for the establishment of a national fund for social policies (FNPS), i.e. a national source of specific funding for social policies targeted to individuals and families. Since then, the budget of municipalities has had a double source of financing, the first from regional budget and the second from central government funds. The larger resources available to Friuli Venezia Giulia by reason of its special status have allowed the region - unlike many other territories in Italy - to guarantee some sort of financial assistance in most of its municipalities. However, while not having the same budgetary constraints as other regions, Friuli Venezia Giulia had all the other weaknesses of the Italian minimum income support system. As a matter of fact, municipal measures were not putting in place subjective rights that citizens could automatically claim, were poorly coordinated - thus causing territorial differences and disparities - and there was no link whatsoever between benefits and policies to promote social and labour market inclusion of recipients. This was also due to the fact that, as argued by Madama (2010), the social assistance model did provide for major social spending, but was mostly focussed on the elderly population and had a preference for monetary transfers rather than for the development of social services.

The change in regional government, with the election of the first centre-left majority, was an important departure for the Friuli social welfare model. Indeed, following appointment of Riccardo Illy as Governor, a regional *Commission for the reorganisation of the social welfare sector* was set up, which -- in transposition of law no 328/2000 - led to a framework law for social welfare in Friuli Venezia Giulia, namely Regional Law 6 of 2006. Among the various provisions introduced by this law, article 59 was particularly important, as it implemented a BCI scheme, i.e. a minimum income scheme. The purpose of this paragraph is to try and identify the dynamics that led to the introduction of such innovative measure in Friuli Venezia Giulia.

The debate around possible adoption of a universalistic income support scheme began immediately after the victory of a large coalition of centre-left parties at the June 2003 elections. In fact, when the electoral coalition named "Intesa Democratica" was created to

support Illy's candidacy for President, which included *DS, Margherita, Nuova DC, Italia dei Valori, Verdi, Rifondazione Comunista, Partito dei Comunisti Italiani, Partito dei Pensionati*, as well as a civic list supporting Illy and a local formation called Regional Party (incorporating Udeur too), the various forces negotiated a program platform which President Illy envisaged as a *business plan* for the future regional government, in order to prevent centrifugal drives within such composite government coalition (see interview with Illy). This program outlined the priorities of the future regional government and the seven reforms that the coalition was planning to introduce, including a framework law on social welfare, also because - as stated in the program - "FVG is the last Northern region not to have developed a regional act transposing the welfare reform law (Law 328/2000)"⁷¹.

Therefore, although there was no explicit hint to a minimum income scheme, the reference to law 328 raised the issue of poverty in Friuli Venezia Giulia, because among the essential levels to be guaranteed nationwide by this law included "measures to fight poverty, income support and accompaniment services" (Art.22.a). Interestingly, the program also focused on atypical and precarious employment; precarious workers were expressly mentioned as a social group needing action by the regional government (*Intesa Democratica*, 2003)⁷². Although at a very early stage, the program contained the FVG centre-left coalition's objective to "govern" the so-called "flexibilisation at the margin" of the Italian labour market, resulting from the Treu reform, by means of measures favouring credit access and ongoing professional updating of precarious workers (see also FVG GVR; FVG LPC).

Following victory by the centre-left coalition, the so-called Third Commission set out to reorganise the social welfare area in the Region. Introduction of a region-wide unconditional income scheme was a topic included in the discussion thanks to the presence of radical left-wing parties inside the government coalition.

⁷¹ The program specifically stated "The region should adopt the regulatory and programming provisions as defined by Law 328/2000. In this respect, we should mention that FVG is the last Northern region not to have developed a regional act transposing the welfare reform law."

⁷² The Region must support the so-called atypical workers, promoting their professional growth through permanent measures and favouring investment programs based on subsidized credit and surety agreements. The right to work and entitlement to rights in the working place - no matter the job - must be pursued through express acknowledgement of the social function of workers and consistent enhancement of the dialogue with trade unions and the other social partners, with a view to reducing precarious work.

In Italy in the late '90s, such measure, proposed in Europe by movements connected with the *European Basic Income Network*⁷³, became one of the claims by certain anti-capitalism and anti-globalisation inspired social movements, particularly the so-called *Tute Bianche* (lit. White Overalls) movement (Fumagalli and Lazzarato, 1999, Iglesias Turrión, 2003). Two factors helped drive unconditional income into the agenda, at least in its early stage, of the Commission working on the reform proposal (FVG DSP; FVG LPC; FVG SPC). Firstly, some of the parties making up the left wing of the majority government led by Illy had developed over the years a strong connection with some of the above mentioned social movements, especially those associated with the *Casa della Cultura di Trieste* (Trieste House of Culture) (FVG GRE). The presence of Parties such as *Verdi*, *Rifondazione Comunista* and *Partito dei Comunisti Italiani* meant that there were forces within the Regional Council, although a minority, that supported unconditional citizenship income (FVG ORW; FVG GRE).

Secondly, Dr. Franco Rotelli, the General Director of Trieste Healthcare Authority who had come back to Trieste after his experience at the ASL (Local Health Service Unit) of Caserta during the Bassolino administration, was given the task of drawing up initial proposals within the Commission. At the same time, Rotelli was among promoters of an initiative to create, thanks to a EU project, a small research centre on social policy transformation called Regional Observatory on Social Policies in Friuli Venezia Giulia and Slovenia (OR-WIN). Pr. Andrea Fumagalli, associate professor in Economic Policy at Pavia University and one of the first and most important advocates of unconditional minimum income in Italy, as well as a militant and leading theoretical inspirator of the above mentioned social movements⁷⁴, was appointed to lead this research team. This small research group played therefore a special role, because it was a meeting place between Dr. Rotelli and intellectuals and researchers from the world of social movements, suggesting for the first time the introduction of universalistic support measures meant to help overcome some of

⁷³ Today called "Basic Income Earth Network".

⁷⁴ It is worth mentioning, as an example, some of the texts that had already been published or edited by Professor Fumagalli by the time he was appointed at OR-WIN: "La democrazia del reddito universale" (The democracy of universal income) (1997); "Tute bianche. Disoccupazione di massa e reddito di cittadinanza" (White Overalls. Mass unemployment and citizenship income) (editing, 1998); "Dieci tesi sul reddito di cittadinanza" (Ten assumptions on citizenship income) (1998).

the social problems resulting from the transition to a post-Fordist economy and to labour market flexibilisation following reforms introduced between the late '90s and the early 2000s (FVG ORW; FVG GRE; FVG ROT).

When interviewed, Dr. Rotelli himself underlined the importance, at least from a cognitive standpoint, of this small research team and its members:

“The starting point, an institutional one I would say, was the Slovenia-Italy Observatory on Social Policies (ORWIN). For a certain period of time, this group gathered people who generated a number of fruitful thoughts and ideas. Discussion around citizenship income was also important, ranging from more radical proposals, like universal citizenship income, to measures like a basic income scheme, which later developed into a bill.” (...)

“That topic had never been raised before. We were a small but close group, and our reflections generated the first discussions on minimum income.” (FVG ROT)

“The idea came up inside and with OR-WIN, that was the incubator. And the idea got to the majority through specific channels, through Rotelli and the DS leader, Mr. Zvech. Then, there was no discussion within the majority, because it was Illy defining the course of action, and discussions were to fall within that course.” (FVG GRE - Green Party leader in the Regional Council of Friuli Venezia Giulia 2003 – 2008)

I remember there was someone, during negotiations, who was really pushing for adoption of a citizenship income measure. I clearly remember who first raised this theme, which was then shared by many: It was Franco Rotelli, the then General Director of Trieste's Healthcare Authority. He was one of the major advocates.” (FVG DSP – Director of Social Policy Department)

The proposal to introduce a basic income scheme, or other forms of unconditional income, was therefore put forward by Dr. Rotelli and some leftist members of the coalition called *Intesa Democratica*, in response to proposals from a number of antagonistic social movements to introduce - at a regional level - a citizenship income⁷⁵ (FVG ROT; FVG GRE; FVG DSP). However, this project had little luck, as it was considered unacceptable by the rest of the government majority (FVG GVR; FVG LPS; FVG SPC). Nevertheless, it was

⁷⁵ Citizenship income is here intended as a transfer to all citizens, and therefore not means-tested nor conditional on participation in social and/or work integration activities and/or on acceptance of a job.

from this proposal that a regional discussion began, triggering the government coalition's interest in a minimum income scheme, i.e. a residual and selective measure providing for financial support subject to participation in social and labour inclusion programs. Some parties, in particular the main government coalition party, DS (Democrats of the Left), became a mouthpiece and strong advocate of this kind of measure in Friuli Venezia Giulia, eventually obtaining President Illy's consensus (FVG DS; FVG LPC; FVG DSP; FVG ORW). Interviews confirm this interpretation:

Let's say that the initial standing was a position whereby, for example, somebody planning to go on a sabbatical, to cultivate new interests that would help them live better, could do that by accessing Citizenship Income. Hence the idea of a right that was not conditional on a social income. There was also a discussion within the government, and I remember in particular the opinions of DS Regional Ministers (myself and Ministers of Healthcare and Infrastructure), who were rather in favour of measures more similar to those implemented in other European countries, and social partners were also pushing for such direction. (FVG LPC - Regional Labour Policies Counsellor in Friuli Venezia Giulia, 2003 – 2008)

"There were DS and Margherita, and the former were definitely staunch advocates, but agreement on the measure was quite general. Rifondazione Comunista would have preferred an unconditional right, but we eventually got to an agreed pathway." (FVG SPC - Regional Social Policies Counsellor in Friuli Venezia Giulia, 2003 – 2008)

The proposed measure was thus agreed upon by the different majority components, including Governor Illy. First of all because central government itself had included it - albeit implicitly - in its agenda, as Law 328⁷⁶ provided for action against poverty and income support, as already mentioned. And especially because such scheme was already in place in most European countries, and it represented the missing element of the *flexsecurity* triangle, which was the reference model for the social and labour policies of Governor Illy and Friuli Venezia Giulia's government coalition.

Governor Illy himself explained the importance of reforming the income protection system in the light of labour market changes:

⁷⁶ In the course of the interviews, the suggestion also emerged that the introduction of a minimum income scheme in FVG was the result of a pre-election agreement between *Rifondazione Comunista* and the rest of the coalition.

“Our first observation was that the global market, including the labour market in FVG and more generally in Italy, has changed significantly over the past few decades. Major economic as well as social changes have taken place. By way of example, lifetime employment is no longer a mantra in Japan as it used to be. Even there it is now normal and possible to change jobs, be hired in another company, etc. Let alone in other countries where lifetime employment has never existed. Nevertheless, the provisions and regulation of Italian social policies were all developed when lifetime employment did exist in Italy, therefore they are now unsuited to meet current labour market requirements. (...). Based on these assumptions, we asked ourselves which was the country that had developed the best social system to ensure employment and security nowadays? The answer was Denmark, with its flexicurity model. Then we asked ourselves what could be done in order to create here in FVG at least some of the conditions that are in place in Denmark.” (FVG GVR)

The Councillor of Social Policies Beltrame also confirmed the relevance of the Danish model for the introduction of BCI in FVG:

“In particular, I’ve also been to Denmark to check out a few things. We tried to steal some ideas, while taking account of differences between our bureaucracy and theirs, and the way their social services are organised.” (FVG CSP)

Regional Councillor of Labour Cosolini pointed out that the intention was to build a new model for income support policies inspired by the flexicurity model then promoted by the European Union and of which Denmark was “the best pupil in class” (Hemerijk, 2012).

This had also been considered as a way to experiment a possible new “social shock absorber” for areas lacking one, because in those years - as a result of the Biagi reform and the discussion about flexibility and precariousness - trade unions had seriously started thinking about how to guarantee social security to workers with flexible or precarious employment contracts, based on the fact that the Biagi reform had at least two faults, at least from my perspective: The first one was that it had introduced too many contract types, unnecessarily; the second fault was the failure to reform social shock absorbers, which was absolutely required according to the flexsecurity model. (FVG LPC)

While centre-left parties in Friuli Venezia Giulia were interested in - although with different approaches - introducing an innovative measure to help address issues associated with an increasingly precarious labour market, the leading Italian trade union organisations, namely CGIL, CISL and UIL, were more cautious.

“Within the debate about the role of social policies, the minimum income issue came up and found support by President Illy and by a part of PD - the then DS party -, while it was met with a cold response by trade unions, both CISL and CGIL” (FVG ROT).

As a matter of fact, trade union organisations declared during interviews not only that they were not among the forces promoting minimum income in FVG, but also that they were objecting (initially, at least) to the regional government’s project. Interviews are particularly interesting, because they also reveal a few differences within the two main Italian trade union organisations, namely CGIL and CISL. The latter was the firmest opponent to a universalistic public measure against poverty, arguing that income support measures should be confined to supporting workers, whereas it is a duty of society as a whole, and not of the government, to address poverty.

It was against this backdrop that the BCI theme was introduced. To be honest, there was no agreement inside our trade union organisation. It had been a decision made by Illy based on a policy agenda agreed with Rifondazione Comunista. (...) (Like I said, we - as CISL - were not in favour. I didn’t like the approach at all. It went as far as giving large amounts of money - 800 euros- to people without even requiring commitment to seeking a job. It had even been impossible to obtain that claimants refusing a job would lose their right to access that money (This is not true, Ed.). It was up to the administration to seek jobs: Just think, since when do job centres find jobs in this country? It was an ideological measure, with no mechanisms: We had made a few calculations, whereby non-EU immigrants with children would have received up to 1,200 euro, not to mention the additional money they would get from some undeclared, irregular job, if they decided to seek one. Then, in principle, I didn’t think it was right to get 800 euros without any obligation in return for it.)

(...) (Furthermore) The vision of CISL is one based on participatory and subsidiary universalism. We must abandon the idea that there are public resources for all, and therefore, that we can afford to introduce measures such as minimum income. Firstly, because such resources are simply not there. Then because society has got to be responsible, so you need to use the good forces of society, also to make them responsible. This is why we support the principle of subsidiarity, be it associative, family-based, or individual (...). The idea of CISL is the following: We need to develop subsidiarity at all levels to help the public system, that has to remain universal, but let us decide what is

universal, what needs to be guaranteed. Definitely healthcare, education and training, but there are other areas as well, such as transport and social assistance, which probably need to be changed. Let us begin by choosing, in short, what is fundamental and what is not. This is subsidiarity-based responsible universalism. This is the vision of CISL. (FVG CISL – CISL regional secretary).

The CGIL position was less sharp, also because the proposal to introduce a minimum income scheme triggered a heated debate between those in favour and those against it.

“We went through a lively discussion among ourselves, for two reasons: The first was the experience in Campania, which had developed a similar scheme but had quickly stepped back since there were no financial resources. The second reason was the extensive discussions between those who thought that such measure should be bound to employment, and those who maintained that it should be universal. It was quite a long-standing debate, as the older ones among us were recalling the very first universal income proposal, coming from Margaret Thatcher, that was applicable to everyone; so in this respect, it was a complex debate”. (FVG CGIL – CGIL regional secretary)

At that point, opposition to Mis prevailed within CGIL in Friuli, based on reasons that only partially matched those expressed by CISL. CGIL preference was indeed for measures favouring “employment” rather than for developing universalistic benefits, which were viewed negatively as neo-liberal policies (FVG CGIL; FVG CGIL2). So, at this stage, CGIL was strongly opposing the unconditional income proposals put forward by social movements⁷⁷ (FVG CGIL; FVG ROT; FVG GRE; FVG ORW), but also displaying a tepid response to a universalistic and selective measure against poverty, suggesting instead an instrument to support workers' income over the period of transition from one job to another (FVG CGIL2). The DS leader in the Regional Council confirmed the CGIL's preference for measures exclusively targeted at workers over universalistic schemes at that point:

“With respect to citizenship income, President Illy had a much more leftist position than CGIL. Because they can only conceive income in terms of work. So, they wanted to make this measure applicable only in case of job loss: You lose your job, you receive income support for a couple of years, until you find a new one. I didn't agree, because we were talking about a charter of rights -

⁷⁷ Secretary Belci said: *“I remember a school of thought, back then, saying that even a 20-year-old young man from a well-off family had the right to income support, if he chose to live independently. It was disjointed from any income criteria, so we simply could not agree with it.”*

which sounded subversive at that time - to be applied to anyone without an income. We were to find a way to precisely verify personal income, but it was for everyone. This unleashed protests by CGIL, with arguments reminding of Northern League's typical words: "You are encouraging idlers, so no one is ever going to work any longer" ... Maybe they were not aware of this, and were formulating this concept differently, but that's when we were faced with a tough political row over eligibility. I was saying everyone could have access to it, they insisted on making it conditional on work, restricting eligibility to people losing their job. The law came out as the result of mediation, because in the end it was President Illy embracing my approach, so we managed to have it approved." (FVG DS)

Despite initial opposition to universalistic income support systems on the part of leading trade unions, the government and the centre-left coalition started a long arrangement process in the attempt to strike an agreement with social partners, tertiary sector and opposition on the definition of a social welfare system in FVG. This process took place within the Third Commission, with participation by over 30 representatives from institutions, social organisations and tertiary sector. Unlike the Spanish case, the proposed scheme encountered extreme cautiousness on the part of diocesan Caritas in FVG. So, no official supporting position was expressed with regard to the planned scheme introduction in the region, not even when early drafts made it clear that the regional government was going to implement a measure against poverty rather than a basic income scheme (FVG ROT; FVG CRT; FVG DSP). When consulted by the Region, Caritas - while not speaking out publicly - assessed the scheme ambiguously, judging the action in favour of disadvantaged groups positively, but also emphasising that public services could not deliver the social accompaniment process that is prescribed by legislation (FVG CRT). This ambiguity also emerged from remarks made at the Third Commission on the bill for the reorganisation of the social welfare system:

"BCI is as extremely qualifying as it is extremely dangerous, if implemented without the harmonious articulation provided for by the bill. There is a high risk of exponentially increasing the number of welfare benefit claimants. It is not correct to speak of income. Income is related to a job

and lends itself to “monetising” actions that can be provided as social services. It would be preferable to enhance the “life project”, including with financial support”.⁷⁸

It was inside the Third Commission that a mediation was reached between the various majority positions in favour of a minimum income scheme that could be accessed by all individuals with income below a set threshold, subject to underwriting a pact with the government whereby they would commit to taking part in a personalised process of social and, possibly, labour inclusion. This form obtained the agreement of trade unions as well. Even if not entitled to being considered among the scheme promoters, trade unions actually decided to sit at discussion tables leading to the regulation that would set out the tangible features of the provision (see next paragraph) (FVG SPC; FVG GVR). In particular, in order to win their support, a time limit was introduced, i.e. access to income support was limited to one year, extendable to maximum one additional year. It was only through such condition, set by trade unions to prevent the scheme from degenerating into welfare dependency, that an agreement was reached - with trade unions accepting scheme implementation only if subject to actual participation to active labour market policies.

“Thanks to this approach, linking income support to active labour market policies (matching supply with demand, training, incentives for new hires, etc.), trade unions eventually overcame their early perplexity - which all three organisations had expressed, if I remember correctly. They thus reconsidered the issue.” (FVG LPC – Regional Labour Policy Counsellor)

“To be also noted is that our concerted action with social partners was on rules, and we never found any opposition - either by trade unions or industrial representatives - to a model providing for strong labour activation. By contrast, there was harsh criticism of the other approach, i.e. the one based on unconditional income support.” (FVG SPC – Regional Social Policy Counsellor)

In particular, once established that income support would be conditional on labour market access, CGIL had positive words for the measure on local newspapers, as confirmed by an interview with the then secretary Colussi published on *Il Piccolo* on 1 February 2006:

⁷⁸ Caritas remarks on the bill for the reorganisation of the social welfare system, Trieste, 17 October 2005, FVG Archive,

“The overall plan on social shock absorbers also includes the minimum income scheme proposal, which can prove to be a useful instrument to support income and place dismissed workers into new jobs - as long as combined with suitable training.”⁷⁹

The decision to make financial support conditional on personalised programs to be agreed with social services was initially met with dissent by left-wing parties that had at first proposed introducing a citizenship income measure, especially Rifondazione Comunista, that would eventually support the scheme proposed by the regional government anyway.

So, over two years after the creation of the Third Commission entrusted with preparing a provision to transpose Law no 328 and reorganise the regional social welfare system, Law no 6 was finally approved in March 2006, with article 59 introducing a 5-year long experimental implementation of BCI.

The political origin of this scheme was pointed out by government’s technical experts too, revealing that, especially in this early stage, there was mistrust within public administration with respect to feasibility of the scheme, and concerns among municipal caseworkers, i.e. those responsible for administering the scheme, who feared that a new measure would aggravate their administration workload (FVG DSP; FVG SW).

“Absolutely not: It’s a political decision, not a technical proposal. Also because, to be honest, there were a few concerns amongst caseworkers like myself. For example, I did sit at preparation tables for Law 6, and I was against the scheme.” (FVG DSP)

The decision to promote minimum income in Friuli Venezia Giulia, therefore, derived from a coalition agreement between the various majority components, namely an agreement between advocates of an even more innovative measure in Europe, such as unconditional income, and supporters of a minimum income scheme comparable with measures adopted in the rest of Europe and only shortly experimented in Italy. Despite some tension inside the majority, even promoters of the former type of scheme eventually recognised the importance of having reached a compromise among the different political forces, as shown by majority parties voting unanimously on Law 6 and by interviews:

⁷⁹ *Il Piccolo*, “Il segretario Colussi sarà riconfermato fino al 2010”, (Secretary Colussi’s mandate to be confirmed until 2010), 1 February 2006.

“It was not exactly what we wanted. It was a heavily conditional income, whereas we wanted unconditional income. However, when you attend political negotiations, you obviously aim at 100, but if you then get 70, it can as well be fine. Anyway, we valued this downward mediation positively, and judged the agreement reached by the various centre-left parties as positive.” (FVG ORW – Director OR-WIN 2003 – 2008)

“I’m in favour of unconditional income that unleashes energies, forward-thinking, ideas and social richness. It’s a sort of economy, if you will, that can be set in motion, a universal income without means-testing. This was the thrust, even though it was a minority view within the majority. It helped keep the majority a little bit on tenterhooks, I don’t think it was useless, or simply ideological. It was in fact useful to widen the reasoning spectrum. So I’m not claiming ownership of BCI nor am I saying that it was optimal, but in those five years of government I think it was one of the best actions taken by the administration.” (FVG GRE - Green Party leader in the Regional Council of Friuli Venezia Giulia 2003 – 2008)

So, Rifondazione Comunista leader in the Regional Council, Pio de Angelis - who had said during an interview with *Il Piccolo* on 8 February 2006: *“I hope this majority does not have the impression or fear of adopting an overly leftist or welfare-oriented provision. The amendment, in fact, makes the subjective right to social integration, as ensured by citizenship income, conditional on a personalised assessment by municipal social services”* - had to accept this approach and eventually welcomed the scheme following approval of Law 6 of 2006, describing it as an *“act that represents an excellent synthesis of the early contrasting positions within the majority”*⁸⁰.

As for the other stakeholders and their views in this policy area of Friuli Venezia Giulia, there was strong opposition by centre-right parties to the Basic Citizenship Income, throughout the policy-making process. Already during negotiations within the Third Commission, harsh comments were expressed with media by Regional Council members from *Lega Nord* and *Forza Italia*. An article published by *Il Messaggero Veneto*⁸¹ clearly revealed both the dissenting position of these two parties on minimum income and their different arguments:

⁸⁰ *Il Piccolo*, “Welfare, ok al reddito minimo garantito”, (Welfare, agreement on guaranteed minimum income), 3 March 2006.

⁸¹ *Il Messaggero Veneto*, 9 September 2005, “*Forza Italia: il reddito di cittadinanza va bocciato Lega: aiuti che giovano solo agli immigrati*” (Forza Italia: citizenship income must be rejected; Lega: support bound to benefit immigrants only)

“With regard to welfare legislation, Forza Italia (...) discloses in advance its strong opposition to the proposed creation of a citizenship income scheme, which would drain all available resources for social policies. Citizenship income – says a statement – is the outcome of a culture that does not belong to Friuli Venezia Giulia and, where implemented, it only increased welfare dependency, as a result of populist policy-making. It is moreover evidence of a culture that still believes in state supremacy over the individual, that generates the culture of vested rights and that equates people making sacrifices and saving money for their future with those that don’t, preferring to spend everything without worrying about what comes next.

«The centre-left welfare approach - pouring money onto immigrants and artful dodgers - is even dividing Illy’s government» echoes Lega Nord Councillor Fulvio Follegot, “A region that is now known for the industriousness and initiative of its people, who earn their income by working, runs the risk of becoming a place dominated by welfare statism, if the centre-left plan gets implemented. «In fact, the much publicised guaranteed minimum income - up to 250 euros a month is the sum being considered - would end up almost exclusively in the hands of immigrants – Follegot continues –, benefiting not only resident immigrants, but also those who are simply staying here. Even in Campania, applicants are required to have resided in the region for at least 60 months, whereas here they’re planning to introduce an income that is no income at all, but rather an actual subsidy for idlers and non-EU immigrants. No workers, one-income households or elderly people are going to benefit from it. This is the truth!”

Already at this stage, opposition by UDC and AN was more moderate and focused on amendments to improve some specific issues, showing no objection to the measure per se, but rather aiming to set restrictions, particularly a time limit to scheme access⁸².

Opposition by centre-right parties was consistently carried on during discussion and preparation works and became evident on the Council floor when debating the social welfare system reform in Friuli Venezia Giulia (Law no 6/2006). Then again, debate on Law 6 was effective in making the different Friulan centre-right positions towards the scheme clear. The legislative act covered a number of issues and contained over 60

⁸² See, for example, the statement released by UDC Councillor Molinari to *Il Piccolo* on 17 January 2006, displaying a different register from *Forza Italia* and *Lega Nord* statements: *“As for a guaranteed minimum income, we consider temporariness as essential, in order to avoid degenerating into demagogy and taking at all costs a leftist action»*

different articles, but it was on the Basic Citizenship Income that Forza Italia concentrated its opposition, denouncing the lack of sufficient regional resources to implement an effective measure, stating its objection - as a matter of principle - to universalistic income support policies and, thirdly, stating its support for Italy's traditional familistic welfare model. In this respect, a speech by Councillor Massimo Blasoni during a session was particularly meaningful.

“Article 58 basically grants income support to everyone simply by reason of being born or residing in Friuli Venezia Giulia. This measure is not applicable: ISTAT has reported that there are 50.000 new poor in Friuli Venezia Giulia. It's a demagogic policy, so it's very likely - and not by chance - to be approved during the electoral campaign, creating huge expectations that available resources cannot objectively meet, unless drastic spending cuts are made on innovation, infrastructure, tourism and so forth. Also, it's not a much ethical measure either, because - apart from real situations of need - it might benefit cases of laxness or poor disposition to work, or artful misrepresentation of incomes.”⁸³

Roberto Asquini, another Forza Italia Councillor, strongly reiterated its opposition to any welfarist income support policy during the proceedings:

“There is no such thing as citizenship income, because if you look up the word 'income' in the dictionary, you'll find that it's money earned from an economic activity or from capital investment. This is written in the dictionary and I don't think we can change by law the Italian dictionary. So they should at least call things by their proper name: Basic subsidy.”

More cautious was the minority report submitted by UDC Councillor Molinaro, who was not contrary to minimum income policies by principle, while pointing out a few negative aspects of the proposed scheme, especially with regard to its financial sustainability:

The measure is fully legitimate. Having said that, its proposed regulatory formulation is wrong, as it contains several contradictions. First of all, there is an intentional conceptual error, lending itself to various interpretations, i.e. the name. It's not income in itself, because it's a combination of money and social services and/or benefits, and also because it's expressly envisaged as a possible supplement to minimum income (paragraph 4, letter c). It's more exact nature is that of being a

⁸³ Friuli Venezia Giulia Autonomous Region Council Proceedings, IX Legislature, Session no 177 of 1st of March 2006.

“project” aimed at preventing and countering poverty and social exclusion (paragraph 1). So, we could tune in to the current opinion of our fellow citizens, who have always associated the word “income” with the word “work”, which is something different from “welfare”.

Given the large audience of potential recipients (paragraph 1) - that is all individuals residing in Friuli Venezia Giulia, be they Italian citizens or not -, an elementary precaution to safeguard the regional budget would be to set some limits and include them in the legislative provision, such as considering the entire household as a criterion and expressly specifying the temporary nature of the measure” (...).

Newspapers articles and council proceedings evidence that during the debating stage and approval process of Law 6, centre-right parties in Friuli Venezia Giulia were against the introduction of minimum income, even if with different tones and arguments: firm opposition to minimum income measures by *Lega Nord* and *Forza Italia*, concerns over financial sustainability by UDC and AN. Considering all the above, it was not surprising that Friulan centre-right parties voted differently: AN and UDC decided to abstain, while *Lega Nord* and *Forza Italia* left the floor.

Approval of Law 6 was the first step of the regional policy making process in Friuli Venezia Giulia. Drawing up the specific rules of BCI was a further source of intense conflict lasting about one year, which was followed by a short period of implementation. This is the topic of the next paragraph.

4.2.3 The BCI scheme and its implementation.

After the agreement reached by the composite centre-left government majority in Friuli Venezia Giulia, adoption of a minimum income scheme was approved, intended as a measure combining income support and actions aimed at (re)activating recipients in the labour market. Approval of Law 6 in March 2006 was just the first step in the policy-making process, i.e. the moment when a political agreement was reached by the majority to introduce a minimum income scheme. The second step, a more technical one (but equally important), was about defining how to implement and govern the scheme, which

ended with the approval of the minimum income implementing regulation of 2007, over one year after approval of Law 6.

Such time lapse demonstrates the great administration efforts made by the region during this scheme designing stage. To this purpose, a special agreement was signed with a social research institute, the *Istituto per la Ricerca Sociale* (IRS), to identify the best practices in this area in Italy and abroad, and special consultations began with potentially involved institutions - territorial and municipal authorities responsible for social services in Italy, and provincial authorities, responsible for job centres - and with social partners. Three major challenges were identified by the region in creating an effective measure against poverty and social marginalisation, one that would not be a mere money transfer: I) the need to adapt the existing structure or create an infrastructure to help manage a policy area that was still scarcely developed in Italy, i.e. that of universalistic income support policies; II) the identification of an instrument to provide a plausible estimate of recipients' incomes; and III) the integration between social and labour policies.

With regard to the first challenge, as already mentioned, financial support in Friuli Venezia Giulia was under the responsibility of social services run by municipalities, which would apply local practices developed over time. Introducing a regional law was certainly a challenge for social services, as it was about creating a system to coordinate a range of institutions: regional bodies disbursing the money and monitoring the measure, municipal social services taking care of the actual organisation, income control and preparation of social integration for applicants, and provincial job centres. To this purpose, two certainly important actions were taken. The first one was the deployment of a new IT system for setting up a welfare records office to collect and provide data about the (different) welfare and/or social security benefits received by citizens and to be easily accessed at all government levels, thus helping to gather information on poverty in Friuli and to monitor the BCI pilot implementation. The second action included the provision of specific training to social services personnel, (partial) staff reinforcement and a specific additional fund to support territorial offices, if necessary. This was a particularly relevant aspect, given concerns arising at this stage about a potential workload increase for social workers as a result of the new scheme (FVG DSP; FVG SW). The reason was that the BCI project was

not replacing existing benefits provided by municipalities but rather introducing additional benefits, to be directly regulated and financed with restrictions by the Region⁸⁴.

Achieving a plausible estimate of incomes earned by citizens is a well-known limit of Italy. However, this was a *conditio sine qua non* for proper implementation of the minimum income scheme, because such measures are by nature means-tested as they can only be accessed by applicants with income below a predefined threshold. The Region decided to rely on ISEE, that is *Indicatore della Situazione Economica Equivalente* (equivalent financial situation index), an instrument introduced in 1998 (see chapter 1), while making two improvements to address a few shortcomings identified during scheme implementation discussions. First of all, as opposed to ISEE - for which only incomes taken into account for IRPEF calculation are relevant data for income estimate - it was now decided to consider all household earnings, including pensions and social allowances, scholarships, child support maintenance in case of separated parents, and any other earning not subject to tax return. Secondly, income estimate would be based on the earnings received in the month preceding application, and not - as in the case of ISEE - on the previous financial year. So a new index was created called “Capacità Economica Equivalente” (CEE) (equivalent financial capability), and specific agreements were arranged for with CAFs (tax centres) and *Guardia di Finanza* (tax police) in order to make the selection process easier (FVG SDP; FVG SPLC). In order to facilitate this process, the information system included a specific simulator to identify access threshold and determine income estimates, which was an important tool to reduce social workers’ administrative workload.

Thirdly, the element judged by many to be the most innovative of the BCI scheme was the attempt to horizontally integrate social welfare policies and labour policies. So, for the first time, a shared pathway was implemented between the Regional Labour Department and Social Policy Department (FVG DSP; FVG DLP; FVG SPC; FVG LPC), and a procedure was

⁸⁴ Existing benefits were not reorganised. As already mentioned, poverty allowances in Friuli Venezia Giulia were paid out by municipalities, to a more widespread and vast extent than in other Italian regions due FVG’s special status enabling higher social spending. Such benefits and allowances were (and still are) financed from two specific funds: National Fund for Social Policies and Regional Fund for Social Policies. BCI introduction did not affect these funds but established, similarly to what occurred for example in Spain, an additional fund that was nevertheless subject to restrictions, i.e. to be specifically used for actions against poverty.

established for communications between job centres and social services. Major efforts were put in place by the regional administration in this direction:

“Integration with job centres was an emblematic experience, in my opinion, and from a personal point of view as well. Those first meetings trying to get together 30 social workers, covering all areas, and 30 people responsible for job centres meant setting up the entire support network. Early meetings revealed the total lack of mutual knowledge: Job centres and social services were not even aware of each other’s work. So it was a very important opportunity for the Region to explain that the scheme was not aimed at creating a marginal group meant to receive life-long social service benefits. The objective was rather to set up a network and promote a system whereby social services would signal cases to job centres or vice versa and active policies would be better integrated. So it was truly a time of departure” (FVG SPC – Regional Social Policy Counsellor 2003 - 2008).

“Social inclusion and labour got integrated, but it was no easy task, because these two areas were used to working independently from each other, with each of them focusing on their respective field. The extent of success of this integration wasn’t clear until afterwards, because even if the scheme was suppressed, connection between social services and job centres remained, so integration is partly still in place. Even when drawing up the regulation, there were joint directives, so a really major integration effort was made” (FVG DSP – Head of Social Policy Department).

The result of this intense designing task was that the implementing regulation provided for the actual integrated management of recipients on the part of social services and job centres. So, where prescribed by the Final Pact to be underwritten by applicants and municipal social services within 3 months, the recipient (or another household member) was required to sign a written agreement with the local job centre, which undertook to assist the signatory in actively seeking a job. In a few cases, such as in the Province of Pordenone (FVG SW), integration was developed to the extent of creating multi-professional teams, with experts in social welfare integration and labour placement collaborating on individual cases, thus unknowingly replicating on the local territory some of the most interesting experiments rolled out in Europe, such as the LAFOS centres in Finland (Sacchi, 2016).

In short, it took more than one year to go from approval of Law no 6 to preparation of an implementing regulation, which was necessary for actual scheme deployment. During that

time, different institutional and social service bodies attended several consultation tables in order to tackle the main obstacles to the creation of an effective income protection system, also tapping from previous experiences in the country (FVG SPC), i.e. development of an index to quickly and effectively identify real poverty conditions, reinforcement of the administrative organisation and integration between the social welfare system and active labour policies. At the end of this process, in July 2007, the regulation implementing the BCI scheme was officially approved.

In greater detail, it was a 5-year long pilot project⁸⁵, whereby the Region budgeted 25.2 million euros for the first year, split as follows: 22 million for allowances and the remaining 3.2 million for reinforcing the organisation and setting up a computerised registry. The presence of budget appropriation, while being a generous one, was evidence of the greatest limit of BCI in Friuli Venezia Giulia, i.e. it did not introduce a recipient's subjective right to access the scheme by virtue of having an income below a predefined threshold, as this depended on availability of sufficient funds. The regulation certified the presence of budget constraints, while expressly regulating what to do in case of insufficient funds. It actually specified that "if the sums allocated to the body managing the municipal social service are not sufficient to meet all BCI applications, unmet applications will remain valid and be fulfilled according to the chronological order of submission, following allocation of additional resources to the Region." It was thus decided that applications for which there were no available funds would be accepted but not fulfilled until the next budget allocation. Worthy of note is that there was some uncertainty as to the amount of money necessary to guarantee a subjective right, partly due to the fact that such scheme was a novelty; there were estimates on potential recipients calculated by IRS, OR-WIN and job centres, but they were different from each other. Interviews confirmed the lack of certainty as to the number of expected applications and

⁸⁵ Existing benefits were not reorganised. As already mentioned, poverty allowances in Friuli Venezia Giulia were paid out by municipalities, to a more widespread and vast extent than in other Italian regions due FVG's special status enabling higher social spending. Such benefits and allowances were (and still are) financed from two specific funds: National Fund for Social Policies and Regional Fund for Social Policies. BCI introduction did not affect these funds but established, similarly to what occurred for example in Spain, an additional fund that was nevertheless subject to restrictions, i.e. to be specifically used for actions against poverty.

related expenditure, but also the fact that at that stage funds were not the greatest source of concern for the Regional Government and Council (FVG DSP; FVG SPC; FVG LPC).

Municipalities were critical governing bodies to ensure effective scheme implementation. Their task was actually to manage the administration and accounting aspects (i.e. managing in particular the selection procedure, checking eligibility and assessing eligibility extension, as well as determining benefit amounts, expense commitment, etc.), but also to contact recipients and perform activation (namely, drawing up pacts and personalised plans; taking actions, when necessary, to suspend or even revoke the benefit or lower the sum to be paid out); and finally, to create a territorial network, especially by synergistically collaborating with job centres in order to coordinate scheme application and monitoring, and by developing collaborative relationships with CAF centres responsible for CEE index determination.

As for the extent and access threshold of benefits, the scheme aimed to counter absolute poverty rather than relative poverty, as it was applied to households with annual CEE income of 5,000 euro. In addition to income, there were residence requirements: The scheme was only accessible to individuals who had been residents in FVG for over 12 months. The amount was about 415 euros a month for a single individual, whereas amount determination for households was based on the number of household members according to the ISEE equivalence scale. As there was no maximum limit, benefits paid out to large families could be quite significant, even exceeding 1,000 euro.

In order to access the minimum income scheme, recipients had to underwrite a preliminary pact with municipal social services, containing mutual commitment to defining an agreed process of accompaniment to overcome the difficult conditions of the recipient and his/her household. In addition to this pact with social services, minimum income access required applicants to commit to actively seeking a job by signing a so-called service pact, i.e. a written agreement between the job centre and the working-age individual stating availability to work. Based on this pact, the job centre committed to supporting the applicant in actively seeking a job, while the applicant committed to taking the agreed actions for employment. Besides the adoption of consistent and standardised criteria across the regional territory, this was the key difference between BCI and the

previous system of financial aid provided by municipalities, as BCI stressed the importance of labour market inclusion and promoted coordination between social welfare policies and labour policies. The need to activate recipients was further emphasised by the application of strict time limits: access to BCI was limited to 12 months and could be extended just once to 12 more months. The introduction of time limits was the Government's response to criticism by opposition parties, who had extensively warned against a degeneration of welfarism after BCI approval.

The regulation also provided for scheme assessment and monitoring, whereby a specific agreement was signed with IRS, a Milan-based external research organisation. The following data and considerations are taken from the final assessment report issued by this organisation in April 2009 and refer to the 10-month pilot period between September 2007 and July 2008 (IRS, 2009).

The first cheques were paid in October of the same year, only three months after approval of the implementing regulation and one month after municipalities started collecting applications. This is a very important piece of data, testifying to the good work performed during the scheme preparation stage, which allowed to respond quickly to situations of need (Spano et al., 2013), as opposed to most regional measures implemented at that time, taking even more than one year from application submission to fulfilment.

All in all, 8,361 applications were submitted, accounting for 1.6% of the total number of households residing in the region. It was quite a small number of applications, when also considering that, based on the European threshold, the number of FVG residents living in material deprivation conditions was 4.3% of the population (Eurostat data). Data seems to indicate a fairly high non-take up rate, probably due to less than optimal information - as it was the first year of the pilot project -, but also to the stigma associated with this kind of aid measures, especially in a region with a deeply-rooted culture of work and where there had been quite a strong campaign against "idlers ready to take advantage of citizenship income".

