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ABSTRACT

The general elections held in February 2013 marked an earthquake in Italian politics. The two coalitions on the center-left and center-right that had governed Italy alternately between 1996 and 2011 together lost 11 million votes compared to the 2008 elections. The explanations advanced for this electoral outcome generally have to do with two connected factors: citizens' disgust with political corruption and privileges of the politicians in general, and the distress many households are suffering as a consequence of the most severe economic crisis experienced by Italy in recent history. This paper points to a third, more structural one: the deterioration in substantive dimensions of Italy's democratic quality over the past 20 years, those related to equality, services and social security, thus impacting directly on individual life chances. Such socioeconomic outcomes are the result of policy choices (both deliberate action and deliberate inaction, or failure to act) implemented by both center-left and center-right governments, although with variations on a common theme.

JEL classification: H11, H12, I38, J38, Z18

1. INTRODUCTION

The general elections held in February 2013 marked an earthquake in Italian politics. The two coalitions on the center-left and center-right that had governed Italy alternately between 1996 and 2011 together lost 11 million votes compared to the 2008 elections (whereas despite lower voter turnout, the total number of voters increased from 34 million in 2008 to above 35 million in 2013).¹ Berlusconi's People of Freedom party lost 6.3 million votes, and its ally, the Northern League, 1.6 million votes. The Democratic Party lost 3.4 million votes. Mario Monti, who was heading a non-partisan government supported by a large majority in Parliament since November 2011, decided to enter the electoral arena himself and collected 2.8 million votes. In 2008, the Union of the Center party, on whose organizational structure he relied for his electoral campaign, had obtained 2 million votes. The protest party 5-Star Movement, led by a former stand-up comedian who did not himself run for election, Beppe Grillo, received 8.7 million votes for its debut into the national electoral arena: similar to the Democratic Party and roughly one and a half million more than Berlusconi's party.

The explanations advanced for this electoral outcome generally have to do with two connected factors: citizens' disgust with political corruption and privileges of the politicians in general and the distress many households are suffering as a consequence of the most severe economic crisis experienced by Italy in recent history. This paper points to a third, more structural one: the deterioration in substantive dimensions of Italy's democratic quality over the past 20 years, those related to equality, services and social security, thus impacting directly on individual life chances. Hence the voters' reward.

2. BEYOND THE ECONOMIC CRISIS: STRUCTURAL REASONS OF RECENT ELECTORAL RESULTS

Various scandals involving politicians with corruption and misappropriation charges exploded both at the national and local levels from 2010 onwards, while the mass media have increasingly cast light on the economic costs of politics for the taxpayer and on the profligate lifestyles of some elected politicians. Following the title of a bestseller written by two journalists in 2007, the term *la casta*, 'the caste,' has started to be used to address politicians as a group, which extracts rents from

1. Eligible voters increased from 42.3 million to 46.9 million. Voter turnout decreased from 80.5 percent to 75.2 percent. All data refer to elections for the Chamber of Deputies, votes cast in the national districts.

taxpayers, while delivering few valuable goods to society.² In 2012, new and more restrictive rules were introduced regards public party funding, but the costs of running political institutions, including the compensation of elected politicians, were only marginally affected. Other cost-containment proposals that had been promised such as the abolition of the provincial level of government were non-starters. The 5-Star Movement devoted much of its political platform to issues of this kind, proposing the complete abolition of public party funding and much lower salaries and reimbursements to elected politicians, and exposed the unwillingness of traditional parties to cut the costs and privileges of Italian politics.

All this occurred at the same time as the economic crisis affected Italian families in an unprecedented way in contemporary times. Italy has thus far been the country most affected by the economic crisis, losing more than 7 percent of its gross domestic product (GDP) over the period 2008–12 (in contrast to a cumulative GDP loss of 4.1 percent in Spain, virtual stagnation in France and Japan and a growth of 3.9 percent in Germany). Despite widespread use of short-time work schemes (Sacchi 2013), unemployment reached 12 percent in the first months of 2013. Employment loss between 2008 and 2012 has been higher than 500,000 units. At the same time, the tax burden reached new heights: tax to GDP ratio has been in the region of 43 percent since 2007, and the Italian government estimated an increase to 44.7 percent in 2012, a level surpassed in the Organisation for Economic Co-operation and Development (OECD) only by Denmark.³ Blame was cast on traditional parties, both left and right wing.

In our opinion, all of the above is true, but part of the story is missed when focusing on the past two or three years only. This paper points to a third reason for the voice expressed at the polls: long-term developments that have occurred over the past 20 years have resulted in diminished life chances for wide segments of the population. These have resulted in large inequalities; low redistributive capacity of the welfare system; overprotection of those already well protected to the detriment of those who are not; inferior life chances for the younger citizens in terms of economic security, employment chances and educational quality; restricted capacity of the Italian polity to break the intergenerational transmission of disadvantage through social investment policies – all issues that young families care about. These outcomes have been brought about by public policy choices made by the parties in power over the past 20 years, which seem to have been held accountable in particular by those who are most affected by these changes: the young. Youth unemployment (less than 25 years) reached 40 percent in early 2013. By the same token, those who are employed in the younger age brackets tend to have non-standard contracts: 50 percent of

2. The title of this fortunate book is telling: *La Casta: Così i politici italiani sono diventati intoccabili* (*The Caste: How Italian Politicians Became Untouchable*) (Rizzo and Stella 2007).

3. OECD Tax Database.

employees (that is, dependent workers) in 2011 in the 15–24 age bracket were on fixed-term contracts (as opposed to 11.8 percent in the 25–54 age bracket), from 11 percent in 1990 (4 percent for those aged 25–54). This compares to an increase from 20 percent to 25 percent in the OECD in the same period.⁴ Out of 100 new work contracts that are signed, less than 20 are now established as open-ended contracts (ISFOL 2013).

This seems to have been reflected in distinctive voting behavior by young voters: Albertini et al. (2013) estimate that in the age bracket 18–24, votes for the 5-Star Movement have reached almost 50 percent, vis-à-vis about 25 percent among voters of all ages. According to another analysis, quoted by the Italian daily *Corriere della Sera*, about 40 percent of the unemployed and 55 percent of the students voted for the 5-Star Movement (compared to 22 percent for the Democratic Party and 12 percent for Berlusconi among students).⁵

3. INDIVIDUAL LIFE CHANCES AND POLICY REGIMES: A DEMOCRATIC QUALITY APPROACH

This paper will show how, over the past 20 years, a relevant component of Italy's democratic quality has somewhat deteriorated, at least relative to other large Western European democracies: that of substantive equality and solidarity. According to the democratic quality approach, a quality democracy is a stable institutional structure that realizes the liberty and equality of citizens through the legitimate and correct functioning of its institutions and mechanisms (Morlino 2011). As such, the quality of a democratic regime can be assessed through several dimensions of variation, pertaining to the actual functioning of the procedures at the core of the regime (procedural dimensions), to the substantive content and output of the policy production process, gauged in terms of attained levels of liberty and equality of citizens (substantive dimensions) and to the results of the regime in terms of citizens' satisfaction, that is its responsiveness to the latter's aspirations, demands and needs (Diamond and Morlino 2005; Morlino 2011). Given its proximity to citizens' demands and needs, one of the most important dimensions of democratic quality in this approach is that pertaining to substantive equality and solidarity, as actively promoted by the welfare state.⁶ The outcomes of policies and interventions associated with the welfare state are therefore considered to be crucial for the democratic quality of a polity, both intrinsically and because of the effects they

4. OECD Labour Force Statistics.

5. 'E i giovani 'lasciano' il Pd: solo il 26% dei dei voti, *Corriere della Sera*, 2 March 2013. The article cites data provided by the research institute Tecnè.