Overall, applications considered as valid, i.e. with income below the CEE eligibility threshold, were 78% of all submitted applications. Nevertheless, only 65% of eligible applications were actually accepted, accounting for 4,264 households. According to IRS

(2009), however, the reason why a large part of the eligible population did not receive the benefit was not due to budgetary constraints, but rather to the fact that they had not completed the application procedure, failing to show up at municipal social services by the indicated deadline.

Most recipients were households suffering from severe marginalisation. The majority (42% of recipients) was single individuals, followed by lone parents (22%) mainly consisting of women under 40 years of age. Households with dependent children, a social group traditionally at high risk of poverty, were (only) 18.6% of recipients. The vast majority of beneficiaries were Italian citizens, while UE and non-UE immigrants accessing the scheme totalled 19.3%.

Another interesting piece of data was the number of recipients who got actually activated, i.e. who took part in labour or social inclusion activities, namely 59.3% of beneficiaries, hence a higher percentage than most European experiences considered as *best practices* (Sacchi, 2016). A closer look reveals a different distribution of such activation percentages across the region, basically due to administrative overload conditions affecting implementation in certain areas. A typical example was Trieste, which had to deal with almost 1,300 recipients and managed to activate only 35% of them. Such cases evidenced the need to increase staff numbers and boost the organisation of social services in order to implement all scheme components, unlike other geographical areas where the existing organisation was capable of implementing the entire scheme, including activation (FVG SW).

Secondly, it is worth stressing that, despite major territorial differences, integration with job centres was successful, as 45% of recipients were referred to job centres and approximately 1,238 of them signed a service pact for labour market inclusion. In most cases (partly in consideration of the short pilot duration, see below) this translated into supporting and advising beneficiaries in seeking a job, but there were also significant numbers of individuals who started professional training (17.9% of service pact signatories) and accessed *work experience* projects (16%).

On the whole, the way the scheme was run - considering the time it took to collect applications, the ability to rapidly perform income estimates and to organise meetings

with recipients and implement activations processes - was by all means positive, especially if compared with other regional experiments carried out in Italy in the same period of time (Amaturo and Gambardella, 2009, Natili, 2012, Spano et al., 2013).

Although there is no sufficient data to provide an exhaustive judgement, worthy of note is also the fact that inspections by tax police⁸⁶, where conducted, did not find any significant false positive situations, i.e. people accessing the benefits while not meeting requirements. Few cases were identified, generally resulting from errors rather than from real frauds (FVG DSP).

3.4. BCI abrogation and anti-poverty policies in FVG during the crisis.

The period of BCI development and early implementation did not attenuate controversy between majority and opposition over the scheme. In particular, the regulation approval, which officially identified as BCI recipients registered families, triggered new criticism by Forza Italia on national newspapers⁸⁷. In particular, Councillor Blasoni complained that the scheme would thus penalise traditional families, besides being addressed to homosexual couples as well:

*«The regulation establishes a provision that is not directed at single citizens nor at traditional families as intended under the Constitution, but at a more general concept of "registered family". It is - he explains - a family consisting of a group of people even simply bound by a generic affective relationship». (...) «The concept of family they are referring to – he says – is the registered family, namely a group of people bound by affection. This means that the measure is granted, for instance, to homosexual couples as well. This is why I'm going to submit a question to the Regional Government».*⁸⁸

⁸⁶ The measure was repealed before completion of the protocol that would have extended control over the entire regional territory (FVG DSP).

⁸⁷ See for example *Il Giornale* of 20 July 2007 "Friuli: basta convivere per avere il sussidio da Illy" (Friuli: living together is sufficient to get Illy's subsidy). Also see *Il Piccolo* of 14 July 2007: "Alzetta: reddito minimo ai gay, Blasoni sbaglia" (Alzetta: minimum income to homosexuals, Blasoni is in error).

⁸⁸ *Il Piccolo*, 13 July 2007: "Primo sì al reddito garantito Contributi anche alle donne vittime di violenze e abusi" (First voting in favour of basic income - Women victims of violence and abuse to also benefit from it). Similar statements were also published in *Il Giornale* of 20 July 2007.

Upon approval, new regulatory conflicts emerged with regard to minimum income protection. Then again, minimum income - despite its limited significance in the regional budget - acquired political importance in the context of Friulan politics. LN, in particular, did not confine themselves to opposition within the Council and to statements to the media, but inaugurated a strategy of “resistance” to BCI at a municipal level, designed to limit scheme access to Italian citizens only. So, municipalities governed by LN mayors started experiencing numerous delays and different kinds of obstacles to the actual scheme application (FVG PD; FVG DSP).

The conflict between majority and opposition over minimum income protection harshened during the campaign for regional elections in Friuli Venezia Giulia in April 2008. However, in contrast to what maintained by a large part of political science literature, the minimum income theme was used not so much by the government majority for credit claiming as by the opposition to criticise the work done by Illy's Regional Government (FVG GVR; FVG SPC; FVG LPC). In fact, BCI abolition became one of the campaigning pillars used by the candidate from a centre-right coalition consisting of newly formed *Popolo della Libertà*, *Lega Nord* and *Partito dei Pensionati*. Some newspaper headlines were indicative of the centre-right communication strategy. For instance, on the day the two main candidates launched their electoral campaigns, headlines on *Il Piccolo* read: “Illy: Third A4 lane ready by 2013. Tondo: No to minimum income, support should be given to pensioners”⁸⁹. More generally, pre-electoral debates revealed quite clearly that BCI was being used chiefly by the centre-right coalition to criticise Illy's executive, depicted as a government that “increases public spending and taxes”, rather than by Illy as an example of good governance:

“Tondo attacks citizenship income: «A provision dictated by Rifondazione that overturns the culture of this land, by associating income with citizenship instead of with work. We are going to cancel it and allocate those 37 million to families, bringing them back at the heart of government action. We have many proposals to put forward, such as reducing VAT to 4% on baby nappies and formula». Illy doesn't take the blow: «The opponent has just read the title of the law. Minimum income has been designed by Tito Boeri, it is directed at unemployed and elderly people, and lasts 12

⁸⁹ *Il Piccolo*, 13 March 2008.

months, maximum 24. And unemployed recipients who reject a job offer twice lose access to the scheme»⁹⁰.

The scarce publicity given to this measure by the Friulan centre-left parties was explained as follows by former *Democratici di Sinistra* secretary Bruno Zvech:

“We knew that the scheme would not increase our constituencies. To us it was important for it to be accepted by our people from an ideal and value perspective, but the audience of reference was not our audience, quite the opposite, it was an audience little disposed to voting and engagement.... so it was no cunning trick on our part, but rather our conviction that it was an important modernising action.”

While being one of the qualifying actions taken by Illy's government from 2003 to 2008, it was not considered as an electoral mainstay by the centre-left, which once again preferred to focus the campaign on a government agenda that did not make any reference to BCI (Electoral Agenda of *Intesa Democratica* FVG, 2008).

Victory by the centre-right coalition led by Tondo was a turning point for minimum income policies in Friuli Venezia Giulia. As early as one month after the elections, the newly appointed Regional Health Minister hastened to reiterate to media the new government's standing on the issue, releasing a statement that helps understand the views of the coalition led by the newly created *Popolo della Libertà* in this policy area: *«Institutions cannot take the place of Caritas and vice versa. That's why we are planning to replace minimum income with other kinds of measures.»*⁹¹. In fact, there were contrasting positions even within the coalition, with government forces, in particular UDC, proposing a scheme revision instead of total abolition, also because technical experts in the administration - after their initial scepticism - convinced themselves of the scheme's effectiveness (FVG DSP; FVG SW). The initial steps taken by the government, and in particular by the Regional Minister of Labour of the *Alleanza Nazionale* party, Alessia Rosolen, seemed geared towards making access requirements more stringent by increasing the number of years of residency required for eligibility to three and reducing the number of years recipients were entitled

⁹⁰ *Il Piccolo*, 03 April 2008: *“Duello su debito e reddito di cittadinanza Illy: entrate in crescita.”* (Duel over debt and citizenship income - Illy: earnings are growing. Tondo: priority to families.)

⁹¹ *Il Piccolo*, 12 May 2008: *“Kosic: Soldi ai poveri? Non siamo la Caritas.”* (Kosic: Money to the poor? This is not Caritas.)

to benefits from a maximum of two years to a maximum of 12 months. In addition, limits to the maximum amount of economic aid available to large families were introduced. This line of action was deemed too “soft” and saw the opposition of *Lega Nord*, which called for the immediate cancellation of the BCI scheme. The comments published in *Il Piccolo* on 23 June 2008 made by Regional Council leader Narduzzi of the *Lega Nord* party are indicative:

“We acknowledge that Rosolen and Kosic have tried to correct an unfair and incorrect measure by softening its impact. But it is not enough.” Lega Nord wants the measure to be abolished immediately: “Citizenship income is merely a rehashing at regional level of the old welfare policies of the south that we so harshly criticised. Unsurprisingly, they exist only here and in Campania,” attacked Narduzzi. Regional Council deputy leader. Federico Razzini, agreed: “It is a generic, counter-educational and often unfair scheme that typically benefits non-Europeans, and it’s not the sort of welfare that our citizens want.”⁹²

The hard position taken by *Lega Nord*, which was backed by similar statements made during the debates and campaign elections by the former *Forza Italia* of the *Partito della Libertà*, obtained the support of the entire majority. In July 2008, only a few months after the centre-right coalition won the elections, Article 9 of Regional Law no 9/2008 abrogated Article 59 of the Law on the integrated system of social activities and services. It was thus decided to put an early end to the BCI pilot, which was scheduled to last 5 years, but in fact lasted less than 9 months (from 7 September 2007 to 31 May 2008). This decision is significant because both the initial data obtained from the evaluations and interviews revealed that any doubts surrounding the measure on the part of those inside the administration and the technical experts had been amply resolved: the decision to end the pilot was strongly politically motivated (FVG DSP; FVG SW).

The reasons leading to the abrogation were politically-based, while on a technical level the initial fears had been “overcome.” At first, my focus was more on the drawbacks than the advantages, but I had a change of heart; there was certainly room for improvement, but it was undoubtedly a positive experience. It was also an opportunity to learn more about the territorial landscape, understand how the phenomenon of poverty was changing, so the decision was anything but technical. On the

⁹² *Il Piccolo* of 23 June 2008, “*Reddito minimo, alt della Lega a Tondo*” (Minimum income, Lega blocks Tondo). On the dynamics at play within the centre-right coalition, see also *Il Piccolo* of 23, 24,25 and, specifically, 27 July 2008.

contrary, the decision came out of nowhere and we had a number of challenges dismantling everything. The pilot had just been launched, but it had been set up very well and included various components, so going back to the way things were was no easy task (FVG DSP – Head of Social Policy Department).

In the same way, it should be noted that in 2008 the economic cycle took a turn for the worst. After a phase of strong growth, in the early months of 2008 the economy of Friuli started to feel the first effects of the economic crisis. In 2008 the GDP pro-capita fell by 1.9% compared to the previous year, a 0.8% loss higher than the Italian average. However, a link between the decision to interrupt testing in the region to the region's economic challenges is unlikely. The revenue and expenditure trends of the region show that Friuli's revenue grew until 2011 and then halted (but did not fall), not unlike what was happening at aggregate level in Italy as a whole (Table 10). As already mentioned, at the time of the abrogation not a single politician argued that citizenship income was too expensive or that the state of public finances could no longer withstand the burden. Rather, they claimed that it was wrong and ineffective.

Tab. 10 Friuli Venezia Giulia, revenues and expenditures, 2003 - 2012

Rev.	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<i>Friuli Venezia Giulia</i>	4.163	4.308	4.327	4.257	4.316	4.855	5.720	5.782	5.716	5.451
<i>Total Regions</i>	146.361	145.295	150.265	158.385	157.955	175.863	182.505	183.409	183.374	183.426
Exp.	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<i>Friuli Venezia Giulia</i>	4.660	4.744	4.886	4.884	4.912	5.436	7.006	6.378	6677	6.404
<i>Total Regions</i>	170.706	168227	173.969	173.640	182.471	205.248	209.048	208.418	200149	199.976

Source: ISSIRFA

Additionally, a closer look at the dynamics of social expenditure in Friuli Venezia Giulia reveals that budgetary constraints in no way led to the decision to do away with the minimum income scheme. Firstly, because certain social assistance measures actually saw significant growth. Two such measures were in fact introduced by the Regional Government under Illy and saw great expansion during the Tondo presidency. These were the Fund for Possible Autonomy and the Family Card. The former, introduced by Illy's government, aimed to support non-self-sufficient individuals and families and doubled its funding budget from 15 million to 32 million from 2008 to 2009. The Family Card⁹³ had a similar evolution and provided support to middle-low income families with at least one minor dependent child. The Family Card gave beneficiaries certain tax benefits (a bonus towards electricity bills, among others) and various means of financial support. The Regional Government's goal was to reduce expenditure for low-income families and support middle-income families with young children. The words of CISL Regional Secretary shed light on this process:

“Resources were funnelled into the Family Card, so bonuses for electricity, day-care, because Regional Minister Molinaro comes from a Catholic area and the measure was very important to him. Through the electricity bonus families with incomes of around 50 thousand euros received a significant bonus, up to 700 euros, the level was quite high. My daughter's family, for example, earned a total annual income of 60-70 thousand euros and her family received close to 6 thousand euros every year after her second child was born. She received strong support, even though she had a good income. Resources that had been set aside and were needed as revenue were used in this way” (FVG CISL – CISL Regional Secretary).

Secondly, resources that had already been set aside by the previous administration for the BCI scheme for the remaining years were used differently, although they still went towards anti-poverty initiatives. On the one hand, the (Old) Social Card introduced in 2008 by the Berlusconi administration (see Chapter 1) for Friuli residents was increased. The Region paid an additional 120 euros to the amount covered by the Central Government. Card-holding residents of Friuli Venezia Giulia thus had at their disposal 200 euros on a

⁹³ The Family Card provided benefits by lowering costs and rates or by directly offering economic relief for certain goods and services used by families or for certain duties and taxes. The extent of benefits was based on the number of dependant children.

bi-monthly basis. On the other hand, the *Fondo per il contrasto ai fenomeni di povertà e disagio sociale* (Anti-Poverty and Social Exclusion Fund) was introduced. This was a further fund aimed at supporting local municipalities in implementing anti-poverty and social exclusion measures. The initiative was in addition to those already put in place at Municipal level to prevent, overcome or mitigate the condition of those temporarily in need with a view towards rendering such individuals completely autonomous, and could be coordinated with other interventions and welfare benefits. In their respective districts and within the limits set forth in the Regional Regulations, mayoral assemblies could identify specific methods on how to manage these measures. The eligibility criteria laid down in the Regulations were straightforward: eligible individuals must have an annual income of less than 8,180.87 euros ISEE. The starting amount is 680 euros, plus 100 euros for every dependent child. The Regulations also introduced stricter residency requirements so that benefits could be extended only to Italian and EU citizens and holders of long-term residence permits.

While the economic crisis did not affect the regional public finance in the short term, it did have a devastating impact on the regional economy and in particular on the living conditions of very low-income earners in Friuli Venezia Giulia. After ranging between 4.2% and 3.4% from 2000 to 2007, the unemployment rate spiked to 7.7% in 2013. The data on absolute poverty are particularly significant (and worrisome): The severe material deprivation rate rose from 3.9% in 2007 to 6.7% in 2013, peaking at 9.2% in 2012 (Eurostat data). ISTAT (the Italian Institute for Statistics) does not issue data on absolute poverty broken down by region, but we do know that between 2008 and 2013, in northern Italy, the rate of absolute poverty rose by 78% to 5.7%.

And yet, during this difficult phase, in which the living conditions of the Friulian population were deteriorating at an alarming rate, the BCI scheme was abrogated and the previous model, whereby anti-poverty financing was issued directly to the municipalities, was reinstated. As a result, the Region no longer had any say in the management of anti-poverty policies, which returned to the hands of the Municipalities, and could no longer tackle poverty through a multidisciplinary approach involving the integration of various institutions (FVG CRT – FVG DSP – FVG SW). The *Fondo per il contrasto ai fenomeni di povertà e disagio sociale* (Anti-Poverty and Social Exclusion Fund) was, furthermore, less

funded than the previous BCI scheme and, compared to this latter, did not have the advantage of integrating social and labour policies⁹⁴. More importantly, as underscored in the interviews, the important planning work that made it possible to make significant advancements in the sectors in which the Italian welfare system most needed it (such as the means-test, the creation of a computerised record system, horizontal integration) was lost. The monitoring and evaluation structure put in place through the BCI scheme no longer exists, so we have very little information on how the fund was implemented and whether or not it was effective. When asked specifically about the future of minimum income policies at regional level, President Tondo made the priorities of the new administration quite clear: *“Regional Minister Vladimir Kosic is working on it and a new tool could emerge, but frankly it is not a priority. The tool already exists and it simply entails giving more resources to the municipalities so that they can help those who need it most.”*⁹⁵

Finally, it should be noted that, in this phase, the anti-poverty sector was created and strengthened with the strategic cooperation of the diocesan branch of Caritas in Friuli Venezia Giulia. The change of the Regional Government took place in conjunction with a specific agreement that led to the creation of an observatory on poverty and annual reports co-drafted by the Region and Caritas (Zanarolla, 2012), as well as regional funding for innovative micro-credit and financial aid initiatives set up by the diocesan branch of Caritas in Friuli Venezia Giulia in favour of socially-excluded individuals (FVG CRT).

It is also important to note that in FVG, just as in other regions, the elimination of the BCI scheme did not give rise to any protests on the part of the would-be recipients or any mobilisation efforts. Perhaps this is due to the fact that the pilot lasted for such a brief time, but it certainly confirms the limited political resources of this social group (Bonoli, 2005). Not particularly enthusiastic of the measure even at its inception, not even the social partners seemed ready to take any decisive action against the new direction social policies were taking in Friuli Venezia Giulia. On the contrary, CISL, which from the start had been very critical of the introduction of the measure, sided with the Tondo government on its

⁹⁴ The implementing regulation provided the option of integrating and supplementing financial support with professional psycho-social counselling as well as socio-educational and welfare services. However, the availability of this option was left up to the municipality to decide and was not a condition for receiving support, as had been the case for the previous regulation.

⁹⁵ Il Piccolo, 31 October 2008, *“Tondo: Finanziaria, niente tagli Per le famiglie 22 milioni di euro”* (Tondo: budget law, no cuts. 22 million euros for families).

use of social policy resources (FVG CISL) Even though there were no mobilisation efforts or specific protests against the measure's abrogation, CGIL did, however, lament that the anti-poverty funds had been drastically reduced without being channelled towards labour, the sector towards which CGIL traditionally supports the region's flow of resources.

In conclusion, partisan dynamics and electoral competition are key factors in understanding the abrogation of BCI in Friuli Venezia Giulia. Indeed, the abrogation came on the heels of the change of the government majority that led to a return to the original status quo whereby anti-poverty measures were once again regulated and managed by the municipalities. Some of Friuli's centre-right parties expressed their opposition in principle to the minimum protection scheme right from the beginning, albeit for slightly different reasons. *Forza Italia* criticized the measure because they saw it as a handout to freeloaders and considered financial support to the needy to be the duty of the family or, alternatively, the third sector, but not of the government. *Lega Nord* insisted on the fact that the measure benefitted mostly immigrants and for this reason had to be eliminated. Both political parties turned the elimination of BCI into a key message during the election. Because it had been promised during the campaign, despite the opposition of the administration's technical experts and the (overall) positive assessment of external researchers, *Lega Nord* called for the immediate abrogation of the measure when they took office in FVG.

The abrogation was facilitated by the lack of mobilisation efforts on the part of social and/or civil partners, leaving the minority centre-left parties with few instrument to avoid abrogation. Subsequently, the government reinstitute the original model whereby the region role was limited to redirecting resources to the municipalities, which could ultimately decide on how to proceed. Resources originally directed to the last resort safety net were cut and targeted to various categorical measures and other social groups, namely medium-income families and non-self-sufficient individuals.

3.5 The introduction of the Active Income Support Measure

The 2013 elections saw Tondo (*Popolo della Libertà*, *Lega Nord*, *Autonomia Responsabile*, *Unione di Centro*) battle it out against Debora Serracchiani (*Partito Democratico* and *Sinistra Ecologia e Libertà*) and Saverio Galluccio (*Movimento 5 Stelle*) and the issue of MI brought to

the forefront by the centre-left coalition. In a phase of limited available resources, the victorious centre-left government set its sights on the introduction of an MI scheme, in the face of the initial disapproval of its social partners (FVG CISL; FVG CGIL).⁹⁶

Faced with economic challenges and the initial doubts of social partners – specifically the Labour Plan set up by CGIL in 2013 giving top priority instead to structural measures aimed at job creation – President Serracchiani was initially cautious about introducing an MI scheme. However, a number of factors contributed to bringing this issue once again to the top of the Regional Government’s agenda. Firstly, *Sinistra e Libertà*, the *Partito Democratico* government’s principal ally and the party of the Regional Minister of Labour, a key political figure, reiterated its intention from the start to make good on its promises made during the campaign. Working alongside this force, *Movimento 5 Stelle* – for the first time seated on the Regional Council with 13.4% of the vote – echoed the sentiments the party was making known on the national stage and declared the introduction of an MI scheme to be an important political objective. From the outset, the party was open to talks with the Regional Government on the possibility of introducing a universal yet selective measure in the fight against poverty⁹⁷ and in April 2014 presented Draft Law no 47 on the introduction of a Guaranteed Minimum Income measure.

Playing a key role in pushing the government to work in this direction was CGIL, which, after watching the job market conditions progressively deteriorate, in December 2014, openly called on the region to make a support measure available for workers who no longer had access to unemployment benefits⁹⁸. On its own initiative, the trade union committed to a proposal – created in partnership with IRES – to introduce an income support scheme that would go hand-in-hand with active labour policies (Stocco, 2015). The proposal was reiterated during a convention attended by welfare and trade union executives and by CGIL national secretary Susanna Camusso. The government and trade unions worked in close consultation with the shared goal of coming up with a measure that would foster re-employment (Stocco, 2015).

⁹⁶ Il Piccolo, 9 October 2013: “*I sindacati bocciano la “restaurazione” del reddito minimo in Fvg*” (*Unions give a thumbs down to the “restoration” of minimum income in Friuli Venezia Giulia*).

⁹⁷ Il Piccolo, 2 February 2014, “*I Cinque Stelle sfidano Serracchiani sul reddito di cittadinanza*” (*The 5 Stelle party challenges Serracchiani on citizenship income*).

⁹⁸ Il Piccolo, 8 December 2014, “*La Cgil boccia il piano lavoro della giunta*”. (*CGIL rejects the Regional Government’s labour plan*).

On 29 May, the start of the consultation between the government and the trade unions led to the centre-left coalition's proposal to introduce *Active Inclusion and Income Support Measures*; and on 25 June, not even a month later, the Regional Council approved Law no 15/2015, with 27 votes in favour from *PD, Cittadini, SEL* and *Movimento 5 Stelle* and eight votes against from *FI, Autonomia Responsabile, NCD, FDI* and *AN*.

With financing totalling 29.5 million euros, November 2015 marked the start of the implementation of an *Mis* in Friuli. As the experience of the *BCI* show, it might however be to soon to speak about a stable path departure in regards to anti-poverty policies in Friuli Venezia Giulia. Favourable political competition dynamics, such as those that seem to have contributed to the introduction of *Active Inclusion Support* measures, may come about, but in Italy less favourable dynamics and policy reversal seems to be equally plausible.

4 Minimum income protection in Lazio

4.1 Economy and society in Lazio

Situated in central Italy, the Lazio region is not the biggest in terms of territorial coverage, but counts a population of almost six million and is the second most populated region in Italy. Rome, the capital of Italy and Italy's largest city with more than 2.6 million inhabitants, accounts for the region's high population density and labour structure. Tertiary activity makes up the economy of Lazio for around 80%, 10% higher than that of the rest of the nation. In addition to commerce, logistics, and transport, the tourism sector plays a big role. Compared to the rest of Italy – and particularly to the other regions of the centre-north – the least developed sector is the industrial one, more specifically manufacturing and building.

In the early 2000s the economy of Lazio ⁹⁹ – in terms of GDP, Italy's richest region second only to Lombardia, Valle d'Aosta and Trentino Alto Adige – experienced a period of weak, yet steady, growth. Between 2000 and 2005, the region's GDP in real terms grew by more

⁹⁹ Unless otherwise specified, the data contained in this paragraph were sourced from the Eurostat online database.

than 8.5 points, 4.6 percentage points higher than the national average (3.9%). In 2005 employment showed a favourable trend, with employment rates equal to 58.6% (up by 6.6% over 2000), but still lower than in the other centre-north regions (-6.8%). The rate of unemployment (7.7%) was down over the previous years (-3% compared to 2000), in line with the national average, but decidedly higher than the average of centre-north regions (4.2%). Female employment in particular saw positive growth, rising more than 10 points in the five-year period between 2000 and 2005 and reaching 48.2%, which might help explain the region's good employment performance.

With regards to poverty and social exclusion, the 2005 poverty rates in Lazio – steady in the period leading up to the economic crisis – were significant, but still well below the average for the south. People at risk of poverty accounted for 16.2% of the population, a percentage higher than the other central (3% higher) and northern (6% higher) regions, but definitely lower than in the south (16% lower). The rate of material deprivation (3.9%) is an indication of the presence of absolute poverty in the region, even though it is not as widespread as in the south (12.8%). Unfortunately, the data provided by ISTAT – which uses a very different methodology for calculating absolute poverty – cannot be broken down by region, but do reveal a rate equal to 3% in central Italy, just below the national average (3.6%).

4.2. The political system in Lazio

Anyone with knowledge of the electoral history of Lazio during the course of the First Republic will notice the continuous changes in the balance of power and the parties that have made up the government majority. This phenomenon is unusual in terms of political competition in Italy at regional level, which is often characterised by the progressive crystallisation of political power, be it *Democrazia Cristiana* on the right or *Partito Comunista* on the left. But from 1970, the year of the first regional elections in Italy, to 1992, no less than 12 different governments were formed in Lazio. The electoral landscape was especially competitive in the 1970s when Italy's first legislature had a *Democrazia Cristiana* majority and the coalition governments (DC, PSI, PSDI, PRI) presided by representatives of the DC party were formed. This was followed by a legislature with the relative majority

of seats in the hands of PCI, a party that initially supported a coalition government headed by the Socialist Roberto Palleschi and then itself held control of the government between 1976 and 1977, before the government was once again led by the PSI party. The *Democrazia Cristiana* party then reclaimed the relative majority of the seats in the 1980s, a decade characterised by (weak) governments led by the *Partito Socialista Italiano* party, which remained in power, with the support of often precarious coalition governments, for the entire decade. The 5th Legislature (1990-1995), which began with a return to power of the *Democrazia Cristiana* party, was shaken by the political earthquake that led to the fall of the party system of the First Republic, resulting in the succession of no less than four different governments.

From 1995 the electoral competition became bipolar, and we observed an alternation between centre-left (1995-2000; 2005-2010; 2013---) and centre-right governments (2000-2005; 2010-2013). The electoral dynamics were often highly competitive; a coalition prevailed over another by only a few thousand votes and the support of minority parties was essential. In 1995 the elections were won by the *Ulivo* coalition backed by no less than seven parties including the neo-centrist *Popolari* party and *Rifondazione Comunista*, with a difference of less than 0.2% of votes. In 2000 the centre-right (*Forza Italia*, *Alleanza Nazionale* and *Centro Cristiano Democratico*) obtained the majority and formed a government captained by Francesco Storace, a prominent member of the *Alleanza Nazionale* party. The 2005 election results swung the other way and the centre-left coalition won the government with just over 50% of the vote. Following the elections, in the centre-left alone, no less than eight parties were able to obtain at least one seat on the Regional Council, without counting that one of these, *Uniti nell'Ulivo*, is merely an electoral list made up of four different political groupings. It is within this highly-competitive and highly-fragmented context that the debate on the introduction of an MI measure took place.

4.2 *Fighting precarity, not poverty: the origins of the Minimum Income Guarantee in Lazio*

Income support policies in Lazio have evolved, at first anyway, in a very different way to those in Friuli Venezia Giulia. In the early 1990s, lacking a regional framework law on

social assistance (Madama 2010), Lazio did not move in any clear direction in the fight against poverty (Mirabile, 2001). Measures were scarce and limited to emergency funds for the social policies of the various municipalities made available to mayors and councillors who had discretionary power over where to direct the meagre resources in response to emergency situations¹⁰⁰.

The first break from the original model took place at the end of the 1990s when a number of municipalities in the Lazio Region were included in a pilot MI scheme. The 41 municipalities affected were in the area of Frosinone and also took part in the second pilot together with the lead municipality. The Berlusconi government's decision not to stabilise the project resulted in a sit-in on the part of the beneficiaries, more specifically in the small town of Cassino, where the families affected occupied the town hall for a few hours, and in isolated protests by regional executives on the left (the DS party) who put pressure on the Storace regional government to introduce regional measures in the absence of a national one. These were the first voices and the first steps, however isolated and unstructured, directed at the regional authorities to take action in regards to poverty and income support. Unlike what took place in other regions, the national MI pilot did not lead to any policy learning processes in Lazio in the way it did in Basilicata (Ballerini, 2012), or to any policy feedback processes as was the case in Campania, where the pilot project affected an important city such as Naples and the failure to extend it led to significant mobilisation efforts on the part of would-be recipients (Natili, 2012).

On the contrary, the idea of introducing a regional Mis in Lazio did not come until 2004 with the election of a new centre-left government¹⁰¹ and the appointment of Alessandra Tibaldi of *Rifondazione Comunista* as the Regional Councillor of Labour. All of the interviews conducted stressed the role played by PRC in the introduction of the measure and emphasised the pivotal role of Regional Councillor Tibaldi:

¹⁰⁰ In this sense, the fact that Rome was one of the few major cities in Italy in the early 1990s not providing a *minimo vitale* is significant (Kazepov, 1995).

¹⁰¹ A number of political forces were present in the centre-left coalition in Lazio: From the electoral list called *Uniti nell'Ulivo* and made up of *Democratici di Sinistra*, *Margherita* and *Socialisti Democratici Italiani*, to *Partito della Rifondazione Comunista*, *Federazione dei Verdi*, *Partito dei Comunisti Italiani*, and *Popolari dell'UDEUR*.

The measure is thanks to the Regional Councillor of Labour in office at the time, who worked very hard. Her name is Alessandra Tibaldi; and then the trade unions and social organisations got involved, then the law was drafted, and finally the financing was obtained. But the initial impulse came from the Regional Councillor of Labour (LZ LPD – Department of Labour Policy Province of Rome).

The proposal essentially came from the Regional Councillor of Labour, Alessandra Tibaldi. (...) Let's just say that the background of Alessandra (Tibaldi) – who was very good, don't get me wrong – and her political affiliation (Rifondazione) ensured that she would follow a certain path, as legitimate and wholly valid as it was, irrespective of the real problems at stake. It has to be done, in other words (LZ CISL).

The measure was born from the former area of PRC. The Treasury Regional Minister was Nieri, who currently belongs to the SEL party, but started out there, Tibaldi was the Regional Councillor of Labour; most of the left pushed within the area of government, within the Marrasso majority, which was well-coordinated (LZ FI – Councilor of Forza Italia 2005 - 2010).

The law was supported by PRC, particularly by Regional Councillor Tibaldi. Look, it basically started out like this: When the Marrasso administration took office, this law, the introduction of a guaranteed minimum income was part of the programme. When the government came into office there was already the start of mediation within the majority for the introduction of a measure of this kind. As social partners, the proposal came to us from the Regional Council (LZ CGIL).

Regional Councillor Tibaldi herself confirmed these accounts:

“As soon as we took office, it was the first measure I put forward, as the elected official of PRC. We began discussions in early 2005” (LZ SPC).

The reasons behind the decision of the *Rifondazione Comunista* party to push for the introduction of a universal income support measure were more complex. Traditionally, the Italian left has supported measures aimed more at the creation of new jobs and forms of social protection linked to employment than universal income support measures (Picot, 2012, Madama et al., 2013). The party's renewed attention towards social movements as a result of the so-called “*svolta movimentista*” – i.e., the attempt to become a privileged

interlocutor of the social movements, proposed by then-Secretary Fausto Bertinotti in the V congress (Bertolino, 2004) – may help shed light on the party's change of policy.

For some time, a reflection within the antagonist movements was developing as to the consequences of the transformations taking place in the last decade in the job market, particularly in reaction to the introduction of non standard contracts in Italy for the first time by the Treu Reform and the subsequent Biagi Reform. In Italy, as in the rest of Europe, these reforms led to reflections on precarity, which in turn led the Italian social movements to support a basic income as a tool for reducing the negative consequences of flexible working hours for workers and guaranteeing financial safety for workers between jobs. Another advantage was that it “freed (workers) from the coercion of precarious, bonded and pre-determined employment” (see Fumagalli, 1998).

The issue of guaranteed income was becoming an important claim, along with the right to housing, and one that was brought to the forefront during major events at national (primarily during May Day events) and local level. In particular, in Rome, more and more conventions and mobilisation efforts were held on the issue of basic income in the late months of 2004, with nearly 100,000 people mobilised and ready to occupy the offices of the Regional Labour Council (LZ BIN; LZ SPC).

Former Regional Minister Tibaldi pledged her support to the movements, acknowledging their importance from a cognitive standpoint as breeding grounds for innovative ideas and from a mainly political point of view, since they attracted the interest on the part of the parties:

The movements pushed hard for a relationship of mutual acknowledgement between the Labour Council and areas of social opposition, putting on the table issues such as housing and income protection. And even when they occupied the Council there was always an open discussion. Within this climate, of acknowledgement even in the presence of discord, an interest was created around this issue...initially within Rifondazione and then everyone else followed. In the end, it was a majority victory.” (...)

“So, in part, the measure comes from the fact that social opposition centres have always existed in Lazio. I remember that the first meeting (on minimum income) was held in a squat in Rome and was attended by people who were actually very competent. Of course, it was a social space rooted in

antagonism, but we had some very important discussions, especially on the issue of guaranteed minimum income. I remember well that I chaired the very first meeting as Regional Minister in the centre. Some of the people present, like Sandro Gobetti, even became collaborators of mine. These are the same people who founded the Basic Income Network Italia. The issue therefore also arises out of antagonist movements, which were the first ones to bring the issue of basic income to light.” (LZ SPC – Region Lazio Social Policy Councillor (2005 – 2009)

The movements’ interest in these measures was a factor in the decision of the Regional Councillor of Labour, and PRC, to support the introduction of a minimum income within the majority coalition (LZ SPC; LZ LSC; LZ BIN; LZ GGIL). Some spokespeople for the social movements, particularly Sandro Gobetti, were hired by the Regional Councillor as *“Responsabile degli studi sul reddito garantito”* (Head of Guaranteed Income Studies). The introduction of these individuals within the institutions was a result of PRC’s interest in the measure and made it possible for the issue of minimum income to have a place on the agenda of the centre-left coalition government in Lazio. In this period, mobilisations with the Regional Council and the Labour Council were a constant (LZ BIN; LZ LSC; LZ SPC).

Support for the measure from other interest groups during this initial phase was scarce. As a result, the Lazio Regional Council adopted a cooperative approach in an effort to rally support for a universal income support measure. The main Italian union confederations initially expressed serious doubts on the feasibility of introducing such measures in Lazio (LZ BIN; LZ LSC; LZ SPC; LZ CGIL; LZ CISL). From the start, CISL doubted whether the measure was financially sustainable and, in general, whether universal measures could be viable, preferring to channel resources towards other forms of social protection and in particular towards extending social shock absorber in derogation, which in certain sectors in had been in force Lazio since 2001:

We said that if we want to create a universal measure, this will likely require significant economic resources. We expressed our perplexities, at least in the beginning (...). When this measure was put before us, we said: “Wouldn’t it be advisable to extend the derogation in other sectors?” The idea did not pass because there was already the idea of minimum income and because it was thought that this would have protected those who were already in the job market and that interest would be lost in those who were farther away or struggling in the job market. (LZ CISL)

While expressing the same doubts as to whether the measure would be financially sustainable, CGIL seemed more open-minded about the possibility of introducing this measure, provided that it could be coupled with active labour market policies (CISL LZ; CGIL LZ):

“The measure was the result of a political decision on the part of the Region and stemmed from the need to take action in an area in which the majority of European countries had already regulated in this sense. (...) As a trade union, and I speak for CGIL, which was at the centre of the discussion, our priority was not to abandon the idea of active labour market policies. (...) As we saw it, it was necessary to offer a response in relation to employment. Not social policies, not welfare, but active job promotion.” (LZ CGIL)

These interviews demonstrate how, as was the case in Friuli Venezia Giulia, CISL and CGIL were cautious when it came to introducing a form of guaranteed income, even though their reasons were different. In addition to making financially-based considerations, CISL doubted the desirability of the measure and preferred to give income protection to those who were already present in the job market (LZ CISL; LZ LSC). CGIL opposed the proposal of the social movements to introduce an unconditional minimum income irrespective of the will of the individual to return to the job market, but was open to the possibility of a minimum insertion income scheme similar of those introduced in other European countries (LZ CGIL; LZ LSC).

Despite initial indifference on the part of the social partners, the Regional Councillor of Labour, intent on introducing an Mis and having just successfully concluded an agreement with the majority of the Regional Government (LZ CGIL, LZ CISL; LZ SPC), adopted a cooperative strategy in an effort to gain support for the measure, not only from the social partners, but also from key figures in the third sector. More specifically, a permanent round table was set up within the Regional Council’s Labour and Social Policies Commission attended by social partners and third-sector associations concerned with poverty and social exclusion issues. On this occasion, a (hard-won) agreement was reached mostly as a result of the staunch will of the Regional Council to introduce the measure than of actual support from the various interest groups, including unions. With the

exception of antagonist social movements, these interest groups failed to take any real action in support of the measure (LZ SPC; LZ CISL; LZ CGIL).

On the demand side, the social movements took action and maintained constant pressure on the Regional Council and the Regional Minister of Labour to ensure that the measure would be introduced. On the supply side - the political parties - the dynamics at play are interesting. As already mentioned, the pressure exerted by the social movements was watched with interest by PRC and especially the Regional Councillor of Labour, who became the privileged interlocutor of the social movements. Despite this, the fragmentation of the party system in Lazio gave rise to political competition dynamics which are crucial to understanding the evolution and features of the GMI system in Lazio. On the one side, as suggested by former Regional Minister of Labour Tibaldi, the numerous minority parties on the left made it possible to reach a majority in favour of introducing an MI scheme:

At party level, within the majority there was not any opposition, in part because Rifondazione initially had 6 Councillors, a good-sized group, and then there were the Verdi and Comunisti Italiani and we didn't have any particular problems with them. With PD...there was some mistrust at first on the instrument and especially on economic coverage since in the meantime the hole in the health budget had come to light...so we had the approval of the left, then of Partito Democratico, and finally of President Marrazzo (LZ SPC).

On the other side, the fragmentation of the party system made the context in Lazio particularly competitive, with different political forces competing to become the privileged interlocutors of interest groups, even those without strong organisational resources like the social movements¹⁰². The Regional Council received the proposal of the Regional Government in addition to six legislative proposals all regarding non-contributory income support measures¹⁰³, but differing on how the measures would be effectively implemented. An analysis of the various proposals reveals the wide-ranging positions within the

¹⁰² Unlike in Friuli Venezia Giulia, the discussions and efforts among the parties were not focussed on the features of the measure. Rather, they saw the parties competing for who would get credit for approving the measure and obtain public consensus (LZ LSC).

¹⁰³ These were proposals for the Establishment of Citizenship Income in the Lazio Region, Experimental Establishment of Citizenship Income in the Lazio Region, Experimental Establishment of Minimum Income in the Lazio Region, Establishment of Citizenship Income, Introduction of Last-Resort Income, Income Support Measures for Precarious Workers.

Regional Council and the importance of the dynamics of political competition in Lazio. Three of these proposals, all entitled Citizenship Income, came from the other left parties of the majority government (*Federazione dei Verdi*, *Partito dei Comunisti Italiani*, and a different proposal from *Rifondazione Comunista*). While very similar, the proposals envisaged unconditioned minimum income measures that provided financial support to households with an income below a certain ceiling and privileged access to the municipality's social services. The proposals differed from those of the Regional Government in that they were geared towards families rather than individuals. Moreover, the municipalities, as opposed to job centres, played a key role in the governance of the measures (see section below). The proposal backed by *Democratici di Sinistra* entitled "*Istituzione in via sperimentale del Reddito Minimo d'Inserimento nella Regione Lazio*" (Experimental Establishment of Minimum Insertion Income in the Lazio Region) envisioned a measure clearly inspired by the pilot project introduced by Minister Livia Turco in 1998. So, it differed from previous measures insofar as beneficiaries were required to take part in social integration programmes, training and active labour market policy activities.

The parties competing to introduce an income support measure were mainly from the centre-left. Some proposals came also from the centre-right, but they were vastly different to those presented by the centre-left majority. More specifically, Councillor Robilotta, an adherent of the "*Sacconi*" faction¹⁰⁴ in *Forza Italia* (LZ FI; LZ SPC; LZ LSC; LZ BIN), pledged support for a measure aimed at extending certain rights¹⁰⁵ to workers subject to separate national insurance and pension schemes (the so-called parasubordinate workers). The proposal, which is in no way comparable to an Mi scheme, served mostly to prolong the debate and throw a spanner in the approval of the measures of the centre-left rather than to provide any real contribution (LZ FI; LZ SPC; LZ LSC; LZ BIN). Councillor Robilotta stated in the interview that he was firmly opposed to the introduction of a measure targeted to all citizens living in poverty. In his view, such a measure would serve as a strong disincentive for recipients to seek employment and would go against the

¹⁰⁴ Maurizio Sacconi was at that period Labour and Social Policy Minister with Forza Italia. In that period, he became one of the leaders of the Christian Democratic faction of this party.

¹⁰⁵ The measure provided recipients access to subsidised credit, rent support, job services, training courses and special tax benefits for payments to external supplementary pension funds.

policies undertaken by the national centre-right government. Lastly, an anti-poverty and social exclusion proposal was also initially presented by UDC called “Reddito di Ultima Istanza” (Last-Resort Income) and reserved exclusively for the municipalities that took part in the pilot MI project.

The introduction of a Mi project in Lazio fuelled competition among the various political forces, which showed interest in the measure despite the different policy agendas, ideologies and pressure groups at play (LZ LSC). To simplify, the “minority left” parties (*Rifondazione Comunista, Partito dei Comunisti Italiani, Verdi*) proposed means-tested MI measures not conditional upon social inclusion and/or employment measures, which were optional in some of the proposals¹⁰⁶. The majority party (*Democratici di Sinistra*) instead supported an MI measure more similar to those present in Europe and more in line with the preferences of the trade unions, particularly CGIL, which, as already mentioned, promoted measures that would go hand-in-hand with active employment policies. The more centre-leaning party of the coalition (*Margherita*) expressed limited interest and did not actively participate in the debate, although it did support the introduction. Yet this was more out of its obligation to the coalition than to its true conviction (LZ FI; LZ CISL; LZ BIN).

Inside the centre-right, interest in the measure was undoubtedly limited, partly because the employer (and third sector) associations also showed little interest (LZ SPC; LZ CGIL; LZ CISL). For this reason, too, during the debates, the strong opposition that was present in Friuli Venezia Giulia was not observed in Lazio and the voices against (re) distribution measures were less loud, even though there were shared doubts as to whether Lazio could financially sustain a universal measure such as this one. The mayor of Rome Alemanno and a prominent figure within the *Alleanza Nazionale* party commented in *Il Tempo* that

¹⁰⁶ The remarks made by the President of the Labour Commission Giuseppe Mariani of the Verdi party underscore this position: “*When we assign this money we surely cannot force, as happens in other European countries, an applicant to take up an offer by some agency or job centre and then exclude him from social income. To this, I say ‘no.’ The principle of fairness tells us that if there are no favourable measures greater than social income, the individual cannot be forced to accept measures that are a kind of harassment or blackmail, which the central points of this law seem to be.*”

*“the principle of the measure is fair, but it must be sufficiently financed”*¹⁰⁷. A less positive stance was taken by a key official of the centre-right backed by Councillor Robilotta, a self-proclaimed “Sacconi supporter” who staunchly opposed the measure. For PDL leader Antonio Cicchetti the law is *“harmful because it entitles people to salaries simply for being members of a community.”* The UDC, however, had a more optimistic outlook: Augusto Pigliacelli (UDC) stated that the measure *“is only the first step in meeting the needs of our disadvantaged citizens and a sign that those in need have the support of the institutions.”*¹⁰⁸

The seven different proposals and diverging positions are a testament to how strongly this sector of policy is politicised in Italy. It should also be underscored that in Lazio, in a manner very different to the situation in Friuli, the dissimilar positions did not lead to a process of collective reflection, a learning opportunity on the various experiences at regional, national and international level, or to mediation among the various actors. As we will see later more in detail, the measure approved by the Council was very similar to the measure initially put forward by the Regional Minister of Labour, in other words it echoed the preferences of the social groups that initially took action to get the measure adopted. The introduction of a Mis in to the Region’s policy agenda gave rise to competition among the various majority parties who were vying to get credit as representatives of an interest group, rather than to a process of collective reflection and learning, whatever disadvantages this might have entailed for the scheme. A quote by Sandro Gobetti is useful to understanding the dynamics underlying Lazio’s policy-making:

*The seven different proposals were not the result of political clashes, but were due to the fact that everyone wanted to put their mark. At that time there was a lot of interest in the issue of minimum income, and demonstrations were frequent. And yes, PD wanted to take up where Law no 328 had left off and create a social assistance benefit for the poor...we had a completely different perspective that valued autonomy and was youth-based. In the end we achieved our goal. (LZ BIN).*¹⁰⁹

¹⁰⁷ Il Tempo, *Il reddito minimo un esempio per il Paese (Minimum Income: An example for the country)*, 6 March 2009.

¹⁰⁸ Ufficio Stampa Consiglio Regionale del Lazio.

¹⁰⁹ A statement along the same lines was made by the President of the Labour Commission: *“As often happens in politics, when you come up with a highly-appealing proposal, immediately it’s cut and pasted or embellished and in one way or another still deals with the issue of the crisis or the difficulties experienced by thousands of people, and everyone wants in on the action. The words minimum income were often in the title, but usually the proposals were merely a way to block the*

Rather than analysis and collective reflection, the different positions both within the parties and among the main interest groups affected the duration of the discussion. The Regional Government's initial proposals came just as the formation of the Government was reaching completion and by the end of 2005 a number of proposals had been presented to the Labour Commission. However, the approval of a shared measure wasn't obtained until four years later, on 4 March 2009, just under a year from the end of the legislature. Confirming the differences within the two coalitions, Law no 4 of 2009, which introduced GMI to the Lazio Region, was approved not only with the favourable vote of the entire centre-left majority, but also that of UDC. As for the rest of the opposition, worthy of note is the abstention of certain members of *Forza Italia* and the contrary vote of *Alleanza Nazionale* and Robilotta (PDL). The introduction of the law was accompanied by a special line of financing for the GMI scheme, beginning with the allocation of 40 million in three years (20 million for 2009, 10 for 2010, and 10 for 2011), later expanded in the 2009 Budget Law to 135 million for the three-year period 2009-11 (15 million in 2009, 60 million in 2010 and 60 million in 2011).

The measure approved in Lazio through Regional Law no 4 of March 2009 was one-of-a-kind at both national and international level and the result of the political dynamics described earlier and of the social forces that pushed for it to be introduced. On its part, the region's bureaucratic and administrative structure failed to promote the measure and did nothing to contribute to its planning. The administration's technical staff and experts also had a virtually insignificant role in the planning of the measure, which was entrusted to an external expert hired for the task and previously involved in the social movements. The implementation of the measure was assigned to a small ad hoc department staffed mostly with external personnel hired for the occasion.

debate and had no intention of improving the measure. It had become a competition. So, to move forward, as a group or a councillor you had to present a proposal with that title. And maybe the structure of the proposal was completely different and it contained a mish-mash of things, but you had to compete. When there are many proposals on the table, it's no longer just my proposal that has a sort of political domain, but it becomes mine, yours, his, theirs, so everyone has a slice, but in the end it is a single text so anyone can claim the merit and say they took part." (LZ LSC)

4.3 The Guaranteed Minimum Income

What set the measure in Lazio apart from the other MI policies introduced in the rest of Europe were the objectives the measure set out to achieve (Gobetti, 2011). While European measures intended to fight poverty and social exclusion, the aim in Lazio was to counteract the negative effects of precarity, in other words offer a “reservation wage” to low-income workers hired with non-standard contracts. This in an effort to guarantee workers an independent income source so that they would not be forced to be subjected to unfair and/or degrading employment offers. In the words of Gobetti:

The basic idea that should have been the pillar of this law was that guaranteed income would help workers subjectively increase their options, manage their own time (even more so in times of precarious living conditions): guaranteed income as a tool for getting out from under the burden of obligation, the uncertainty of employment, and the risk of poverty. (see Gobetti, 2011).

The idea that inspired the legislator was to equate the right to income to the right of citizenship, and free precarious workers, the unemployed, and the inactive from the obligation of having to accept “a job, any job.” This objective was firstly pursued through direct and indirect income support and then through the creation of service arrangements more flexible than those envisioned in the laws governing shock absorbers (see Faranda, 2011).

The underlying difference of the experience in Lazio when compared to the MI introduced in other regions of Italy and across Europe, and underscored by those who conceived and promoted the law (Gobetti, 2011, Santini, 2011; LZ BIN; LZ LSC), lies in the existence of four key elements: the beneficiaries of the law, governance of the service, coordination with social services and labour policies, and the relationship between the beneficiary and the public institutions vested with providing the service.

As for the first element, Law no 4 of 2009 established that the beneficiaries of the measure must be unemployed, inactive or precariously employed individuals¹¹⁰, with a personal taxable income of less than 8,000 euros in the fiscal year prior to the filing of the application. The measure is therefore aimed at individuals and not households. In other

¹¹⁰ According to the law, these are individuals who, irrespective of the nature of the employment relationship, earn an income that does not determine the loss of status of unemployment as provided for under Articles 3, 4 and 5 of Legislative Decree no 297 of 19 December 2002.

words, access to this measure depended only on the condition of the individual in the job market. An individual who was unemployed, looking for their first job, or employed under an atypical employment contract with a duration of less than 8 months in the previous year, could benefit from the measure, regardless of the income position of their partner and/or parents. The generosity of the measure, which paid such individuals 7,000 euros per year (equal to 580 euros per month) is noteworthy. As already underlined, the idea was to help individuals become independent of the need to work. Surprisingly, the existence of dependent minors did not entitle the individual to a higher income amount.

With regards to the governance of the measure, GMI schemes in Lazio were organised by job centres and not, as is the case in most regions and throughout Italy (and Europe), by the social services of the municipalities. This decision is understandable if you consider that the MI measure was introduced as a labour policy rather than as an anti-poverty one. However, understanding the reason for this decision given the small number of job centres present in the territory and the notorious challenges these centres face in Italy in carrying ordinary intermediary functions between job supply and demand is more difficult. Imagining, with equal resources, the possibility of assigning a new function to job centres in Italy similar to the one given to job centres in the Netherlands is also difficult. Unsurprisingly, all the other proposals presented to the Regional Council gave the municipalities a much more important role; on this point, however, the Regional Minister of Labour would not budge.

Moreover, if the Region had set up another special line of financing, the law (Article 3.6) would have given beneficiaries the possibility to take advantage of a series of indirect benefits, such as free transportation on local public transport, free cultural, recreational and sporting activities and services and free school books. In reality, this never happened. "Indirect" benefits, to use the term used by the legislator, did not include privileged access to the Region's welfare services, not even in areas where education systems and active labour market policies were in place. This is in part due to the fact that the goal was to create an unconditional income protection system, i.e. a system that did not require participation in any social and/or work inclusion programmes. On the other hand, the fact that privileged access to social services was not even an option was no doubt due to the fact that the measure was created, sought after, and promoted by the Regional Minister of

Labour and not the Regional Government in its entirety. As a result, integration with the Regional Minister of Social Policies or that of Education, for example, did not take place. If it had, it would have undoubtedly resulted in a wider range of services available to beneficiaries. The law, therefore, was limited to providing rather generous financial support, comparatively speaking, and other specific deductions, even though for this latter funding was never provided. In other words, very little ended up being taken away from the debate between experts and policy-makers. Situations of need were interpreted simply as a lack of economic resources. There was no room for socio-health policies that could help remove some of the barriers that create obstacles for those re-entering the working world nor for education and/or labour policies able to facilitate cooperation between supply and demand and render recipients more qualified to meet the needs of the job market.

Finally, as stated several times, beneficiaries whose applications were accepted were not required to sign any agreements with the administration. They were, however, required to register with the job centres in order to file the applications in the first place. Not being required to participate in any social or employment inclusion programmes, beneficiaries were instead required to be immediately available for employment. This requirement was loosened with Articles 6.5 and 6.6, which specified that the benefit lapsed if the beneficiary refused a job offer from the competent job centre, "in which the centre takes into account the previous salary earned by the interested party, the acquired professional skills, education and recognition of formal and informal competences in his/her possession." Beneficiaries were required to accept job offers only if the positions were in line with their skills and previous employment level. According to Spano et al. (2013), Lazio's law on the theme of conditionality was as ambitious as it was unrealistic, an opinion that can be espoused. While it is laudable to protect workers from being forced into compulsory employment, this is a fairly unlikely risk when one considers how job centres actually work in Italy. Instead, efforts should have been directed at making job centres better equipped to efficiently bridge the gap between the unemployed and employers (i.e., provide job searching assistance) and provide a good diagnosis of the skills and training needed for workers to effectively compete in the job market.

While differences emerge when comparing the experiences of other regions, in one context, the experience in Lazio had the same challenges faced in other regions in Italy and in Spain: the existence of budgetary constraints and inadequate resources. The resources provided under Law no 4 of 2009 were limited to 40 million for a three-year period and subsequently increased to 130 million for another three years (15 million for 2009, 60 million for 2010 and 60 million for 2011) in the following Budget Law. What is surprising is that the amounts available for the pilot were not in any way based on an estimate of the costs needed to finance the measure. Indeed, the issue of resources appeared not to have been a part of the discussions on the pilot since the matter of funding was deemed insignificant when it came time to decide on the features of the measure. This is why an estimate of the possible cost and the possible recipients of the measure were not considered necessary. No doubt this was due to the fact that during the early forecasts made at the beginning of the legislature it was hoped that the regional measure would be at the very least co-financed by the national government (LZ SPC; LZ BIN). In any case, despite the firm opposition of the national government, and in particular of Minister Sacconi (LZ SPC; LZ BIN), the issue of resources was not taken into consideration when the law was being prepared and an analysis of the costs was not made.

The measure implemented in Lazio of course contains many ambitious and innovative aspects, especially with regard to an individual's right to income and strengthening the individual's presence in the job market, or, to use a concept dear to Esping-Andersen (1990), increasing the degree of de-commodification of the individual in an increasingly flexible job market. It is worth noting that while attention to this theoretical notion was important, a reflection on the effective capabilities and possibilities of the Lazio Region was not equally relevant. As a result, the draft law envisaged a (predictably weak) structure of governance reliant on job centres, resources insufficient to cover the entire population of would-be recipients in Lazio (not just limited to people in relative or absolute poverty, but including a wider range of individuals: the unemployed, the inactive, and even the precariously-employed), and not enough services to enable individuals to overcome their disadvantaged condition, even beyond the economic aspect.

The introduction in the agenda and approval of the law were only the first steps in the policy change process. The creation of an implementing regulation, and its actual

implementation were subsequent steps, though no less important. The next section is dedicated to these policy developments and aims to show the importance of political dynamics in understanding the content of the measure in Lazio and the administration's ineptness at putting an effective anti-poverty and social exclusion system in place.

4.4. The onset of the crisis and the (difficult) implementation of GMI

The Council's approval of the introduction of a GMI scheme was only the initial step in the policy process that led to the introduction of a regional safety net in Lazio. The second crucial moment was the consultation process that took place between the Regional Government and the social partners to define the implementing regulation of Law no 4 of 2009. In this phase, the social partners, and in particular CGIL, took steps to change the measure from an unconditional income to counteract precarity to a minimum income to tackle poverty. The result was the introduction of a hybrid measure in which the draft law aimed to create a system that would protect individual income, while the implementing regulations, still within the framework of reference established by the law, aimed to create a measure against poverty for families who risk being marginalised and socially excluded.

In this phase, CGIL played a key role. The trade union took active steps during the consultation process to change the formulation of the law according to its preference and, at the same time, ensure financing additional to that provided for under regional law, which it considered absolutely insufficient. Surely, the approval of the law and the concurrent onset of the crisis, which had a particularly damaging effect on Lazio's productive and social fabric, heightened CGIL's interest in the measure and led to the trade union's commitment to bring the measure more in line with its interests. From the beginning, CGIL had been somewhat mistrustful of the measure prepared by the Regional Minister of Labour, but had not been totally closed to the idea of the introduction of an *Mis*. During this time, the other trade unions took a step back, as they were less interested in an effective anti-poverty measure (LZ SPC; LZ CISL; LZ UIL). The statements of a CGIL member reveal CGIL's interest starting from 2009 in the law and the mistrust of the other trade union organisations:

You must bear in mind that 2009 was the year of the separate agreements, so there was tension even among the trade unions...this led to the absence of a shared definition. In short, there wasn't a place where CGIL, CISL and UIL could discuss the issue amongst themselves. We talked around tables, and the various positions of the parties emerged...but, like I said, we tried to make this measure less unfair, less removed from reality, because at that time a measure such as the one that was being planned risked being totally detached from reality, (...) we tried to help create a system that was in keeping with reality, with the problems we were facing, but this took place around tables...the other trade unions had a more, let's say, passive approach... (LZ CGIL).

In an interview, CISL also confirmed that it was more firm and critical in its approach to the measure than CGIL:

With the other social partners there were no differences regarding the cost estimates, the differences were that we said look, we can't do this; we have to stand steadfast, while CGIL took a more lenient approach, in the sense that it said let's not stand in the way and let's not ask ourselves what will happen when the people go to claim their rights and there isn't any money (LZ CISL).

Within this context, after the approval of Law no 4 of 2009, the Regional Government began working in cooperation with the social partners and various administrations that potentially had a role in the implementation of the law, the provinces, and the job centres, which according to the legislative framework had the task of selecting the recipients and distributing the income. This process of cooperation, which for the first time saw the involvement of issuing entities, was actually short-lived, lasting only two months. During this brief time, however, a specific problem was addressed: How was it possible to implement the measure in light of the tight budgetary constraints? An initial check revealed that the number of people registered with job centres in Lazio, and who would have been entitled to benefit from the law, exceeded 500,000. This was too large a number for the Region's meagre resources. Consequently, it was decided to introduce a point-based grid that would make it possible to give priority to certain social groups over others (Table 11). Given the Region's budgetary limitations, it was decided that a specific announcement would be called every year indicating the resources assigned to each territorial area and the indices for selecting beneficiaries. This system also sought to avoid

the errors that had been made during the selection process in Campania (Amaturo and Gambardella, 2009).

Tab. 11: Selection procedure in Lazio

Condition	Points
Unemployed/Precariously employed worker	9
Inactive	4
Unemployed for more than 24 months	2
Woman	2
Single-income family	1
Single-parent family with dependent children	3
Family with a dependent child who has reached the age of majority	1
Family with a dependant minor child	2
Family with a dependant disabled member	3
Recipient with disability	3
Person in declared emergency housing	2

Introduced after the cooperation process with the trade unions and approved with Resolution no 426 of 24 May 2009, these criteria marked a move in the opposite direction of the law¹¹¹. Higher points were given to the long-term unemployed, women, single-parent families with dependents, and families with disabled members or members with a clear need for emergency housing. Priority was thus given to individuals living in a clear

¹¹¹ With the approval of Resolution no 426 of 24 May 2009 additional points were awarded to families, women, the disabled, persons in declared emergency housing, and the long-term unemployed (more than 24 months).

condition of absolute poverty and social emergency. While the decision is understandable and reasonable on many levels, it went against the original purpose of the measure. Most of all, if the intended recipients of this policy were socially-marginalised individuals, all the more reason then to combine economic support with privileged access to social services. But, as we saw earlier, social services had no role in the measure. What's more, the monthly amount of 570 euros was the same regardless of the condition or size of the family – a strange restriction, especially if you consider that the grid was introduced to reward large-sized families (and rightly so).

The introduction of new conditions for eligibility rendered the bureaucratic process (collecting applications and selecting candidates) particularly complex, long, and cumbersome¹¹². The law established that job centres would function as organisational centres and entrusted them with the selection process. As a result, job centres were suddenly tasked with a new function, without having received any preparation, given that the procedure was decided at the last minute, and without the provision of any additional human or organisational resources (LZ LPD). Furthermore, the province also found itself saddled with new responsibilities. Firstly, all of the applications had to be catalogued, the documentation verified, and income returns filed. Secondly, the administration had to add up the points for each application based on the grid and arrange a ranking system for the recipients. The job centres were left to grapple with these entirely new functions, in addition to having to do their usual work. In many provinces, ad hoc commissions were set up to establish and certify the selection process (LZ LPD). Finally, once the provisional rankings were published, any claims made by citizens had to be dealt with and the administration had to carry out new checks. Another aspect that should not be underestimated is that because of their new duties, the job centres had specific needs which not all of the job centres had the tools and skills to cope with.

In view of these circumstances, the selection process had become, in the words of a technical expert of the province, an *“enormous job. Because of the way it was proposed, the*

¹¹² Because of the decision to introduce new criteria, the public administration was required to collect new information. Had the decision been clear from the beginning, it would have been possible to use the ISEE for means testing. While the indicator has its drawbacks, because of the way it is set up, it takes into account the number of family members and problems present within the family nucleus, making the selection process much simpler.

measure created serious organisational problems for us. If it is possible to re-do the experience, as I hope it will be, it will have to be done completely differently. This was an experimental measure, and as such many situations were not taken into account.” (LZ LPD).

If it was possible for an innovative measure to cause organisational problems, perhaps it was thus possible to learn more from other past experiences implemented at national and regional level of which, at least from the interviews conducted, the technical experts and political staff charged with the measure had no knowledge. Moreover, though it was not possible to think that the administration could undergo a complex policy learning process, it was, however, possible to imagine that the selection process would have caused serious problems for the job centres, which were already struggling to cope with the tasks they had originally been set up for, and that the tender procedure would have made implementation times much longer. The fact of the matter was that the provinces took too much time drawing up the initial provisional rankings; after these were published, some citizens who had been excluded filed complaints and the documentation had to be re-checked before the final rankings could be issued. Depending on the area, the final rankings were completed at different times: in certain areas, particularly the province of Rome, the final rankings were available “only” nine months after the term for the collecting of applications, i.e., March 2010. In other areas, like those of Frosinone or Rieti, the process took even longer and final rankings weren’t ready until September 2010. Payment of MI was also effectively issued at different times depending on the area, but in any case, even in the most efficient areas, payment wasn’t received until at least one year after the application was collected. Paradoxically, some payments weren’t made until after the measure had been eliminated, and some beneficiaries received payment given their condition as citizens in need which had been certified almost two years earlier in the 2008 fiscal year.

The region had anticipated receiving around 50/60,000 applications (Gobetti, 2012) when, in fact, the number was closer to 110.000, of which 70.000 were declared admissible. In the end, given the resources set aside for the first year of the pilot, only 10.000 applications were accepted, i.e., roughly 14.3% of those entitled and 0.17% of the population in Lazio.

The high number of applications certainly exacerbated the burden of the administration, but the selection process via tender procedure and the fact that the job centres received no training and/or additional staff or had any computerised tools at their disposal to complete the task, undoubtedly contributed to increasing the workload for the job centres and worsening the long wait times for beneficiaries.

Moreover, under pressure from exasperated citizens and in an effort to make up for the lengthy delays, the administration decided to pay the amounts out in fewer instalments, in some cases in only two, instead of in 12 monthly payments (LZ SPD). This decision also drew a lot of criticism and went completely against the logic of a *Mis*. In so doing, support was not provided to individuals during times of need, but ended up being a one-off payment to meet a situation of crisis, which, incidentally, had been declared two years earlier.

As it was easy to foresee given the structure of the law, once the beneficiaries had been informed that they had a right to financial support, their contact with the administration was strictly limited to collecting the cheque every month from the post office. Once they had received the letter informing them that they had a right to GMI for 12 months, the beneficiaries had no further contact with the job centres or the social services of the municipality, which, as already mentioned, had no role in the governance of the measure. This procedure led to paradoxical results. In the event that the beneficiary did not appear, the administration put the monthly cheque back into circulation every month. So, in 2013, an official of the region was still putting into circulation every month an uncollected cheque. Even more absurd was the fact that the cheque could be collected four years after the individual's situation of need had been certified, regardless of his/her current condition (LZ SPD).

Unfortunately, not much information is available on the results of the pilot. Partly on account of the new political situation (see the section below), the monitoring activity never actually took place, despite it having been envisioned in the law. Unlike as for other regional pilot projects, we, therefore, do not know the characteristics of the recipients of the measure or anything about the impact Lazio's GMI scheme had on their living conditions. The change of government majority in May 2010 drastically shifted the region's

interest on the measure. Except for a minor department created ad hoc and staffed less and less over time, no one in Lazio saw to the implementation of the GMI scheme. If implementation was weak, any monitoring and/or assessment activities were completely absent, to the extent that there are no data on which to base the effects (whether negative or positive) of the GMI measure on recipients. However, a very small rate of coverage, lengthy delays, a wide time lapse between certification and payment, and an almost total absence of complementary measures aimed at improving the living conditions of recipients were all factors that drastically limited the ability of the measure to be something more than simply a one-off cheque handed over to a part of the population who was left to bear the brunt of the social and economic crisis.

4.5 Policy reversal and the resilience of the traditional model in Lazio

The GMI scheme in Lazio was officially introduced with the enactment of Law no 4 of 2 March 2009. In the following months, on the one side, the Regional Minister of Labour, in conjunction with the social partners and the Province, issued an implementing regulation. On the other side, the Regional Government signed an Anti-Crisis Agreement with CGIL, CISL and UIL establishing a series of expansionary measures, so that the budgetary manoeuvre of August of 2009 increased the resources allocated to GMI from 40 to 135 million in the three-year period from 2009 to 2011 and earmarking a budget of 60 million euros for 2011. GMI was one of the defining features of the actions of the Marrazzo government's response to the economic crisis, and, more specifically, the Regional Minister of Labour Tibaldi proudly claimed responsibility for the introduction of an innovative income support measure at a time of dramatic social crisis.

The political scene in Lazio was, however, poised for a drastic change in the first months of the implementation of the GMI. Only a few months after the measure was introduced, Regional Governor Marrazzo was caught up in a private scandal and forced to step down, triggering the early end of the centre-left legislature in Lazio. A subdued election campaign came in the months that followed, with the centre-left on the defensive as a result of the Marrazzo scandal. The issue of GMI inevitably took a back seat. During the campaign, left coalition candidate Emma Bonino reiterated that the introduction of this

law should be considered as one of the main merits of the centre-left in the last five years and that the coalition intended to keep the regional safety net alive, defining it a “one-of-a-kind measure in Italy that must be refinanced.”¹¹³ In Bonino’s presidential electoral programme, Mi was defined as a “*qualifying element of the commitment undertaken by the previous centre-left government, which should be further strengthened,*” though with changes given that “*income support measures must also be coupled with re-employment services for recipients and conditional on these latter’s willingness to accept an appropriate job or professional training programmes.*”

Contrary to what took place in Friuli Venezia Giulia, the issue of GMI was not used by centre-right candidate Renata Polverini of *Alleanza Nazionale* to criticise the previous government. It was not included in the electoral programme and no mention was made of a possible refinancing of the measure. In Polverini’s programme, in addition to maintaining that “*the family must be at the centre of social policies,*” in regard to anti-poverty policies, she held that it was necessary to introduce “*a net against fragility*” by building a system able to transversally connect social services, but there was no mention of income support and/or anti-poverty instruments.

The victory of the centre-right coalition in March 2010 opened up a new phase in Lazio’s regional policies. While the policies during the final phase of the Marrazzo government were expansive in nature, thanks in part to an agreement with the social partners, the first years of the Polverini government introduced restrictive budgetary policies. As a result of the Stability Pact and a partial tightening of out-of-control healthcare spending, in 2011 and 2012, the region’s revenue was, for the first time, higher than its expenditure (ISSIRFA, 2012). GMI, which accounted for 0.26% of the region’s budget, was one of the first measures that the Polverini government eliminated.

The manner in which this took place was different to that in Friuli Venezia Giulia, where the *Lega Nord* party and the regional media pushed to repeal the law. In Lazio, beyond Regional Minister Zezza’s statement that “*income should be guaranteed by work, and not by*

¹¹³ La Repubblica of 22 February 2010, *Bonino e i costi della politica "Tagliero' autoblu e portaborse"* (Bonino and the costs of government “I’ll cut official cars and bag-carriers”).

*public institutions*¹¹⁴, the government majority did not openly oppose last resort safety net, nor did it repeal the law. Instead, in the first Budget Law passed by the Polverini government, the roughly 60 million euros set aside by the previous government were redirected to other priorities. Formally, Law no 4 of 2009 remained in force, but without funds the tender procedures for 2011 and the following years were no longer realised. In this way, the Polverini government avoided the difficulty of having to pass through the Regional Council to get the law repealed. The decision was strongly political and had very little to do with any evaluations on the actual realisation and implementation of GMI, of which very little was known up to that point, also because in some areas it was just being implemented, while in others it was not yet assigned. Furthermore, the region's technical and administrative staff had not been consulted¹¹⁵ (LZ SPD).

The government's decision not to re-finance the GMI measure was in line with its aim to contain public spending and adopt a series of restrictive policies, which concerned especially the area of healthcare. Despite this, the policy decision cannot be based solely on the need to reduce spending in social assistance policies. In the first year of government the Social Policies and Family Regional Government Departments launched the first regional family plan (*Primo Piano Famiglia*) funded with 60 million euros. The plan introduced a baby bonus¹¹⁶, early childhood services, and an innovative *tagesmutter* (day mother) service. In terms of anti-poverty policies, the newly-instituted government abandoned the notion of a public income support system and instead strengthened its relations with the third sector, particularly Catholic and religious organisations. A few months into the new government's term, it entered into a memorandum of understanding with Comunità di Sant'Egidio for the creation of a "Regional Pilot Observatory for the Study and Development of Anti-Poverty and Anti-Social Exclusion Policies." Subsequently, the first Budget Law signed by the Polverini government invested a portion of the funds originally earmarked for GMI, equal to 10 million euros, into the so-called *Piano contro la Povertà* (Anti-Poverty Plan). Rather than pursuing strategic objectives, the

¹¹⁴ Declaration reported on the website www.adnkronos.it, on 8 December 2011, found at: <http://www1.adnkronos.com/IGN/ext/printNews.php?cat=Politiche&sec=Lavoro&loid=3.1.1373778457>

¹¹⁵ The administration would have been in favour of eliminating or overhauling the law (LZ LPD).

¹¹⁶ A monthly cheque of 500 euros for all children born and/or adopted in 2011 into families with an ISEE annual income less than 20,000 euros.

plan made available lines of financing to third sector organisations providing social assistance. The agreement was concluded with 18 different Catholic non-profit organisations¹¹⁷ and sought to finance a range of services (day centres, night care, food assistance provided through an agreement with Banco Alimentare and Emporio della Solidarietà, and canteens) offered to certain categories at risk of poverty and social exclusion (non-self-sufficient elderly people, youth in distress, mothers with young children). It is worthy to note that the unveiling of the anti-poverty plan was attended by the director of the diocesan branch of Caritas in Rome, who had offered little support to the introduction of GMI when it was decided not to re-finance the measure and who now was at Polverini's side for the launch of the anti-poverty plan¹¹⁸. As reported by the local and national media, during the presentation, which was also attended by the Regional Minister of Social Policies, the director of the diocesan branch of Caritas in Rome had this to say: *"On behalf of those in need and who will benefit from the plan, I thank you. It is my hope that a roundtable can come from this that goes beyond and see what is happening in our region and in our city."*

The Polverini government took steps to reduce public spending, especially in regard to Lazio's hypertrophic healthcare system, but in the anti-poverty sector the government's action included eliminating GMI and limiting its involvement in favour of third-sector organisations. This approach was criticised (unsuccessfully) by the Regional Council opposition. After the new Regional Government's enactment of the first Budget Law, the centre-left Regional Council wasted no time in condemning the non-refinancing of the measure. Especially significant were the remarks of *Sinistra e Libertà* Councillors Luigi Nieri and Filiberto Zaratti: *"Important welfare resources and support to the most vulnerable social groups have been eliminated and at the same time seemingly unlimited appropriations are*

¹¹⁷ Specifically: Caritas, Centro Astalli, Centro Don Orione, Comunita' di Sant'Egidio, Fondazione Don Luigi Di Liegro, Centro Elis, Capodarco, Opera Don Calabria, Opera Don Guanella, Don Bosco, Centro italiano Opere Femminili Salesiane Lazio, Acse, Unitalsi, Frati Minori Onlus, Casa dei Diritti Sociali, Acli, Agop onlus and Associazione Salvamamme.

¹¹⁸ See *Secolo d'Italia* of 28 December 2011, *Lazio, dalle parole ai fatti: 10 milioni per il "Piano povertà"* (*Lazio puts its money where its mouth is: 10 million for the "Poverty Plan"*).

handed out to the municipalities without any logical programming. The worst decision is without a doubt that of cancelling the guaranteed minimum income."¹¹⁹

In addition to the political parties, the social movements that had mobilised to introduce GMI went up in arms with equal intensity when the measure was not re-financed, but with a very different outcome. On 25 November 2010, during the discussion of the new Budget Law and the elimination of GMI, some social movements reacted with strong waves of opposition and came together to create "United Anti-Crisis Movements" (*"Movimenti uniti contro la crisi"*) and even occupied the roof of the headquarters of the Lazio Regional Council. As reported in *Il Messaggero*, the mobilisation had the objective of scoring a meeting with President Polverini to *"discuss various social issues, such as living, waste and the question of guaranteed minimum income funds."*¹²⁰ Sandro Gobetti effectively describes the little luck the mobilisation efforts had:

One of the first things that President Polverini did was to completely de-finance the law and redirect the funds towards incentives for companies that were hiring. I don't remember what the name was, l'Italia del fare, I think. At that point, the movements protested the issues of income, employment and housing and for 11-15 days occupied the Regional headquarters. There were moments of high tension, which only led Polverini to tell the occupiers to get down or they would hurt themselves. It was unbearably sad...and although the issue of income was always put on the table by the movements, the government turned a deaf ear.

The social movements were not the only group taking action to defend Mis. CGIL, which had contributed to creating the measure, particularly when the methods for implementation were being defined, mobilised some of its organisation resources in an effort to counter the regional government's decision. More specifically, a campaign entitled "Precarity does not pay, guaranteed minimum income does" worked to collect 100,000 signatures in favour of the re-financing of Law no 4 of 2009. In addition to

¹¹⁹ *La Repubblica*, 26 December 2010, *Regione, opposizione all'attacco tagliato il reddito minimo garantito (Region, opposition on the attack. Guaranteed minimum income cut).*

¹²⁰ *Il Messaggero*, 7 December 2010, *"Precari protestano sul tetto della Regione"* (The precarious protest on the roof of the Region's headquarters). On the re-financing of GMI as a request to open a dialogue with the movements, see also *La Repubblica* of 8 December 2010, *I precari restano sul tetto della Regione (The precarious still on the roof of the Region's headquarters).*

signatures, protests were held against the measures approved by the Polverini government that included among their objectives the reinstatement of GMI¹²¹ (LZ CGIL).

CGIL's mobilisation efforts did not have any significant effect on the evolution of the income support policy in Lazio. Perhaps this was due in part to the fact that little support was offered by the other trade union confederations, which did not join in the signature collection campaign or the protests against the policies of the centre-right coalition.

The position of CISL was, in fact, removed from that of CGIL. CISL was for the decision to abandon GMI, especially given that the social shock absorbers in derogation (CIG in deroga) were being extended, which was viewed as a sort of functional equivalent (LZ CISL). Without joint mobilisation efforts among the social actors, and with the centre-right coalition in favour of the traditional model, financing to Law 4 of 2009 effectively ended and the only ones to have benefitted from the measure remain the roughly 10,000 individuals who filed their applications in September 2009.

¹²¹ See also Repubblica of 31 March 2011, *Sfida alla Polverini, Cgil in piazza "Impedisce ogni confronto" (Polverini challenged, CGIL demonstrates "She prevents any discussion")*.

Chapter 7:

Regional Minimum Income Schemes in Spain.

The cases of the Community of Madrid and Castile and León.

1. Introduction

Historically, social assistance – intended both as last resort income protection for the needy and social services for the entire population – was one of the least developed social policy sectors in Spain. Especially during the “modernization phase” of the Franco dictatorship, a late Bismarckian type of welfare state was developed, protecting the male breadwinners and their family from the main risks of an industrial society, and the task of sustaining those who were not able to access the labour market, be it for physical weakness – such as children, elderly people and disabled – or for the vagaries of life, was left to the family – especially to women unpaid work.

After the transition to democracy, Spain has known profound social, economic and political transformations, which have deeply influenced this policy sector. Perhaps, one of the most relevant factors which has conditioned its development in Spain can be attributed to the importance of decentralisation (Moreno, 2001; Gallego, Gomà and Subirats, 2005). For this matter, the 1978 Constitution conceived the Autonomous Communities (ACs) as governmental level exerting major – and sometimes exclusive - responsibilities in many social policy areas, whereas the central state has withheld exclusive competence only in some policy areas set out in Article 149 – and in particular concerning the main bulk of social insurance provisions, including pensions and unemployment benefits. As for social assistance, the constitutional provision has established that it is a matter of “exclusive competence” of the regions, even though it does not define its specific role and function nor regulates the provisions that have to be guaranteed throughout the country. Moreover, the “flexibility” of the Spanish Constitution entailed that all the matters that were not expressly assigned to the central state by the Constitution could be requested and exerted by the ACs (Arriba and Moreno, 2005)

This process of devolving competences has been asymmetrical and complex, a result of an ongoing process of negotiation of political nature between state and regional government, and it has led to the attainment of different levels of power at different points in time for each *Comunidad Autónoma* (Gallego, Gomà and Subirats, 2005; Moreno, 2005).

According to Arriba and Moreno (2005), this institutional configuration and the constitutional entitlement of the CA to exercise their political autonomy is at the basis of the introduction of the main institutional innovation in the social assistance realm in the last decades: the introduction of regional minimum income schemes. According to these authors indeed, the flexibility of the Constitutional provisions – coupled with the historic *ethnoterritorial concurrence* that characterizes Spanish territorial model (cfr. Moreno, 2001) – provides with positive incentives the regional government and it is ultimately responsible for the diffusion of regional Mis in Spain: since “no regions wanted to be left behind” (cfr. Arriba and Moreno, p. 150) policy innovation in one subnational unit – and namely, the Basque Country – was followed by *institutional mimesis*, the reaction of the other units and the introduction of innovative programs in the whole country.

While agreeing that the particular institutional configuration of the social assistance sector contributes to explain path-departure and the introduction of means-tested benefits at the regional level in Spain, the specific preferences and choices of political actor are equally relevant to understand the policy evolution of this specific policy sector. It appears, therefore, useful to provide a detailed analysis of the policy trajectories of regional Mis in some specific Autonomous Communities, in order to qualify the distinct roles of the regional government and of political actors through time in this specific policy sector.

With this aim, in this Chapter we follow the trajectories - from their introduction at the end of the 1980s until their differentiated response to the challenge posed by the Great Recession - of regional Mis in two specific Autonomous Communities, the Community of Madrid and Castile and León. This analysis will be conducted on two distinct levels: on the one hand we will describe the policy evolution of those regional measures, aiming at revealing the most relevant changes through time, their impact on the (poor) population and the most relevant strengths and weaknesses of those programs in providing an adequate protection against monetary poverty. On the other, we will observe the politics

of minimum income protection in this two regional cases, i.e. the preference of different social and political actors, their strategies, and their mode of interaction in the distinct regional social assistance arenas.

The chapter is organised as follows. In the next paragraph, we describe the emergence of a national debate concerning poverty and social exclusion in Spain, and the failed attempt to introduce a national minimum income schemes. In the third paragraph, our attention shifts to the sub-national level, and in particular to the Community of Madrid. After a brief description of its socio-economic and political characteristics, we observe the dynamics that led to path-departure and to the introduction of the *Ingreso Madrileño de Integración*, and the subsequent evolution of this policy sector until the (weak) implementation of the new *Renta mínima de inserción* during the Great Recession. Whereas, in the following paragraph, we focus on Castile and León, describing the different social condition of this less economically developed region, and revealing the distinct dynamics that were responsible for the introduction of a particular measure, the *Ingresos Mínimos de Inserción*. Subsequently, we observe the gradual expansion of this measure and the abrupt institutionalisation of a right-based minimum income scheme in this CA: the *Renta Garantizada de Ciudadanía*, and its ability to – at least partially – respond to some of the challenges posed by the increase of poverty during the Great Recession.