6. See Flora (1986, p. xv): 'Security and equality are the welfare state's central objectives, i.e. the attempt to stabilize the life chances of, in principle, the entire population and to make their distribution more equal.'

have for the appraisal and satisfaction of the democratic regime on the part of the citizens, and its legitimacy in general.

In this paper, Italy's performance with respect to this key dimension of democratic quality is reviewed over the past 20 years, comparing the Italian case with those provided by the other four large Western European democracies: France, Germany, Spain and the UK. While at the beginning of the period, France, Germany and the UK were fully comparable to Italy in terms of economic development, this was less so for Spain, which had been a democracy for only 15 years, after Franco's 40-year autocratic rule.⁷ Despite these limitations, Spain makes a very good case for comparison, given the similarities with Italy in terms of membership to the same 'family of welfare' (Ferrera 2010a). As will be seen, Italy displays some differences along the dimension of democratic quality analysed here, when compared to the other large Western European democracies (France and Germany in particular, but also – albeit to a lesser extent – the UK). Often these differences can be ascribed to delays in political development, only partially made up for over the past 20 years. In other instances, however, the improvement in the performance of the Italian democracy has not kept up with that in comparable democracies, Spain included.

The next section focuses on the distribution of economic resources among citizens and different categories thereof, while Section 5 does the same with core aspects of solidarity among citizens within an advanced democracy, looking at poverty data and the performance of the political system in terms of addressing disadvantage among citizens through fair and effective social policies. Section 6 shifts the focus from realized disadvantage to policies that can be effective in breaking the intergenerational transmission of poverty and disadvantage, that is, social investment policies – investment in children in particular – and education. Section 7 takes stock of the empirical evidence and puts forward elements for their explanation in terms of politics and policy regimes. The final section concludes.

4. THE CHANGING DISTRIBUTION OF ECONOMIC RESOURCES

The distribution of economic resources is of course one of the most relevant components of substantive equality. The most commonly used indicator to measure income inequality is the Gini

7. In 1990, the GDP per capita of Italy (16,000 dollars) was very similar to that of the UK (\$16,500) and comparable to that of France (\$18,000) and Germany (\$18,500 in the areas of the ex West Germany and 6000 in the areas of the ex East Germany, with an average of \$15,900). Spain had a much lower GDP per capita, equal to \$12,000 (Broadberry and Klein 2012).

coefficient.⁸ OECD data present a fairly clear picture: in the last 20 years, income inequality has grown in almost all developed countries, including Nordic countries. Among the main advanced democracies, the extent of inequality is more limited in Italy than in the USA and the UK; however, inequality is greater in Italy than in Spain, Germany and especially France (Table 1). Yet, the dynamic of income inequality has changed through time in these countries and displays peculiar features in Italy. In the UK, it rose from the mid 1970s to the 1990s, remained roughly stable during that decade and decreased slightly in the 2000s. In the USA, income inequality has been increasing since the early 1980s, which is the opposite of the situation in Spain where, starting from very high levels, it has been dropping since the mid 1980s. In France, it decreased from the 1980s to the 2000s, while it has been rising in the last decade, although relatively slowly. In Germany, income inequality has been growing throughout the period considered, with an increase in the 2000s, but starting from very low levels, so that the final result is still a comparatively low level of inequality, similar to that of France. In Italy, income inequality decreased from the mid 1970s to the beginning of the 1990s, reaching its lowest level in 1991.⁹ Subsequently, it rose very sharply as a consequence of the financial crisis of 1992 – when the national currency (the lira) was devalued and several public finance measures were implemented, with adjustments corresponding to more than 6 percent of GDP in 1992 – while it has remained generally stable since then (with a reduction between 2005 and 2008, detectable, however, only if the super-rich are excluded).¹⁰

According to a recent analysis by Fiorio et al. (2012), the increase in income inequality during the period from 1991 to 1993, which brought Italy back to the level of inequality of the mid 1970s, can be ascribed to the dramatic worsening of the conditions of the poorest. In fact, their income fell drastically in comparison not only to the richest portion of the population but also the middle class, whereas the gap between the middle and higher income classes did not widen as much. Nevertheless, these national dynamics fail to shed light on the differences existing between the North and the South (the trend for Central Italy is stable). While in the North, inequality is mostly driven by an increase in the income of the wealthiest, the dynamics in the South of Italy are

8. The Gini coefficient is a number ranging from 0 to 1, which increases as the concentration of income increases among the population. The data considered in this paper, extracted from the OECD Statistics Database and available from around 1990, refer to equivalized disposable income, which includes income from work, investments and properties, private transfers to families, pensions and other social transfers directly received, adjusted by family size and net of taxes and social contributions.

9. This was the general tendency. In greater detail, income inequality decreased between 1970 and 1982 (with an increase in 1978–79) and remained constant until 1987, when it started to grow and then decreased again until 1991 (Brandolini 2009a).

10. As shown by Fiorio et al. (2012), if the last income percentile is also included, inequalities increased further after 2004.

similar to the national dynamics and determine their general trend, with low incomes being reduced in comparison to the rest of the distribution.

The study by Fiorio et al. (2012) also analyses individual incomes by source and finds that income inequality increased dramatically in the 1992–93 period for both employees and the self-employed. In both cases, the phenomenon was caused by a drop in income among the poorest in comparison to both the rich and the middle classes. Pension incomes display a different trend: inequalities started to increase in the late 1980s but the median pensions grew much more than both the lowest and the highest pensions. As a consequence, the gap between median and low pensions widened greatly (by 40 percent between the end of the 1980s and the end of the 2000s), whereas the gap between high and median pensions shrank drastically (by 30 percent in the same period) and the gap between high and low pensions remained generally unchanged.

Greater inequality among those working as employees and among the self-employed had a comparable impact on the overall increase in inequality during the early 1990s; however, in the following period, differences among the various income sources became more and more significant. As shown by Brandolini (2009a), the fact that income inequality remained overall stable in the period following the sharp increase of 1992–93 hides major variations in income distribution among occupational categories. Between 1993 and 2006, the equivalized disposable income, expressed in real terms, grew on average by 1.2 percent a year. Nevertheless, the increase was equal to 2.6 percent a year for the families of the self-employed, to 1.6 percent for the families of pensioners and to 1.5 percent for the families of (public and private) executives.¹¹ On the contrary, the increase was equal to only 0.6 percent for the families of blue-collar workers and to 0.3 percent for the families of white-collar workers, including managerial staff and teachers. Another extremely interesting aspect concerns changes in income distribution among age groups. Ranci and Migliavacca (2011) show that, since the early 1990s, the share of Italian citizens whose income is below 75 percent of the median has dropped among those aged 50 or above (in particular, among those over 65), while it has risen among those aged 34 or under. On the contrary, the share of citizens whose income is above 150 percent of the median has increased among those over 55 and decreased among the other age groups, in particular among those under the age of 34.