2. The Eighties and the multi-level politics of Mip in Spain.

At the end of the 1980s in Spain, there has been the concrete possibility that a national fully-fledged minimum income scheme would be introduced: the prime minister Felipe Gonzalez discussed it with his ministers and with relevant party leaders and representatives of the social partners. In this paragraph we deal with the dynamics which have led for a brief period of time minimum income protection to the centre of government political agenda. We will proceed in this analysis firstly because it is useful to understand actor constellation and their methods of interaction in this social policy area in Spain. Secondly, because it is impossible to explain the evolution of anti-poverty policies at sub-national level – which is the core research objective of this thesis – without understanding the national dynamics. The introduction of regional minimum income

schemes is in fact – in our reading – strictly correlated to changing relationship between the national government and social partners in the second part of the 1980s, so that it is impossible to explain the latter without citing the former.

Some elements of contextual nature constitute the necessary background to understand policy development at the end of the 1980s in Spain. In this phase Spain seems to have finally left behind the economic crisis that strongly hit at the beginning of the decade, due primarily to the delayed effects of the oil crisis and a difficult attempt to move ahead towards a post-industrial economy. Those years were in fact characterised by an intense economic growth: the unemployment rate, which in 1985 reached 21,5%, was at 16% in 1990, and the GDP grew on average of 5 percentage points yearly. Moreover, in this period the labour market became more flexible as a result of the liberalisation of fixed-term contract introduced by Felipe Gonzalez government in 1984.

In this context, religious associations - and especially Caritas - contribute to draw attention onto the last resort safety net. More precisely, in the "Conference on Unemployment", held in Madrid from the 25th to 28th January 1986, Caritas Spain officially supported a measure called "social salary" which has many of the features that today are commonly associated with minimum income schemes (SP CRT; MDR EXP)¹²². The decision to support a non-contributive income protection measure for the working age population was followed by an intense advocacy at national and local level. Caritas magazines dedicated much attention to minimum income protection in subsequent years¹²³, and several high-level conferences were organised on this topic¹²⁴. Alongside these advocacy efforts, research centres close to Caritas have had an important role in spreading information on poverty in

¹²²See "*Comunicado de Caritas*" in *Documentación Social*, n. 62, 1986.

¹²³See in particular "*Rentamínima y salario ciudadano*" (1989), in *La Acción social. Cuadernos de Formación*, nº 12; "*Lucha contro la pobreza y cambio social. Renta Mínima Garantizada y Salario Ciudadano*" (1989) in *La Acción social. Cuadernos de Formación*, nº 13; "*Rentamínima y salario ciudadano vol. 1*" (October 1989), Dossier, Servicio de Documentación de Caritas; "*Rentamínima y salario ciudadano vol. 2*" (Febrero 1990), Dossier, Servicio de Documentación de Caritas.

¹²⁴Among these, of particular importance is the Conference "*Renta Mínima y Salario Ciudadano*" held in Madrid between 1 and 4 March 1990. Participated to this conference trade unions secretaries, representatives of the main national political parties, political and administrative personnel from the Autonomous Communities, and several policy experts. Records of this conference have been published in *Documentación Social*, N. 78, EneroMarzo 1990.

Spain, underlining that neither the increase in social spending, nor economic growth, had eradicated absolute poverty in Spain.

“The economic crisis led us into a blind spot that requires to make a decisive choice between a society characterized by the dichotomy employment – unemployment and a new type of society, where solidarity replace individualism, and where paid/productive work, an increasingly scarce commodity, does not constitute the main occupation of all citizens; a society in which everyone has the right to receive a social basic income (“salario social”). Caritas is firmly committed to the construction of this new type of society for the future¹²⁵”.

The approval of the *Revenu Minimum d’Insertion* in France (1988) and the subsequent introduction of a similar measure in the Basque Country deeply affected the evolution of the “anti-poverty” debate in Spain. In the Basque Country, in fact, after the publication of a report on poverty in Euskadi¹²⁶, the PNV PSOE coalition government introduced in September 1988 a *“Plan Integral de Lucha against Pobreza en Euskadi”* which, among other policy initiatives, introduced a regional last resort safety net in the Basque Country, initially called *Ingreso Mínimo Familiar*. Also in the light of the contested relationship with Madrid¹²⁷, the Basque initiative had a national relevance and prompted a harsh reaction by the central government. As a result, the minister of Social Affairs then, Matilde Fernandez, strongly opposed the Basque plan and claimed on national newspapers the risks connected with *“giving fish rather than teaching to fish”* (Aguilar, Gaviria and Laparra, 1995).

Unlike the government, both major Spanish trade unions - CC. OO. and UGT – were positively impressed by the Basque initiative, and more generally considered positively the introduction of a minimum safety net that would help to “complete” the system of income protection in Spain. This was due to the fact that the theme of non-contributive income protection for the population of working age entered in the political agenda in a moment of huge transformation of the relationship between government and trade unions (see Chapter 4). The general strike of 1988, which was very successful and saw the participation of a considerable part of the Spanish workforce, represented a point of

¹²⁵“Comunicado de Caritas” in Documentación Social, n. 62, 1986.

¹²⁶*La pobreza en la C.A. Vasca (Avance)*. Gabinete de Apoyo a la Viceconsejería de E. y B.S., 1987.

¹²⁷ A means tested benefit was already introduced some year before in Navarra (Laparra, 1990; Aguilar et al., 1995), without causing a national debate.

inflection to this regard. In the first place, because it led to the breakdown of the Socialist family (Gillespie, 1990) – i.e. the progressive detachment of the General Union of Workers (UGT) with the Spanish Socialist Worker's Party – and to the creation of a common front and a unity of intent between the socialist (UGT) and the communist (CC.OO.) trade union. Secondly, because from this moment trade unions departed from the logic of political exchange that had characterised the social pacts of the early 80s, denouncing that for workers the costs of wage restraint outweighed the benefits gained from an insufficient - at least from their point of view - increase in social spending (Molina, 2011). This shared reading of the concertation process of the previous decade, led to a change in trade unions strategy, a decision backed up by the great success of the mobilisation of 14 December. From this moment onwards, indeed, social partners are no longer prone to discuss issues related to social policies in all-inclusive social pacts as part of an exchange policy ensuring wage moderation, but are rather interested in smaller-scale specific agreements, with the aim of improving social protection, especially in the non-contributory field (Molina, 2011).

Against this background, the introduction of a last-resort safety net became one of trade union's request to the government. In the *Propuesta Sindical Prioritaria* (Union Priorities Proposals, PSP), signed on October 1989 and addressed to the national government and to all the Autonomous Communities, CC.OO. and UGT proposed, among other proposals in the field of unemployment, pension and health policies, the introduction of a comprehensive minimum income for all the individuals with an income below a predetermined threshold financed through general taxation. According to the trade unions, this measure should have been introduced at national level, even though it was provided with the possibility for the ACs to introduce improving amendments within their region. Furthermore, the introduction of parastatal bodies was requested, including trade union representatives that should guarantee a correct implementation of the measure. The great success of the general strike forced the government of Felipe Gonzalez to open negotiations with the trade unions, followed by the introduction of expansionary interventions, especially in the field of non-contributory pensions and disability benefits (Molina, 2011). As for the minimum income, however, the government maintained a rigid position and opposed the introduction of a national anti-poverty measure (SP CRT; SP SPM; MDR EXP). Partially, this was due to the fact that the Social policy minister openly

criticised the measure (introduced in the Basque Country), and within the government existed strong opinions against social assistance benefits, considered as a route towards welfare dependency (SP CRT and MDR EXP). For this reason, it was preferred to develop the non-contributory protection only for those individuals unable to work, i.e. the elderly and the disabled, whereas for those potentially fit to work, the government intention was to enhance social services. So the *“Informe sobre diferentes prestaciones Sociales en la C.E.E. Y en Espana – Rentas de Insercion”* (Report on different social benefits in the C.E.E. and in Spain – Minimum insertion income) drafted by the Ministry of Social Affairs, concluded stressing *“the risk that a direct provision by the Central government generates a new form of income without perspective or real commitment to social transformation”*, while the goal of the socialist government must be to *“fight the cause and not the effect”* by *“creating a network of social services”*. Furthermore, the government had some concerns about the constitutionality of a national intervention: it was actually feared a possible institutional conflict, especially with the Autonomous Communities that had already introduced specific anti-poverty measures (as in the Basque Country) or had expressed their intention to introduce them (Catalonia) (Interview SP SPM).

As a consequence of those considerations, the central government preferred not to introduce a national Mis. At the same time – as it will be shown in the next paragraphs – not only some autonomous communities in the North had already introduced the first regional interventions, but some regional governments appeared more interested to negotiate last resort safety nets. It was thus natural for trade unions, with the more or less explicit consent of the national government, to address their demands to the regional level. As the former minister Matilde Fernández recalled in an interview:

*“There was a moment in which Nicolas Redondo, the secretary of UGT, told me: “Well, what we do not get here, we will make you look ridiculous because we are going to obtain it with your people locally.” The negotiation over the social salary (Mis) was a moment of rupture, indeed”*¹²⁸.

The opposition of the national government forced trade unions to negotiate the introduction directly with the Autonomous Communities. From this moment onwards, it

¹²⁸ Interview realized by Pr. Ana Arriba González de Durana on September 25 1997. Published here by courtesy of the author. Own translation.

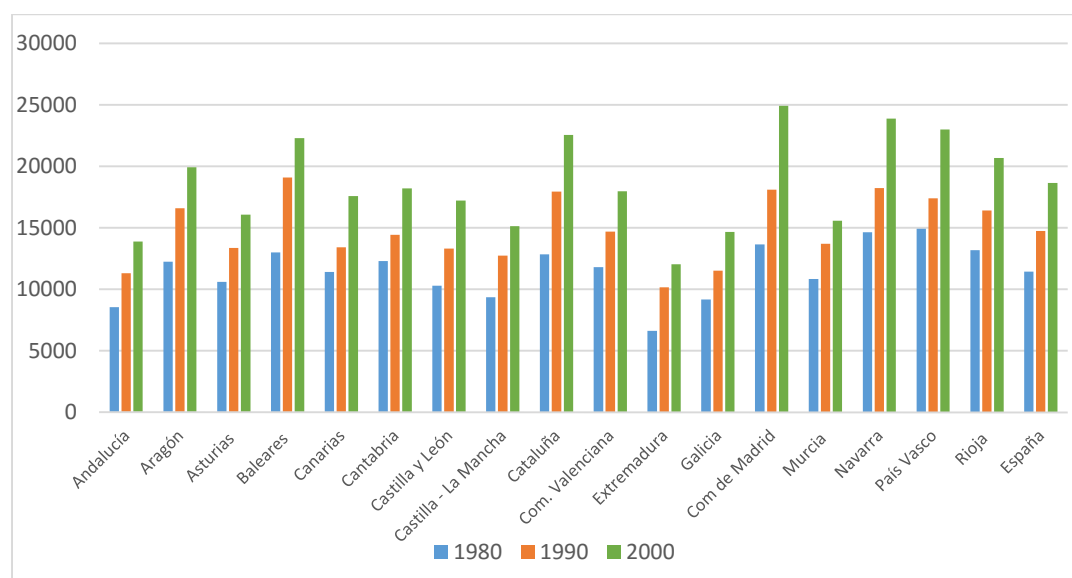
is at this level that we have to shift our attention if we want to study minimum income protection in Spain.

3. Regional Mis in Spain: the case of the Community of Madrid

3.1 Economy and labour market in the Community of Madrid in the Eighties

Nowadays, the Autonomous Community of Madrid is one of the most dynamic economies in the entire European Union. Located in the geographical heart of Spain, this relatively small region is the third most populated Autonomous Community in Spain. Many of its inhabitants live in Madrid, the Spanish capital, the largest metropolitan area in the country, with a population of about 5 million people, a wide and diversified industrial production, and the largest service producers of the countries. Economic growth in the three decades before the Great Recession has been astonishing, and has made the Community of Madrid the leader of the Spanish economy - with a GDP per capita significantly above the national average and, since the mid-90s, higher than that of Catalonia – and has allowed it to rank amongst the small group of regions which have had the highest economic growth in the European Union.

Figure 9 GDP pro capita in the Spanish Autonomous Community 1980,1990, 2000 (thousands of dollars).



Source: Herrero, Soler e Villar, 2004

This period of steady economic growth has its starts in the 1980s, a decade of intense transformation for the Spanish economy and society, many of which have occurred with particular intensity in the Spanish capital and, as a consequence, in the entire Madrid region. In the early Eighties the Spanish economy was deeply affected by the negative effects of the protracted oil crisis, and it was entangled in a difficult process of industrial reconversion, with negative effects on economic growth and employment. From 1986 onwards, this negative trend diverted: from 1986 to 1992 GDP saw an overall increase of 33.5 percentage points, the most significant increase in the whole of Spain (Fig. 9). Unemployment rate, which at its peak during the crisis reached 21.1%, was 11.3% in 1990, five points lower than the national average. This unemployment depletion in such a short period of time is impressive, especially if we consider that in this period the active population in the labour market increased in absolute terms, as a result of the strong and impressive female entrance in the labour market and of the baby-boom generation. It has been actually calculated that in Spain at the end of the Eighties around 1 million female workers entered for the first time the official labour market (Delgado, 2009). In the Madrid Community, women shifted from representing 27% of the employed workforce in 1981 to 33,5 in 1990 (Community of Madrid, 1992).

In this period, the occupational structure of the AC changed dramatically, taking the shape and features that have characterised it up to these days. The primary sector is virtually non-existent, since less than 1% of the population is occupied in the agricultural sector. More relevant is industry, since 27,3% of the population is employed either in industry or in the building sector, even though the largest share (around 70%) of workers in Madrid are employed in the service sector. Among these, 14% is represented by public employees, a feature not surprising, considering the presence of the capital of Spain in this region (Community of Madrid, 1992, p.121). In this decade, along with a prevalently post-industrial economy, the labour market in the Community of Madrid saw another transformation which would have long-lasting consequences: the growth of the so-called atypical workers, following the liberalisation of fixed terms contract passed by Felipe Gonzalez reform in 1984. According to the statistics of the Community of Madrid (1992), 17,2% of the resident workers had a fixed term contract in 1990.

In a period of economic and employment growth, growing incidence of atypical employment does not constitute the only social problem: unemployment rates remained, as a matter of fact, rather high (around 11.6% in 1991), particularly among women (17.6%). Moreover, in this period became clear that a significant part of the population was not benefiting from economic growth: this phenomenon, already observed in the previous decade in many European countries, is particularly seen in metropolitan areas (Rosanvallon, 1995). Long term unemployment reached 7% in 1990, a higher incidence compared to 1980 (4,6), starting to represent a new and worrying problem not only in Madrid, but in the whole country. Poverty – despite being lower than national average both in relative and in absolute terms (Caritas, 1994) – is nevertheless widespread, mainly in the Capital. A report published by Caritas (1989) revealed that in the city of Madrid more than 90 thousand families were coping with increasing difficulties in order to maintain decent living standards, i.e with insufficient resources to meet food, clothing and housing needs.

At the end of the 1980s the Madrid Community was therefore one of the richest region in Spain, which was experiencing a period of strong economic and employment growth, but it also accounted for some relevant signs of social distress, such as the growing significance of long-term unemployment and extreme poverty, especially in the suburbs.

3.2 Party politics in the Madrid Community

At the end of the Eighties the political system in the Community of Madrid was characterized by the presence of four parties: the PP, a political formation resulted from the gradual annexation of the smaller parties that made up the fragmented Spanish centre-right; a centrist party founded by the protagonist of the Spanish transition, Adolfo Suarez, called the CDS; the PSOE and IU, a coalition of parties that placed themselves at the left of the PSOE. Reproducing the political dynamics at national level, since 1983 the government of the Autonomous Community of Madrid was in the hands of the PSOE, under the leadership of Joaquin Leguina (Tab. 12). The electoral victory of 1983 was reiterated only partially in the elections of 1987, when the PSOE obtained only the relative majority with 39.1% of the votes.

Tab. 12: Electoral Results in the Community of Madrid, Years 1983, 1987, 1991.

Parties	Number of Seats	% of votes	Government Coalition
<i>8 May 1983</i>			
PSOE	51	50,7	
FAP	34	34,3	1983 – 1987 PSOE
PCE	9	8,9	
CDS	0	3,1	
<i>2 July 1987</i>			
PSOE	40	41,6	
FAP	32	33,3	1987 – 1990 PSOE
CDS	17	17,7	
IU	7	7,3	
<i>26 May 1991</i>			
PP	47	46,5	
PSOE	41	40,5	1991 – 1995 PSOE IU
IU	13	12,8	

Source: *Community of Madrid*

The formation of a second Leguina government was made possible by a legislative pact and the resulting external support of the centrist party CDS. This support did not however persist throughout all the legislature: the specific dynamics of the regional legislature, coupled with a change in strategy of the national CDS in the upcoming national elections, led to a withdrawal of external support and a motion of no confidence to the Asamblea de Madrid by the joint members of the PP and the CDS¹²⁹, in the spring of 1989. Despite the motion was rejected - with a very narrow majority – from this time on the socialist government of the Community of Madrid was weaker and dependent on the external

¹²⁹On 22 July 1989 only the unanimous support of the parliamentary members of the PSOE and IU - as well as the controversial abstention Nicolas Pineiro, elected with the Popular Party and passed to the Mixed Group in this occasion - allowed the center left majority to reject the no-confidence motion filed by the center-right, with only one vote more than the opposition.

support of IU. In the following regional elections in the spring of 1991, for the first time the Popular Party obtained the majority of votes, although an explicit agreement between the PSOE and IU allowed president Leguina to form his third (and last) government of the Community of Madrid.

The first three terms in the community of Madrid were therefore characterized by governments supported by the PSOE. In this apparent continuity, it is nonetheless possible to observe three distinct phases. The first government was actually made up by an absolute majority of the PSOE, which faced opposition from the two extreme wings, the Communist Party and People's Alliance. The second Socialist government was externally supported by the centrist party, the CDS. Finally, in the third phase, the socialist government of Leguina depended on the external support of the United Left party. At first, from the spring of 1989 until the end of the second legislature, without a formal governmental agreement of the parties in power, IU voted in favour of the government to ensure its survival. In 1991 a formal agreement between the PSOE and IU allowed the formation of a new government Leguina, with a narrow majority over the main opposition party, the PP, now the leading player in the centre-right not only in Madrid but, more generally, in Spain.

3.3 The introduction of the first regional Mis: the policy making process in Madrid

Also in the Community of Madrid, the issue of poverty and social exclusion reached the front pages of newspapers¹³⁰ and influenced the political debate, after a report signed by EDIF Caritas. The alarming figures reported, indicating that in the community of Madrid about 90 thousand families lived in extreme poverty, led the IU spokesman at the *Asemblea de Madrid* to demand a parliamentary questioning to the Councillor for Social Policy on the initiatives in the region in order to tackle spreading poverty. In a passage of the parliamentary intervention was mentioned as a positive model the recent adoption in

¹³⁰ As an example, see El Pais 7 October 1988: "90.000 families from Madrid cannot meet their basic needs". Author translation

France of the *Revenu Minimum d'Insertion*, a measure that *Izquierda Unida* proposed to introduce at national level¹³¹.

While agreeing with the general principle that “*it is the responsibility of the Community of Madrid to introduce progressive policies of wealth (re)distribution*”, Councillor Elena Vazquez announced that future government initiatives will be limited to further investigate the incidence of poverty in the Community of Madrid. In a national context in which the Basque Government announced its intention to introduce a plan to fight poverty and the national government sharply criticized the initiative (see above), the Councillor’s statements seem to indicate that, although there were no preliminary rulings within the government against a regional intervention of income support for individuals in condition of economic difficulties initiatives of this type were not currently planned. Rather, the initiatives of the Social Policy Councillor were directed towards strengthening the social services regional system, while at the same time carrying out various studies on possible measures to tackle social exclusion, at the beginning mainly directed to support single mothers in situations of social marginalisation (Arriba, 1999; MDR DSS).

In the following months, however, substantial changes influenced the politics of minimum income scheme in Spain. In fact, the introduction of a fully-fledged non-contributive Mis was officially included in the bargaining platform of Spanish trade unions. As we have seen in the previous paragraph, although not yet formalised in a concrete policy proposal, demand for a universal means-tested benefit represented one of the claims of the general strike of 14 D, reiterated in numerous formal and informal occasions in the first half of 1989. As an example, in April 1989 the Federal Commission of the UGT approved a resolution which required the introduction of a minimum income scheme and the creation of National Plan Against Poverty.

Trade unions support towards this measure changed the attitude of the regional government. Only a few months after the parliamentary hearing, on May 2, 1989, from the stage of the celebration of the “Day of the Community of Madrid”, the Regional Minister Elena Vazquez announced the intent of the Madrid government to introduce a regional safety net similar to the measure introduced in the Basque Country.

¹³¹Asemblea de Madrid, *Diario de Sesiones*, 18 October 1988

When the announcement was made, neither feasibility study nor concrete draft policy had been prepared by the Social Policy Department (MDR DSS), and it would take several months for the formation of a team within the administration responsible for the design and subsequent implementation of this measure. The announcement of the councillor, which gained prominence in the front pages of national newspapers, needs to be inserted into the national and regional political context: it was a message to the trade unions that showed the will of the regional government to negotiate this type of measure, despite the opposition of the national government. For that matter, the regional president Leguina had already spent harsh words against the "breaking of the socialist family" (Gillespie, 1990) and the strategy of confrontation from the part of national government after the strike on 14 December. In an interview with *El País* March 9, 1989¹³² he criticised the inability of the PSOE and UGT to reach an agreement, which he believed would be useful and natural for both organizations.

Besides some general considerations regarding the importance to maintain the historical linkages between the UGT and the Socialist Party, some specific political dynamics allow to explain why for President Leguina was vital to begin a process of social concertation in this precise historical moment. The spring of 1989 was a moment of weakness for the second government of Joaquin Leguina, which, since he did not get the absolute majority in the 1987 election, was able to rule only with the external support of the *Centro Democrático y Social* (CDS) (see tab. 12). This party, however, in March 1989 decided to withdraw support to the government Leguina and to support a no-confidence motion presented by the Popular Party. For the government therefore it became absolutely necessary not only to have a compact support from its party, but also to have ensured the support of Izquierda Unida. A rapprochement with the trade unions was therefore crucial in this particular moment to ensure legitimacy and stability of the socialist government in the Madrid community.

The introduction of regional Mis became therefore strategically relevant to reach an agreement with the trade unions and to find an agreement with IU – a party traditionally in favour of the introduction of a safety net (Maravall, 1990) and, more in general, of social

¹³² *El País*, 9 March 1989 "Leguina: I do not understand why PSOE and UGT have decided to suicide themselves"

dialogue. In this perspective, the decision to announce the intent to introduce a Mis in May 1989 responded to the need of the President Leguina to open a dialogue with the social partners which fitted well with the desire of Councillor Elena Vazquez to introduce an innovative anti-poverty programme (MDR DSS; SP CRT; MDR EXP).

In the months following the statement of the councillor, the social policy department realised the first feasibility studies concerning a regional minimum income scheme. Given the innovative nature of these measures in the Spanish context, the measures introduced in France and the Basque Country were regarded as the benchmark by the administration, that even organized meetings with the technicians of the French Ministry to study whether it was possible to introduce a similar measure (Arriba, 1999). Particularly interested in those policy developments was Caritas Spain, which in late 1989 created the first report on the "Social Salary in the Autonomous Communities", analysing the evolution and the legislative proposals made in this period, not only in Madrid but also in Cataluña, Cantabria and in Asturias: in this report, it is reiterated the strong support from this organization to the introduction of a safety net, even if introduced at sub national level (Caritas, 1989).

The period of consideration about whether or not to introduce a minimum income did not only concern the parties within the majority and the administration, but also the Popular Party which, while having some doubts about financial sustainability, posed no objection in principle to the introduction of an anti-poverty measure (MDR SW; see also El Pais, 2 May 1989).

In the winter of 1989 from the period of consideration and research in the Madrid Community we shift to the phase of policy choices. A fundamental impulse to this process was given by the official launch of the PSP by the Spanish trade unions. The 20 proposals that made up the common bargaining platform of the CCOO and UGT, including the guaranteed minimum income (or social wage, as it was called at the time) were officially delivered to the central government and the governments of the autonomous communities on Oct. 5, 1989.

The Community of Madrid is the first autonomous community governed by the Socialist Party since the general strike of 1988 in which begins a process of social concertation. This

process concerned many different issues of regional policy, from regional transport to education and housing policies, moving to social inclusion policies. However, it was the latter topic especially which was regarded as key issue by the trade unions, which considered the introduction of a minimum income scheme as a turning point to open the negotiations with the regional government (MDR CCOO)¹³³. In a policy environment which looking with interest at the introduction of innovative measures against poverty and social exclusion, trade unions requests generated a dramatic change in the regional administration, as explained by a manager of the then Department of social integration:

"The then Councillor Elena Vazquez was interested in new policy initiatives: among us, in the department, we discussed frequently new needs and new social initiatives. But the key moment, in which the desire of the councillor took concrete form, is the concertation with the social partners in 1989, when the most representative unions put on top of the table, as a fundamental point of this negotiation, the realization of what they called at that time "social wage". This is the moment when we start to work seriously on the issue: before there had been a mere declaration of intent. When the theme appears in the concertation with the trade union, there was already here an environment, an interest I would say, to do something in this direction. (...). But I think that the trade unions played a key role; they support this initiative and ensured that the entire government support it; because one thing is the idea of a Councilor, and another are the collective decisions of a government, and especially of the President of the government." (MDR DSS)

The impact of the trade unions for the introduction and design of the policy was also acknowledged by the President Leguina, who in a parliamentary hearing in November 1989 declared:

*"We will bring to the attention of this House the introduction of a minimum insertion income, but before discussing it here, I think it is fair to talk and negotiate it with the social partners, and especially with the trade unions, which have requested for some time the introduction of this type of benefit"*¹³⁴.

The negotiation process was rather brief, but there were some conflicts between the government and social partners. Firstly, because trade unions and the regional

¹³³ See also El Pais (25/11 and 21/12 1989).

¹³⁴ Diario de Sesiones de l'Asemblea de Madrid, n. 552, II Legislatura, 22 November 1989.

administration had a different vision of the minimum income protection. In particular, with respect to government plans, trade unions demanded a higher basic amount and the introduction of Commissions monitoring the effective implementation of the measure, composed also of trade unions members. But the greater problem was to overcome a political obstacle: it was indeed problematic, for the regional socialist government, to introduce a measure in blatant contrast with a national socialist government.

In this phase, trade union made clear not only to government members but also to the public opinion that, without the introduction of a minimum income scheme there would be no agreement. The 21st December 1989 the regional leader of the UGT declared at *El Pais* that the minimum income was the only divergent point with the administration, but it was sufficient to break up the negotiation.

"We are also willing to give up 2,000 pesetas (i.e. to decrease our demands about the generosity of the benefit) but either Friday is approved the minimum income scheme or we do not have a pact"

The day after the government and the trade union signed a social pact which included, among other things, the introduction of a regional Mis, called *Ingreso Madrileño de Integración*, probably after a meeting between the national and the regional prime ministers in which the former authorised, at least informally, the regional social pact. This agreement was particularly important not only for its content, but also because, in the words of Secretary of CC.OO. in the Community of Madrid, *"paves the way for the Proposta Sindacale Prioritaria"*¹³⁵: as we will see in more detail in the section on Castile and Leon, the social pact signed in Madrid was the first, and the model, of a series of social pacts which were introduced at the end of the Eighties among ACs governments and social partners, and which included the first regional Mis in Spain.

The achievement of an agreement between trade unions and regional government allowed the beginning of the phase of designing and planning the measure. The strong political support towards the social safety net guaranteed, at least at this stage, a considerable effort by the administration to design a measure capable of responding to the needs of the people of Madrid and overcome the many obstacles that existed towards the successful

¹³⁵El Pais, 23 Diciembre 1989 *"Leguina firma el primer acuerdo social en Madrid con UGT y CC OO"* ("Leguina signs the first social agreement with UGT and CCOO in Madrid").

implementation of a complex measure which requires not only the ability to estimate a plausible income and to deliver in time the monetary support, but also the planning and organization of the social integration measures (MDR DSS). In January 1990 within the social integration department a new team of experts was formed which had to plan the new measure: this was made up by the three main managers of the Social Integration Department of the Community of Madrid, by three academic experts from the University of Pamplona¹³⁶ - hired specifically for the implementation of this measure - and by two engineers who had the task of creating the IT system to have an effective selection procedure. As further evidence of the importance of the introduction of a minimum income scheme for the trade unions in this period, in addition to the staff recruited by the administration, the delegates of the CCOO and UGT took part in weekly meetings, working closely with the administration in the design of the regional safety net (MDR DSS, Arriba, 1999).

The creation of this team, which stood outside of the traditional structure and hierarchy of the public administration (Arriba, 1999), was a quite extraordinary event, which showed the importance and the strong political legitimacy it had in the first phase of the introduction of a regional safety net. Over the following year the team thus formed defined the different component of the Madrid last resort safety net: the means-test, the selection procedures and the vertical coordination among municipalities and regional government, as well as the social integration programmes (see next paragraph). As for the policy-making process, once reached an agreement with the trade unions, the only conflicting moment arose in the discussion for the Budget Law of 1990. At this stage in fact, mainly for budgetary reasons, the government tried to reduce the financial commitment and delay the introduction of the measure the following year. On this occasion, IU threatened to dismiss the external support to the government if the agreements with the social partners were not completely respected (Arriba, 1999). The government was therefore obliged to accept IU requests, and in February 1990, the budget law provided with 400 million pesetas the introduction of an *“Ingreso Madrileño de*

¹³⁶ These are Mario Gaviria, Miguel Laparra and Manuel Aguilar, academics from the Escuela di Trabajo Social de la Universidad de Pamplona, which had just finished the first academic study on regional last resort safety net, with a special focus on the Navarra case, named *ELSalario Social Sudado* (1990).

Integración" (Madrid Integration Income, Imi). In the following months, the legislative process proceeded quite straightforwardly, and the 19th July 1990 the Decree 73/1990 was approved, introducing in the Madrid Community the first minimum income scheme. Also during the final Parliamentary discussion before the definitive approval of the measure, very few oppositions – if any - arose from political parties against the introduction of a measure to tackle poverty and social exclusion. In particular, the main opposition party - the Popular Party - never openly opposed an anti-poverty intervention, at any stage of the political process, neither in Parliament nor in the newspapers.

3.4 *The Madrid Integration Income*

The *Ingreso Madrileño de Integración* (Madrid Integration Income, Imi) is a minimum income scheme, therefore it aims to provide financial support to all individuals with incomes below a certain threshold established by law and to provide a series of social and labor services aimed at overcoming this condition of need. Drawing on the principle of "selective universalism" (Ferrera, 2000), this measure represents a particularly innovative one in a Southern European perspective, characterised by a very limited development of means-tested benefit. In the meantime, perhaps also in the light of its innovative nature, the Madrid Integration Income has some weaknesses and shortcoming related to the majority of European Mis which are typical of these regional interventions in Spain at the beginning of the Nineties (see Chapter 2; Aguilar et al., 1995; Arriba and Moreno, 2005).

Firstly, it is a measure to combat "extreme" poverty (Preamble Decree 73/1990), therefore very residual and directed exclusively to individuals in conditions of social marginality. Access requirements are numerous and restrictive in a European perspective, even though they are less strict of many other laws introduced in this period by the other Spanish ACs. The access to the IMI was limited to individuals aged between 25 and 64 years,¹³⁷ living in Spain for at least a year¹³⁸, with an income below the amount of monetary support, or below the amount of the social pension or the disability benefit (see below). Also the

¹³⁷ However, there are specific exceptions for would be beneficiaries under 25 years in the presence of children.

¹³⁸ Until 1994, only applicant with the Spanish Nationality could access to the benefit.

means-test is particularly restrictive: all possible earnings are taken into consideration, including disability or other kind of benefit. As an example, also family benefits for disabled children were sufficient to be excluded from the Imi. At the same time, it is important to underline that the Community of Madrid was the only AC in which existed exemption and deductions for social benefits in favour of dependent members. As for patrimonial requirements, the Madrid law required to take into consideration all the movable assets or property which could produce actual returns, with the exception of the property used as the household residence. The estimate of income and assets was made taking as a reference period the month in which the application was produced, and not, as in many national and regional pilot scheme in Italy (Spano et al., 2013), taking as a reference period the year preceding the application. In order to reconcile the need to respond quickly to the needs and be effective in the income estimate, the introduction of the Imi was accompanied by the introduction of a new IT system which allowed to cross-check data with the Spanish Social Security system.

The main weakness of the Madrid Integration Income is that it cannot be associated with a “second generation” social assistance program (Kazepov, 2011), since it does not give rise to an automatically enforceable social right, but it maintains some of the discretionary elements that had historically characterised social assistance benefits in Spain (Laparra, Aguilar, Begoña Pérez Eransus, 2001). Actually, on this issue the Decree 73/1990 is rather ambiguous, since it does not introduce specific budgetary constraints, as in most of the decrees introduced in the early nineties in other autonomous communities, but neither establishes that the budget would be automatically extended if needs are higher than those foreseen at the time of the budget forecasts, as would be required to guarantee an individual subjective right. Given this ambiguity, rather than a legal analysis we refer here to empirical observation to suggest that there were constraints - implicit or explicit - that prevented access to the measure to all individuals living in poverty.

Tab. 13: Evolution of Imi beneficiaries and of household without any income, 1992 – 1999.

YEAR	HOUSEHOLD BENEFICIARIES	HOUSEHOLD WITHOUT ANY INCOME
1992	7.994	30.300
1993	7.328	31.700
1994	7.215	42.500
1995	7.405	42.500
1996	7.274	29.000
1997	7.915	28.800
1998	8.682	33.000
1999	8.538	35.500

Source: Laparra, Aguilar and BegonaPerez, 2001

In particular, Table 13 highlights that in the first eight years, the number of beneficiaries were well below the number of residents in the Community of Madrid that, according to the *Encuesta de Poblacion Activa* (INE), did not have any source of income and, therefore, should be eligible to an anti-poverty measure. Certainly the existence of very strict access requirements and of complex administrative procedures limited the number of eligible applications, besides discouraging, probably, many potential beneficiaries to apply. However, these data seem to confirm the hypothesis advanced in some interviews that the regional administration limited the number of beneficiaries to the budget available (MDR DSS; MDR SW). In particular, the fall in requests granted in the years between 1993 and 1995 - a period in which the number of people without income increased by almost 30% (Table 13) - seems an evidence fairly consistent of the existence of budgetary constraints. In the interviews emerged that it was common practice, particularly in the first years, to "frozen" practices when the resources provided for in the budget were extinguished until the following year, when with new resources it was possible to meet pending requests. Even though there is no clear evidence of those practices, certainly waiting times for access to the Imi were quite long, according to an evaluation by experts on average equal to four months (Aguilar et al., 2001).

Some peculiar requirements – introduced in the regulations following the issue of Decree 73/1990 - favoured the existence of discretionary practices (Ayala, 2001). As an example, the regulation introduced in 1992 allowed social workers to reject the application in case the applicant “does not have a profile that can be assimilated to the Madrid Insertion Income”¹³⁹. This requisite, which stressed that in the intention of the administration only individuals furthest away from the labour market and with severe social problems should have access to the Imi, for its ambiguity allows a discretionary use of the faculty to deny access to income protection¹⁴⁰.

The discretionary nature of the Imi induced some authors to define this programme, rather than a minimum income scheme, a periodic economic benefit associated with social inclusion measures (Aguilar, Laparra and Begoña Pérez, 2001). More relevantly, the absence of an automatic subjective right made the coverage rate of the Imi – from 1990 until 1999 on average equal to 0,5% of the resident household in the Community of Madrid - although superior to the Spanish average, still lower than the one of the Basque Country, Navarra and Galicia, where this right was guaranteed (Ayala, 2001).

A strong concern for financial sustainability influenced the definition of benefit amount, which was quite low, especially if we consider its evolution through time. In fact, if at the moment of its introduction the amount was among the most generous in the Spanish ACs (Aguilar et al., 1995) - approximately 70% of the minimum wage in 1990 and distributed over fourteen months - over time this generosity was drastically reduced. So, Ayala (2001) calculates that in 1999 the basic amount was equal to 15,6% of the average salary, against a Spanish average of 26,7%, a revealing data particularly if we consider that in the Community of Madrid wages and cost of living were among the highest in the Iberian Peninsula. Moreover, the criteria used to determine the generosity were unclear in Madrid, since benefit amount is not clearly associated with the minimum wage as in other ACs¹⁴¹ and in other European countries (Netherlands), nor it corresponds to an estimate of goods

¹³⁹ Decree 21/1992. Author Translation.

¹⁴⁰ In this sense, also the condition to “use the benefit for its purpose”, present in many regional schemes in Spain, for its generality and vagueness seems to encourage discretion by the public administration.

¹⁴¹ In Andalusia e Castilla La Mancha it was respectively equal to 62% and 60% of the minimum wage. In Asturias, in the Valencian Community and in Galicia in this phase the benefit amount is equal to the non contributive pension benefit.

necessary to conduct a decent life, as in France or Germany. Furthermore, in Madrid there is no automatic indexing of benefit generosity allowing to maintain the benefit in line with changes of the cost of living. The absence of clear criteria for determining the amount and / or mechanisms of automatic indexing, while allowing the administration to maintain a strong control on public expenditure, strongly undermines citizens' minimum income protection.

The Madrid Integration Income aims to connect the economic benefit with social and labour market services. Unlike other measures carried out in this period in Spain (see, for instance, the example of Castile and Leon presented below) it has been modelled on the most advanced experiences in this policy field realized in some European countries, such as France or Luxembourg. The legislation envisages, therefore, that access is conditional not only to meeting certain age, residence, income and assets requirements but also to signing a so-called integration contract with municipal social services (art. 3) within 45 days from the granting (art. 14).

The content of the integration contract can vary, and should be modulated on the characteristics of the household, but should in any case aim at promoting the individual, supporting him- when possible -in the search for a suitable job or for a vocational training aimed at professional reintegration in the labour market, in addition to ensuring the education and care of dependent children. In addition to these more general services, the contract may include an additional Integration Plan made in accordance with Ngo and third sector organizations (see below).

Municipal social services have the task to plan and realize the social integration plans. According to the D. 73/1990- and subsequent decrees and regulations - local services collect application with all the necessary documentation, prepare a report on the household conditions, before drawing up the customised social integration plan in accordance with the recipients. To make this feasible, in the period following the adoption of the decree, there was a strong reinforcement of social services staff – social services expenditure tripled during the Nineties (Aguilar et al., 2001) - in particular in the first years of Imi development (MDR SW; MDR DSS).

In this very early phase, the Community of Madrid was undoubtedly among the autonomous communities more committed in the actual realization of the integration component of the last resort safety net. For this purpose, it also introduced a process of constant evaluation of the training and social inclusion projects (Aguilar et al., 2001). Thanks to this study, we know that besides the economic benefit, about 40% of the households received guidance and support, 38.9% participated in a training course, while about 30.4% participated in work experience placements. Precisely, access to employment was the main critical element identified by the beneficiaries: 45% complained of not having access to any job opportunities, 32.3% did not meet the employment agencies and about 20% did not participate in any form of job orientation. Besides the difficulties in creating effective routes to the job market, also due to a complete lack of coordination with the employment centres, we observe also relevant limits in the “general” take charge of beneficiaries in more serious condition of social marginalization: in just less than one out of three cases social workers were able to carry out intensive work with the beneficiaries.

Besides the “integration pact” and the traditional work with the social services, Decree 73/1990 contemplated the possibilities for the beneficiaries to access to the so-called “Social Inclusion Projects” – work placement programmes organized directly by the region and carried out in shared management with “third sector” associations. These were targeted especially to those beneficiaries considered more easily employable. Those projects were – in a comparative term – quite successful in term of employment integration: once finished, almost 23% of participants were able to find an employment in the official labour market, a rate in line with the best European experiences (Sacchi, 2016). The main limitation of “Social inclusion Projects” lies in the low number of courses activated through time. Although those increased significantly - if in 1993 only 19% of beneficiaries participated in those programs, in 2000 those percentages were more than doubled (44%) (Laparra, Aguilar e Begona Perez, 2001) – they remained well below the number of potential claimants (SP CRT; MDR SW).

A final important aspect of the governance of this measure is the establishment of an “Integrated Territorial Commission”, which included representatives of regional and municipal government bodies and representatives of the main trade unions. Competences of this commission, established by Decree 73/1990 art. 20, were very generic, and included

monitoring and assessing the Imi, as well as planning and designing possible improvements. This bilateral body, which later would also include the employers' organizations, guaranteed the participation of the social partners in the policy-making process (see also Chapter 2).