Furthermore, the analysis carried out by Pisano (2012) confirms that in Italy, as well as in France and in Spain (but to a more limited extent than in the UK), there has been, especially from the 1990s onwards, a sharp increase in the share of overall income held by those receiving the highest incomes (the wealthiest 1 percent or even 0.1 percent). Moreover, the study shows that, although the super-rich receive most of their income from capital gains and entrepreneurial

11. The expression ‘families of’ indicates families in which the main income receiver belongs to the occupational category indicated.

activities, from a diachronic perspective the above dynamic is mainly driven by the important role played by labor income, also because of tax rates cuts applied to the highest income classes introduced between the late 1980s and the mid 2000s (19 percentage points between 1981 and 2010). In summary, Italy seems to have become increasingly characterized by the phenomenon of the ‘working rich’ (top managers, sportspeople, business lawyers and bankers), which accounts for the growing share of income held by the super-rich more than the dynamics related to capitalists and rentiers.

It is worth underlining that the patterns of income inequality in Italy have strong geographical components. On the one hand, income distribution is much less uneven in the North and Center than in the South of the country (with Gini coefficients equal to 0.29 in the North and Center and 0.36 in the South in 2000). Inequality in the North and Center of Italy is comparable to that of the western *Länder* of Germany, while inequality in the South of Italy is comparable to that of the USA (Brandolini 2009b). On the other hand, Italy is characterized by major inequalities in the geographical distribution of economic resources: among the Western European democracies, Italy, along with France and the UK, displays significant regional differences (as of 2009).¹² To conclude, in comparison to the North and Center of Italy, the South is characterized not only by lower income but also by a more uneven distribution of income.¹³

5. ADDRESSING DISADVANTAGE: POVERTY AND THE PERFORMANCE OF SOCIAL PROTECTION

This section reviews poverty data and the effectiveness of the political systems considered in this paper in addressing poverty and disadvantage through the social protection system.

Eurostat data concerning the risk of poverty for 2011 show that such a condition affects a quarter of the population in Italy (19.6 percent), with a higher incidence than in France (14 percent), Germany (15.8 percent) and the UK (16.2 percent) and a lower risk than in Spain (21.8 percent).¹⁴ In Italy, poverty dynamics are similar to those of income inequality, that is, generally decreasing from the mid 1970s to the late 1980s, rising sharply in the early 1990s and remaining essentially

12. The indicator used is the dispersion of regional GDP (at NUTS level 2) per inhabitant, measured by the sum of the absolute differences between regional and national GDP per inhabitant, weighted with the share of population and expressed in percent of the national GDP per inhabitant (Eurostat National Accounts (Including GDP) Database indicator nama_r_e0digdp).

13. Unlike, for instance, what happens in Germany; see Brandolini (2009b).

14. The at-risk-of-poverty rate in the EU is calculated as the share of persons with an equivalized disposable income below the risk-of-poverty threshold, which is set at 60 percent of the national median equivalized disposable income, including social transfers (Eurostat Income and Living Conditions Database indicator ilc_li02).

constant in the following period, up to the crisis (Brandolini 2009a). Nevertheless, the overall stability at the aggregate level actually conceals relevant differences among the various social classes, as seen above in relation to income inequality. Between 1993 and 2006, poverty decreased among the families of the self-employed and pensioners, whereas it increased among the families of blue-collar and white-collar workers. Yet, at the aggregate level, these variations balanced each other out (Brandolini 2009a). Furthermore, it is well known that, in comparison to the national average, the poverty rate is much higher in the South, while it is lower in the North and Center of Italy.¹⁵

The data disaggregated by occupational status for the working-age population clearly show that the highest poverty rates are found, as expected, in situations of unemployment (47.7 percent in 2011) and non-employment (29.7 percent), whereas poverty rates among the employed are lower (10.8 percent).¹⁶ Hence, the Italian situation is particularly worrying considering that its employment rate is the lowest among the major European countries (Figure 1), despite the fact that it has grown by almost six percentage points from 1995 to 2012.¹⁷ As in other countries, this growth has been driven by a marked increase in female employment, which went up by 12 percentage points in the above-mentioned time period. However, female employment in Italy has not grown as much as in Spain – the other European country where it was very low in the mid 1990s – thus causing Italy to have, at present, the lowest female employment rate among the major European countries (and actually among all the EU countries after Malta and Greece).

Regional differences once again play a key role in employment rates in Italy. The existence of geographical areas characterized by heavier social marginalization can be measured through the coefficient of dispersion of regional employment rates, which is one of the main indicators used by the European Union in order to measure the degree of social cohesion within its member states.¹⁸ In the period between 2000 and 2010, Italy was the only major European country in which the value of this indicator was always in the double figures, ranging well above 15 percent and reaching 20.5 percent in 2012, twice the value of Spain, three times that of France, four times that of the UK and five times that of Germany.

The data on poverty in Italy necessarily lead to some remarks about the configuration and effectiveness of its social protection system. As well known, the Italian system to fight poverty is

15. For instance, Bank of Italy data (Banca d'Italia 2012) referring to 2010 show that in the South of Italy the poverty rate is twice the national average, whereas in the North and Center it is half the national average.

16. Same definition as above, calculated on the population between 16 and 64 years, by most frequent activity in the previous year (Eurostat Income and Living Conditions Database indicator *ilc_li04*).

17. Eurostat Labour Force Survey (indicator *lfsi_emp_a*).

18. The coefficient is equal to zero when regional employment rates have identical values; it increases as regional disparities increase. It is calculated as the sum of the absolute differences between regional and national GDP per inhabitant, weighted with the share of population and expressed in percent of the national GDP per inhabitant (Eurostat Labour Force Survey indicator *lfst_r_lmdr*).

not only greatly lacking and mostly inefficient but also does not envisage any minimum income scheme, that is, a safety net based on means testing in order to support those who have no resources.¹⁹ Similarly, income support for the unemployed through unemployment insurance is insufficient in relation to both its eligibility criteria and duration (Berton et al. 2012). Great difficulties in accessing the existing schemes combined with their limited duration result in Italy ranking last among the major European democracies as concerns coverage of benefits for the unemployed (ILO 2010, figure 5.7, p. 63). Indeed, circa 2008 only one-third of the unemployed received some form of unemployment allowance in Italy, versus more than 50 percent in the UK, 60 percent in France, almost 75 percent in Spain and virtually all the unemployed in Germany (99 percent). Despite undeniable improvements, unless further corrective actions are put in place, the situation will not dramatically change when the reform of the labor market and unemployment insurance is fully implemented in 2016 (Sacchi 2013).

The Italian social protection system as a whole has very limited redistributive capabilities since it is heavily unbalanced toward certain aspects, such as: pension expenditure rather than covering the risks and meeting the needs of the working-age population and families with children; monetary transfers rather than services; insurance measures (linked to the work history of an individual or head of the household) rather than social welfare measures (not related to previous contributions and subject to means testing, that is, primarily reserved for the less wealthy). This is confirmed by analysing two relevant indicators: the equalizing effect of social protection transfers²⁰ (Table 2) and the effectiveness of social protection measures in reducing poverty (Figure 2).

Table 2 confirms that the equalizing effect of social protection transfers in Italy is much more limited than in the other major European countries, with the sole exception of Spain, which has recently displayed levels comparable to those of Italy. In the mid 2000s, the equalizing effect of means-tested, social assistance benefits was roughly six times higher in Germany and France than in Italy, and 16 times higher in the UK. Such a situation is caused not only by the general configuration of the Italian social welfare system but, above all, its low impact on average disposable income, due to low expenditure on these types of support measures.²¹ This is no longer the case if social insurance transfers (that is, contributory benefits such as pensions) are considered, since their share of disposable income is comparable in the different countries (except in the UK,

19. On the policies to fight poverty in Italy, see Sacchi and Bastagli (2005); on social assistance policies in general, see Madama (2013).