To sum up, the introduction of the Madrid Integration Income constituted an important step forward in the Community of Madrid, offering an important economic support to almost 120 thousand resident households and allowing at least one third of them to participate not only in social integration measures, but also in more intensive employment-related activities. Some critical aspects need however to be considered: through time benefit amount became inadequate, especially considering living standards in the Madrid Community: secondly, despite significant efforts, the administrative structure showed some weaknesses and difficulties in managing this complex measure – as shown by long waiting time before receiving a positive (or negative) response to the application. But the most relevant limit of this measure was the failure to guarantee access to all individuals who had formal right to access the benefit system. In this dimension the Imi, which ambitiously looked up to the recent introduction of innovative programmes at the time, in France and/or Luxembourg - remained conversely a mainly discretionary anti-poverty policy.

5.3.5 The shift from the Madrid Integration Income to the Minimum Insertion Income

The Mii constituted for more than a decade (1990 – 2001) the most important policy to tackle poverty and social exclusion in the Community of Madrid. As we have seen in the previous paragraph, without further intervention by the regional government, this measure knew a rather contradictory development: from one side, in fact, there is a gradual – although limited – growth in public expenditure, total beneficiaries number, and of the number of social integration programmes activated by the government. On the other hand, however, it diminished the protective ability of the policy, in the light of a benefit amount less and less adequate to meet the crucial needs of the beneficiaries. In order to observe a substantial policy change, we have to wait the introduction of Law 15/2001, which ended the Madrid Integration Income to introduce the Minimum Insertion Income

(Renta Minima de Insercion, RMI). In this section, we intend to connect the specific policy changes that took place in the shift from the Imi to the RMI with the political dynamics that characterized this policy area in the Community of Madrid.

As for the contextual factors, after a period of decline in the biennium 1992-1993, in the second half of the Nineties the Spanish economy started a growing period that would last until the beginning of the crisis in 2008. The Community of Madrid was one of the most interested regions caught up in this economic growth: in 2000 the regional GDP grew by 24% compared to 1995, while unemployment fell to 11.6% in 1994 after reaching a peak of 20.8%. This period of economic growth was accompanied by the usual contradictions of the Spanish economy: absolute and relative poverty rates consistently above the European average and an high proportions of workers with non-standard employment contracts of low protective capacity.

This period was characterised, in the community of Madrid as at the national level, by the shift from centre-left to centre-right governments. The regional elections of 1995, put an end to the long period of dominance of the PSOE, and we observe the formation of the first government supported by the Popular Party in the Community of Madrid, under the guidance of Alberto Ruiz-Gallardón (Table 14).

In the previous pages, we have seen how the introduction of the Imi was the result of a political exchange between the trade union and the regional socialist government. In a first phase, the changing colour of the government did not modify substantially the position of the regional government regarding the regional anti-poverty programme. The very existence of the last resort safety net was not put into question by the new regional government which, conversely, in a period of economic recovery, increased the budget for the Madrid Integration Income.

Tab. 14: Election results in the Community of Madrid, 1995, 1999, 2003.

Political Party	Number of seat	% of votes	Government
<i>Election on 8th May 1995</i>			
PP	54	52	1995- 1999 PP
PSOE	32	31	
IU	17	17	
<i>Election 30th June 1999</i>			
PP	55	53,9	1999 – 2003 PP
PSOE	39	38,2	
IU	8	7,8	
<i>Election 25th May 2003</i>			
PP	55	49,5	
PSOE	47	42,3	
IU	9	8,1	
<i>Election 26th October 2003</i>			
PP	57	51	2003 – 2007 PP
PSOE	45	41	
IU	9	8	

Source: Asamblea de Madrid

To this regard, the words of a manager of the Department for Social Policies at the Community of Madrid appear particularly explanatory:

“Every year during the budget projection the Socialist government ensured earmarked funds for the Imi. I have to say that over the years this happened with increasing difficulties, because even in that period an economic crisis erupted, in 93, and funds began to decline (...) Then, we get to 95-96, when we have a People Party’s government. In one of the States of the Region - as they were called at the time - we begin to discuss about the Imi. We had already heard that there was no money, so we had prepared a document, one of the things we as technicians have to do, explaining what we

needed to give a rapid response to the problems of the program. Then, and this I can tell you as an anecdote, we were listening to the debate expecting the worst, and suddenly the President declared that funds for the social services will be guaranteed. We look each other wondering: what have happened? Was it a mistake? Indeed, the way he said, so it has been: the budget grew. There was an increase in the budget fund to finance the Imi. "

(...)

"That's politics. In that moment, the President wanted to show that his government was inclusive, and that, despite being a right-wing government, it favoured the less fortunate part of the population ... therefore, he put pressure on the Finance Councillor to provide us with the necessary funds, and the budget increased " (MDR DSS – Head of Department of Social Services Community of Madrid)

As we have seen in the previous paragraph, actually in the period between 1995 and 2000 minimum income protection system in Madrid experienced a period of gradual expansion in terms of total expenditure and number of beneficiaries. The period of economic growth increased the resources available for the CAs, and definitely constituted a factor which facilitated the gradual expansion of the safety net. However, some political factors contributed to explain this trajectory. Firstly, as noted earlier, there is no opposition in principle within the Popular Party against this measure. The newly elected president Alberto Ruiz Gallardon during the election campaign, and in his inaugural speech, while not focusing especially on this topic, declared his intention to maintain the Madrid Integration Income. The strategy of the PP in Madrid, similarly to the national level (Balfour, 1995, Wood, 2009, Molina, 2011), was to position itself at the centre of the political spectrum and avoid confrontations with the trade unions, promoting the use of concertation as a tool for governing. In his inaugural speech in front of the Madrid Assembly the new president Gallardon defined the dialogue between the Autonomous Community and the social partners *"an essential element for the realization of our policies and to make the Community of Madrid an extremely attractive space for investments "*¹⁴².

The main measures introduced by the previous administration, and especially those resulted in specific agreements with the social partners, are thus not called into question

¹⁴²Asemblea de Madrid, Diario de Sesiones n.2 IV Legislatura, 27-28 June 1994. Author translation.

by the new government¹⁴³, while concertation with the trade unions resumed few months after the election. In this phase however, the priorities of the trade unions were different from the past, aimed at employment creation, also through a reduction in working hours (the so-called 35 hours' proposals) rather than the strengthening of the minimum income scheme (MDR DSS; MDR CCOO). The concertation between the government and social partners was therefore directed on the one hand to preserve the main measures introduced by the previous Socialist government, including the Imi, on the other, to ensure - if not to increase - the organizational resources of the trade unions. As a matter of fact, four new bi-lateral commissions including trade unions representatives – the Commissions on Education, Development, Labour and the Financial Sector – were introduced by the new right government.

Similarly to the unions, in this phase no party was particularly active on the issue of minimum income protection: while keeping a substantial support to the measure, they do not "compete" on this issue. The result of these dynamics was a period of substantial legislative inertia, in which no changes were made to the design of the social safety net in the community of Madrid.

In this scenario, as we have seen in previous sections, far from the spotlight of political debate, social expenditure and coverage of the Imi slowly increased, even though the Madrid anti-poverty scheme remained comparatively modest, with an amount lower than that of other autonomous communities. The limited political interest in this phase for the regional Mis had however relevant consequences, especially regarding its implementation (MDR DSS). Government priorities were, in fact, different, so that the Council for Social Policies was absorbed by the Health Council – a factor that strongly diminished social policy relevance within regional government – while a new Plan Against Social Exclusion, prepared by the social policy technicians and aimed at greater integration with the various department potentially involved in the fight against poverty, such as Health, Housing and Education department, simply gathered dust (remained close in a drawer) during the entire legislature (MDR DSS).

¹⁴³ See El Pais, 17 November 1995: "*Ruiz-Gallardón signs a social pact which respects the main innovation of the socialist period*". Author Translation.

The period of substantial inertia and limited development of last resort safety net in Madrid ended with the regional elections in June 1999, which confirmed at the head of the regional government Alberto Ruiz Gallardon. His second term would be, indeed, much more attentive to social policies and characterized by a legislative intervention that radically changed the minimum income protection system in the Community of Madrid: the shift from the Madrid Integration Income to the *Renta mínima de inserción* (Minimum Insertion Income, Rmi).

In the months following the victory of the Popular Party some factors contributed to place once again on the political agenda – and especially among the subjects of the concertation between the government and trade unions - minimum income protection. Firstly, Madrid experienced a new period of great economic growth, favouring the adoption of expansionary social policies. There was in fact a common perception shared among civil society actors that the fruits of this economic growth did not reach those at the bottom of the income scale, and that therefore there was the need to strengthen the last resort protection system (Caritas, 2001).

Secondly, the bi-partisan overlapping consensus among political parties over a social safety net was preserved. In the inaugural address in front of the general assembly, the re-elected governor Gallardon declared:

*"Out of solidarity, we introduced the Ingreso Madrileño de Integración, a fundamental tool for combating social exclusion in the Community of Madrid. (...) I am, ladies and gentlemen, among those who think that solidarity does not belong to any ideology. It does not belong, nor can belong, when it comes to ensure access to social benefits for all citizens, which must be a shared goal, an obligation for all ideologies."*¹⁴⁴

The new government decided to form distinct Councils for Health and Social policies, strengthening the relevance of social policies within the government. Moreover, the new Councillor Pilar Martinez soon expressed her intention to introduce innovative measures in this policy field, and resumed the Plan against Social Exclusion (MDR DSS). For this purpose, the new councillor summoned (again) the experts who had contributed to plan and design the Imi to carry out an assessment of the Madrid safety net almost ten years

¹⁴⁴Asemblea de Madrid, Diario de las Sesiones, 6 and 7 July 1999.

after its introduction and to develop a new plan to combat social exclusion (Laparra, Begona Perez and Aguilar, 2001).

Notwithstanding this renewed interest in social policies, in the new programme of government there was no new legislative intervention in the minimum income protection field. Key points of the government programmes were, actually, economic growth and especially job creation (at least 225 thousand new employment contracts) to be realized in accordance with the social partners. Social concertation was considered indeed useful, if not essential, to achieve these goals - as made public by the President Gallardon in two relevant speeches in front of the Assembly at the beginning of the new legislature:

“The comprehension of the economy and society lead us to success over the last four years, and there is no doubt that the concertation that we have maintained with the social partners constitutes a key part of this success; for this reason, not only we will maintain it, but it will be reinforced in the next Legislature.”¹⁴⁵

“I have to admit that after four years heading this region I have made many thoughts and came to some conclusions, and of one thing I am absolutely certain: that the results obtained by this region in the field of employment would not be in any way possible if there had not been a permanent pact, despite the disagreements that are natural in this type of continuous negotiation, with the social and economic actors of our community¹⁴⁶”.

The importance that the Government attributed to concertation was particularly significant because at this stage the trade unions in Madrid were once again explicitly interested in strengthening last resort minimum income protection. Some specific dynamics within the most important unions in the Community of Madrid are relevant to understand this evolution and in particular the election as regional secretary of CC.OO., the most representative trade union in the Community of Madrid, of Javier Lopez. The new secretary, in addition to having historically demonstrated a special attention to the issue of social safety net and have been among those who had negotiated the Imi with the government of Leguina, during his election campaign had placed great emphasis on the issue of minimum income protection (MDR CCOO). Thus, CCOO submitted to the

¹⁴⁵Asemblea de Madrid, Diario de las Sesiones, 6 e 7 July 1999.

¹⁴⁶Asemblea de Madrid, Diario de las Sesiones, 27 September 2000

signature of a new social pact for the reintroduction of a minimum income in the regional political agenda (MDR DSS; MDR CCOO; MDR EXP). In this regard, it is useful to quote an article that appeared on *El Pais* on May 20th 2000, significantly titled "The new secretary of CCOO demands Alberto Ruiz Gallardon a new social pact":

"(CCOO) proposes a plan to promote employment for the youth, women and the long-term unemployed, a deep discussion about the reduction of working hours to 35 hours per week, more control of the implementation of the Law on the Prevention of Labour Accidents, an integration plan for immigrants, and two issues that cannot be postponed: improving benefits for the unemployed and a new law on Minimum Income Protection for the most disadvantaged.¹⁴⁷"

Differently from the previous legislature, trade unions posed as a condition to realize social pacts with the government the opening of a new table on minimum income protection, in order to face the major weakness of the Spanish safety net: the absence of an individual right to access public support in presence of a recognized need.

The trade unions were not the only political forces that contributed to place attention back on the issue of a minimum income. In the decade after the introduction of Imi there was a substantial bipartisan consensus in favour of maintaining the programme. The election of 1999 confirmed the political balance of the previous election between the majority and the opposition, but saw a strong growth of the PSOE against IU. The latter lost more than half of the seats compared with the previous elections. To this fall of consent, IU reacted also proposing to the Madrid Assembly a new law on a Guaranteed Minimum Income, which increased legal certainty and the generosity of the Madrid safety net, and eliminated the condition of being active in the job search to access this measure (interview 10).

IU parliamentary initiatives, trade unions requests, combined with the activism of the new regional Councillor, resumed regional concertation within the *Consejo de Madrid por el Desarrollo, el Empleo, y la Formacion*, a tripartite body composed of the most representative unions, the Madrid employer confederation (CEIM, Confederación Empresarial de Madrid) and the Government.

¹⁴⁷ El Pais, 20 May 2000, "The new Secretary General of CCOO requires Ruiz-Gallardon a new social pact". Author translation.

Trade unions requests were mainly two: the introduction of the subjective right and an increase in the benefit amount. As for the former, it was required the introduction of a law - rather than a decree, as before - and that the access to the measure was not conditional on participation to work-related activities. The concession of the subjective right was however cause of a deep tension within the government, in particular between the Finance and the Social Policy Councillor (Interview 1 and 6). The Finance Councillor was actually little inclined to introduce an unconditional right to income support for all individuals with an income below a certain threshold, supporting the principle of reciprocity between the beneficiary, which required support, and the administration.

The compromise reached was expressed in the ambiguous formula of "*doble derecho*" (double entitlement), meaning that the introduction of the new law guaranteed the double right of beneficiaries to income support and social inclusion. This formula hid in reality the fact that the right to financial support was conditional to beneficiaries' activation: the law in fact expressly subordinated access to monetary support on a path between the administration and the aspiring beneficiary concerning social inclusion paths (Article 6.1.ge Article 12 of Law 15/2001). Thus also in Madrid, as in many countries in Latin America (Layton e Smith, 2015), access to Mip was made contingent upon beneficiary virtuous behaviours contribute to make those benefits ideologically attractive for conservative parties. On the other hand, however, in the new pact were also severely limited the discretionary elements granted by the Madrid Integration Income to the social workers in the determination of who has the right of access to the measure: the means-test, as well as the possibility to leave out from the measure, were actually concentrated in the hands of the regional administration. On this basis the 4 September 2001 an informal agreement was reached between the government and the social partners, which would be then transformed into law on 15 of December 2001.

The will of the President to reach an agreement with the trade unions, allowed to overcome the tensions within the majority and some doubts, which were present, on the advisability of introducing the legal right to a Mis (Interview 6). The introduction of a new law allowed also President Gallardon to claim credit in front of its electorate. In this regard, the speech at the Asamblea de Madrid on September 19th 2001 of the former President Gallardon was particularly meaningful:

“Our regional government is concerned, and is responsible, for migrants, women, families, the disabled, and individuals who live in areas that do not benefit yet of the general progress of the region (...). And I can assure you that the most disadvantaged sectors of our society knows that if there is an individual right, recognized by law, to minimum income protection this is the result of a reiterated and well-argued request by trade unions which, for the first time and after twelve years, has been assumed by the government of the Popular Party.”¹⁴⁸

The introduction of the law is therefore the result of a process of concertation between the government and the main trade unions. The parliamentary debate during this phase was less relevant, also because the majority and the opposition, in particular between PP and PSOE, had very similar positions on the issue. IU instead presented an alternative bill, which differed for the higher coverage, a lower age limit (18 instead of 25 years), the lack of all forms of conditionality and greater generosity. However, once an agreement was reached between the trade unions and the government, also left parties supported the measure, and no parties voted against the introduction of the Law 15/2001.

The approval of the Minimum Insertion Income constitutes a substantial change in anti-poverty policies in the Community of Madrid, primarily because with its introduction it is finally guaranteed the subjective right to a benefit in case of a certified economic need. This implies two substantial changes compared with the previous Imi, both in the direction of guaranteeing higher protection to Madrid citizens. In the first place this measure was not subjected to budgetary constraints: if there was a need for more resources to deal with more requests than those initially planned, the administration could increase the budget automatically, without the need for further parliamentary passage. Secondly, Madrid citizens could apply to a court if this right was not recognized. It should be emphasised however that - unlike disputes relating to social security and national legislation - in case of failure to grant a minimum income benefits the beneficiary may appeal to the administrative court rather than the social court. This legal procedure is longer and more complex, an obstacle which – coupled with information asymmetries, and/or economic (and psychological) costs particularly burdensome for social assistance beneficiaries - severely limited the court appeals.

¹⁴⁸ Diario de Sesiones Asamblea de Madrid, 19 September 2001. Author Translation.

Tab. 15. Entry Requirements, Ingreso Madrilen0 de Integracion vs Renta Minima de Insercion

Requirements	I.M.I.	R.M.I
Age	Between 25 and 65 years old	Between 25 and 65 years old
Residency	Permanent residency for at least one year in the Madrid Community	Permanent residency in the Madrid Community
Income – based	To have an income lower than the IMI Impossibility of accessing other measures of income support	To have an income lower than the PNC Possibility of additional social benefits and RMI if they are less than the its amount 5
Asset - based	Real estates (with the exception of the house where the residency is held) Personal property if its value is higher in the last three months to the value of the RM	Real estates (with the exception of the house where the residency is held) Personal property if its value is higher in the last three months to the value of the RM Vehicles with a value higher than 12 thousand Euros 6
Compliance	To sign an agreement with the social services To take actively part actively in the agreed activities To guarantee education to the underage in the family	To sign an agreement with the social services To take actively part in the agreed activities To guarantee education to the underage in the family

The introduction of the subjective individual right also brought a change in the governance structure, in the direction of a strong centralization and a tightened selection procedure, as well as the introduction of a rather complex sanction system.

As for the first dimension, as a counterpart to the introduction of the subjective right, the selection process was strongly centralized, and made more burdensome for the administration. A closer inspection reveals that access requirements did not change significantly, even though there were some important changes in the means test (Tab. 15). To access the RMI, in fact, the income must be lower than the social pension – increased by 25% for each additional person in the household – and not below benefit amount (Art. 9 decree 147/2002).

The changes substantially affected mainly the selection process and the control requirements. Although the task of collecting the documents remained in the hands of social services, however, it was taken from them the opportunity to make a first screening - often of a discretionary nature - as was the case with the Imi. The selection process occurred in a department created for this purpose within the Social Policy Councillor, which has the right to ask any further document to assess the financial situation of the applicant. Moreover, at the end of every financial year the same department had to collect again the necessary documents to check whether there were changes in the financial condition of the beneficiaries. Both of these tasks needed to be certified by fiscal control bodies, which had the task of checking all the expenditure of the Community of Madrid.

This procedure - which required the same documents to be controlled by three different institutional bodies several times during the year - was extremely unwieldy, and it required a significant deployment of energy and human resources. Above all, it made extremely complex the access for applicants, who often saw their documents expire while still waiting for an answer, with the consequence of having to start over again: a true short circuit which resembled a Kafkaesque impasse. This procedure made the response to application long and uncertain. Theoretically Article 38 of Decree 147/2002 envisaged that the beneficiary should receive a response within a maximum period of three months. However, this deadline was often not met and, especially with the onset of the crisis, waiting times lengthened considerably (see next paragraph).

Secondly, a specific sanction system was created in case the beneficiaries failed to fulfil obligations set forth in the decree. In case of repeated misconduct –i.e. several “minor” infringements in the last two years - the benefit was suspended for a period that went from

3 months to 6 months, and from 6 to 12 months in case of serious misconducts. Also in this case the sanctioning procedure was long and rather complex, since every time there was an infringement a Commission was created, and social services had to demonstrate beneficiaries' faults. Also for those reasons, so far sanctions were rare in Madrid.

Finally, the new law affected both the generosity and the governance structure of the last resort safety net. Benefit amount was higher than the Imi. However, in a comparative perspective, also limiting our analysis to the Spanish case, the Madrid Minimum Insertion Income represented a rather modest benefit. The government in fact, concerned that an overly generous benefit might foster the so-called poverty trap and discourage active search for a job, did not accept trade unions demands for a substantial increase. Moreover, law 15/2001 did not introduce any automatic indexation mechanisms, so that the choice of the amount remained firmly in the hands of the government, which every year by decree established the amount and the equivalence scale of the benefit (see tab. 17).

As for the governance structure, the law introduced new organisms to encourage greater integration between institutions and actors potentially involved in the fight against social exclusion. This was the *Coordination Commission*, which had the task of promoting the integration between different governmental departments and levels, and the *Evaluation Commission*, which instead monitored the selection process and implemented sanctions. The tasks of evaluating and controlling the Rmi - previously carried out within the Territorial Commission - were taken by the new *Supervisory Commission*, composed of social partners and government representatives. This institution, which is present under different names in most of the ACs, is the main arena in which regional governments and social partners discuss the implementation of the regional Mis, exchange information and put forward any proposals for improvements.

The introduction of the Rmi is followed by a phase (2003 – 2008) in which we observe a real improvement in the minimum income protection in the Community of Madrid, especially taking into consideration the guarantee of access, but also considering benefit amount. Beneficiaries grew by 36.5% in 2003 - the year of the actual transition from Imi to Rmi - and more generally, in a period of great economic growth, the number of beneficiaries grew constantly in the period between 2002 to 2006, and only then knew a

slight decline in the period 2006 and 2008. Even though this constituted a relevant increase – household beneficiaries were a little more than seven thousand in 2002, almost 10.5 in 2008 – according to the official statistics of the Spanish statistical institute there was still a relevant part of the poor Spanish people – even extremely poor – who did not receive any benefits.

However, if compared with the previous management of the Imi, it seems that this was due to the presence of strict requirements and / or of a particularly high non take-up rate, rather than caused by a discretionary management of the measure and or the presence of hidden budgetary constraints. Two factors allow to advance this hypothesis: from one point of view there were very few pending applications in this period. As shown by Figure 11, in this period we have a substantial increase of the accepted applications, while we observe a steady decline of pending applications – while the long average waiting period was one of the main weakness of the Imi, and probably one of the stratagems used by the administration to disguise the existence budget constraints. Secondly, un these years, the funds allocated by the government in the budgetary projections were sufficient - if not sometimes superior - to meet the demand submitted to the administration (Table 16, MDR DSS2). From 2005 until 2008 the fund allocated to the Social Policy department to finance the Rmi were therefore larger than final expenditure, highlighting that budgetary constraints probably did not affect the policy-making process in this particular period, as also expressed by social assistance managers referring (exclusively) to this particular period. Also – as mentioned - benefit amount increased constantly in those years, even though it remained lower than Spanish Average (tab. 17). The basic benefit amount, which in 2000 was below 250 euro, in 2007 was equal to 354 euro.

To sum up, with the shift from the Madrid Integration Income to the Minimum Insertion Income, anti-poverty policies in Madrid equalled European standards, since it was finally automatically guaranteed the right to access the Mip, and it was connected with a series of measures aimed at the socio-economic integration of the beneficiaries. This measure presents also some features that make it attractive also for the Popular Party. In fact, Rmi was a comparatively modest benefit – not to discourage beneficiaries in the job search – and had a strong conditional nature, further accentuated by the presence of a sanction mechanisms in case of non-compliance.

3.5 The Great Recession and the (weak) implementation of the RMI in the Community of Madrid

The onset of the Great Recession impacted enormously on the economy and society of the Community of Madrid, with relevant consequences also for the Minimum Insertion Income. The condition of the labour market strongly deteriorated, badly affecting especially the low-skilled population. From 2008 to 2013, unemployment rate increased from 8,6% to 19,8%, and the percentage of the long term unemployed among the active population, which was almost irrelevant in 2007 (1.1%), was in 2014 equal to 10% (Eurostat online database). Accordingly, the severe material deprivation rate grew from 2.5% in 2007 to reach its historical peak on 2013 (7.3%). This situation deeply affected the implementation of the last resort safety net, because the number of potential and effective claimants grew exponentially. At the same time, available funds for the region decreased, especially after the introduction of the budgetary balance to the subnational and local governments in Spain. Consequently, regional budget slowly decreased in this recessive phase, especially in the period from 2010 until 2012. The Community of Madrid thus moved from an expansionary phase, characterized by growing resources and fewer applications, to an opposite one, in which there were less available resources and it had to cope with increasing social needs.

In these conditions, the growth in spending and number of beneficiaries in the Community of Madrid was exponential. Between 2008 and 2013, the number of households receiving Rmi grew from 8567 to 19780 (plus 129.3%). In the same period Rmi expenditure went from about 44 million to over 89 million (plus 100.3%).

The growth of beneficiaries, although significant, was however not sufficient to keep up with the growth of social needs due to the effects of the Great Recession: in the same period, the number of annual Rmi applications grew from 3467 to 12908 (plus 272%). The fact that the increase of demand was higher than the growth of beneficiaries, might shed some doubts concerning the right-based nature of minimum income protection in Madrid: in the presence of a subjective right, increasing (legitimate) request should correspond to an equal increase in granted benefits.

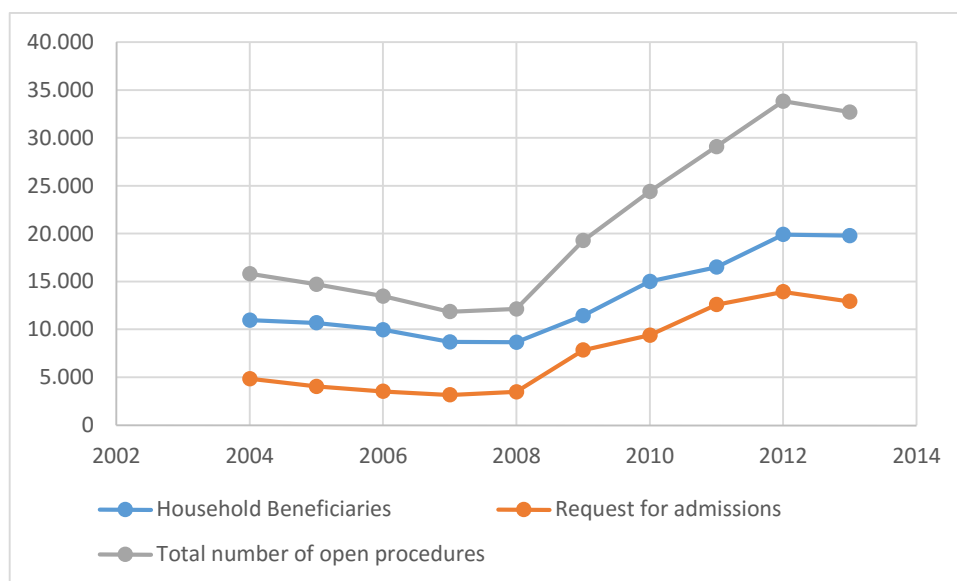
Tab. 16 – Budgetary provision and expenditure for the Rmi, 2004 – 2013.

Year	Budgetary provision	Consolidated Rmi Expenditure
2004	39.158.690	44.908.690
2005	44.000.000	47.000.000
2006	47.000.000	45.291.738,59
2007	46.900.000	42.832.548,72
2008	47.000.000	41.242.987,24
2009	44.000.590,00	47.680.083,67
2010	48.000.000,00	58.985.110,54
2011	48.274.000,00	72.064.092,00
2012	52.661.817,00	84.621817,00
2013	81.919.817,00	85.408.796,03

Source: Autor elaboration from Consejería De Asuntos Sociales, Comunidad de Madrid

At least partially, difficulties of the bureaucratic apparatus and of the social services in dealing with such an unforeseen rise of applications explain this difficulty. In less than four years, the administration of the Community went from managing around 12 thousand to about 32 thousand practices - considering both the beneficiaries and pending applications (Fig. 10).

Figure 10 Evolution of requests for the Minimum Insertion Income, 2004 - 2013



Source: Author elaboration from Consejería De Asuntos Sociales, Comunidad de Madrid, several years

A closer examination of the applications submitted enables to show that the bureaucratic machine found itself in extreme difficulty in managing the selection process which, as we have seen in the paragraph above, are quite complex and cumbersome. Indeed, if the transition from Imi to the Rmi had allowed to decrease significantly the phenomenon of long waiting periods and pending practices, in this second phase it assumed once again a relevant dimension: pending practices constituted 3.5% of all the applications in 2006, 44.5% in 2013 (Fig. 10).

Those data seem to confirm what emerge also in the interviews carried out with social workers and NGO: with the onset of the economic crisis and the sudden growth of applications, long waiting times to access to last resort safety net have started again to constitute a major problem for people experiencing poverty and social exclusion in the Community of Madrid (MDR SW; MDR DSS2; MDR DSS3; MDR EAPN). Qualitative surveys carried out interviewing the Rmi beneficiaries reveal that some applicants waited for a response for several months, sometimes for more than a year (EAPN, 2014). Beneficiaries and social workers complained that central offices during the selection process often asked for new documents, which meant to start over the entire procedure,

with the result that often documents previously delivered expired (EAPN, 2014, IMDR SW; MDR EAPN).

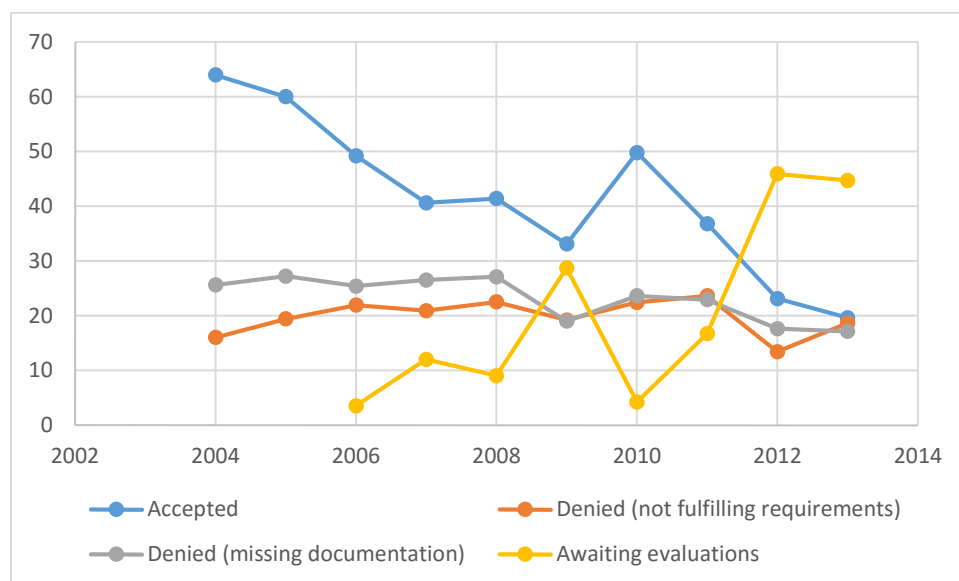
Those facts, which point to problems in creating the right to access to minimum income protection solemnly declared by the law, allow to talk about a weak implementation – at least during the crisis – of the Rmi. Some interrelated factors allow to understand this evolution of anti-poverty policies in the Community of Madrid. In the first place, the exponential increase of applications, it was not accompanied by a strengthening of the administrative bureaucratic structure (MDR DSS3). In the years of the crisis it was not hired new staff neither in social services - which were (also)in charge of the front office and of collecting documents - nor in the social inclusion department, which as we have seen had the task of scrutinizing if new applications met the requirements and whether the beneficiaries were still in condition of need. As we have seen, however, in a few years' practices increased from about 12 thousand to 32 thousand a year: in the absence of new personnel, the functional overload caused by such a dramatic increase of the workload made more complex to respond rapidly to the applications (MDR DSS3). Also because - and this is the second factor that helps to explain long waiting periods - the selection procedures in the community of Madrid were long and cumbersome. The law and the associated regulation established that the economic situation of the beneficiaries had to be checked several times during the year, by more than one institutional body, even if the recipient did not declare a change in their financial condition. In addition, the adoption of a new IT system, long awaited and which had several difficulties of practical and political nature before being finally implemented (MDR DSS2), did not seem to have had practical effects yet, and difficulties persisted in the capability to cross data between different administrations (EAPN, 2014)

Lastly, budgetary constraints, although formally absent, seem to have played an important role. In the interviews often emerged the hypothesis that the inability to respond quickly to applications hid an implicit strategy of the administration to contain the costs of this measure, which as we have seen grew exponentially with the arrival of the crisis (MDR CCOO; MDR UGT). A more accurate analysis of applications allows to show that this explanation is plausible. In 2010, despite a considerable increase of applications compared to previous years (plus 101.2%), the percentage of pending practices was only about 4%,

while the accepted applications were close to the 50%. Three years later, pending request represented 44,7%, to the total detriment of the accepted applications, which went down to 19.6%, while not granted application remained constant (Fig 3). The growth of applications awaiting an assessment was therefore almost totally at the expenses of “legitimate” applications, so that it seems plausible that budgetary constraints contributed to explain the particular evolution of last resort minimum income protection in Madrid.

In reality, it is difficult to establish with certainty whether the exponential increase of pending practices was the result of precise directives by the political actors to keep under control spending in this policy area. But in any case, the failure to modify the Mis - changing the procedures and / or strengthening the bureaucratic-administrative structure - so that it is not able to respond to changing environmental conditions can be interpreted as a political choice (Mahoney e Thelen, 2010).

Figure 11 Evolution of the accepted, denied or awaiting evaluation applications as a % of total application, 2004 – 2014.



Source: Author elaboration from Consejería De Asuntos Sociales, Comunidad de Madrid, several years

The suspicion that budgetary considerations have been taken into account during this phase by the government in Madrid is confirmed observing the evolution of benefit amount in the Madrid Community. From 2008, the amount of the Rmi has never been

changed in order to maintain its (low) real value. Thus, if in 2013 the basic amount on average of regional Mis in Spain for a single member household was equal to 428 euro and the maximum amount for numerous families was – always on average – equal to 671 euro, in the Community of Madrid those were equal to 375,5 and 532,5 euros per month respectively, so that the Rmi could be deemed as the least generous safety net in Spain, with the only exception of LaRioja (Ministerio de Sanidad, Servicios Sociales e Igualdad, 2014). Those data are particularly significant if we take into account that in this region both the per capita income and the living cost are the highest in Spain.

Tab. 17 Mis amount, Community of Madrid vs Spain (average), 2004 2013

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
RMI										
Basic Amount	305,7	315	326	340	354	370	370	375,55	375,55	375,55
Spanish Average	324	337	351	375	405	409	418	422	422	434

Source: Ministerio de Sanidad, Servicios Sociales e Igualdad, several years

To conclude, as underlined previously, the growth in public expenditure for anti-poverty policies and minimum income schemes in the community of Madrid has been certainly significant. Expenditures and the number of beneficiaries increased exponentially as a result of the economic crisis and the deterioration of the labour market. However, a more careful analysis of its implementation shows that the legal right to access the measure has not been sufficiently guaranteed and that the protective capacity of this measure has been weakened in recent years. For this reason, considering the premise contained in Law 15/2001, it seems that the actual implementation of the RMI is disappointing and inadequate to address the needs that emerged forcefully with the onset of the economic crisis.

3.6. *The neo-liberal turn and the evolution of Mip in the Community of Madrid.*

The policy trajectory of last resort minimum income protection in the Community of Madrid present some peculiar characteristics. In the early 2000 a very promising policy innovation – placing this region among the very few CAs which adopted a right-based approach in this policy field – was introduced by the conservative government of Alberto Ruíz Gallardon. However, in the aftermath of the crisis, the implementation of this measure was less, and despite the increase in expenditure and beneficiaries, efforts to contain the growth in minimum income expenditure are rather visible.

Also in this case, political dynamics are indeed important to understand the “weak implementation” of the Rmi in the comparatively wealthy Community of Madrid. In the years following the introduction of Law 15/2001 the Popular Party – which was in power since 1995 – was confirmed (in government), keeping the absolute majority in the *Asemblea de Madrid* both in the regional election in 2003 and 2007. Esperanza Aguirre however took over from Alberto Gallardon as President of the Community of Madrid, opening a new political phase in this AC. The new President, although belonging to the same political party of his predecessor, was a leading exponent of the neo-liberal wing of the Spanish right, whereas Gallardon belonged to the centrist-conservative area of the Popular Party.

“I have decided to be a politician to realize liberal ideas and policies. I am liberal because history and experience have taught me that liberalism is the ethic, political and economic doctrine that better matches aspirations and needs of an open and free society. I am liberal, because economic freedom and market exchange have always demonstrated to be much more effective to bring prosperity and wealth (welfare) rather than public intervention, economic nationalism or any other known variety of populism, from socialism to communism.”¹⁴⁹

The priorities of the Madrid government change accordingly with the shift from the Gallardòn to the Aguirre Government. In particular, as much as Gallardòn underlined the relevance of employment rates and considered positively concertation and social dialogue, the government programme of Esperanza Aguirre aimed at reducing taxes – and more precisely, to reduce by one point the autonomic part of the Spanish income tax (IRPF) and to abolish the inheritance tax – and to decrease expenditure and public intervention in the

¹⁴⁹ Diario de las Sesiones Asemblea de Madrid, n.2, 18 June 2007.

economy, while social assistance policies – and in particular the Minimum Insertion Income – were no longer considered government priorities¹⁵⁰ (MDR DSS2). This change of perspective was immediately perceived by the social partners, and although the first Aguirre government tried to maintain a social dialogue with the trade unions – in particular, in some specific fields such as economic competitiveness and employment – no comprehensive social pacts were signed on social policy issue – such as health, education or social services – as it was the case with the previous government. In such a political context, no substantial changes were made concerning the Madrid Minimum Insertion Income, which was conversely preserved and maintained in its universalistic although selective nature.

The regional elections of May 2007 were characterised by a significant growth of the Popular Party both in votes and in the number of seats obtained in the *Asemblea de Madrid*, where the Esperanza Aguirre government obtained the absolute majority. In an economic context completely different characterised by the onset of the financial and later economic crisis in Spain, the second Aguirre government would push further in a neo-liberal direction its policies. The government programme is again centred on tax reduction; in particular, the programmatic goal of the new government was to reduce taxes on assets¹⁵¹, and a contested reform plan aimed at favouring greater private initiatives in the health sector in the Community of Madrid. The onset of the crisis did not modify government economic priorities, more and more aimed at reducing public expenditure, as summarised by these words of the President Aguirre in front of the *Asemblea de Madrid*:

*“In moments of crisis we need to be austere, and governments have to give a positive example. When government pursues austerity, societies are prosperous, and for this reason I intend to explain you in detail how our government intend to tighten its belts to reduce the possible effects of this crisis”*¹⁵².

At the same time, the policy-making process was characterized by a lesser and lesser participation of the social partners: institutional concertation, a well-established tradition of the autonomous government in Madrid, was completely abandoned. Aguirre and her

¹⁵⁰ Diario de las Sesiones Asemblea de Madrid, n. 2, 19 e 20 November 2003.

¹⁵¹ Diario de las Sesiones Asemblea de Madrid, n. 2, 18 June 2007.

¹⁵² Diario de las Sesiones Asemblea de Madrid, n. 262, 16 e 17 September 2008.

government did not even consult social partners to realize her government programme, not even concerning economic and labour policies. It was therefore the first legislature in this Autonomous Community where no social pacts between government and social partners were signed. Otherwise, also at national level the period after the crisis corresponds to a steady decline of concertation, and especially after the Rajoy election at the end of 2011, we observe the introduction of the first labour market reform in the history of democratic Spain introduced unilaterally, without even attempting to establish a social dialogue with the social partners (Molina, 2014).

As for minimum income protection, even though it was not at the beginning of the legislature within government priorities, the onset of the crisis and the sudden explosion of application brought back minimum income at the very core of the political agenda. From 2011 government action in this policy field aimed especially at containing expenditure growth, and a greater emphasis was therefore posed on the theme of the so-called false positive and frauds, with a consequent reinforcement of income controls (MDR DSS2). In this regard, particularly significant was the article 5 of the budget law n.8 of 2012, which modified some relevant aspects of law 15/2001, reinforcing the conditionality of the Rmi to the participation to “insertion activities”, besides augmenting furthermore control procedures. More specifically, with the changes introduced by this law the checking of compliance with the requirements was done every six months and not every year, as it was before. This government decision, undoubtedly targeted at limiting perceived frauds, increased furthermore procedures and, as we have seen above, caused greater difficulties to respond rapidly and efficiently to the demand coming from the population, also because the administrative structure was not reinforced after the exponential growth of the applications and of the administrative tasks. This government choice was strongly criticized by the opposition and the trade unions, which underlined how it led beneficiaries in a sort of “*bureaucratic hell*”, where it is always possible to receive new demands to bring documents, and the certainty of the right to access is strongly reduced (MDR CCOO).

It is also important to underline that, for the first time, changes in the legislation on minimum income protection were not negotiated with the social partners, strongly weakened during the crisis both at the national and at the local level (González Begega

and Luque Balbona, 2015). CC.OO. and U.G.T. criticized both the content and the method of the changes introduced with law 8/2012. Similar criticism came also from opposition parties, but the government preferred not to open a parliamentary debate on this theme (MDR IU; MDR EAPN). As noted by EAPN Madrid, “there has not been neither a public nor a political debate concerning the 2012 reform, and the reasons which have motivated it have not been explained; behind it there are no technical evaluations, nor a monitoring process and/or the considerations of the stakeholders¹⁵³ (EAPN, 2014, p. 21).

In such a context, in November 2013 *Izquierda Unida* presented a new bill, which aimed at increasing the monetary support and combining it with free access to public transportation and a reduction of the housing and of the school canteens costs. PP firm opposition hindered this proposal and it was not even discussed in the Asamblea de Madrid. In a context characterised by growing social needs – only partially answered by the Madrid Minimum Insertion Income – the Madrid government priorities were going in the direction of containing public expenditure rather than reinforcing minimum income protection. As a consequence, despite the Community of Madrid is the richest in Spain, policy expansion in terms of expenditure and coverage, although present, can be considered inferior compared to other autonomous communities, such as Asturias, Cantabria, La Rioja, Castile and Leon or Extremadura, not to mention the well-known case of Navarra and the Basque Country.

4. “Política consensuada”: minimum income schemes in Castile y León

This paragraph looks at policy developments and political dynamics concerning minimum income protection from the introduction of the first safety net until present days in Castile and León. As we will outline below, this region is characterised by economic, social and political conditions different from the Madrid case. Moreover, in this region path departure, i.e. the introduction of the Ingreso Mínimo de Inserción, followed the failure of the negotiation between the social partners and the Government over the possible introduction of a national minimum income scheme, and the subsequent introduction of regional programmes in relevant Autonomous Communities. It seems therefore interesting

¹⁵³Author Translation.

to investigate whether the same factors, and mostly the economic trends and the relations between trade unions and the regional government, have influenced the introduction and the policy trajectories of the last resort safety net in this specific CA, or, conversely, we observe greater importance of institutional mimesis dynamics, i.e. policy diffusion and mutual learning dynamics between the different regional administrations (Arriba and Moreno, 2005).

4.1 Economy and labour market in Castile and León in the Eighties.

Castile and Leon is a Spanish Autonomous Community formally established in 1979 after the merger of the historical territories that made up the ancient crowns of Leon and Castile, on the north side of the Iberian *meseta*. Despite geographical proximity, the social and political structure of this community is profoundly different compared with the Community of Madrid. It is, actually, a particularly large community, with a very large number of municipalities (2248), most of them (80%) with a total population below/ of less than thousand inhabitants. Low demographic intensity and the absence/lack of metropolis make Castile and León, despite the large dimensions, only the sixth most populated Autonomous Community in Spain. Beside low demographic intensity this AC is characterized by the presence of a very large number of elderly people, which made the population of Castile and León one of the oldest in the whole Europe. In 1991 14,1% of the population in this A.C. was aged more than 65, against a national average of 11,3% (CESCyL, 1992).

The economy of Castilla y León was heavily based (relied strongly) on traditional sectors, particularly agriculture and livestock, industry and tourism. As for the Spanish economy as a whole, the Eighties were a period of major transformations. Firstly, together with Spain, also the economy in CyL was hit (hard) by the downturn of the Spanish in the early eighties; regional GDP contracted severely and the unemployment rate grew from 7.8% to 18.3% in 1985. The economic recovery in the second part the 80s was slower and more difficult than in other Spanish autonomous communities: while the economy grew at an average of 4.61% annually in Spain, the annual GDP growth in CyL was about a point lower, at 3.63%. This growth ranked the region in 1990 at the eleventh place among the

Spanish ACs in the index of economic development, with a GDP per capita equal to 86.6% of the national. Unemployment rate is below national average – 15,7% in CyL, 16,7% in Spain –but with a low activity rate – 40,3 in CyL, 42,3% in Spain (CESCyL, 1991).

Secondly, in this period started a process of slow but steady transformation of the labour market. As mentioned, the economy of CyL was concentrated in the traditional and, in many ways, most mature sectors of the Spanish economy. In the late '70s, agriculture still played a major role in its economy, and almost a third of the working population was employed in this sector. Ten years later, though agriculture maintained a relevant role in the regional economy, a large proportion of these workers (about one third) moved to the construction industry (17% more than 1982) and even more so in the services. From the mid-80s, manufacturing started to employ about 20% of the population, particularly in the automotive and food industries (CESCyL, 1991). Service was the sector most contributing to job growth, employing about half of the working population, concentrated in particular in the tourism and catering (Ibidem).

As for the spreading and seriousness of poverty in CyL, there are few available data concerning the early Eighties. Building upon the data of the *Encuesta de Población Activa* [Inquiry on the working population] carried out by the Spanish Statistical Institute, Caritas Spain shows that in 1991 in Castile and León there was a relative poverty rate close to 27.2%, against a national average of 19.4% (FOESSA, 1994).

Thus, when, in the late eighties, last resort minimum income protection entered into the public debate, Castile and Leon was a community with a level of economic development below the Spanish average, a traditional structure of the economy and poverty levels higher than average, albeit lower than the Spanish poorest ACs, such as Andalusia, Extremadura and Murcia.

4.2 Party structure in Castile and León

In the first democratic elections held in Castile and León, on December the 8th 1983, the Spanish Socialist Workers' Party obtained the majority (of votes), and formed a cabinet under the leadership of Demetrio Madrid (see tab. 18). This first term was characterized

by some judicial scandals involving the president of the community which forced him to resign in 1986. Results and ruling coalition changed in the following elections in 1987. The important increase of votes for the CDS - the party founded by the protagonist of the Spanish Transition, Adolfo Suarez, and positioned at the centre of the political spectrum - at the expense of the Spanish Socialist Party, led to the designation of the rising star of the Spanish centre-right, José Maria Aznar, candidate of the alliance of right-wing parties that in a few years would create the Popular Party.

Tab. 18: Evolution of electoral results in Castile and León, 1983, 1987 ,1991.

Party	Number of Seats	% of votes	GovernmentCoalition
<i>8 May 1983Elections</i>			
PSOE	42	44,8	
FAP	39	40,04	1983 – 1986 PSOE
CDS	2	6,03	1986 – PSOE
PDL	1	3,63	
<i>10 June 1987Elections</i>			
FAP	32	34,9	
PSOE	32	34,5	1987 – 1990 FAP
CDS	18	19,7	1990 FAP – CDS
PDP	1	2,5	
<i>26 May 1991Elections</i>			
PP	43	44,25	
PSOE	35	37	1991 – 1995 PP
CDS	5	8,3	
IU	1	5,4	

Source: Cortés de Castilla y León.

The 1987 elections constituted a turning point for the Castile and Leon political system. In all subsequent elections, prevailed the candidate backed by the centre-right PP, which would become the hegemonic party in this AC's. Conversely the CDS would gradually lose support and votes to this party, up to decision to merge permanently into the PP in 2005.

4.3 The introduction of the *Ingreso Mínimo de Inserción* in Castile and León

The introduction of the first minimum income scheme in CyL, named *Ingresos Mínimos de Inserción* (Minimum Insertion Income, IMI), occurred soon after the introduction of the *Ingreso Madrileño de Integración*, in July 1990, with the approval of the Decree Law 132/1990. Despite this, the policy making process in Castile and León, with some similarities, presented also some relevant differences. It is, indeed, a much more rapid process, started only after the introduction of the measure in Madrid, which had little to do with the national debate and was only modestly affected by what happened in other Spanish regions. At the same time, some of the actors who have played an important role in introducing the measure in Madrid, and in particular the trade unions, played an essential role in order to understand the introduction of IMI in Castile and Leon.

The presence of a particularly elderly population, combined with the administrative difficulties created by the presence of many small municipalities, made the construction of an efficient social service system one of the main concern and objective of Castile and Leon. This public policy area began therefore particularly developed since the establishment of this Autonomous Community.

Within managers and experts of social assistance – what Ferrera (1993) called the policy environment - in the second half of the '80s began a debate on the necessity to strengthen measures to tackle poverty and social exclusion. By the mid-eighties, similarly to the rest of Spain, the main intervention in the anti-poverty field were the so-called *Ayudas puntuales* (lit. Ad hoc aids), measures of economic support granted by municipalities to respond to emergency situations. Those are benefits granted to low income families in case a particular event created serious needs, to allow temporarily the household to bear the costs for accommodation and food (in particular, expenses for rent or mortgages). A typical situation in which those aids were granted was to allow a household where the "breadwinner" is a long-term unemployed to face unexpected expenses. These forms of financial support - which still exist in Spain, in most cases called *Ayudas de Emergencia Social* (lit. Social Emergency Aids), - are regulated and managed by the municipalities and co-financed by the ACs.

The regional administration began to discuss the possible introduction of an anti-poverty measure at the end of the Eighties, while structuring one of the most efficient social service system in Spain (CYL DSS). This reflection never led to a concrete policy proposal, although it constituted a facilitating factor, allowing the proposals made in the following months to be received with some interest by the administration.

The second fundamental factor concerned the development of a regional concertation in Castile and León. This – in CyL as in most Spanish CAs (but not in Madrid) – began to take place only after the success of the 14D general strike, the agreement on the definition of the PSP among the two most representatives trade unions, the failed attempt at national level to reach an agreement on the introduction of a national minimum income scheme, the pact with the Leguina government in Madrid and the decision of the trade unions to shift their request at sub-national level. It is only with the beginning of the negotiations between the government and the social partners, that for the first time in Castile and León we start to see a discussion on the possible introduction of a regional safety net (CYL DSS; CYL CCOO).

The introduction of a minimum income scheme or, as they were called at the time in Spain, of a “*salario social*” (social wage) represented a break-up point for the social partners, a key point to reach a pact with the government of the Autonomous Communities (CYL CCOO; CYL UGT). Newspaper articles at the time agreed describing the IMI as an essential requirement presented by the unions to the regional government during negotiations:

“Maroto (Secretary UGT Castilla y Leon) gives a positive assessment of the document, because “it is the best possible deal” in this region. However, he noted that there are negative aspects, such as the failure to agree on collective bargaining for public servants, on the economic development of the region and on vocational training (...). (As for the positives) the leader of the UGT considers particularly important, more than all the rest, the agreement for the implementation of a minimum income scheme in Castile and Leon”¹⁵⁴.

In the same article, it emerges how, besides the introduction of a last resort Mis, the second essential request in order to accept a regional pact was the introduction of a parastatal

¹⁵⁴ El Norte de Castilla y Leon, 7 April 1990, “*UGT decides to accept the agreement over concertation in Castile and León*”. Translation by the Author.

body, in which trade unions and government representatives could monitor the effective functioning of the program. In this particular moment, trade unions and local representatives were available to renounce other requests, such as the development of a regional vocational training system, in order to reach an agreement over the introduction of a Mis that included the creation of a bilateral body. Both these conditions were respected in the social pact signed on April the sixth 1990 (point D and H), that would translate into the Decree 132/1990, which introduced the Minimum Insertion Income in Castile and León.

As for the party politics, it is important to stress that, different from other regional contexts, before the beginning of the concertation with the trade unions neither the Government sustained by the Popular Party nor the other political forces in the Cortés of Castile and León had ever proposed the introduction of a regional safety net.

Although they cannot be considered among the driving forces, parties do not object in any way to this path departure from the traditional anti-poverty model. The Popular Party, which had the relative majority in the Cortés, did not prevent the achievement of an agreement between the unions and the government over this issue. Some specific political dynamics allow to better understand the position of this party with respect of this measure. Firstly, similar to the Madrid case, it was a relatively weak government, seeking legitimacy and good terms with the social partners: for this reason, the regional government tried to reach an agreement with the trade unions, even without their effective strength after the success of the general strike of December 14, 1988. The centre-right won with less than 0.5 points margin against the PSOE, which at national level and in most of the other Spanish autonomous communities had an absolute or relative majority. In view of the regional elections that were to take place a few months later, accepting the proposals of the PSP and negotiating an agreement with the trade unions was considered crucial to maintain the government.

The second reason – which is strongly correlated – lies in the political strategy followed by the PP since the end of the Eighties. At national level, José María Aznar, after resigning from the presidency of the Castile and León to become the President of the newly formed Partido Popular, in the congress held in early March of 1990 inaugurated the strategy that

would be defined by commentators and experts "conquering the centre"(Balfour, 2005). In particular, within the ten point of the new party programme, there was also *"the construction of a more cohesive society, which included all of its member, workers and the unemployed, those who have more with those who have less"*¹⁵⁵.

Conquering the moderate electorate was particularly important in CyL, where in 1987 the centrist party CDS obtained almost 20% of the votes. This strategy was hard to reconcile with the opposition against an anti-poverty measure similar to that proposed by the trade unions, above all in a moment in which most of the other Autonomous Communities – very often ruled by the adversary socialist party – were introducing very similar programmes (see Chapter 2). The necessity to reach an agreement with the trade unions allied with the determination to present itself as a centre moderate party, made the PP in Castile and León give support to the introduction of a regional minimum income scheme. Those factors permitted that three months after the agreement with the social partners the Decree 132/1990 was approved, which introduced the Minimum Insertion Income in Castile and León.

Although the name may suggest otherwise, the measure introduced in CyL had a passive nature, limiting its intervention to monetary support. It was, above all, a residual measure, characterized by very restrictive entry requirements. Individuals were actually automatically excluded if they accessed to any other social protection scheme (contributory or non-contributory pension, unemployment benefits, etc.) or other forms of aid, including private aid (or family or relatives legally obliged to pay alimony). To access it was necessary to comply with specific age (adults between 25 and 65 years)¹⁵⁶and residency requirements (have resided for at least two years in the territory of CyL). Beneficiaries were exclusively households: thus, it was impossible for single individuals to access the IMI, while it was possible for married or de-facto couples, lonely parents, or for cohabitants linked/bound by family ties. In addition, specific behavioural requirements were present: beneficiaries had to ensure children school attendance, that the benefit was

¹⁵⁵ Point 9 of the so called Aznar Decalogue in the X Congress of the Popular Party.

¹⁵⁶ One year later, with the introduction of Decree 286/1991 might access to the Imi also individuals below 25 with children.

“allocated to its purpose”, not to exercise begging, not to turn down any job offer, otherwise they would be excluded from the benefit.

What made the measure particularly restrictive was the presence of specific time limits: you could access the IMI for a maximum of one year, from 1991 renewable for a maximum of two times. Moreover, it was definitely a non-generous benefit, amounting to 30 thousand pesetas per month (about 180 EUR), with no equivalence scale, so that benefit amount did not change in relation to the type and number of family members. No indexing mechanism was provided so that, from 1990 to 1997 – when some legislative changes were introduced - benefit amount never changed.

As for the selection procedures, the decree 286/1991 contributed to the definition of a decentralised model of governance, structured/based on three government levels. If the AC had the legislative function and was therefore responsible for establishing the requirements and financing the entire system, its implementation – and in particular the selection process – was based on the interaction between the municipal social services and the *Servicio Territorial de Sanidad y Bienestar* (Territorial Service of Health and Welfare), located at provincial level. The former had to organize the first meeting with the aspiring beneficiaries, create a first "social report" designed to indicate their core characteristics and collect the necessary documentation. The social report and the documentation had to be sent to the *Servicio Territorial de Sanidad y Bienestar* which had to collect all the applications and check the correctness of the documents. The entire process had to take place within ten days, then the provincial authority had further ten days in case it needed to request other documents or corrections. Once certified the actual presence of a necessity - both by the social worker and by the administration - it was up to the Chief of the Territorial Service to grant or deny the Imi, leaving untouched the presence of budgetary constraints. The decree 132/1990 explicitly introduced the absence of an individual right to access the benefit: the article 16.2 states that "in no case should be granted aids that make necessary to exceed the expenditure planned in the budget."

A feature that distanced the safety net in CyL with the one introduced in Madrid was the low relevance of social inclusion and employment services. Although the decree 132/1990 introduced the possibility that the municipal social services could put into practice

"supplementary or training measures", and stated beneficiaries' obligation to attend if they were made, the implementation of those measures was not required by the law. Unlike many of the measures introduced in this period in Spain, there was not in this programme a contractual element, so that it was not required the signing of an agreement between the beneficiary and the administration. Furthermore, the AC did not establish in any way how the insertion component – which was present at least in the name of the measure - should be organized, nor it established any connection with the Labour Department or, as in the Madrid case, with the third sector.

It was, therefore, a mainly passive measure. The presence of such stringent entry requirements and the low investment on the activation component led Aguilar and colleagues (1995) – who introduced the first typology of regional minimum income schemes in Spain - to insert the case of CyL in the category "Programmes of lower protective ability" (see also Arriba and Moreno, 2002).

This measure therefore is different from the schemes introduced in other more studied autonomous communities, such as the Mis in the Basque Country, Community of Madrid or in Cataluña. Moreover, as we have seen, the origin of this measure met the few points contained in the *Propuesta Sindical Prioritaria* rather than the complex programmes introduced in the Basque Country or in France. In Castile and León in fact trade union proposal did not start a policy debate within the community, and there was no empirical evidence of learning dynamics from the most interesting measures realized by other countries or Autonomous Communities. As an example, differently from the Madrid case, no expert academics or from other administration that collaborated to the construction of other regional safety nets were invited in CyL, nor comparative studies were commissioned on last resort safety nets in the other CAs.

The policy "investment" of the regional government in the construction of a safety net was therefore in this phase rather limited, and in all case much lower compared with the Madrid case. It was not even planned an evaluation and monitoring process, except for that provided within the *Comision de Seguimento*. Also for this reason, we have very few data to evaluate the strengths and limitations of the measure. However, from the brief reports carried out annually by the *Consejo Economico y Social de Castilla y León* [Social and

Economic Council of the Community of Castile and León, CESCyL], some interesting facts emerge. About half of the beneficiaries of the IMI were single mothers; the other relevant social group were the gipsies, who represented approximately 40% of the beneficiaries of the measure in 1996 (CESCyL, 1996). As for the total number of beneficiaries, on average between 1994 and 1997 it was around 0,26% of regional resident households; the coverage rate was therefore almost half of that of the Community of Madrid in the same period.

To conclude, in this first phase the attention of the regional government on minimum income protection was rather limited. The measure was introduced mostly to reach an agreement with the trade unions, which considered it crucial to engage in a concertation process with the government. The scant interest of the government is evident not only looking at the design of the measure, with a strong emphasis on budgetary control and low investment in the enabling component, but also considering the low attention on implementation and evaluation. Thus, the first comparative study on regional minimum income schemes in Spain defined the *“Ingresos Mínimos de Inserción in Castile and Leon the most inadequate, the one that creates more difficulties to access, that proportionally covers less citizens and has a smaller benefit amount, and the only one that do not foresee an amount increase for children living in the household ”* (Aguilar et al., 1995, p. XX, Author translation).

4.4 The gradual expansion of minimum income protection in Castile and León.

The first phase – characterised by path departure, i.e. by the introduction and implementation of a residual anti-poverty measure of limited protective ability – ideally ended in 1997 when, with the introduction of Decree 164/1997, it opened another phase, characterised by frequent legislative interventions aimed at a gradual strengthening of the IMI.

This phase, was propelled by a period of positive economic trend. Between 1996 and 2005, GDP grew at an average rate of 5.5 points yearly, below the Community of Madrid (6.3%) and the national average (6.3%), but still significantly. Unemployment fell gradually, from 21.2% in 1995, to 13.7% in 2000, to reach in 2005 the lowest unemployment rate (8.7%) in the recent history of this autonomous community. It was therefore a period of sustained

economic growth, driven by the increasing productivity in agriculture, the growth of the building sector and the good performance of the automotive industry (CESCyL, 2005).

From a political standpoint, in those years the hegemony of the Popular Party was reinforced in Castile and León, which won the majority of seats in the three election of 1995, 1999 and 2003 (Tab. 19).

Tab. 19: Election results in Castille and León, year 1995, 1999, 2003.

Party	N. of Seats	% votes	Government Coalition
<i>28 May 1995 Election</i>			
PP	50	53,2	
PSOE-P	27	30,2	1995 – 1999 PP
IU	5	9,8	
UPL	2	2,6	
<i>13 June 1999 Election</i>			
PP	48	52	
PSOE	30	33,9	1999 – 2003 PP
IU	1	5,6	
UPL	3	3,8	
<i>25 May 2003 Election</i>			
PP	48	49,6	
PSOE	32	37,6	1991 – 1995 PP
UPL	2	3,9	

Source: Cortés de Castilla y León

Progressively, in CyL it took shape a not very competitive political system, where the victory of the conservative party was never seriously challenged and the electoral distance with the main opposing party, the Socialist Workers Party, remained steady. Niche parties contributed to enliven the regional party system. United Left, after winning almost 10% of

the votes in 1995 election, in the following elections saw this consent progressively erode. Conversely, the Union of the Leon People, a regionalist party which in the economic sphere have a centrist programme, slightly increased through time its share of votes.

This period was characterised by frequent legislative changes in this policy field, all aiming at a gradual transformation of the IMI along three different dimension: gradual strengthening of its protective intensity, introduction of a social inclusion element complementing the monetary support, reinforcement of the administrative ability to manage this means-tested benefit.

More precisely, the issue of minimum income protection reappeared in the political agenda in Castile and León in 1996 as a result of a bill proposed by Elena Pérez Martínez, spokesman for United Left in the Social Affairs Committee of the Cortés de Castilla y León. This law proposal aimed primarily to introduce a right to social inclusion in addition to the monetary benefits, to improve the benefit amount and to ease the bureaucratic procedure:

“(We want a measure that) guarantees a minimum income for an indefinite period until the need condition persists - and not with time limits as it is now - and, above all, we want it coupled with mechanisms supporting beneficiaries’ social inclusion. This is something which is not being done in this Autonomous Community. Here, we give a Minimum Insertion Income and we do not realize a real path so that it can really be useful to find a place in society, to reach the socio-economic inclusion of the person who receives it. For this reason, not only my Parliamentary Group, but everyone interested in this topic demands a new program.”¹⁵⁷

The IU proposal, supported in the regional Parliament by all the opposition parties, was not hardly opposed by the PP which, even though it did not vote its approval, ensured through its spokesman that the points raised would be resolved by the new regulation, which was being finalised by the Department of Social Policy and that *“once finished, will be perfectly adequate to respond to the new social necessities”* (Ibidem).

Indeed, the regulation approved with the Decree 164 of August 1997 specifically aimed at introducing an obligation for the beneficiary to sign an Individualized Plan for Social

¹⁵⁷ Proposición No de Ley, 212-I, presented by the Councilor Elena Pérez Martínez, IU Parliamentary Group, on 2 October 1996. Author translation.

Inclusion - directed both to the person entitled to the Imi and to the other household members –went in the direction suggested by the opposition to include a social inclusion component in the design of the Minimum Insertion Income. Besides the introduction of what the administration itself called a “Poverty contract” (CEYSCYL, 1998), those changes introduced an equivalence scale that allowed numerous households to have a more generous benefit and made easier the administrative process allowing a quicker response to citizens’ applications.

Legislative interventions in the field of minimum income protection did not end with the decree 164/1997. In the following years, in a period characterized by economic growth and increasing available resources for the autonomous Government, two new decrees were introduced, both preceded by agreements with the trade unions, and both having as an objective the strengthening of the safety net in CyL, in particular along two dimensions: increasing the generosity of the benefit amount and reinforcing the administrative structure.

In particular, increasing the benefit amount and progressively connect it with the minimum wage – so that the IMI corresponds to a share of the minimum wage amount, indexed each year- is one of the main requests of the trade unions in the negotiations that preceded the introduction of the decree 197/2000 (CYL CCOO; CYL UGT). This entailed that the basic amount of the IMI increased progressively from 2000 until 2003, to reach the 73% of the (Interprofessional) Minimum Wage (Salario Mínimo Interprofesional, SMI). More precisely, it was envisaged that benefit amount increased gradually over time; in 2000 was equal to 61.2% of the Minimum wage, 65.1% in 2001, in 2002 69% and in 2003 the 73%. In the same pact were also relaxed some of the entry requirements, and more precisely those regarding the household composition and the necessity to be enrolled in the employment centres’.

The agreement of the 12th February of 2004 – signed between trade unions and the Autonomous Government – entailed a further increase of the basic amount – from 2005 equal to 75% of the minimum wage – and also of the equivalence scale. Means test was as well simplified and made more efficient: from this moment the administration took into consideration all the applicants’ earnings of the month preceding the application and not,

as it was done before, of the whole year. This is an important innovation for a measure which must be able to respond quickly to need situations, which often correspond to real social emergencies.

Those type of intervention were possible because the administration of Castile and León strongly invested in improving the administrative capacities (CYL DSS) necessary to manage a complex measure such as a minimum income scheme. Since the introduction of IMI specific agreements were created - the first with the Institute of Social Security, then with the Public Employment Service - which allowed to rapidly check whether the beneficiary was eligible for other social benefits that would exclude them from receiving the IMI. At the same time, an agreement with the Finance Minister facilitated the income test of the applicants, which was done through a simple internet check. In this regard, particularly important was the realization of an elaborate IT system, which would be considerably reinforced over time, enabling the various administrations (municipal, provincial, regional) involved in the management of the Imi and in the implementation of the social inclusion programs to communicate in real time (CYL SW; CYL DSS).

Tab. 20 – Evolution of the IMI in Castile and León, selected years.

Year	1995	1998	2001	2004	2007
Basic Amount	180€	198€	282€	345€	374€
HouseholdBeneficiaries	2.291	2.111	2.901	2.893	2.147
Expenditure (monetary component)	5510000	6914343	9564934	12053001	11.855.520

Source: Authors calculation, based on CESCYL, several years.

The progressive increase of the benefit amount – and, consequently, of the access threshold – coupled with the enhancement of the selection process allowed total expenditure and beneficiaries numbers to slightly but constantly increase in this decade, in a period of enhancing/improving social and economic conditions in Castile and León. Total expenditure in absolute terms increased from around 5.5 million in mid Nineties to around 12 million in 2007 (Table 20).

The second relevant change in this period was the greater investment in the social inclusion component of the Minimum Insertion Income in CyL. As shown in Table 21, we observe in this period a significant increase in resources directed to municipalities and/or third sector organizations for the implementation of social inclusion measures. Since the IMI was first of all a measure to tackle social exclusion, interventions were mainly of social character, aimed at resolving serious problems within the household.

“Traditionally, we assisted groups with structural problems, so that we normally worked in particular on social integration, with a specific focus on issue such as alcoholism, addictions, child care, housing hygienic conditions, domestic violence.” (CYL SW - Social Worker).

Tab. 21 Regional Spending on services to tackle social exclusion in CyL, 1998 -2006

Year	Funding to municipalities for services to tackle social exclusion¹⁵⁸ (in Euro)	Funding to third sector to tackle social exclusion (in Euro)
1998	967578	378638
1999	1038950	N.a.
2000	1055595	N.a.
2001	1191199	963826
2002	1443677	906070
2003	1534707	1091197
2004	1688116	1138375
2005	1892271	1746457
2006	1927915	2018017

Source: Author elaboration from CESCyL data, several years.

To sum up, in an age of sustained economic development, in agreement with the opposition and most of the time as a result of specific pacts with the trade unions, in the period between 1997 and 2007 minimum income protection system in Castile and León was gradually reinforced. Since 1997 the economic benefit was supported by a series of

¹⁵⁸ Those are divided into three different funds: Services to combat social exclusion, Services in favour of ethnic minorities, Services to combat poverty (CESCyL, several years).

initiatives and services aiming at favouring social and economic integration, although social-enabling initiatives appear not adequately developed in a comparative perspective. In particular, horizontal integration with labour market services – where available – was completely lacking. Throughout this period, the benefit amount increased gradually as well and the selection procedures were simplified, while some of the bureaucratic obstacles that prevented beneficiaries access were eliminated.

However, along some positive elements, some of the structural weaknesses of the IMI persisted. It was a strongly residual measure which, above all, did not guarantee the subjective right of access to potential beneficiaries: the measure was, indeed, still subjected to budgetary constraints, and if the number of applicants exceeded the available budget, legitimate applicants would remain excluded (CYL SW).

4.5 The introduction of the Citizenship Guaranteed Income in Castile and León.

The approval of the decree 126/2004, the last intervention modifying the *Ingresos Mínimos de Inserción*, ended the season of gradual and progressive improvement of the last resort safety net in CyL. The reform of the Statute of Autonomy of Castile and León, which introduced the right of the residents experiencing poverty and/or social exclusion to an economic support, and the subsequent implementing legislation, changed drastically policies to tackle poverty in this Autonomous Community. This section is dedicated to the process that led to this policy change, and to outline its main consequences in terms of policy. More precisely, it shows how a factor exogenous to the normal operation of the policy-making process - the need to introduce a new Statute of autonomy - has changed actors structure of opportunities. The political agency of the most important actors in the social assistance field in Castile and León has subsequently opened the doors to the introduction of a new Law.

As for the first aspect, after winning the electoral contest the newly-elected President of Castile and León Vicente Herrera put in the first place of his election mandate the introduction of a new Statute of Autonomy in Castile and León. The process of fiscal, administrative and political decentralization that had characterised Spanish democracy since the early Eighties made actually necessary the definition of a new “chart of

autonomies” that would attest the assumption of new competences and responsibilities of the government of CyL, similarly to what was happening also in many other ACs, more than twenty years after the approval of the original statutes.

This document, which can be regarded as a sort of Constitutional Chart of the Spanish Autonomous Communities, to be approved required the approval of two thirds of the regional assembly. This allowed the oppositions to negotiate certain conditions in exchange for the approval of the Statute. In particular, their main requests were the creation of a *Consejo de Dialogo Social* that would institutionalise regional concertation and the formal recognition of the individual right to access to minimum income protection in Castille and Leon (CYL PSOE; CYL UGT).

Revealing is the reading of the Session Diaries of the Parliament of Castile and León of 11 May and 19 June 2006, when respectively the regional General Secretary of UGT and the General Secretary of CC.OO. were invited at the *Non-Permanent Commission for the Study of the Autonomy Statute Reform*. In this official session, both unions required the introduction of a new Chart of Social Rights, containing the right to protection in case of poverty and social exclusion. In particular, the Secretary of CC.OO. required that the new chart would guarantee "protection against poverty, social exclusion and a Guaranteed Minimum Income to all citizens"¹⁵⁹.

The demands of the social partners were endorsed also by the PSOE, so much that this party subordinated the approval of the statute to the introduction of this provision (CGIL PSOE). The support for this proposal is clear also re-reading the proceedings of the parliamentary session, in which the Spokesman of the Socialist Group reiterates:

"For this, we are very attentive to the proposals that have been made (by the trade unions), including - and I want to emphasize it because this group is interested in emphasizing it - the one that was presented concerning the minimum income, which we consider positively and with a good political willpower."

¹⁵⁹Cortes de Castilla y Leon, Diario de Sesiones n. 474, 9 June 2006. UGT requests are presented by the General Secretary of Castile and León Prieto González, in the Diario de Sesiones n. 450, 11 May 2006. Author translation.

More cautious at this stage, the parliamentary group of the PP, little inclined to introduce in the Statute of Autonomy a social right – such as the minimum income guarantee - not included in the Spanish Constitution of 1978 (CYL CCOO; see also Cortes de Castilla y León, Diario de Sesiones n. 474, 9 June 2006). Despite those concerns, opinions openly against the reinforcement of minimum income protection did not exist in Castile and León. As shown in the previous paragraphs, the Popular Party in CyL pursued a strategy of conquering the centre of the political spectrum, careful about maintaining a dialogue with the social partners and not opposing public intervention against social exclusion. This political direction was accentuated with the election of Vicente Herrera as leader of the People's Party and President of this AC in 2003 (CYL PP; CYL DSS; CYL CCOO; CYL UGT) Differently from his colleague in Madrid Esperanza Aguirre, Herrera belonged to the conservative current of the Spanish PP, and considered concertation and the development of a cohesive community key goals of the economic and social policy of its government. Thus in his keynote investiture speech on June 27, 2007, he proposed very different objectives from those of his colleague in Madrid:

“People and families are the heart, the beginning and very end of all the policies that I want to realize here in Castile and León, which will have as a ultimate purpose three fundamental goals: firstly, to guarantee to all access to all fundamentals social rights, so education, work, health, and housing; secondly, to promote the effective realization in Castile and León of the values that define a qualitative and cohesive society; and thirdly, to strengthen policies targeted to the families”

“I would like to address each of the jobless people, these women, these young people, to tell them, once again, to try to provide them a quality job will be the major concern of this government in the next four years; because all the inhabitants of Castile and Leon should have the opportunity to develop their own projects and family in this land, and we politicians have a duty to actually make this ambition reality”

The governing years of President Herrera saw the approval of many different social pacts on several issues, not only on last resort income protection, but also employment (III, IV, V, VI *Plan Regional de Empleo de Castilla León*), housing and education policies. In the interviews, it constantly emerged how the direction impressed by Herrera to the PP in CyL

is particularly significant to understand the policy trajectory of minimum income protection in this AC:

“We attribute (the numerous social pacts signed) to the political sensibility of the current president. Vicente Herrera has an absolute majority in parliament. Still, he prefers concerted decisions with social and economic agents. This is because he contends that these forces can help develop better policies. This is his political choice (...). Obviously, we also consider that the opposition, at the time when it was necessary to approve the statutes of autonomy, posed as a prerequisite the institutionalization of the social dialogue in this region.” (CYL UGT)

“For our President the fundamental social public services are very important; while in Madrid, members of our parties discuss about privatizing the health sector, here, in CyL, it has always been said that we will never do anything like that. (...) The President has its own priorities, and he has always considered important social policies. In general, the PP obviously recognizes the importance of social policies, but ... this route of pursuing the concertation with the social partners, you do not have it everywhere, it is a strong choice of our President” (CYL DSS – Head of the Department of Social Service)

Arguments against last resort anti-poverty policies, as fears are that such measures discourage labour market participation, often advanced by liberal thinkers and politicians, are not frequent in CyL, as recognized by members of the regional PP:

“We never had this type of concerns, with regard/against the so called “welfarism” or the poverty trap. In the electoral programs of the PP in CyL we always gave priority to social services, and this in particular with the current President, who considers the fight against social exclusion a particularly important point. (...). We are a party that always made effort to conquer the centre of the political spectrum, we are moderate, and we want to have an egalitarian and cohesive society. If during a crisis there are people who lose their jobs and are at risk of social exclusion, for us it is simply unacceptable that they have right to nothing. Because this help only creating social tension, which does not help in any way the good functioning of a society” (CYL PP).

Therefore, the political direction impressed by Herrera ensured that there was a substantial consensus on anti-poverty policies in CyL:

“In general, about social exclusion, there is unanimity. All agree that we have to fight poverty, that we have to make the entry requirements less stringent: in the specific, in little details there are some conflicts, but on the general theme there is consensus among the political forces” (CYL SW Social Worker)

The drive of the trade unions and of the opposition parties and the positive attitude of the government of Castile and León towards social dialogue (CYL DSS; CYL UGT; CYL PSOE; CYL PP), allowed both requests to be successful. As a consequence, the new Statute of Autonomy of Castile and León establishes that the AC have to “promote the social dialogue as a mean to reach social and economic development” (Art. 16.4) and the “right to a Citizenship Guaranteed Income. All citizens of CyL who are experiencing social exclusion have the right to access a Citizenship Guaranteed Income” (Art. 13.9).

The introduction of the article 13.9 opened the door to the introduction of a new legislative intervention in the anti-poverty field. In the following years, the regional government negotiated with the social partners the main characteristic of the new policy/measure/program. Being a complex law that aims to rethink from the beginning the minimum income protection system, the consultation process lasted long, about two years. As often occurs in this area of policy, the main points of contention concerned the generosity of the economic benefit and access requirements, considered too stringent by the trade unions (CYL CCOO; CYL UGT). On 29 December 2009 the Government, UGT, CC.OO. and CECALE signed a tripartite agreement called “Agreement of the Social Dialogue on the Guaranteed Citizenship Income”. The measure agreed with the social partners afterwards translated into a policy proposal and approved on the 30 August 2010, when the Cortés of Castile and León approved Law 7/2010, which introduced the *Renta Garantizada de Ciudadanía* (Citizenship Guaranteed Income, RGC) in CyL.

4.6 *The Great Recession and the implementation of the Renta Garantizada de Ciudadanía.*

The new programme introduced in Castile and León had many interesting features which differentiated the measure not only from its predecessor, the IMI, but also from many others minimum income schemes introduced over the years in the different autonomous communities in Spain. Some are fundamental features that modified the nature of the policy and the level of protection granted to the Spanish citizens residing in CyL. In particular, with law 7/2010 the government no longer needed the approval by the Regional Parliament to increase funds for minimum protection, but this could actually be done with a simple administrative decree. We speak therefore of *extendable* credit and of subjective right to access to minimum income protection: the absence of budgetary constraints – coupled with the possibility to appeal to a court in case of non-legitimate refusal - meant that formally all citizens who met the requirements established by the law was automatically protected by the economic benefit and the social inclusion measures¹⁶⁰.

Moreover, in contrast with what happened before, the RGC was not exclusively targeted at individuals in condition of poverty and social exclusion, but it was a more comprehensive programme intended to protect individuals in case of economic distress, even if an individual was not in a condition of social disadvantage or had a job. It thus became possible to accumulate earned income and guaranteed minimum income, if the former did not allow the entire household to have an income higher than the amount of the latter. This innovation came with a substantial change in the “activation” component: social services had from now the task to establish whether the beneficiaries possessed the so-called conjunctural or structural problems. While the latter access traditional care services in order to contrast the specific problems existing in the household, the former access predominantly the employment related social inclusion activities. For the first time therefore the CA organised for RMG beneficiaries’ employment and career guidance services, competence and skills assessments, vocational training, and all the activities that might facilitate the encounter between the demand and the supply, in accordance with the employment centres. Also the possibility to cumulate earned income and RCG was introduced to make more rapid (and convenient) the (re)entry in the regular labour

¹⁶⁰ Art. 35 of the Law. N. 7: "In order to guarantee a sufficient economic coverage to the program, the funds can be expanded in accordance with the current legislation" Author translation.

market. All those changes aligned the minimum income system in CyL with European standards. In most European countries, for many years now the access to last resort income protection constitutes a social right held by all citizens and it has increasingly favoured the integration of income support, social services and active labour market policies (Bahle et al. 2010, Lodemel and Moreira, 2014).

Beside those major transformations in the very nature of the income protection system, the shift from the IMI to the RGC entailed other relevant changes. Firstly, selection procedures changed and means testing procedures were made even more stringent in order to avoid the risk of frauds and “false positives” (CYL DSS). For this purpose – similarly to the Madrid case – to the introduction of the subjective right corresponded a centralization of the selection procedures: with the shift from the IMI to the RGC, the last word regarding the granting of benefits was that of the Department of Social Services of the Autonomous Communities. Some factors allowed, however, to avoid the delays and administrative overhead seen in the case of the Community of Madrid. The procedures for managing the regional safety net, as well as administrative capacities, were actually enhanced with the approval of Law 7/2010. This is because the administrative burden of the central offices in CyL was relieved by provincial agencies, which performed an initial screening of the applications that did not have all the formal requirements. Furthermore, the staff at the central office in charge of check and selection of the applications was strongly reinforced in order to permit a rapid response (CYL PP). Lastly, a new investment in the IT systems was made, which allowed not only all the various institutional body involved in the management of the RGC to communicate in real time, but also to carry out faster and more efficient investigations through specific agreements with the Ministry of Finance, with the Social Security System, with the state authority for motor vehicles and with the real estate registry office.

Besides a scrutinized control of the correspondence with the income requirements, it was also envisaged an additional control over the living standards by the social workers, which had the task to meet the aspiring beneficiaries before the finalisation of the application, in order to create a personalised report that went together with the documentation.