20. Defined as the reduction in income inequality following a 1 percent increase in one social protection component of income (means-tested social transfers, on the one hand, social insurance transfers, on the other), keeping constant all the other income components (OECD 2011, table 6.A.1.4, pp. 256–8).

21. Incidentally, this accounts for the great differences existing between the UK, where social assistance measures are widespread, on the one hand, and France and Germany, whose social protection systems are more geared toward social insurance, on the other hand.

where it is lower) and it is actually somewhat greater in Italy than in the other countries, mainly due to pension expenditure. Nevertheless, the equalizing effect of social insurance transfers remains weaker in Italy than in the other countries, including the UK. It is, however, worth noting that the differences in the equalizing capacity between Italy and the other countries have become smaller over time.

In addition, concerning poverty (Figure 2), the impact of social protection benefits measures in Italy seems to be rather limited, weaker than in France and Germany (but not weaker than in Spain and the UK). In particular, when compared with all the other countries considered, the effectiveness of benefits other than pensions in fighting poverty remains low in Italy, even though it has increased over time.

Lastly, the distributive effectiveness of services (such as healthcare, education and social housing) must be considered. Compared with monetary transfers, analysed above, services are generally very effective in reducing income inequality (OECD 2011). In Italy in 2000, they contributed to reducing inequality more than in the other countries considered in this paper (reducing the Gini coefficient by 24 percent, versus 21 percent in France, 20 percent in the UK, 19 percent in Germany and 18 percent in Spain). Nevertheless, the redistributive capability of Italian services decreased greatly between 2000 and 2007, so that their impact on reducing inequality dropped to a reduction in the Gini coefficient of 18 percent, versus 21 percent in France, 23 percent in the UK, 16 percent in Germany and 19 percent in Spain.²² According to the OECD (2011), this decrease is due to a dramatic reduction in the share of individual disposable income ascribable to services between 2000 and 2007 (OECD 2011, figure 8.11, p. 330). During the period in question, out of 17 developed countries, Italy reduced this share the most – by a staggering 8.8 percent, versus a 3.7 percent reduction in Germany and increases in Spain (by 1.7 percent), France (by 2.6 percent) and the UK (by 5.4 percent). It is worth noting that this phenomenon occurred before the restrictions imposed by the economic crisis, during a period of relative economic growth and when resources were still available.

6. INVESTING IN THE FUTURE: SOCIAL AND HUMAN CAPITAL

Besides reducing current inequalities, a well-functioning political system should be able to create the right preconditions to limit future inequalities. Also in this regard we shall see how Italy has lagged behind its European comparable neighbors over the past 20 years, so that more economically

22. OECD (2011, table 8.8, p. 329).

disadvantaged families find it difficult to improve the life chances of their offspring through the help of public intervention.

A key strategy for breaking the intergenerational transmission of disadvantage consists in providing resources for children, for their cognitive development and education, and above all resources and services for pre-school care and education. This is at the core of the social investment approach (Esping-Andersen et al. 2002; Ferrera 2010b; Vandenbroucke et al. 2011).²³ Scientific evidence shows that the early years in the life of children are crucial for the development of cognitive and relational skills, which they will need throughout their life.²⁴ Child poverty rate is the most relevant indicator to detect critical situations due to lack of material resources within the family, which might compromise a child's cognitive and relational development. Among the countries considered in this research, in 2011 Italy had the highest child poverty rate, that is, 24.5 percent versus 23 percent in Spain, 18 percent in France and the UK, and 15.6 percent in Germany.²⁵ Child poverty rates are generally higher than total poverty rates in all the countries considered, but the difference between the two rates is particularly large in Italy (and in France since 2010, but not before).

This problem can be tackled by offering a wide range of pre-school services, which is important for two main reasons. Firstly, early child care services allow women to participate in the labor market. Besides fostering the social inclusion of women and strengthening gender equality, this increases the income of families and reduces their economic vulnerability, since, as mentioned above, employment is the best remedy for poverty. Secondly, early child care services provide a vital opportunity to stimulate the cognitive and relational development of all children, including those from poor households, thus reducing imbalances deriving from the economic situation of a child's family and contributing to equal opportunities. Nevertheless, Italy spent only 0.6 percent of its GDP on pre-school care and education services in 2009, less than France and the UK (both at 1.1 percent), as much as Spain (0.6 percent) and more than Germany (0.5 percent).²⁶ Moreover, within this item of expenditure, Italy allocates comparatively fewer resources to services for children under

23. For a reconstruction of the emergence of the social investment perspective see Vandenbroucke et al. (2011). 'Central to the social investment perspective is the attempt to reconcile social and economic goals. In policy terms, the focus is on public policies that "prepare" individuals, families and societies to adapt to various transformations, such as changing career patterns and working conditions, the emergence of new social risks, population ageing and climate change, rather than misfortune, poor health or prevailing policy inadequacies. By addressing problems in their infancy, the social investment paradigm stands to reduce human suffering, economic instability and environmental degradation, while enhancing social resilience' (p. 5).

24. For an overview of scientific evidence in this regard, coming from cognitive psychology and neuroscience, see Ferrera (2010b).

25. Share of persons aged less than six years with an equivalized disposable income below the risk-of-poverty threshold, set at 60 percent of the national median equivalised disposable income, including social transfers (Eurostat Income and Living Conditions Database indicator *ilc_li02*). Note that equivalized disposable income is attributed with the same value to all members of the household.

26. OECD Family Database (indicator PF 3.1).

the age of three. The consequences of this approach clearly emerge when the degree of coverage of these services is analysed. While the percentage of Italian children between three and five attending crèches is very high, with almost complete coverage (comparable to that of France and Spain and higher than that of Germany and the UK), the share of children under the age of three attending crèches is equal to only 29 percent, lower than in France (42 percent), the UK (41 percent) and Spain (37.5 percent), but higher than in Germany (18 percent).²⁷ Yet, once again, there are very relevant differences between the rates of coverage in the North and Center, on the one hand, and in the South, on the other hand (Pavolini 2011).

As well as the resources and services offered to small children, it is important to consider the educational system and its ability to provide learning opportunities as a key component of a quality democracy, viewing investments in human capital as a further and fundamental tool to reduce future inequalities by focusing on the intergenerational mobility of incomes.

Two sets of indicators may be considered when investigating the matter of education. The first set concerns the level of education, measured through educational qualifications or number of years spent in education, while the second set regards the skills actually acquired, assessed by means of dedicated tests, and therefore a reflection of how the educational system works.