Tab. 22: Mis in Castile and León

	Ingresos Mínimos de Insercion (Decreto 126/2004)	RentaGarantizada de Ciudadania (Ley 7/2010, Decreto 61/2010)
Nature of provision	Discretional	Right Based
Beneficiaries	Socially excluded	Socially excluded Individuals living in poverty or in social exclusion for cyclical economic reasons (lack of income)
Amount	Min. 75% IPREM Max. 100% IPREM	Min 80% IPREM Max 130% IPREM
Requirements	Age between 25 and 64 ¹⁶¹ At least 1 year residency in CYL Impossibility to access to any other social service Earnings below IMI amount Possession of movable and immovable assets	Age between 25 and 64 ¹⁶² At least 1 year of residency in CYL Income from work, social benefit (with exception) ¹⁶³ , or from movable and immovable assets (with exception ¹⁶⁴) below RGC amount
Behavioural Requirements	Communicate any personal change to social worker Take part in the activity of the Individualized Program To be registered at the Job Centre Not refuse any job offer Garantuee assistance and education to children Not exert beggary	Communicate any personal change to social worker To take actively part in job seeking To be registered at the Job Centre To be present for job interviews Not refuse any job offer
Governance Structure	Decentralised	Integrated
Duration	1 year (renewable up to 3 years)	Indefinite
Activation	Local social services Third Sector	Local services Job centres Third Sector

¹⁶¹ People under 25 years of age can access the measure if they are in charge of underage and / or if they are orphans of father or mother without the right to a pension (Decree 126 2004, Art. 8.b)

¹⁶² People under 25 years of age can access the RGC if they have left the household with their parents for at least 3 years from the moment of the application, and for at least 2 of these years they have been supported by social services in case of underage in their charge, if they are orphans of father and mother without the right to a pension (Ley 7 / 2010, Art. 10.b)

¹⁶³ In the means-test are excluded scholarship and training contracts for people under the age of 25, the so-called 'child bonuses' and social emergency aids.

Preventing episodes of fraud and false positives was thus a major goal pursued with insistence and strictness by the Administration, also to avoid scandals, since preventing that among the population spread the opinion that also not needy families access the benefit was considered essential to maintain popular support towards the measure (CYL PP; CYL DDS). Differently from Madrid however, this goal was not pursued even at the cost of reducing the ability to respond rapidly to the application. Increasing controls were in reality counterbalanced in CyL by a strengthened administrative structure. The law established a maximum of three months within which the application must receive an answer, otherwise it would be considered as not accepted, but the applicant may appeal to the administrative and / or judicial authorities (Art. 20).

Law 7/2010 intervened also on the benefit generosity, increasing benefit amount and, more relevantly, locking it to the IPREM. This choice allowed that benefit amount increased automatically through time and it was not subjected each year - as in many ACs - to political decisions. Also time limits - still present with the IMI - were eliminated, and it was certified the right to receive the RGC as long as the need persisted. However, the possibility to receive the RGC was strongly dependent on the participation to social inclusion and labour market activities. Table 22 summarised the main changes introduced with the shift from the IMI to the RGC.

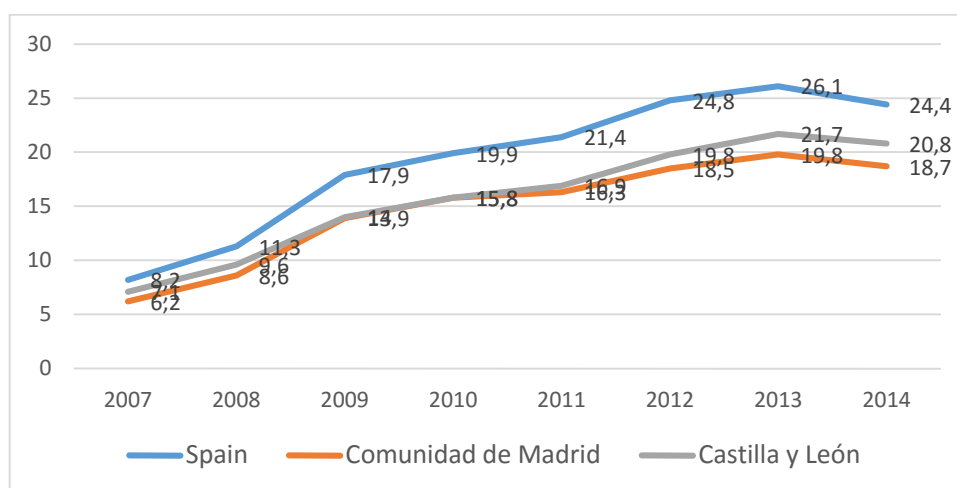
To sum up, the introduction of the RGC constituted a fundamental change at least along three dimensions. Firstly, it increased the protective ability of the minimum income protection system in CyL; it was, in reality, a more generous scheme which guaranteed the access to all citizens meeting the requirements. In this regard, we have also to underline that those requirements were rather stringent, and that several bureaucratic impediments, especially for migrants, existed (CYL SW; CYL PSOE). Contextually, it improved the ability to manage the scheme, through an investment on the administrative structure and a greater integration between the various government levels associated, both for the means test and for the activation component, although for the latter there was room for much improvement.

Finally, the borders between social assistance and labour policies were relaxed, and for the first time last resort safety nets aimed at responding also to the growing share of the

low income workers who faced economic difficulties and could not access to other social benefits.

If those were the changes brought about by the introduction of the RGC (Law 7/2010 and subsequent regulation introduced with the Decree 61/2010), it is necessary to underline that its implementation has been significantly influenced by the onset of the Great Recession also in CyL. After a period of sustained growth, from 2007 until 2012 the GDP did not grow in this region. According to Eurostat online database, (fig. 12) unemployment rate grew from 7,1% in 2007 to reach 21,7% in 2013. This meant that in 2013 around 255thousand people were unemployed, almost half of them (48%) by more than one year.

Figure 12 Evolution of the unemployment rate in Madrid, Castile and León and Spain, 2007 - 2014



Source: Eurostat Online Database

Thus, it is not a surprise that also in Castile and León, the period between 2008 and 2013 was characterised by increasing demand for minimum income protection. In this AC, despite the constraints on regional expenditure, after the introduction of the RGC (2010) the number of beneficiaries and total expenditure increased significantly (tab 23). In particular, household beneficiaries, who were in 2006 0,27% of regional households, in 2011 were 0,85% and in 2014 1,4%.

Furthermore, despite no data are available allowing a comparison with the IMI, it is possible to observe how, starting with the introduction of the Citizenship Guaranteed Income, the budget became effectively extendible, so that the budget would grow if there were more applicants than originally foreseen. Conversely, the expenditure for social inclusion programmes did not grow, so that the activation component, as confirmed also by the interviews, was not sufficiently presided. In particular, it seems still very limited the integration with active labour market policies, and very few the effective possibilities of vocational training and of employment offered by the employment centres to RMG recipients. (CYL SW; CYL DSS).

Tab 23: Policy trajectory of Mis in CyL, 2007 - 2013

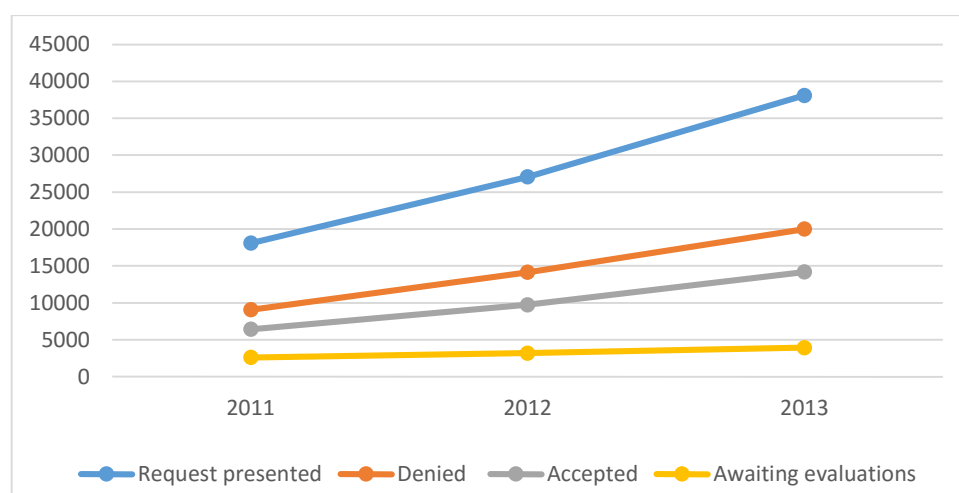
Year	Household Beneficiaries	Budgetary provision	Consolidated RMG Expenditure	Expenditure for social inclusion programs
2007	2.147	Not Available	11.855.521	6.116.251,34
2008	2.235	NotAvailable	11.312.839	6.642.796,59
2009	2.748	NotAvailable	13.820.525	8.368.940,58
2010	3.444	NotAvailable	16.423.263	8.387.350
2011	6.426	27000000	27.730.000	7.640.625,24
2012	8.430	NotAvailable	32.000.000	7.219.025
2013	10.372	32.254.523	46.587.170	7.461.013

Source: Author elaboration from CESCyL 2007, 2008, 2009, 2010, 2011, 2012, 2013.

The second point that needs to be stressed is that in the light of the demand steady growth did not correspond a decrease in the ability of responding from the administration. Although we do not have long term period data regarding the number of applications presented, accepted and withdrawn, the data we have tell us something (Fig. 13), especially if compared with the Madrid case. With the introduction of the new measures in fact and the simultaneous worsening of social condition, the number of applications grew

considerably: from 18 thousand in 2011 to more than 38 thousand in 2013. Despite this, the number of settled applications remained pretty high and constant, equal to 90% of total applications. It remained constant also the share of accepted claims, around 40% since the introduction of the new measure (CESCyL, 2014). The administration of CyL was therefore able to respond to the exponential growth of applications while, differently from the Madrid case, empirical evidence does not support the idea that there was also in CyL a more or less deliberate attempt to constrain the number of beneficiaries, as confirmed also in the interviews.

Figure 13 Citizenship Guaranteed Income selection procedures in Castile and León, 2010 - 2013



Source: Author elaboration from CESCyL 2011, 2012, 2013, 2014.

In this regard, however, it is necessary to emphasise that in CYL some access requirements appear to constrain the possibility of access for some groups of potential beneficiaries, and especially of migrants (CYL SW; CYL PSOE). Even though there are no data showing the rate of access of migrants compared to Spanish citizens, from the interviews it emerged how some entry requirements were difficult to be complied by migrants. In particular, the request to present all the documentation concerning the assets in the applicant native country might have constituted an obstacle sufficient to discourage them to file in an application: those documents are actually in some case very difficult to obtain, often

requiring to travel back home - and having them officially translated in Spanish - a process which is very complicated and expensive.

Tab 24. Evolution of Material Deprivation Rate, Spain, Madrid and CyL, 2008 - 2013

GEO/TIME	2008	2009	2010	2011	2012	2013
Spain	3,6	4,5	4,9	4,5	5,8	6,2
Community of Madrid	5,2	4,7	5,3	2,7	5,6	7,3
Castile and León	0,8	2,1	2,9	3,7	2,2	1,8

Source: Eurostat online database.

To conclude, despite very stringent access requirements, the shift from the IMI to the RGC contributed to strengthen last resort safety net in Castile and León. Despite it is always hazardous to establish a direct link between policy output and social outcome, the trend of the Severe Material Deprivation rate appears rather revealing about the efficacy of the minimum income protection policies in this community. Starting from a very low level in 2008, this index increased in the first years of the crisis but with the implementation in 2011 of the RGC – despite still deteriorating economic and labour market conditions – deprivation was maintained under control, while it was mounting in the other Spanish CA's and especially in the Community of Madrid (tab 24). Those data seem to confirm the general impression that emerges from the study of the evolution of the MIP system in Castile and León: in this region a good administrative capacity, combined with strong and constant demands for improving the regional safety net push promoted by the trade unions, have contributed to respond to situations of social distress that followed the Great Recession in Spain.

Chapter 8

Explaining policy trajectories of regional Mis in Italy and Spain

1. Introduction

In his 1996 seminal work “The ‘Southern Model’ of Welfare in Social Europe” Ferrera included as a defining characteristic of the Southern European welfare regime the limited development of social assistance and the absence of a national minimum income scheme (Ferrera 1996; see also Saraceno, 2006). In the last twenty years, however, countries in this cluster have experienced relevant changes in this policy field (Laloti, 2016, Jessoula, Matsaganis and Natili, 2015). In particular, the previous chapters have shown that minimum income protection in Italy and Spain has undergone major transformations, which have been almost unnoticed because they were not the result of a single reform process, but rather of an uncoordinated and fragmented trajectory of gradual institutional change (Mahoney and Thelen, 2010).

Actually, in both countries, uncoordinated decentralization as well as path departure from the original model of subsidiarity and weak state intervention resulted from regional initiatives in the field of anti-poverty policies. In Spain, in the short period between 1988 and 1995, all regions introduced regional Mis which, despite significant variation in generosity, coverage and governance, covered the whole country. In Italy, after the failed extension of the Minimum Insertion Income in 2002-4, only a few regions introduced these measures: we do not observe, thus, a similar diffusion of last resort anti-poverty programs. Moreover, the financial, economic and sovereign debt crises brought about divergent paths of regional Mis systems: in 2008-12, in Spain we observe a general, although territorially differentiated, *strengthening* of minimum income systems, whereas in Italy only the programs in the “Special Status” regions of the North and in Basilicata were maintained, and no other regions introduced such innovative programs. Two different questions therefore emerge as particularly relevant: how can we explain, in the two cases,

path departure from the original model? Why in Spain we observe a gradual expansion of the regional Mis, whereas in Italy neither spread nor institutionalized and they were often, subsequently, *displaced*?

2. Explaining Path Departure: the key role of political exchange dynamics

The reform process in Italy and Spain leading to the introduction of regional safety net was shaped by the specific interaction between the *demand* and the *supply* of the political system. In turn, those were conditioned by two contextual factors: problem pressure and the uncoordinated decentralization of social assistance policies. Problem pressures conditioned the *demand*, creating a socio-economic need in search for political representation. Decentralization offered peculiar incentives to the *supply*, i.e. to regional political parties and entrepreneurs. Both elements, as revealed by internal variation – i.e. the different role they had in different regional context and in the two national cases – have limited explanatory powers if not complemented with specific political competition dynamics.

2.1 The role of contextual factors

In order to explain the path departure, problem pressure – intended as the emergence of a new social need experienced by a large share of the population - should be taken into serious considerations. More in details, despite the different timing of the two processes - since path departure took place between 1988 and 1992 in Spain and in Italy between 2004 and 2008 - it is not by chance that the introduction of regional safety nets initiated short after the introduction of the first reforms aimed at a flexibilisation “at the margin” of the labour market in both countries. Already in 1984, the Spanish socialist government of Felipe Gonzalez, in order to combat rising unemployment level stemming from industrial crises, liberalized the usage of fixed-term contracts. As a consequence, in less than a decade the incidence of fixed-term contracts raised from less than 10% to over a third of the dependent workforce (Berton, Ricchiardi and Sacchi, 2012). Also Italy followed a similar strategy of reaching labour market flexibility through reforms at the margin, but it

did so a decade later. In fact, in Italy the turning point of labour market regulation are the Nineties (Vesan, 2012), and most notably the so called Treu Reform (D.Law 197/1997) introduced by the centre left Prodi government which, among other relevant issue, allowed temporary agency work in Italy and further liberalized the usage of fixed term and part time work. As a consequence, in the period 1995–2001 more than 60% of the new job contracts were atypical, and flexible employment almost doubled from the early Nineties to the mid-2000s, accounting for about 20% of total employment in 2005 (CNEL, 2007).

In both cases, labour market reforms were followed by an intense public debate regarding the social and individual consequences of labour market insecurity. Those reforms had in fact similar consequences, raising the issue of income security and non-contributory form of income protection in the political debate, especially among trade unions and social movements.

The second contextual factor which has favoured path departure and the introduction of regional Mis was the uncoordinated decentralization of social assistance policies. Both in Italy and in Spain the dynamics of welfare state change actually collided with spatial policy rescaling, leading sub-national units to assume increasing importance. Over the last 35 years, Spain and Italy have gone from being unitary, centralized countries to becoming highly decentralized states in which sub national units play an essential role in the provision of public services and take up a significant share of public revenues (Del Pino and Pavolini, 2015). Despite differences in timing – in Spain during the 1980s, the late 1990s in Italy - and in the political nature of the decentralization processes, since the early 2000s the allocation of social policy responsibilities across level of governments in Italy and Spain presents many similarities. The bulk of social insurance provisions, including pensions and unemployment benefits, rests strongly in the hand of the central government. Conversely, social policies with a strong component of service provision, such as health care, active employment and social services, are left largely in the hands of the sub national units. As for Mis, in neither country the national level has established a legislative framework, nor has ever introduced specific funds devoted to the creation of a regional system, thus letting regions free to legislate in the field.

Therefore, in both countries the allocation of responsibility across government levels present striking similarities. Also, it has provided sub-national political actors with positive incentives to introduce anti-poverty measures. Three factors appear particularly relevant in order to understand the positive incentives that regional political actors faced compared to nationals. Firstly, introducing minimum income schemes at the regional level did not result in a redistribution of resources from richer to poorer parts of the country, a politically salient issues that might have been vetoed in the national political arena. Secondly, at the regional level it was possible to introduce budgetary constraints on access to these measures, therefore allowing expenditure control, while the absence of a national measure and the support of European institutions towards those schemes provided for high visibility to regional political entrepreneurs “hungry for votes and recognition”. Therefore, those measures were highly visible at a limited cost, providing good opportunity for *affordable credit claiming* strategies for the regional élites (Bonoli, 2012). Finally, it is not by chance that the first regional measures were introduced by regionalist parties in the Basque Country and in Navarra in Spain, in Valle d’Aosta and in Trentino Alto Adige in Italy. In the subnational political arena, activism in the social policy realm was useful for “competitive region building purpose”, since social policy are powerful instruments in order to demarcate geographical spaces and to stabilize new forms of political organization (Banting, 1995, Ferrera, 2005). Under these conditions, the devolution of competences to sub-national units seems to have promoted change in this policy area.

Therefore, the decentralization of social assistance competences to meso-governments has opened up new spaces of action and possibility for institutional change. However, those positive incentives lead to very different policy outputs in Italy and Spain. Similarly, problem pressures do not seem able to fully grasp the observed dynamics. In the Spanish case, the Autonomous Communities introducing for the first time Mis were not those with a higher incidence of unemployment, temporary contracts and/or poverty, but rather the richer Special Financing Autonomous Community of the North, the Basque Country and Navarra. Regional economic level is only able to explain to certain extent policy developments. Even though, as a general rule, poorest regions introduced less protective scheme, ACs with very similar GDP level or a similar labour market structure had very

different programs in terms of generosity and coverage, not to mention their activating component. Similar, if not more accentuated, divergences are observable in the Italian case. Regional Mis were introduced in some of the less developed regions of the South as well as in some of the richest regions of the North, suggesting that is difficult to link directly specific policy measures to resources availability, diffusion of atypical contracts and/or poverty incidence. The two case study analysed in Chapter 5 had very different institutional and socio-economic characteristics: Friuli Venezia Giulia before introducing the BIC was one of the richest Italian Region, with one of the most dynamic labour market supported by a strong and export oriented industrial sector, and comparatively low poverty rates; by contrast, Lazio had less resources, a service-based economy, and a significantly higher incidence of poverty.

This is no to deny that institutional configuration and/or functional pressures were relevant for the evolution of Mis. The flexibilisation at the margin of the labour market created the condition for the emergence of a political demand, and the uncoordinated decentralization process for a political offer. However, in order to fully grasp the complex relationship between needs and policy responses, we have to focus also on the interaction between institutional and political competition dynamics.

2.2 The introduction of regional Mis in Italy and Spain

Structural changes – liberalization of the labour market, increasing poverty rates as well as periods of economic expansion or recession – do not automatically shape reform agendas. Similarly, the institutional configuration of welfare states does not necessarily lead to a particular policy output. In the theoretical part of this dissertation, we argued in favour of the relevance of political exchange as a major determinant of social policy reform. In particular, we contend that in order to understand policy evolution in the minimum income protection field, especially in the age of austerity, we need to set the preferences of the most relevant interest groups and the key features of the party system. In the empirical chapters we observed that Italy and Spain are characterized by differences in these particular dimensions, which actually led to different political exchange dynamics

between the demand and the supply side of the political system and, as a consequence, to very differentiated policy trajectories of regional Mis.

The Spanish case

At the end of the 1980s relevant interest groups – and most notably, some third sector (religious) associations and the trade unions – strongly supported the introduction of a last resort safety net. In official documents, Caritas Spain and both trade unions – UGT and CC.OO. - supported the introduction of a Mis. The refusal of the Socialist government to negotiate the establishment of a national comprehensive scheme led trade unions to shift down negotiations to the regional level.

As a consequence, minimum income protection entered regional political agenda in Spain. In the Community of Madrid the *socio-political demand* was particularly strong. The debate over anti-poverty policies was launched by a Caritas report issued at the end of the 1980s. Trade unions – which were in a particular position of strength after the remarkable success of the December 1988 general strike – explicitly subordinated social dialogue at the regional level to the introduction of a last resort safety net.

On the supply side, the party system of the Community of Madrid was a typical case of moderate pluralism with only the left-right cleavage represented. The Socialist Party had been in power since the first regional election in 1982. However, after the general strike, the government was particularly weak and it even had to face a motion of no confidence, which was finally rejected with a very narrow majority thanks to the entrance of a radical left party, IU, in the government coalition. This latter party was very supportive of the trade unions, especially after the general strike. A rapprochement with the unions was therefore crucial in this particular moment to ensure legitimacy and stability to the socialist government in the Madrid community.

The decisive impulse to the policy-making process was given by the official launch of the Union Priorities Proposals (PSP) by the Spanish trade unions. They made up the common bargaining platform of the CCOO and UGT including a minimum income scheme. At the beginning of October 1989, trade unions officially delivered these proposals to the Madrid government, as well as to the rest of the ACs.

This event prompted the beginning of a process of social concertation that included many different issues, from regional transport to education and housing policies, up to social inclusion policies. This latter topic was regarded as key issue by the trade unions, which considered the introduction of a last resort safety net decisive to open the negotiations with the regional government. The process was rather brief, and on December 1989 a social pact was signed which included the introduction of a regional Mis, called Madrid Integration Income (Imi).

The participation of CCOO and UGT delegates in the design of the regional safety net together with the administration provides additional evidence of the importance of this introduction for the trade unions as well as of the weakness of the administration in front of their requests (Arriba, 1999). Besides, as part of the political deal, a bilateral body - the "Integrated Territorial Commission" which included trade unions representatives - had been constituted with supervisory functions. During this process that led to path departure and the introduction of the first safety net in the Community of Madrid, the main opposition party - the Popular Party - never opposed an anti-poverty intervention.

At the end of the 1980s in Castile and León, the demand was *strong*, although probably less pressing than in the previous case, since catholic organizations were less present in the public debate. As for the supply side, also in Castile and León the party system can be classified under the moderate pluralism typology. Differently from the Community of Madrid, at the end of the 1980s IU had a marginal role, and in 1987 a centre-right PP government had replaced the PSOE after two consecutive mandates. In this phase, the party system was also characterized by the presence of a centre party called Democratic and Social Centre (CDS).

Similarly to the previous case, it is with the inclusion of a Mis in the trade unions bargaining platform (PSP) that a safety net entered the political agenda in the late 1989. The regional government, which prior to the negotiations had not realized a plan on this particular topic, accepted the firm request of the social partners.

Accepting the proposals of the PSP and reaching an agreement with the trade unions was in that moment considered crucial by the PP, also in view of the regional elections that were to take place one year later. The party had won with less than 0.5 points margin the

previous election against the PSOE, which had either an absolute or a relative majority at both national level and in most of the other Spanish autonomous communities.

Furthermore, in that particular phase the PP was struggling to become the main centre-right competitor of the PSOE – i.e. to complete its transformation from a post Francoist right party to predominantly centre positioned catch-all party (Balfour, 2005, Linz and Montero, 1999). Conquering the moderate electorate was particularly important in CyL, where in 1987 the centrist party CDS obtained almost 20% of the votes. This strategy was hard to reconcile with the opposition to an anti-poverty measure similar to that proposed by the trade unions, above all in a moment in which most of the other Autonomous Communities – often ruled by the adversary socialist party – were introducing very similar programmes.

Just like in the Madrid case, in CyL there was a relatively weak government, seeking legitimacy and fearing the political costs of a conflict with the social partners. The necessity to reach an agreement with the trade unions added up to the determination to be seen as a centre moderate party, led the PP in Castile and León to support the introduction of a regional minimum income scheme. These factors allowed to sign a social agreement in April 1990, and, three months later, to approve the Decree 132/1990, which introduced the Minimum Insertion Income in Castile and León.

In both our study cases therefore, the presence of a strong *socio-political demand* coupled with the absence of any opposition, with a *moderate pluralist party system* with no additional politically-activated cleavages, resulted in path departure and in the introduction of a minimum income scheme. The introduction of regional Mis were a result of *non-contentious competitive credit claiming* dynamics: in absence of opposition, those measures were crucial to reach an agreement with the social partners. Political exchange dynamics - i.e. the adoption of a measure strongly supported by the social partners as well as by relevant civil society organizations like Caritas, provided in exchange for legitimacy for regional governments and the political forces that supported them - are crucial to understand the introduction of regional safety nets in Castile León and in the Community of Madrid.

These dynamics seem to recall the general pattern in Spain (see also Lalioti, 2016) – at least if we do not consider those special CAs where it is activated in the party system the

territorial cleavage (the Basque Country, Cataluña, and Navarra). In particular, after the 1988 general strike, the demand was *strong* - Mis were supported by both trade unions and faith-based organizations – and the supply characterized by moderate pluralism. In all these cases, in the short period between the end of 1989 and 1991¹⁶⁵ social partners and subnational governments signed social pacts including the introduction of regional safety nets (Tab. 25).

As a further evidence, the regional programs approved in this period introduced also new institutional bodies, generally named *Comisión de Seguimiento* and/or *Comisión de Coordinación*, composed by representatives of the regional government and of municipalities, and both trade unions and employers' organizations. These institutions – which had the formal role of guaranteeing the proper functioning of the programs and of making legislative ameliorative proposals – are particularly important because they strengthen organizational resources within the ACs of the trade unions. Moreover, the fact that they were explicitly requested in the PSP and afterwards introduced in all regional laws – with the exception, at least in this phase, of the Canaries – reveals the common origin of the regional Mis: these programs were the result of a political exchange between trade unions – looking for social policy expansion and for a greater role in the policy making process at the subnational level – and government – looking for legitimacy and support.

In this context, partisan politics was not decisive, as path departure followed a non-contentious credit claiming logic. With a strong *socio-political demand* and moderate pluralism, no political actors oppose the introduction of these schemes, and even right wing governments promote safety nets – as it was the case in Aragon, Canarias, and La Rioja.

¹⁶⁵ Exception are Aragon and the Balearic Island.

Tab 25. Path departure in Spain

Autonomous Community	Safety Net	Social Pact	Decree	Government Coalition
Andalusia	Programa de Solidaridad	1990	Decree 142/1990	PSOE
Aragon	Ingreso Aragonés de Insercion	-	Law 1/1993	PA – PP
Asturias	Ingreso Minimo de Insercion	1990	Decree 28/90	PSOE – IU
Balearic Islands	Suporte Transitorio Comunitario	----		
Canarias Islands	Ayudas Economicas Basicas	1990	Decree 133/1992	CDS - PP - AIC
Cantabria	Salario Social	1989	Decree 40/1989	PP
Castilla-La Mancha	Plan Regional de Solidaridad	1990	Decree 141/1990	PSOE
Castilla y León	Ingreso Minimo de Insercion	1990	Decree 132/1990	PP
Cataluna	Renda Minima d'Insercio	1990	Decree 144/90	CiU
Extremadura	Ayudas para la Integracion (AISES)	1990	Decree 66/1990	PSOE
Galicia	Medidas Basicas	1990	Law 9/1991	PP
Madrid Community	Ingreso Madrilenó de Integracion	1989	Decree 73/1990	PSOE
Murcia	Insercion y proteccion social	1990	Decree 101/1991	PSOE
Navarra	Renta Basica	--	Decree 168/1990	UPN – PSOE
Basque Country	Ingreso Minimo de Insercion	--	Decree 39/1989	PNV- PSE
La Rioja	Ingreso Minimo de Insercion	1989	Decree 68/90	PP – PRP
Valencian Community	Medidas de Insercion Social	1990	Decree 132/1990	PSOE

Source: Author Elaboration on Aguilar et al., 1995.

A distinct path led to the introduction of regional safety nets in the Basque Country, Cataluña and Navarra, where the supply side is different, characterized by *fragmented*

pluralism in reason of a particularly relevant territorial cleavage. In these cases, our hypothesis is that regionalist centre parties – which had strong organizational ties with the Catholic movement – strongly supported the introduction of regional safety nets (Cortinas, 2010; Sarasa et al., 2000; Arriba, 1999) also with a region building purpose, i.e. for the possibility to use minimum income scheme as an instrument to demarcate geographical spaces and to stabilize new forms of political organization (Banting, 1995; Ferrera, 2005). Much empirical research is needed in order to confirm this hypothesis, which however would be consistent with the theoretical framework.

The Italian case

Rather different dynamics led to policy change and path departure in Italy, where the demand for minimum income protection – despite strong and similar functional pressures – remained *weak* and fragmented in the period under consideration, and only the presence of strong competition dynamics within the left allowed the introduction of regional safety nets, exclusively in some region ruled by centre-left coalition.

In fact, the introduction of the Revenu Minimum d'Insertion in France in 1988 prompted in Italy a debate within left parties and trade unions about the possibility to expand non-contributory protection for working age individuals. However, religious and social actors in Italy remained rather indifferent towards this measure, while Italian trade unions did not support a national Mis (Kahl, 2009; Nigro, 1989; Saraceno, 2006). Only some social movements were in favour of these measures. In particular, proposals to introduce an unconditional basic income – strongly opposed by trade unions - in the late Nineties became a central claim of some social movements, and in particular of the so-called movement of the Tute Bianche (Fumagalli and Lazzarato, 1999; Iglesias Turrion, 2003; Mattoni, 2009).

The fragmented nature of the Italian party system even allowed this dispersed and organizationally weak interest to be represented in the political arena. In particular, in 2004 in Friuli Venezia Giulia some radical leftist parties (PRC, but also the smaller Verdi and Partito dei Comunisti Italiani) - which had developed over the years a strong connection with some of the above mentioned social movements, especially those

associated with the Casa della Cultura di Trieste (Trieste House of Culture) - were part of the government coalition. Also in reason of some case specific dynamics - as for instance the creation of a regional research centre directed by one of the first and most important advocates of unconditional minimum income in Italy, as well as a militant and leading theoretical inspirator of the above mentioned social movements - these parties were able to introduce into the regional political agenda a region-wide unconditional minimum income scheme.

This proposal triggered the interest of the left coalition in a universal but selective minimum income scheme conditional to participation in social and labour inclusion programs. Some parties, in particular the main government coalition party, DS (Democrats of the Left), became strong advocates of this kind of measure in Friuli Venezia Giulia. The decision of the DS to support the measure depended also on the reactions of the social actors to government proposals. CISL was the firmest opponent of a Mis, arguing that income support measures should be confined to supporting workers, whereas it is a duty of society as a whole, and not of the government, to address poverty. CGIL position was initially less sharp, as the proposal to introduce a minimum income scheme triggered a heated internal debate between those in favour and those against it. The proposal to introduce a Mis encountered extreme cautiousness also on the part of diocesan Caritas in FVG. In order to overcome these barriers, the government and the centre-left coalition started a long concertation process in the attempt to strike an agreement with the social partners, the third sector and opposition on the definition of a Mis in FVG. An agreement was reached - with trade unions accepting scheme implementation only if subject to actual participation to active labour market policies. In particular, once established that income support would be conditional on job-search activities, CGIL supported this measure, while CISL maintained its substantial opposition.

The agreement between CGIL and the government guaranteed the approval of the so called Basic Citizenship Income (BIC). The name of this policy measure is particularly telling. In fact, the BIC is a well-designed minimum income scheme in all aspects, but the name is particularly appealing for the social movements. As for centre-right parties, there was strong opposition throughout the policy-making process. This might be partially explained by the lack of interest of centre-right parties towards this particular demand.

However, some parties mobilized *against* this measure. FI activated the Church-State cleavage, openly declaring its opposition towards public intervention in the anti-poverty field. LN acted instead as a radical right party, criticizing the measures because it favoured “non-deserving” migrants: using resources for anti-poverty policies is defined as equivalent to “*pouring money onto immigrants and artful dodgers*”.

Similar dynamics are evident also in the Lazio case. The demand was *weak*. Social movements were actually both particularly active on the issue of basic income and able to mobilize efficiently in this regional context. However, the main Italian union confederations remained cautious. From the start, CISL doubted whether universal safety nets could be viable, and declared its preference to channel resources to extend social shock absorbers in derogation (CIG in deroga). CGIL opposed the proposal of the social movements to introduce an unconditional minimum income not subject to the pledge of beneficiaries to re-enter the labour market, but was open to the possibility of a Mis.

As for the supply, the party system in Lazio was an extreme form of *fragmented (bi)polarism* (Cotta and Verzichelli; see Chapter 4). Following the elections, in the centre-left alone, no less than eight centre-left parties were able to obtain at least one seat on the Regional Council, without counting that one of these, Uniti nell’Ulivo, is merely an electoral list made up of four different political groupings. It is within this highly-competitive and highly-fragmented context that the debate on the introduction of an Mi measure took place.

The pressure exerted by the social movements captured the attention of PRC and especially of the PRC Regional Councillor of Labour, who became the privileged interlocutor of the social movements and launched a proposal to introduce a (peculiar) Mis. The fragmentation of the party system in Lazio produced a particularly competitive environment, with different political forces competing to become the privileged interlocutors of interest groups, even the ones without strong organisational resources like the social movements: no less than seven legislative proposals on Mis were advanced by different groups. Although less relevantly than in Friuli Venezia Giulia the policy-making process was also characterized by the opposition of some centre-right actors, actively opposing the introduction of a Mis on the basis of the principle of subsidiarity.

At the end of this competitive process, a peculiar selective but almost unconditional measure was approved: the Reddito Minimo Garantito (GMI). The consultation with the social partners over the implementing regulation started right after the approval of the regional law. In this phase, CGIL – clearly the most important interest group for the DS – was able to change the formulation of the law according to its preferences and, at the same time, ensure additional financing. As a result, the measure became a hybrid that mostly resembled an anti-poverty measure, rather than the originally envisaged unconditional income to “counteract precariousness”.

In both Italian regional cases, the *demand* was *weak* and fragmented, with social movements actively supporting an (unconditional) minimum income, the CGIL (re)acting to promote a Mis associated with active labour market policies, while CISL and faith-based organizations were not interested in the measure. As for the *supply*, the Italian *fragmented bipolarism* was characterized by the presence of several parties and within coalition competition, and the political activation of an additional cleavage, the religious one. As a result, both in Friuli Venezia Giulia and Lazio path departure followed a *contentious credit claiming logic*. Competitive dynamics within the left favoured the introduction of these measures, which were strongly opposed by the centre-right.

In general, in Italy the *weak demand* – i.e. the mobilization of social movements – encouraged the radical-left party Rifondazione Comunista (PRC) to broaden its policy proposals and to include means-tested benefits among them. The participation of PRC in most regional governments ruled by centre-left coalitions in the 2000s allowed the introduction of an (unconditional) minimum income scheme in the regional policy agenda. In this context, intra-coalition dynamics and within-parties’ mediations allowed the introduction of innovative regional anti-poverty schemes associated with social and labour market (re)insertion measures in some governments ruled by centre-left coalition, and most notably in Campania, Basilicata, Lazio, Friuli Venezia Giulia and Sardegna.

The presence of a centre-right government was a sufficient condition to prevent path-departure, since no centre-right coalition ever introduced a Mis. Even though further research is needed, these evolutions are in line with our theoretical expectations: in presence of a *weak socio-political demand* together with *fragmented pluralism*, the policy-

making process in this field follows a *contentious credit claiming logic*, and partisan politics becomes crucial: while centre-left coalition promoted path departure, right coalitions opposed those measures or did not intervene in the field (policy inertia), with the Catholic right and radical right parties opposing Mis.

3. Policy reversal versus gradual institutionalization of regional Mis: why is Spain different?

The programs introduced between 1989 – 1995 in Spain and 2005 - 2009 in Italy were very similar: these were residual anti-poverty schemes, associated with social and labour market programs, and they were all subjects to severe budgetary constraints. Furthermore, they had to face similar pressures within comparable institutional framework. Yet their policy trajectory was very different: while in Spain those programs were gradually expanded and in most cases now follow a right-based approach, in Italy Mis were very often displaced. This paragraph, highlights how some specific political exchange dynamics are crucial to understand the differentiated policy evolution of regional safety net in Italy and Spain.

3.1 The role of contextual factor

Contextual factors are important to understand the evolution of regional Mis in both cases, therefore it is important to control – as much as possible – if problem pressures and the institutional framework remained similar over time. A problem arises because in Spain, regional minimum income schemes have a longer history compared to Italy. A plausible explanation to divergent trajectories might be precisely timing: at the moment of the Great Recession, Spanish Mis were more institutionalized, and therefore more resistant to policy reversal.

Yet this explanation does not seem able to fully capture the observed dynamics. Soon after the introduction of regional Mis (1989 – 1995), Spain had to face the social consequences of

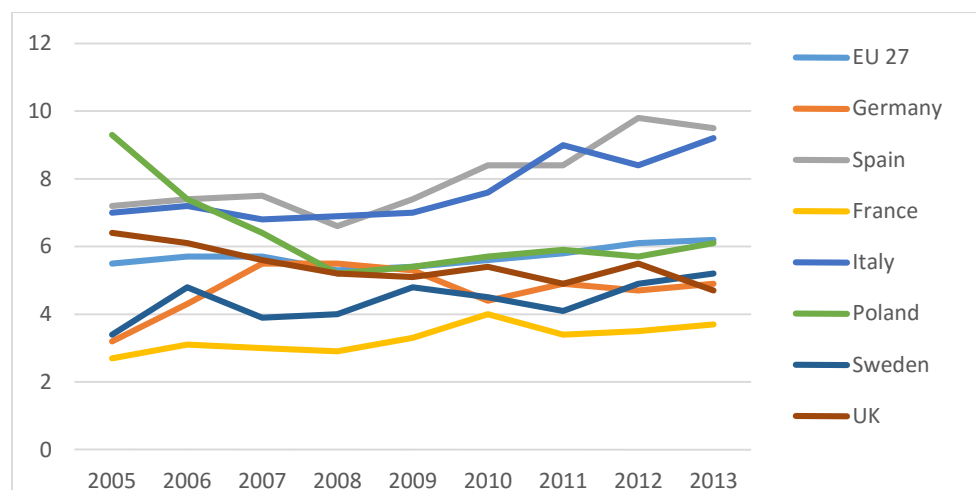
the 1992 – 1994 “exchange rate mechanism” crisis. In particular Spain experienced a severe recession in 1993, with unemployment mounting from 16% to 24% and GDP decreasing by one percentage point. This crisis – which led to increasing budgetary constraints on regional spending, also because the public deficit was above 7% – influenced the early development of regional Mis. In some CAs the effective implementation of regional safety net was delayed and those programs remained almost exclusively on paper (Aguilar et al., 1995). However, despite the crisis, no CAs displaced Mis and Aragon and Balearic Islands even introduced their safety nets.

The evolution of the Spanish safety nets confirms that functional pressures cannot capture adequately the result of the policy making process. The period 1995 - 2007 was characterized by intense economic growth in Spain: real GDP grew on average of 3.8 percentage points per year. Unemployment fell at the historically lowest rate of 8.2% (Eurostat). Increasing fiscal autonomy coupled with economic growth ensured that regional resources and expenditure could increase extensively (Bosch, 2008, Fig. 3). Notwithstanding positive performance of the economy, experts have referred to the 1995-2005 decade as a *travesía del desierto* [lit. journey across the desert] (cfr. Laparra, 2004; Natili, 2015), because the most critical nodes of the regional Mis were left almost untouched and very few regions removed the budgetary constraints that severely limited the possibility to access to those measures. In this phase, Madrid was one of the very few ACs – together with Cataluña and Navarra – which has transformed its residual and discretionary safety net into a right-based minimum income scheme.

This period of economic growth came to an abrupt end in 2008, when Southern European governments had to face the consequence of the economic and (later) sovereign debt crises. This phase is particularly relevant because it is precisely in this period that we observe the divergent trajectories of regional Mis in Italy and Spain. In Spain programs were actually expanded – though possibly not sufficiently – in terms of coverage, generosity and expenditure, whereas in Italy, the regions that had in place those programs in most cases rapidly displaced regional Mis. This differentiated trajectory is puzzling because functional pressures were similar in the two countries, which experienced a period of economic recession coupled with an intense growth of social needs, in particular for those individuals at the bottom of the income scale.