As for the level of education, although this greatly increased in the period 1999–2010 (by 10 percentage points for men, 15 for women), the situation remains comparatively bleak. Indeed, in 2010 only 55 percent of the population between 25 and 64 years of age had an upper secondary school diploma, 15 percentage points less than in France, 20 percentage points less than in the UK and 30 percentage points less than in Germany.²⁸ Among the major European countries, percentages comparable to those of Italy are found only in Spain. These figures might be partially explained by the fact that Italy and Spain reached acceptable levels of schooling late in their history and the older cohorts heavily affect the overall low percentages. Nonetheless, in 2010 the percentage of citizens among the younger generations (aged between 25 and 34) with at least an upper secondary school diploma was above 80 percent in Germany, France and the UK (with no major gender differences), but considerably lower in Italy (68 percent among men and 74 percent among women) and in Spain (59 percent among men and 70 percent among women).²⁹

Young people who leave education prematurely are much more at risk of poverty and social exclusion. Between 1992 and 2012, early leavers from education and training in Italy decreased by half (from 40 percent to 20.5 percent among males and from 35 percent to 14.5 percent among

27. Data refer to 2008 (OECD Family Database indicator PF 3.2).

28. OECD (2001, 2012).

29. In comparison with 1999, the figures for this age group in Italy increased by 15 percentage points among men and by 16 percentage points among women.

females).³⁰ Yet, despite this positive trend, the percentages are still comparatively high compared to the other four countries, especially among men, with the exception of Spain. An even more serious phenomenon is that of the so-called NEETs (Not in Education, Employment or Training), people between 15 and 29 who neither study nor work. This worrying phenomenon is growing in all the major European democracies, but it is more widespread in Italy than in the other countries: 21 percent of Italian citizens aged 15–24 – with no gender differences – and 29 percent of those aged 25–29 – with a considerable difference between men (23 percent) and women (35 percent) – could be classed as NEETs in 2012.³¹

While indicators of enrollment in education and education attainment, measured as the level of education reached, provide important information, they do not show whether the educational content is a valuable one or, alternatively, whether students have acquired valuable skills through the education process.³² This points to the quality of the educational system, which is of the utmost importance in reducing future inequalities and therefore in the assessment of the quality of a democratic regime, and, in general, something families care about.

In a recent study, Braga and Filippin (2012) compare the reading skills of a given cohort (individuals born in 1991) at the ages of 10 and 15. The results show that the reading performance of Italian students aged ten is above the international average – and in particular above the values of France and Germany; however, five years later the Programme for International Student Assessment (PISA) scores for reading skills are statistically significantly lower than the average levels of OECD member countries (only better than in Spain, whereas performance levels in France, Germany and the UK, although not outstanding, are not statistically significantly different from the OECD average).³³ While the results are also generally worse and more uneven in the South of Italy already at the age of ten, their geographical variability increases as Italian students move up to secondary school: the coefficient of variation in skills between regions is 3 percent at 10 years of age and 7.5 percent at 15. Furthermore, the most relevant indicator to analyse the distribution of opportunities, namely, inequality at the individual – rather than territorial – level (calculated with respect to reading skills) increases noticeably between 10 and 15 years of age, also controlling for the family's socioeconomic context, but it is particularly high in the South of Italy, where the level

30. This is the percentage of the population aged 18–24 having attained at most lower secondary education and not being involved in further education or training (Eurostat Labour Force Survey indicator *edat_lfse_14*).

31. This is the percentage of the population of a given age group and sex who are not employed and not involved in further education or training (Eurostat Labour Force Survey indicator *edat_lfse_20*).

32. This argument has been long made, among others, by Eric Hanushek. See for instance, Hanushek and Woessmann (2008).

33. PISA is an international study launched by the OECD starting from 2000. Its purpose is to assess the performance of 15-year-old students in around 60 industrialized countries every three years.

of skills is lower, and lower in the North, where the level of skills is higher.³⁴ Consequently, Italy is characterized by considerable regional differences in the skills measured by the 2009 PISA tests in the three key sectors of reading, mathematics and science.³⁵ The performance of most of the regions in the North of Italy is much higher than the OECD average; conversely, the performance of most of the regions in the South of Italy is much lower than the OECD average. These results highlight the link between school competences and income inequality, underlining once again the importance of regional differences for life opportunities available to Italian citizens.

7. WHY ITALY HAS LAGGED BEHIND: TOWARD AN EXPLANATION BASED ON POLICY CHOICE

The overview presented above indicates that Italy entered the decade of globalization, the 1990s, with major delays in its development with regard to key substantive aspects in its democratic quality, especially when compared with the most advanced major European countries: France, Germany and the UK. Italy has certainly made great progress from many points of view 20 years later, but it has not been able to keep up with the countries to which it is usually compared. In various respects, Spain achieved a more advanced position than Italy (although it lost ground as a consequence of the economic crisis).

Some explanations may be put forward for the key phenomenon of inequality of socioeconomic resources, which is at the core of any political science reflection about the establishment and preservation of democratic regimes. As illustrated above, income inequality displayed a generally decreasing trend in Italy between the early 1970s and the early 1980s, a phase in which taxation was reformed and the distributive cycle characterized by the fact that the workers' organizations enjoyed great bargaining power. This led to the introduction of a wage indexation scale applied to all workers, with major wage compression effects within a context of high inflation. During the 1980s, income inequality remained fundamentally constant and hit a low just before the drastic increase occurred in 1992–93. It then stabilized at a level similar to that of the early 1970s.

As far as we know, no descriptions exist of the causal mechanisms that triggered reductions in the income of the poorer portions of the population in comparison to that of median and higher income receivers during the early 1990s. It might be hypothesized that the public finance measures introduced in that period and the lira devaluation of September 1992 had a proportionally stronger

34. 'In other words, the regions in which the students have lower scores are also the regions where the dispersion of results is higher and, in both cases, these are typically the southern regions' (Braga and Filippin 2012, p. 39).

35. OECD 2009 PISA Database.

impact on the lower incomes.³⁶ After inequality had decreased for 20 years, Italy's public decision-makers had to face extremely urgent and serious financial challenges, and they presumably did not fully perceive the distributive effects of their choices. Nevertheless, one might wonder why the stabilization of inequality at levels unseen in the previous two decades did not gain political importance in the following years. This is especially relevant because, as seen above, the general stability actually concealed major income redistribution phenomena along two dimensions: one related to the workers' occupational category, benefiting the self-employed, executives and pensioners to the detriment of blue-collar workers, white-collar workers and teachers; the other related to generational groups, with significant reductions in the income of younger workers in comparison to older workers.

The above is first of all related to the question of why inequalities have constantly remained at such high levels. The empirical evidence provided by the OECD (2011) shows that public policy choices concerning labor market institutions are among the factors that have contributed to income inequality in advanced capitalist countries.

In general, growing inequality in these countries can be ascribed to changes in behavior leading to the creation of families (such as the increase of assortative mating, which consists of choosing a partner with similar income), technical progress (with increases in the income of workers with a higher level of education in comparison to those with lower schooling) and other general factors related to the functioning of the labor market. Between the late 1990s and 2008, the number of hours worked decreased more among low-wage workers than among high-wage workers, a fact which accounts for a large portion of inequality variations in developed countries. Besides the impact of technical progress, these phenomena are linked to factors more closely related to political choices. In particular, labor market reforms can have positive effects on employment, but in most developed countries they have been introduced in a particular way, that is, at the margins, making it easier to hire workers through fixed-term contracts without reducing the protection of those working with open-ended contracts. Hence, their overall effect has clearly been an increase in income inequality. More specifically, according to the OECD, this effect has concerned the left tail of income distribution exclusively, thus widening the gap between workers with medium salaries and workers with low salaries, with no effect on the relationship between medium and high

36. The abolition of the wage indexation scale, often quoted as one of the potential reasons for this occurrence, does not explain how these dynamics managed to affect both employees and the self-employed (see Fiorio et al. 2012). As for the lira devaluation, it was not followed by a rise in inflation, fundamentally because of a reduction in internal demand caused by the severe public finance measures introduced.

salaries.³⁷ Other explanatory factors of inequality dynamics that still depend on policy choices are those that concern the redistributive capabilities of the welfare state and fiscal system.

If the Italian situation is assessed against international evidence, the aspect that stands out the most in comparison to other countries is the key role played by income inequality among men, above all due to decreases in the income of lower wage earners. As seen above, this is coupled with the limited redistributive effectiveness of Italy's welfare system, which also has an impact on poverty.

This necessarily leads us to reflect on the public policy choices made in Italy in the last 20 years. This should revolve around the choices made in relation to the allocation of public resources for services, monetary transfers and the progressivity of the tax system, as well as the effects in terms of inequality ascribable to the structural reforms introduced, especially those concerning the labor market (summarized in Table 3).

A systematic analysis of the redistributive impact of Italian public policies on inequality and poverty in the last 20 years is not available. Nevertheless, it is evident that they failed to reduce inequality and might have actually contributed to increasing it. Vecchi (2011) explains that in the 1977–91 period, Italy's economic growth had a positive impact on the middle classes and above all on the poorest portions of the population; however, in 1991–2008, the country's economic growth (albeit weak) had a positive impact only on the wealthy (the last three income deciles), with extremely regressive redistributive effects. As mentioned above, during the emergency of 1992–93, little attention was paid to redistributive effects due to the urgency of the situation as well as for cognitive reasons. As for the following period, Baldini et al. (2007) draw a comparison between the center-left governments in the 1996–2001 legislature (first Prodi government, first and second D'Alema governments, second Amato government) and the center-right ones in the 2001–06 legislature (second and third Berlusconi governments) and highlight some differences on income redistribution. In relation to the tax-benefit system (monetary measures and fiscal system), the measures introduced during both terms caused limited increases in the disposable income of Italian families. However, the measures introduced by the center-left governments mainly benefited the lower income classes, with redistributive effects (albeit limited). Conversely, the measures introduced by the center-right governments had no impact on income distribution, hence mostly benefiting the wealthiest in absolute terms. As a result, the poorest 10 percent of the population obtained a 13 percent income increase under the center-left governments and a 2 percent increase

37. This might be due to the hiring through fixed-term contracts of low-productivity workers, previously unemployed because entrepreneurs were reluctant to hire them through open-ended contracts. The fact remains that, according to the OECD, the liberalization of fixed-term contracts actually caused greater inequality of overall incomes, including both the employed and the unemployed.

under the center-right governments, while the figures for the richest 10 percent of the population are less than 2 percent in the first case and almost 20 percent in the second case. In general, under the center-right governments ‘more than half of the increased income benefited the families belonging to the wealthiest 40%’ (Baldini et al. 2007, p. 399). The measures also had varying impacts on the different generations: the disposable income of families with underage children increased more under the center-left governments, whereas the families of older citizens saw larger increases in their disposable income under the center-right governments.

With regard to public services, as seen above, between 2000 and 2007, the share of income ascribable to education, healthcare and social housing went down by almost 10 percent in Italy, while this did not occur in any other developed countries. It is also worth noting that this happened well before the budget restrictions caused by the economic downturn began in 2008–09, during a period of relative economic growth and availability of resources, which were used – just to provide a few examples – by the second Berlusconi government to abolish the inheritance tax in 2001 and by the second Prodi government in 2006 to smoothen a sudden tightening of requirements needed for early retirement. The reduction of the share of personal income ascribable to public services caused a major loss of their equalizing power, to an extent unknown in any other developed countries. During the same period, under the Blair governments, the share of personal income ascribable to public services in the UK rose by 5 percent, meaning their higher effectiveness against inequality.

Public policy choices also matter for the social consequences of structural reforms. Labor market reforms are the most relevant to our analysis, following the empirical findings shown by the OECD on developed countries and illustrated above.

Between 1990 and 2008, Italy was the advanced capitalist country that flexibilized its labor market the most, reducing restrictions on hiring through fixed-term contracts.³⁸ The reforms introduced (see Table 3) might have increased employment, but they did not bring about significant changes for the social protection of Italian non-standard workers, who have more discontinuous careers and lower (or, at best, comparable) salaries than standard workers, that is, full-time workers with open-ended contracts. As illustrated by Berton et al. (2012), severe economic disadvantage assessed over a medium-term time frame (that is, economic precariousness) affects non-standard workers much more than standard ones. Controlling for numerous individual factors, a non-standard contract makes a worker twice as likely to be in a disadvantaged situation than a full-time, open-

38. The main indicator of labor market institutions, the Employment Protection Legislation index calculated by the OECD, dropped from 3.57 in 1990 to 1.89 in 2008. This decrease is the highest among the OECD countries in the period considered and it is entirely due to fewer restrictions on the hiring of workers through fixed-term contracts (OECD, Employment Protection Legislation Database indicator EP_v1. Unweighted average of version 1 sub-indicators for regular contracts (EPR_v1) and temporary contracts (EPT_v1)).

ended contract. Also, overcoming economic precariousness is much harder for non-standard than for standard workers, while it is much easier for non-standard workers to become precarious from a situation of non-precariousness.

Comparative research shows that social protection plays a crucial role in reducing the risk of precariousness generated by the labor market. However, Italy's social protection, based on social insurance programs, relies heavily on work careers and on those very same labor market dynamics whose negative impact on individual wellbeing the welfare state should minimize, or offset. In Italy, unemployment benefits are effective in lifting workers out of economic precariousness only in one out of eight cases (Berton et al. 2012). We do not mean to assert that labor market reforms per se have caused inequality and precariousness. Yet, by not strengthening social protection while the labor market was being liberalized (at the margins), they have failed to curb them, thus creating Italy's 'flex-insecurity' (Berton et al. 2009). From this point of view, the reforms, introduced to increase and improve the opportunities offered to workers and in particular young people, have not lived up to expectations: they were meant to foster social integration but have turned out to be potential drivers of disintegration.

No universal floor of rights, accessible to all citizens in need, has been introduced in Italy. Social protection measures continue to be firmly based on social insurance, that is, linked to work careers. This overall framework has been defended by the center-right governments as well as, in practice, by the center-left governments. For the former, it has represented the linchpin of an approach which strongly opposes the granting of individual rights, places emphasis on the role of the family in providing wellbeing and endorses intermediation by bodies such as sector agencies linked to the trade unions, on the basis of a collusive micro-corporatist model that culminated in the introduction of discretionary, non-rights-based emergency social shock absorbers during the economic crisis (Sacchi 2013). For the latter, gaining the trade unions' support and an ideological framework still heavily based on the protection of workers as opposed to citizens have been key, so that problems have been mainly solved by sheltering social protection for the insiders, on the one hand, while deregulating the labor market at the margins, on the other hand.

Although it tried to recalibrate labor market protection between insiders and outsiders – especially by reviewing regulations on dismissal for economic reasons – and introduced measures that increased the pool of workers eligible for unemployment protection, although for very short durations, the recent labor market reform introduced by the Monti government in 2012 seems to suffer from the same Fordist attitude, based on the formal regulation of labor relationships and on social insurance in the social protection field. As for the latter aspect, the reform does not introduce any safety net to help those who are not eligible for insurance-based income support schemes, hence

hardly departing, despite some enlightened aspects, from the recent path of Italy's flex-insecurity (Sacchi 2013).