The GDP fell respectively by 7.9% in Italy and 6% in Spain from the pre-crisis peak (i.e. 2007 or 2008) to trough (i.e. 2013 or 2014). The unemployment rate more than doubled in Spain – from 11.3% in 2008 to 24.5% in 2014 – and in Italy increased from 6.7% to 12.7%. Importantly, in both countries, the social consequences of the collision between the advent of the economic crisis and an incomplete social safety net have been particularly harsh for those individual with greater needs, i.e. for people living in extreme poverty (Baldini, Giarda and Olivieri, 2014, Jessoula, et al., 2015). Severe poverty rate – i.e. the number of people with an income below the 40% of the national median, instead of the 60% as it is usually done - have increased substantially in both countries in the period from 2006 to 2013 - the most relevant increase in the EU 28 excluding Greece (Fig. 14).

Figure 14 Severe Poverty Rate, 2005 – 2014, selected countries.

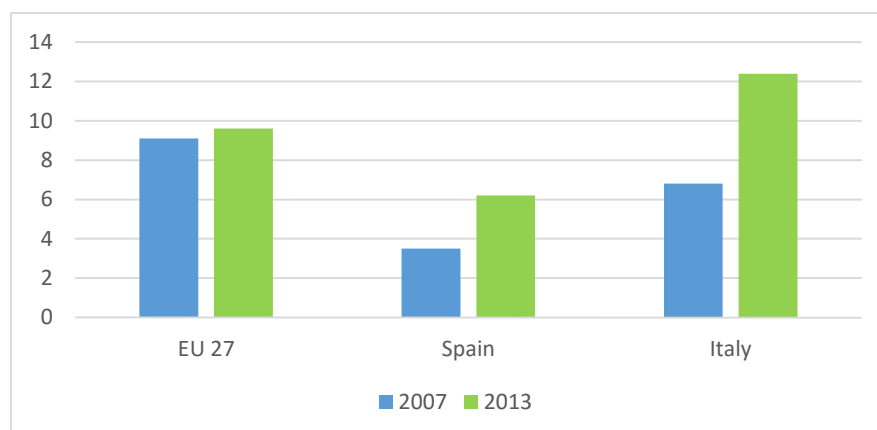


Source: Eurostat Online Database.

Similarly, the growth of material deprivation rate¹⁶⁶ has been much more pronounced in those two countries compared to the European average (Fig. 15). Such dramatic increase reveal that the consequences of the Great Recession have been particularly harsh precisely for those individuals which are traditionally the “core” of minimum income scheme beneficiaries, the extremely poor.

¹⁶⁶ The Material Deprivation Rate depicts the share of people living without four of the nine items considered by the European Union necessary to live a decent life

Figure 15 Material Deprivation Rate during the Great Recession, Italy, Spain, EU 27



Source: Eurostat Online Database

Such outstanding growth in poverty and social exclusion is not exclusively consequence of the economic crisis and the incomplete safety nets, but also of ensuing austerity measures (Pavolini et al., 2015). As it has been noticed, an overall assessment of welfare state reforms in Italy and Spain at the national level during the crisis period reveals a process of retrenchment of workers and citizens' rights with very few (if any) traces of recalibration for the less protected group and uncovered social risks (cfr. Pavolini and Guillén, 2015). Two different phases can be actually detected. In the initial phase, 2008-10, neither countries introduced restrictive welfare reforms. The initial reaction of both governments was actually to use social protection as an instrument to mitigate the adverse effects of the crisis on the population.

Major reforms and welfare cutbacks were introduced in the 2011-14 period, defined by Pavolini and Guillén (2015) the "harsh austerity" phase, characterized by retrenchment reforms of traditional core social policy areas, namely pensions and labour market policies. Moreover, also other policy fields – health care, the underdeveloped social assistance and family policies - were affected by severe cuts (*Ibidem*). In particular, in Italy the already underfinanced national fund for social policies¹⁶⁷ declined from 1.3 billion in 2008 to 115

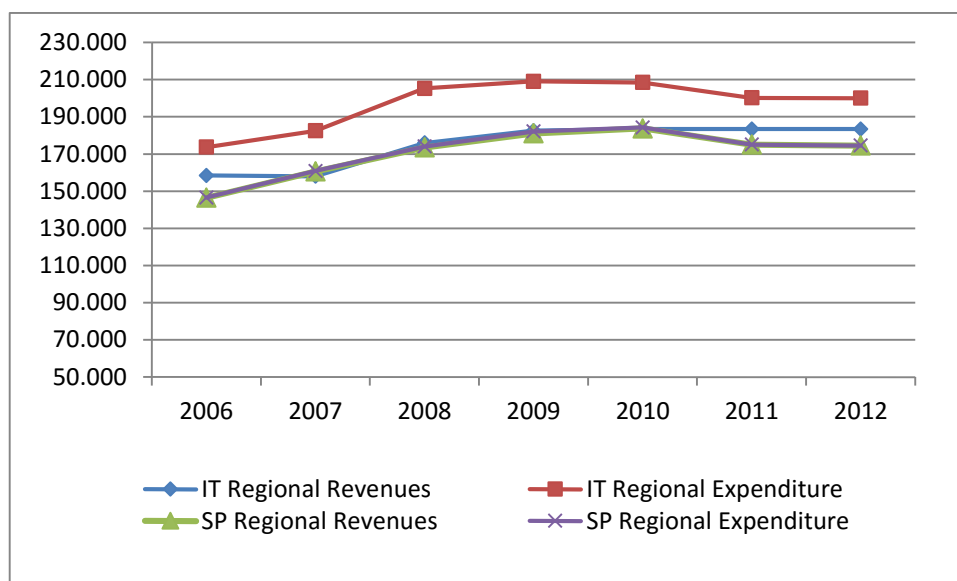
¹⁶⁷This corresponds to the sum of the various earmarked central funds for social policies for the regions: the Fund for Unaccompanied Minors, the Equal Opportunity Fund, the Fund for Youth Policy, the Fund for the Family, the Fund for Dependants and the Fund for Social Policy.

million euros in 2012. After 2012 we observe a slight recovery, but in 2014 total national fund for social assistance were 42% less than in 2008 (Ministero del Lavoro e delle Politiche Sociali, several years). In Spain, the newly elected Rajoy government in 2012 introduced rationalizing measures in the field of health and education – both of regional competence - with the aim of reducing public expenditure by more than 10 billion (Colino and Del Pino, 2014).

Since those policy fields are regional competences in the two countries, those cuts resulted in decreasing resources for Italian and Spanish regions. In general, in both countries regional welfare systems have been under great pressures during the crisis, especially in the period from 2010 to 2014 (cfr. Del Pino and Pavolini, 2015). Furthermore, respectively in 2011 and 2012, Italy and Spain reformed their Constitution introducing an institutional threshold for public debt, a potentially strong incentive to cost-containment in social policies. This was accompanied in both countries by strict monitoring and sanctions for non-compliance of the targets set by central government (cfr. Del Pino and Pavolini, 2015). Not surprisingly, these pressures have resulted in significant cuts in regional budgets. Trend in regional public expenditure are in this sense enlightening (Fig. 16). The long term trend towards decentralization and increasing share of expenditure by sub-national level came to an end with the crisis, and especially from 2010 we observe a neat decline of regional expenditure (Fig. 16).

As a consequence of social and public finance conditions, regional governments had to face during the crisis contradictory pressures. On the one hand, poverty was increasing, resulting in a growing need of minimum income protection. On the other, declining GDP and tax revenues, coupled with central government implementing austerity measures put strong budgetary constraints on the possibility of regional governments to implement anti-cyclical measures and expand last-resort safety nets.

Figure 16 Regional expenditures and revenues in Italy and Spain, Mln. of Euro, 2006 - 2012



Source: Author Elaboration on ISSiRFA (Istituto di Studi sui Sistemi Regionali Federali e sulle Autonomie) and Ministerio de Hacienda Y Administraciones Públicas

In this context, the reaction of Italian and Spanish subnational government was very differentiated. In Spain, these programs were *expanded*, and in many regional contexts we observe the *institutionalization* of minimum income rights, i.e. the shift from a discretionary to a right based approach in the provision of anti-poverty benefits. In Italy, most of regional programs were displaced, and no new initiatives were launched in the period 2009 – 2014 to counteract increasing poverty rates. This differentiated response is hardly understandable in terms of institutional differentiation: as previously underlined, both countries lacked a national legislation or earmarked fund especially devoted to the establishment of regional safety net. The uncoordinated and fragmented nature of minimum income protection – in both countries - left open to the sub-national units the possibility to legislate in this policy field, introducing expansionary and/or subtractive reforms.

Since the institutional configuration and the socio-economic context were indeed comparable, we have to look at the role of political exchange dynamics, i.e. actor preferences and strategies, and their interaction in the social assistance political arena.

3.2 Italy: the emergence of new political divisions within the right and policy reversal

As outlined above the so called “season of regional innovations” in Italy was short-lived and it was followed by a phase in which regionally based Mis were all but reinforced. From 2009 until 2014, in a context characterized by pressures to contain public expenditure and a sharp increase in absolute poverty rate (Madama, Jessoula and Natili, 2014), sub-national governments did not introduce any new initiative. Moreover, in all the regions where a centre-right coalition replaced the former centre-left coalition, these measures were rapidly dismissed: Campania, Friuli Venezia Giulia, Lazio and Sardinia experienced a neat “policy reversal” path (Tab. 26).

This outcome is extremely interesting because countries where path departure and the introduction of a minimum income scheme occurred at the sub-national level – Spain as well as Austria, Canada or Switzerland – policy reversal never occurred. Rather path departure in one region was followed by similar initiatives in all other regional contexts, following processes known as policy diffusion and/or spill over effects (Arriba and Moreno, 2005; Obinger et al., 2005). The question can be therefore re-framed in that way: why in Italy the presence of a centre – right coalition was so detrimental not only for the introduction but also – perhaps more comparatively puzzling – for the continuity of last resort safety nets?

Tab. 26: Regional government composition and the evolution of regional MIS policy in Italy

Region	Path Departure	Policy Reversal	Continuity
Basilicata	Center Left		Center Left
Campania	Center Left	Center Right	
Friuli Venezia Giulia	Center Left	Center Right	
Lazio	Center Left	Center Right	
Sardegna	Center Left	Center Right	
Valle D’Aosta	<i>(Regional party)</i>		<i>(Regional party)</i>
Trentino Alto Adige	Center Left		Center Left

The Friuli Venezia Giulia and Lazio case studies provide us with fertile insights to answer this question. The measures introduced in these two Italian regions – as a result of different political competition dynamics but also of contrasting administrative capacities – differed considerably in their design and effectiveness in constituting an actual and rapid response to monetary poverty. Moreover, it is important to highlight that the two cases present considerable differences in term of “timing”, i.e. if we consider the type of exogenous challenges that the new elected centre-right governments had to face when it replaced the centre-left coalition. Friuli Venezia Giulia in April 2008 was a still growing economy – although the first signs of the economic crisis were already visible - and the conditions of regional finance were excellent. Conversely Lazio, where regional elections were hold in March of 2010, can be considered as a region experiencing economic difficulties, with unemployment and poverty on the rise, and in a poor financial condition, mainly due to protracted crisis of health expenditure. Despite these differences, Lazio and Friuli Venezia Giulia were remarkably similar in one crucial aspect: minimum income schemes were rapidly dismissed few months after the change of government majority.

In Friuli Venezia Giulia, both the evaluations realised by different independent experts (IRS, 2009, Spano et al., 2013) and the interviews realised with regional social assistance managers (FVG DSP; FVG SW) agree on the fact that the program was well designed – especially considering the innovative nature of means-tested benefit linking income support measures with social services and active labour market policies – and the administrative structure was able to implement it effectively. Moreover, this program had a strong activation requirement, therefore possessing many of the features that might appeal to a centre-right liberal government.

However, in presence of a *weak socio-political demand*, the key features of the Italian party system made the Mip field *contentious*. In Friuli Venezia Giulia, competitive dynamics and political exchange led to “overlapping consensus” over minimum income protection exclusively within the centre-left coalition. Centre-right parties – and especially NL and FI – strongly criticized this program already during the legislative discussion. In a note

published in the *Messaggero Veneto*¹⁶⁸, Forza Italia executive stated that BIC is *"evidence of a culture that still believes in state supremacy over the individual, that generates the culture of vested rights and that equates people making sacrifices and saving money for their future with those that don't"*. The other two parties belonging to the right coalition – the Centre Union and the National Alliance – adopted a more cautious position, and during the parliamentary hearings defined the intervention *"legitimate"*, despite having some doubts regarding the financial viability of the measure.

Partisan conflicts on minimum protection emerged vigorously during the 2008 electoral campaign in Friuli Venezia Giulia. However, the introduction of the BIC was not so much used by the governing parties with a credit claiming purpose, but rather by the opposition to criticize the leftist government. Request to abolish the Basic Income for Citizenship indeed constitute one of the cornerstones of the centre-right electoral campaign. Some headlines are indicative of the communication strategy of both coalitions in Friuli: the day of the launch of the electoral campaigns of the two major candidates, the most diffused local newspaper, *Il Piccolo*, headlined: *"Illy: Third A4 lane ready by 2013. Tondo: No to minimum income, support should be given to pensioners"*. In particular, the Northern League strongly criticized the newly introduced regional MIS, citing the risk of welfare dependency and contending that it would ultimately benefit *"non-deserving"* immigrants. Also Forza Italia criticizes the regional program, opposing public intervention in the anti-poverty field. Therefore, it comes by no surprise that the just appointed Councillor for Health and Social Policy – from Forza Italia - in Friuli Venezia Giulia declared: *"Public institutions cannot substitute for charities and vice versa. For this reason, we plan to replace the Basic Income with other types of intervention"*¹⁶⁹.

Once in office, Northern League took a public position requiring the immediate elimination of the regional Mis¹⁷⁰: accordingly, the removal of the so-called Basic Citizenship Income (BCI) was one of the first acts of the new Tondo administration in early 2009, a few months after the new regional government entered office. The decision to

¹⁶⁸ *Il Messaggero Veneto*, 9 September 2005, *"Forza Italia: the Citizenship Income must be rejected. Lega: aids who benefit only migrants"*. Author translation.

¹⁶⁹ Declaration from a local newspaper article, *Il Piccolo* (12 May 2008). Author's translation.

¹⁷⁰ As seen thoroughly in chapter 5, other political forces composing the government – AN and CU - opposed to a complete removal of the measure, also because the administration supported continuity.

eliminate the anti-poverty program should be therefore framed in a credit claiming perspective. Northern League used its opposition towards Mis to differentiate its political message in front of the electorate not only compared to the centre-left coalition, but also its political allies within the centre-right.

Politics thus allowed to overcome the inertial effects of policy decisions theorized by neo-institutionalists scholars (Pierson, 2000). The introduction of the BIC had, in fact, required a significant institutional investment by the Region¹⁷¹ which however did not affect the decision to repeal the BIC.

As for the *socio-political demand*, the reaction of interest groups was limited in FVG, and few mobilized against this decision. Faith-based organizations strengthened their strategic cooperation with the government, and the change of the Regional Government was followed by the creation of an observatory on poverty and annual reports co-drafted by the Region and Caritas, as well as increasing regional funding for their initiatives. CISL sided with the Tondo government on its use of social policy resources. Conversely, CGIL did complain about the drastic reduction of the anti-poverty funds.

The dynamics that led to policy reversal in Lazio are partially different. Indeed, already during the hearings on the Guaranteed Minimum Income, the voices against redistributive measures were significantly less intense although there were common concerns within centre-right parties about the financial sustainability of a regional safety net. Also the electoral competition was rather different in Lazio, primarily because minimum income protection was not considered a very important issue in the public debates. Furthermore, in this case the establishment of a safety net was (weakly) introduced in the electoral arena by the centre-left rather than by its opponent. The new centre left candidate, Emma Bonino, praised the introduction of the regional Mis, considered one of the main merits of the centre-left government in the previous five years, declaring its intention to maintain the regional safety net, defined a *"a unique measure in Italy, which needs to be refinanced."* Conversely, minimum income protection was never addressed by the candidate of the

¹⁷¹ The FVG Region had constructed a new means-test indicator to target efficiently poor people, introduced a new IT system that allowed for a rapid communication between municipalities and regional government, trained specialized personnel and designed innovative procedures for the horizontal coordination between income support measures, social services and active labour market policies (cfr. Cap. 5).

centre-right Renata Polverini (National Alliance), not even to criticize the work of the previous centre left government. At the same time, a regional safety net was not included in its electoral program nor it was mentioned a possible refinancing of the existing Mis.

Once elected, the new Polverini government rapidly discontinued the scheme and abandoned the vision of a public anti-poverty system in favour of a stronger relationship with the third sector, in particular with Catholic organizations. Consequently, few months after elections, the government signed a Protocol of agreement with the Community of Sant'Egidio – an important Italian faith-based organization - for the establishment of a “Regional observatory to study and develop policies to combat poverty and social exclusion”. Moreover, the first budget bill signed by the Polverini government re-directed part of the funds originally planned for the Mis to the so-called Plan Against Poverty, an agreement made with 18 non-profit Catholic organizations to finance a range of services for certain groups at risk of poverty and social exclusion. The GMI remained formally in place but, without proper funds, the procedures for the 2011 call – as well as for the subsequent years - were not anymore activated. In other words, in Lazio the centre-right coalition restored – in accordance with the main social assistance stakeholders – the traditional Italian social assistance model, centred on the family and third sector organizations rather than on public intervention in case of economic need. Policy reversal is hardly understandable in terms of necessity to contain public expenditure, since resources initially stored for the GMI were redirected to other groups, so that the removal of the Rmg did not result in overall financial savings for the social assistance department.

The different configuration of the party system in Lazio – still fragmented and bipolar, but contrary to FVG with no radical right parties represented – made electoral competition dynamics less relevant. Therefore, in Lazio the conservative government did not openly campaign against minimum income protection, neither proceeds directly to repeal the law introducing the regional safety net, but it preferred to redirect the resources previously allocated for the Gmi to third sector organizations.

The decision by the centre-right government to obfuscate the removal of the Mis is explained by the absence of electoral motivations behind this choice and by the presence of a demand in Lazio, although *weak*. Actually, the abolition of regional measures was

facilitated by the absence of mobilization by the beneficiaries, not able to organize an effective protest nor to put pressures on political actors. However, the reaction of social groups to the elimination of regional Mis in Lazio was significant. In the absence of protest by the vast world of the third sector, social movements mobilized against these decisions, even though with very limited results. In Lazio, in November 2010, during the discussion of the new budget law that displaced the Mis, social movements launched a new wave of mobilization that ended up with the occupation for few days of the roofs of the Regional Council of Lazio. Also the CGIL organized a campaign entitled "Precarity does not pay, the Minimum Income Guarantee does", which aimed to collect signatures in favour of the regional safety net, and mobilized against the policies of the Polverini government. CISL position remained different, supporting the decision to discontinue regional Mis, particularly in reason of the simultaneous expansion of so called social shock absorbers 'in derogation', considered a sort of functional equivalent. To this regard, the Lazio case presents many similarities with Friuli Venezia Giulia: the CGIL's protest was in fact unable to counteract the government's decision, also because it was not supported by the CISL.

Therefore, both in Lazio and Friuli Venezia Giulia, the policy trajectories of regional Mis conformed to the *contentious competitive claiming logic*. A divided trade union movement coupled with the presence of a centre-right coalition favourable to the traditional Italian social assistance model led to neat policy reversal path. The presence of several parties at the right side of the political spectrum and of relevant interest group supporting "subsidiarity" in the social policy arena enabled in fact new divides to emerge over the introduction of minimum income scheme, alongside the traditional conflict between left and right. Both in Lazio and Friuli Venezia Giulia, the Church – State cleavage was activated in the regional political arena by *Forza Italia*, which opposed the introduction of entitlements linked to citizenship and preferred to re-direct the (limited) resources towards religiously based voluntary associations. Further, and in contrast with predictions, the regionalist party, LN, was anything but favourable to regional Mis. Rather than activating the Centre-Periphery cleavage in a region-building vein, in Friuli Venezia Giulia, LN acted as a radical right party, criticizing those measures as favouring non-deserving migrants. Therefore, despite effort by other parties in the centre right coalition to maintain the program, the LN successfully prevented any attempt at improving the last-resort safety

net. As suggested in the theoretical section, electoral competition within the right camp appears particularly relevant to understanding this puzzling policy choice. The removal of the regional Mis was considered particularly rewarding in the electoral arena for the LN because it allowed the party to politicize its opposition to migration and, consequently, to emphasize the distinctiveness of its policy proposals as specifically designed to protect nationals against migrants, in contrast to the other centre-right parties.

3.3 Spain: non-contentious competitive credit claiming and the institutionalization of Mis

The policy trajectories of regional minimum income schemes in Spain were very different. In fact, in no case regional safety nets were displaced and over time it is possible to detect a gradual expansion of these measures in terms of total expenditure, generosity and coverage levels, particularly pronounced during the Great Recession. In most cases¹⁷² Mis was properly institutionalized with the shift from discretionary anti-poverty measures to right-based minimum income schemes. How can we explain this trajectory of gradual institutionalization? Why were these programs significantly expanded in a period of severe budgetary constraints – and also a period of harsher competition among social groups for decreasing resources - when the limited political resources of Mis beneficiaries should prevent policy expansion in this policy field?

In this thesis we focused on the political dynamics that led to gradual institutionalization of Mis in Castile and León and Madrid. Those cases were considered particularly significant since those two Autonomous Communities were ruled by the centre-right Popular Party, which, according to the traditional power resource theory, should have limited public effort in the anti-poverty field. In Chapter 7 we observed how in both cases, original safety nets were deeply transformed over time through a number of relevant policy changes. Two legislative variations were crucial to transform the residual and discretionary programs introduced in the early 1990s into right based minimum income schemes: the introduction of the Ley 15/2001 in the Community of Madrid and of the Ley 7/2010 in Castile and León. These legislative interventions, which marked the shift respectively from the Madrid Integration Income to the Minimum Insertion Income (Rmi)

¹⁷² Exception are Balearic Island, Canaries, Murcia and Valencian Community.

and from the Minimum Insertion Income to the Guaranteed Citizenship Income (RGC), introduced in both regional contexts the legal right to access to minimum income protection, eliminating the budgetary constraints that conditioned *de facto* the functioning of the previous regional safety net. Those changes significantly enhanced level of protection and were followed by an increase in regional expenditure and number of beneficiaries, particularly pronounced in the case of Castile and León. Furthermore, since they shift from a discretionary to a right-based approach, they are considered particularly relevant because they constitute good examples of institutionalization of regional Mis in Spain.

In both cases, political exchange between the government and the social partners was crucial to strengthen residual safety nets. In the Community of Madrid trade unions, after the second consecutive electoral victory of PP in 1998, subordinated the signing of social pacts to the introduction of a new law aimed at guaranteeing a right based approach to anti-poverty policies in Madrid. In a phase of strong economic growth and without having consolidated yet its position as dominant party in the AC, the former President Gallardón valued indispensable reaching an agreement with the trade unions in order to obtain legitimacy and consensus. Furthermore, regional concertation was considered a useful tool for economic development. As a consequence, the regional government negotiated with the social partners the introduction of the Rmi, a measure that allowed also President Gallardón to claim credit with powerful social groups and in front of its electorate.

Partially more complex is the case of Castile and Leon, where the shift from the IMI to RGC is a consequence of the decision of local PP to introduce a new Statute of Autonomy. This document, which can be regarded as a sort of Constitutional Chart of the Spanish Autonomous Communities, requires to be approved two thirds of the regional assembly. This allowed social partners and PSOE to negotiate certain conditions in exchange for the acceptance of the Statute, in particular the formal recognition of the individual right to access to a Mis in Castile and León (CYL PSOE; CYL UGT; CYL CCOO). As a consequence, the new Statute of Autonomy of Castile and León establishes the "right to a Citizenship Guaranteed Income" (Art. 13.9) and three years later Law 7/2010, following the signing of a new tripartite agreement called "Agreement of the Social Dialogue on the Guaranteed Citizenship Income", introduced the new RGC. This new measure was considered an

important achievement by the centre-right government, one of the flagship initiatives of its mandate.

While presenting significant differences, both in the policy making process and in the policy output, the two reforms indicate that expansive reforms were result of a political exchange between the government and trade unions, where the latter obtained the expansion of last resort safety nets and the former legitimacy and sharing responsibilities regarding public policies. The presence of a centre-right government is not necessarily an obstacle to conclude such agreements, since in Spain all political actors agree on the necessity to have a public scheme to contrast poverty. Therefore, also centre-right parties introduce and/or institutionalize Mis to obtain consensus, according to a *non-contentious competitive credit claiming logic*.

Those two reform processes are in line with our theoretical expectations: under moderate pluralism, the presence of a strong demand favours the institutionalization of minimum income schemes, following a *non-contentious credit claiming logic*. It is not always the case that minimum income protection constituted a priority for Spanish trade unions. As an example, in bargaining agreements in the period between 1994 until 1998 in the Community of Madrid strengthening safety net was not the first concern of the unions, and the protective ability of the Imi was limited. In those periods, the presence of faith-based organizations pressuring for increasing benefits was not a sufficient condition to introduce ameliorative legislative changes. At the same time, no political actor pursued policy reversal strategy; with a *weak* demand under moderate pluralism we observed policy inertia.

This path is clear until the Great Recession, when for the presence of a strong demand was not always sufficient condition to have policy expansion. A closer examination of the policy making process in that period reveals that in Madrid the onset of the crisis marked a sharp decrease in the use of regional social pacts and, despite expansion in terms of beneficiaries and expenditure, also some effort to contain public expenditure for the regional Mis. Moreover, the government was not willing to open new negotiations to further reinforce the RMI in reason of the advent of the crisis. This might be because the Great Recession weakened trade unions power resources as well as the need of regional

governments to reach agreements with the social partners (Molina, 2014, Gonzalez Begega and Luque Balbona, 2015). As a consequence – despite the seriousness of the social conditions and the comparatively high resources of the rich Community of Madrid – during the crisis the RMI was not reinforced, so that administration faced several difficulties in responding adequately to growing social needs. Considering standards dimension such as generosity and coverage, in 2015 the social safety net in the capital region is not among the most protective schemes in Spain. Conversely, in Castile and León a policy making process that involved constantly social partners allowed not only the institutionalization of the anti-poverty scheme, but also a gradual expansion of the measure during the crisis.

At the same time, it is crucial to underline that in no case political actor in Spain demand the abolition of minimum income scheme, also in difficult time such as the crisis. The absence of political competition within the right camp and of stakeholder supporting subsidiarity – i.e. greater involvement, if not a complete devolution, of faith-based organization in the anti-poverty sector – limit political incentives to pursue a policy reversal strategy in the Spanish case. As a consequence, in Spain expansionary reforms have path dependent consequences and in this policy field, no retrenchment initiatives have been launched by Spanish ACs so far. Therefore, in Spain some political actors within the centre right proposed and sometimes enacted a stronger workfare approach, emphasizing the necessity of a stricter link with the labour market and to introduce stronger penalties for non-complying beneficiaries, but none of the social or political actors suggested to abolish minimum income schemes.

This path is in line with our theoretical expectations: under *moderate pluralism*, the presence of a strong demand favours the institutionalization and prevents the displacement of minimum income schemes, following a *non-contentious competitive credit claiming* logic. In Spain, centre-right governments played a very different role in the introduction and evolution of regional Mis compared with the Italian case: not only they never displaced those programs, but occasionally they favoured their expansion. The absence of competition within the right – coupled with the support of third sector organizations towards minimum income protection – prevent the political activation of the State/Church cleavage in the social assistance arena. This has favoured an overlapping consensus

between centre-right and centre-left parties regarding minimum income protection, downsizing the contentious nature of social assistance policies, and allowing the institutionalization of a regional system of minimum income protection.

Conclusions

Over the past twenty years, in Europe, minimum income protection models have undergone major transformations (Lodemel and Moreira, 2014, Marx and Nelson, 2012). Also Italy and Spain, two typical laggards in this field, introduced regional programs which might potentially constitute a path-departure from their traditionally weak and fragmented minimum income protection model through the provision of a last resort safety net in the form of minimum income for individuals and households lacking sufficient resources.

Against such backdrop, this study had three main aims. First, to assess whether these regional Mis consolidated over time, thus adding up to a paradigmatic change in one of the defining features of the Mediterranean Model: the absence of a minimum income scheme. Second, to identify which factors allow explaining this gradual transformation – or, viceversa, the resilience of the traditional model - through an in-depth analysis of policy trajectories of regional minimum income schemes in four selected Italian and Spanish regions. Finally, third, to contribute to the development of an undertheorized area of welfare state research, the politics of social assistance, a policy area for long considered less affected by partisan dynamics in reason of the low political resources of would be beneficiaries and limited relevance on overall welfare budget.

The policy trajectories of regional Mis in Italy and Spain have been divergent. In Italy, those programs were introduced only in a number of regions in the period 2005 – 2009. This *season of regional innovation* (Lumino and Morlicchio, 2013) was short lived and did not lead to the institutionalization of a regional Mi system in Italy. Actually, in the following years (2010 – 2014), most of these programs were displaced and no other regions introduced new programs.

Conversely, in Spain, all CAs introduced regional anti-poverty measures in the short period between 1989 and 1995. In the last twenty years, those programs have been strengthened, although with territorial differences and poor coordination, becoming an important tier of protection for hundreds of thousands Spanish citizens. In particular,

during the Great Recession, we observed a remarkable expansion of Mis in terms of generosity, coverage and total expenditure in all CAs. Even more importantly, in most CAs those programs were transformed from discretionary to right-based minimum income schemes over time¹⁷³.

Broadening the picture, a similar differentiated trajectory is observable in Portugal and Greece. While in Portugal a fully-fledged minimum income scheme has been introduced in 1997 which, is still entirely in place despite drastic cuts during the Great Recession, in Greece in 2014 a pilot Mis has been introduced in selected municipalities and so far its extension to the whole country is still uncertain (Jessoula, Matsaganis and Natili, 2015). These developments show that relevant changes are occurring in the countries presenting a Southern European Model of welfare, but the direction is still uncertain, at least for two countries in the group. Actually, countries appear to move in different directions in this policy field, with Spain and Portugal making more steps forward as compared to Italy and Greece. This pushed us to investigate what are the main drivers behind those differentiations.

The second aim of this work was actually to explain the differentiated trajectory of regional Mis in Italy and Spain. In all the four cases analysed in-depth – Friuli Venezia Giulia and Lazio in Italy, Castile and León and the Community of Madrid in Spain – the empirical research based on careful process tracing revealed that “political exchange” dynamics between social actors and political parties were crucial for the introduction of regional safety nets (*path departure*), the shift from discretionary anti-poverty programs to right-based Mis (*institutionalization*), or the elimination of social safety nets (*policy reversal*) after their introduction. These different outcomes were thus interpreted in light of actor strategies and interactions, which were significantly different in the two countries.

In Spain, a unified coalition of trade unions and faith-based organizations constituted a *strong socio-political demand* for the introduction and the subsequent institutionalization of minimum income schemes. Furthermore, in the period under consideration the Spanish party system in the observed cases was a typical case of moderate pluralism (Sartori, 1976), characterized by the absence of additional political cleavages beyond the left/right, limited

¹⁷³ Exceptions are Balearic Islands, Canaries, Castile La Mancha and the Valencian Community.

within pole competition and mainly centripetal drives. Under those conditions, partisan politics and government colours were not key to have path-departure and/or institutionalization. Right wing governments in Castile and León and in the Community of Madrid introduced and gradually institutionalized minimum income schemes following a logic of *non-contentious competitive credit claiming* – i.e. competitive credit claiming on a non-contentious issue: since no political actor opposed the very existence of last resort safety nets, governments introduced and/or reinforced those schemes in order to obtain consensus among powerful social groups and the electorate.

Political exchange dynamics were very different in Italy. The *socio-political demand* for minimum income protection was *weak and fragmented*: the only social actor pushing for the introduction of an (unconditional) Mis were some social movements. Furthermore, trade unions were divided on this issue: while CGIL accepted the introduction of minimum income only if conditional to job-search activities and active labour market policies, CISL opposed public intervention in the anti-poverty field and supported the traditional model based on the principle of horizontal subsidiarity. Faith based organizations never actively supported Mis in the two regions analysed here. On the political supply side, the fragmented nature of the Italian party system – i.e. *fragmented pluralism*, characterized by the presence of several parties both at the right and at the left side of the political spectrum and by the presence of additional cleavage beyond the left/right dimension- made the politics of minimum income scheme highly contentious, and government colour key to understand policy developments. On the left side, the presence of “radical left” parties aiming to become privileged interlocutors of social movements ensured that minimum income protection entered the regional political arenas. This prompted competitive dynamics between radical and reformist centre-left parties around these those innovative measures, whose credit claiming potential increased after CGIL started to support them. Competition within the left camp ultimately led to path-departure and the introduction of regional minimum income schemes of a European flavour. This type of political exchange was possible only in presences of centre-left regional governments. Parties of the centre-right coalitions severely opposed Mis in Italy. In Lazio and Friuli Venezia Giulia, FI politically activated the Church/State cleavage *against* state intervention in the anti-poverty field, supported by the presence of relevant interest group favouring “subsidiarity” in the

social policy arena. In FVG, opposition towards Mis was reinforced by the presence of LN, which acted as a “radical right” party, criticizing those measures as favouring non-deserving migrants, and required the immediate withdrawal of the programme once in government. As a consequence, centre-right coalitions not only never introduced Mis, but they rapidly repealed the schemes and re-direct the (limited) resources towards religiously based voluntary associations as soon as they replaced the centre-left coalitions which had introduced the program. In Italy, the policy trajectory of Mis thus followed a *contentious competitive credit claiming logic*, with centre-left governments promoting path-departure (and, where possible, institutionalization) and centre-right inertia – policy reversal. What appears peculiar about these dynamics, it is that not only the introduction of new social policy programs, but also policy reversals followed a credit claiming logic.

This brings us to the third main goal of this work: to contribute to the development of a theory regarding the political dimension of social assistance policies and especially anti-poverty means-tested benefits. Despite the limited relevance of the social assistance sector in the overall welfare budget and the scarce political resources of would be beneficiaries, these policy trajectories support the *politics matters* hypothesis, while expressing the need to go beyond the traditional power resources theory.

In all Mi reforms analysed in this work it was actually possible to identify the specific *political exchange* between some social actors - acting as pressure groups for the introduction and/or strengthening of Mis – and political actors – looking for political support. The mobilization of social groups, in particular trade unions, appears as a necessary condition to have path-departure and/or scheme institutionalization. In general, the stronger the *demand* the more probable is strengthening Mis. The Spanish case is particularly interesting because it highlights that trade unions might also pursue a pro-outsider strategy, adopting a policy agenda which favours the interest of social groups beyond their core membership, thus calling for a more precise investigation of trade union strategic choices in the social policy arena, as suggested by Clegg et al. (2010)

Relatedly, the introduction and/or the institutionalization of Mis followed a credit claiming logic. In all the reforms analysed political actors introduced measures to obtain support from a social group in particular, and sometimes also the electorate. In the Italian regional

cases, however, the introduction of Mis prompted the opposition of right wing coalitions. This is because the *fragmented pluralist* Italian party system favoured the political activation of the Church/State cleavage as well as the emergence of “radical right” parties.

What would have happened in Italy if the demand was *strong*, that is if all the trade unions were in favour of a Mis and also the faith based organization supported those requests? The political exchange dynamics characterizing a strong *demand* in a *fragmented pluralist* party system are uncertain and additional research is needed. Yet, it is plausible to hypothesize that, at least in contexts where the LN was part of the right coalition, the opposition of the centre-right coalition would have been equally strong. This is one of the peculiarities of this policy field: electoral competition is more relevant to explain policy reversal than path departure. In *fragmented pluralist* party systems, the political weakness of the would be beneficiaries allow political entrepreneurs to propose the elimination of needs-based safety nets for strategic reasons – i.e. to show their opposition towards migration, since migrants are a relevant share of Mis beneficiaries, and/or to appeal to traditional values activating the State/Church cleavage. This is particularly true for radical right parties, which have generally less structured relationships with powerful interest groups, and may propose the abrogation of Mis – or the introduction of stricter eligibility requirements - to politicize their anti-migration stances. This might have relevant consequences also because competition and/or coalition dynamics within the right may lead to policy reversal and/or, more likely, to retrenchment. The recent evolution of the social assistance sector in the U.K., in Denmark and/or Netherlands reveals that this dynamic could be not exclusively a Southern European prerogative: the presence and competition/coalition dynamics within the right camp appears therefore a particularly relevant factor for those interested in the social protection of low income individuals with a weak attachment to the labour market.

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Decreto 126/2004, de 30 de diciembre, por el que se aprueba el reglamento de la prestación de ingresos mínimos de inserción de la comunidad de Castilla y León. (BOCyL 252 31 de diciembre)

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Decreto 1/2014, de 27 de febrero, por el que se aprueba el texto refundido de las normas legales vigentes en materia de condiciones de acceso y disfrute de la prestación esencial de renta garantizada de ciudadanía de Castilla y León. (BOCyL num 42, 3 de marzo)

Catalonia

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Decreto 384/2011 El objeto de este Decreto es desarrollar la Ley 10/1997, de 3 de julio, de la renta mínima de inserción, modificada por la Ley 7/2011, de 27 de julio, de medidas fiscales y financieras. La finalidad de la RMI es prestar el apoyo adecuado a todas las personas que lo precisen para atender las necesidades básicas para vivir en la sociedad, con los recursos convenientes para mantenerse y para favorecer su inserción o la reinserción social y laboral.

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Decreto 281/2011, de 18 de noviembre, por el que se establecen las bases reguladoras de las Ayudas para la Integración en Situaciones de Emergencia Social (AISES) en la Comunidad Autónoma de Extremadura, y se aprueba la convocatoria de dichas ayudas para 2011-2012. (DOE 225, 23 de noviembre)

Ley 3/2013, de 21 de mayo, de renta básica extremeña de inserción. (BOE num. 136 de junio)

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Community of Madrid

Decreto 73/1990, de 19 de julio, por el que se aprueba el Ingreso Madrileño de Integración. (BOCM del 25)

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Decreto 147/2002 Se aprueba el Reglamento de la Renta Mínima de Inserción de la Comunidad de Madrid, cuyo texto se inserta a continuación.

Ley 8/2012, de 28 de diciembre, de Medidas Fiscales y Administrativas.

Murcia

Decreto 39/1992, de 30 de abril. Plan Regional de Inserción y Protección Social (BOM núm. 108, 11 de mayo).

Ley 3/2007, de 16 de marzo, de Renta Básica de Inserción de la Comunidad Autónoma de la Región de Murcia.

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Ley Foral 9/1999, de 6 de abril. Carta de Derechos Sociales (BON núm. 43, 9 de abril).

Decreto Foral 120/1999, de 19 de abril. Renta Básica (BON núm. 54, 3 de mayo).

Ley Foral 15/2006, de 14 de diciembre, de Servicios Sociales, dispone que el instrumento en el que se establecerán las prestaciones del sistema público de servicios sociales será la Cartera de Servicios Sociales.

Ley Foral 1/2012, de 23 de enero, por la que se regula la renta de inclusión social. (BOE 39, 15 de febrero)

Pais Vasco

Decreto 39/1989, de 28 de febrero. Ingreso Mínimo Familiar (BOPV núm. 44, 6 de marzo)

Ley 2/1990, de 3 de mayo. Ingreso Mínimo de Inserción. (BOPV núm. 106, 30 de mayo).

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Ley 18/2008, de 23 de diciembre, para la Garantía de Ingresos y para la Inclusión Social (BOPV num 250)

Ley 4/2011, de 24 de noviembre, de modificación de la Ley para la Garantía de Ingresos y para la Inclusión Social.

La Rioja

Decreto 24/2001, de 20 de abril, por el que se regulan las prestaciones de inserción social

Ley 7/2009, de 22 de diciembre, de Servicios Sociales de La Rioja (BOE num. 14, 16 de enero)

Decreto 31/2011, de 29 de abril, por el que se aprueba la Cartera de servicios y prestaciones del Sistema Público Riojano de Servicios Sociales

Valencian Community

Decreto 132/1990, de 23 de julio. Plan de Medidas de Inserción Social (BOV núm. 1376, 7 de septiembre).

Ley 9/2007, de 12 de marzo, de Renta Garantizada de Ciudadanía de la Comunitat Valenciana (BOE num 95, 20 de abril)

Decreto 93/2008, de 4 de julio, del Consell, por el que se desarrolla la Ley de Renta Garantizada de Ciudadanía de la Comunitat Valenciana. (num 5801, de julio)