This paper has shed light on the existence of major differences between the North and the South of Italy. These differences have emerged by analysing current inequalities as well as – even more worrisomely – the ways in which the human capital that might reduce future inequalities is created. In relation to both income distribution and school performance, the South of Italy seems to be disadvantaged twice: income and school performance are lower in comparison to the North and, in addition, there are greater inequalities at the individual level. More generally, in the last 20 years, geographical differences have increased for various aspects of the welfare state, leading to a radical dualization of social rights between the North and the South, so much so that it no longer seems possible to refer to an 'Italian welfare model,' since two different models exist, with considerable differences in their functioning, effectiveness and outcomes (Ascoli and Pavolini 2012; Pavolini 2011). Providing an explanatory framework able to account for the great complexity of this phenomenon goes beyond the scope of this paper. Based on analyses that illustrate the importance of the specificities of subnational systems both in sectors still characterized by an important albeit not exclusive role of the central level of government, such as the education sector (Braga and Checchi 2010), as well as in sectors characterized by fragmentation of competences at the various territorial levels, such as the social assistance sector (Madama 2013), an important explanatory factor might be found in the central government's limited ability to promote development and convergence processes. This ability has also weakened further in the last decade due to institutional reforms, such as the 2001 revision of the Italian Constitution that devolved more powers to the regions (Lippi 2011). In the absence of energetic monitoring and steering from the center, these reforms are prone to have detrimental effects, leading to even greater geographical inequality.

8. CONCLUSIONS

This paper opened by describing recent changes in the Italian political system, largely attributed to the economic crisis, to show how they are better linked to more structural changes in a specific dimension of Italy as an advanced democracy, that of substantive equality and solidarity, following the theoretical framework of the quality of democracy approach. This has to do with socioeconomic outcomes that are the result of policy choices (both deliberate action and deliberate inaction, or failure to act) implemented by both center-left and center-right governments, although with detectable variations on a common theme. Indeed, the empirical evidence that this paper has displayed, and the tentative explanation advanced, resonate fairly well with Przeworski's account of

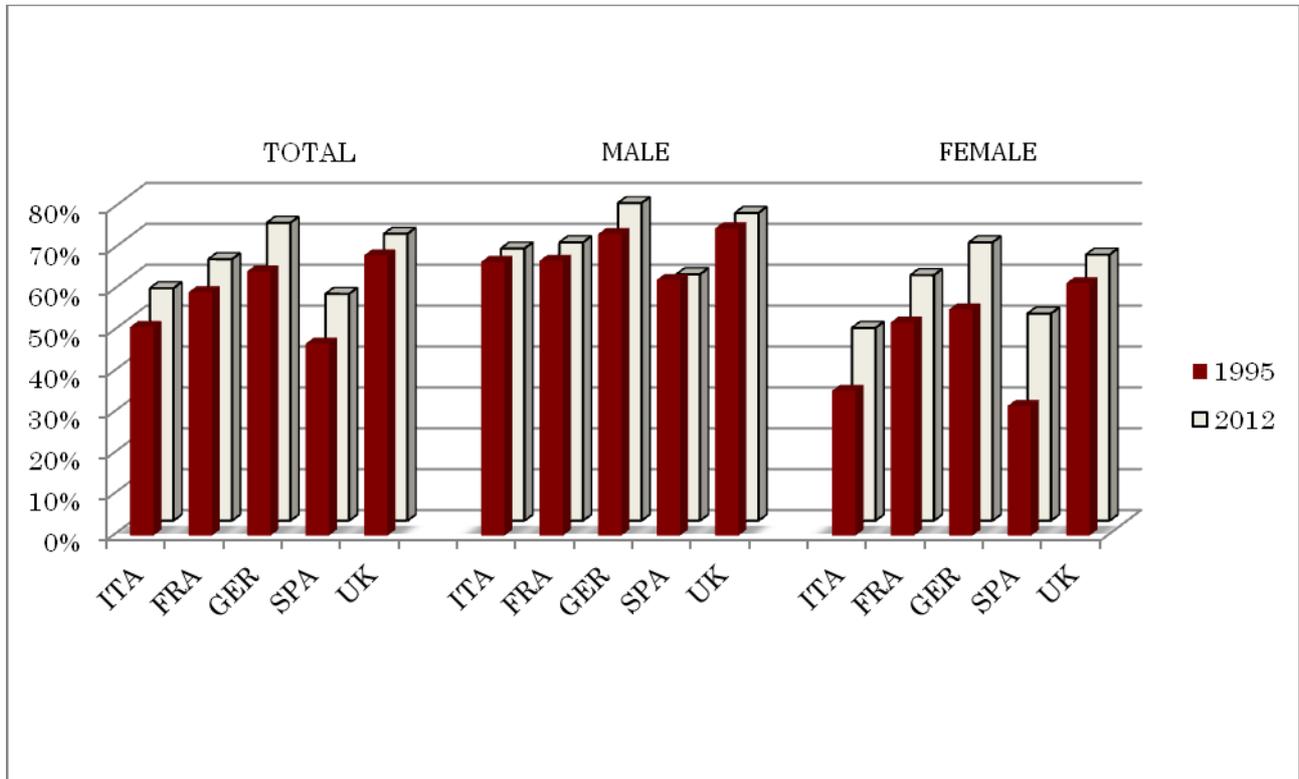
a deadlock into a neoliberal regime (possibly of the ‘social’ kind) that has contributed to reviving something like the old social question (Przeworski 2014), while at the same time tearing down and delegitimizing all the policy instruments that might have been effective in addressing it. Of course, nowhere has this been more apparent than with the sovereign debt crisis in the Eurozone, and the responses given to it: more and stricter budgetary rules, and prescribed domestic adjustment that invariably impacts on the capacity of national welfare states to provide economic and social security.

In view of the above, one may rightly wonder what impact the worsening of Italy’s economic prospects will have on all this. First of all, new and deeper inequalities are likely to arise, as already seen during the crisis of the early 1990s. Furthermore, phenomena such as anomie and rebellion are likely to be generated by the effects of the crisis on a social situation already characterized by severe inequality, after a period of reforms that have not brought about any of the positive results expected and have undoubtedly failed to create protection and solidarity networks for the outsiders. By borrowing concepts from classical sociology (Flora 1981; Lockwood 1964), it can be maintained that this systemic disintegration, that is, the failed alignment of the social protection system to the changes taking place in the labor market, might lead to major social disintegration. Indeed, signs of both anomie and violent protest are growing stronger and more frequent. In the last 20 years, inequalities related to both income and opportunities have mostly affected the younger generations and lower income earners, with major geographical differences. These social groups have more limited resources and, in Italy’s gerontocratic society, more limited opportunities to make their voices heard, in addition to the fact that non-standard workers (who mainly fall into the above two categories) have been unable to come together and organize collective actions. On the other hand, limited institutionalized opportunities to make their voices heard may well trigger a radicalization of their forms of protest.

In March 2013, voice was channeled into individualized political participation, resulting in a political landslide. The incapacity displayed so far by the 5-Star Movement to be effective, and by the political system in general to provide effective and timely responses, may, however, feed back into political behavior. Shockingly low voter turnout in the May 2013 local elections, with the abstention rate exceeding 50 percent, would seem to point toward sheer disaffection with the political regime. As this paper has shown, the emergence of societal divides in Italy are not short-term, transient effects of the Great Recession but rather based on profound changes rooted in public policy choices that span two decades. Even the desire to return to ‘normalcy’ within the social neoliberal policy regime noted by Przeworski (2014) would have to take this into account, lest normalcy is made of a gloomy mix of anomy and rebellion.

FIGURES AND TABLES

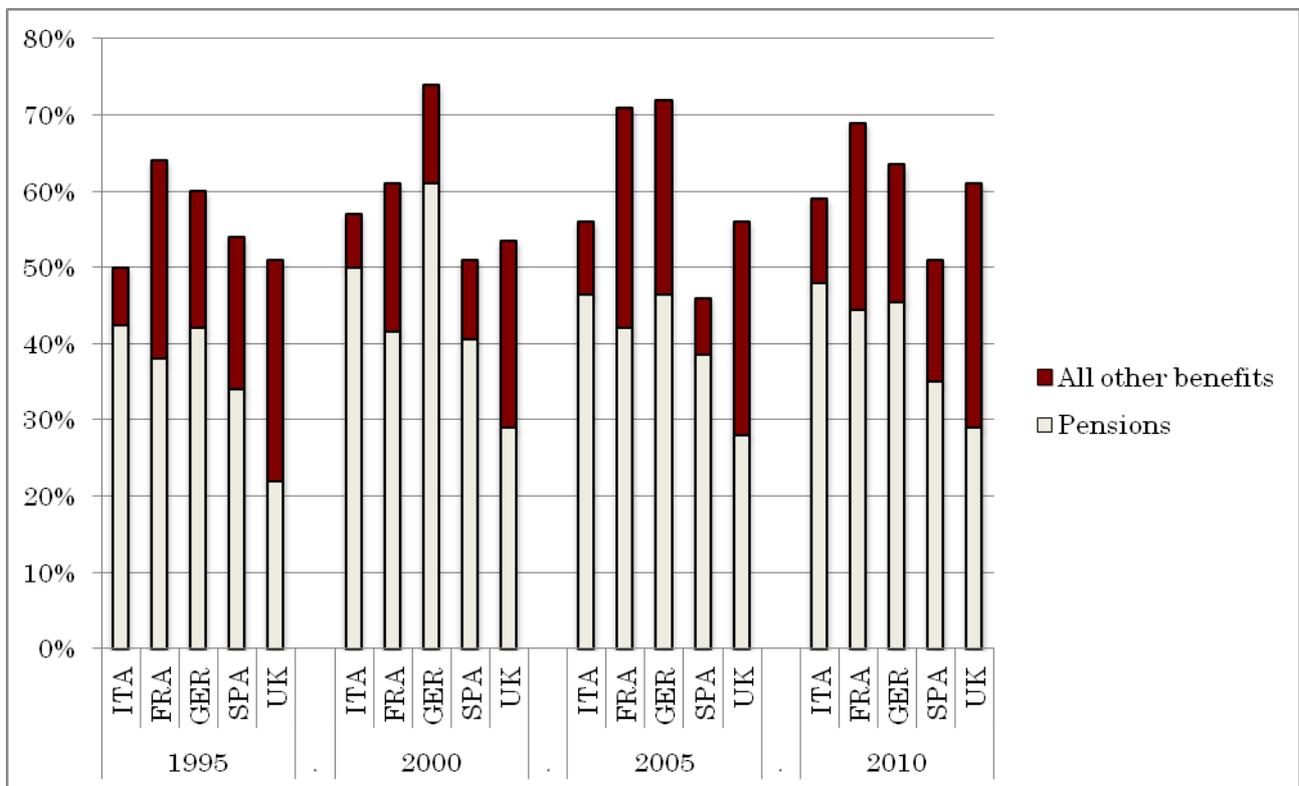
Figure 1 Employment rates (total and by gender), 1995 and 2012



Note: Age 15–64.

Source: Eurostat Labour Force Survey (indicator lfsi_emp_a).

Figure 2 Percent reduction in poverty rate due to social transfers



Note: Author's elaboration, based on Eurostat indicators on total at-risk-of-poverty rate (ilc_li02), at-risk-of-poverty rate before social transfers (pensions excluded, ilc_li10), at-risk-of-poverty rate before social transfers (pensions included, ilc_li09). At-risk-of-poverty rate is calculated as the share of persons with an equivalized disposable income below the risk-of-poverty threshold, which is set at 60 percent of the national median equivalized disposable income.

Source: Author's elaboration on data in Eurostat Income and Living Conditions Database.

Table 1 Income inequality (Gini coefficient post-tax and transfers)

	Mid 1980s	Circa 1990	Mid 1990s	Circa 2000	Mid 2000s	Late 2000s
Italy	0.306	0.294	0.348	0.343	0.352	0.337
France	0.300	0.290	0.277	0.287	0.288	0.293
Germany	0.251	0.256	0.266	0.264	0.297	0.287
Spain	0.371	0.337	0.343	0.342	0.322	0.317
UK	0.320	0.367	0.348	0.364	0.335	0.342
USA	0.340	0.349	0.361	0.357	0.380	0.378

Source: OECD Statistics Database.

Table 2 Equalizing effect of social protection

	Means-tested transfers		Social insurance transfers	
	Reduction in Gini ^a	Reduction with respect to Italy ^b	Reduction in Gini ^a	Reduction with respect to Italy ^b
Mid 1980s				
Italy	n.a.		-0.079	1
France	-0.032		-0.134	1.7
Germany	-0.042		-0.103	1.3
UK	-0.142		-0.141	1.8
Spain	n.a.		-0.104	1.3
Mid 1990s				
Italy	-0.004	1	-0.070	1
France	-0.048	12	-0.143	2.0
Germany	-0.048	12	-0.148	2.1
UK	-0.166	41.5	-0.118	1.7
Spain	-0.025	6	-0.111	1.6
Mid 2000s				
Italy	-0.010	1	-0.085	1
France	-0.069	6.9	-0.116	1.3
Germany	-0.057	5.7	-0.132	1.5
UK	-0.163	16	-0.109	1.3
Spain	0.001	1	-0.080	1

Notes:

a. Effects, in percentages, of a 1 percent increase of the income component due to means-tested transfers or social insurance transfers on total inequality as measured through the Gini index, keeping constant all the other income components.

b. Ratio, for each country and at each point in time, between the equalizing effect of the specified income component for that country and its effect for Italy.

Source: OECD (2011), table 6.A1.4, pp. 256–8 for Gini coefficients and author's elaboration on reduction with respect to Italy.

Table 3 Main labor market interventions and reforms since the mid 1990s

Year	Government	Intervention
1997	Prodi I (center-left)	law 196/1997 (Treu law) – introduction of temporary agency work
2001	Amato II (center-left)	legislative decree 61/2001 – transposition of European directive EC/1997/81 on part-time work
2001	Berlusconi II (center-right)	legislative decree 368/2001 – transposition of European directive EC /1999/70 on fixed-term work
2003	Berlusconi II (center-right)	law 30/2003 (Biagi law) and its implementation (legislative decree 276/2003) – introduction of several types of non-standard contracts – reform of temporary agency work – regulation of independent contactor work (project work) – reform of apprenticeship – deregulation of contract arrangements in part-time work
2007	Prodi II (center-left)	law 247/2007 – reregulation of fixed-term contracts – reregulation of contract arrangements in part-time work
2011	Berlusconi IV (center-right)	legislative decree 176/2011 – reform of apprenticeship
2011	Berlusconi IV (center-right)	law 148/2011, art. 8 – plant or local collective agreements can derogate from law provisions with respect to termination of work contracts
2011	Berlusconi IV (center-right)	law 183/2011 – deregulation of contract arrangements in part-time work
2012	Monti (widespread parliamentary support)	law 92/2012 (Fornero law) – changes in the regulation of individual dismissals – interventions on fixed-term contracts (both regulative and deregulative) – stricter regulation of independent contractor work – stricter regulation of freelance work – changes in the regulation of apprenticeship – reregulation of contract arrangements in part-time work

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