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Welfare privatization in Italy: between erosion of the welfare state and opportunities for social innovation**

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Abstract
In Italy, the development of different forms of “private welfare” is at the core of a controversial academic and political debate. But, the phenomenon isn’t new. It has deep roots and it takes different forms within the systems of welfare mix and welfare society. What’s new is the growing autonomy of social actors (profit and non-profit) in developing and funding welfare responses. In particular, since the 2008 crises outbreak, the increasing macro-economic constraints and the growth and diversification of social needs have led to the spreading of organized forms of private financing to implement measures of social welfare not adequately provided by the public policy: i.e. long term care, early childcare, work-life balance, poverty, social exclusion. Private companies, private insurance funds, foundation, social partners, and different organizations of the civil society are the leading actors of an heterogeneous set of initiatives which some scholars call “Second Welfare” (Ferrera and Maino, 2011, 2012). The idea that this “private welfare” could be an alternative to overcome the difficulties of the Italian Social Protection System is getting consensus. But, evaluations aren’t unambiguous and vary according to the sectors in which the private welfare is spreading. Above all, those evaluations vary depending on the underlying vision of welfare (mission, principles, values,…) and of public/private “clivage”. On the one hand, the phenomenon is considered as a beachhead to push a form of welfare privatization that would lead to the erosion of citizenship rights and to the increasing of social inequalities. On the other hand, it is considered a springboard that may lead to a quantum leap in the interpretation of the welfare as a shared and collective responsibility capable to produce social value.

Based on the results of a recent study (Gori, 2012) and on secondary data analysis, the paper discusses both the above mentioned ideas. It highlights where and why the universal provision of social services is more at risk of erosion (E.g. exacerbation of the corporatist and occupational nature of the Italian welfare). On the other hand, the paper emphasizes whether and how new opportunities for social and institutional innovation open up to tackle unmet social needs (E.g. demand aggregation, new mutualism, community-driven solutions). The analysis especially addresses the development of occupational welfare (benefits provided by employers) and collectively bargained welfare benefits.

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1. **Introduction: towards a private welfare in Italy?**

For over three decades, welfare crisis and welfare innovation have been issues at the core of the political and institutional agenda and of the academic debate. Over this long period of time, the role of the welfare state within the welfare system and the relations among the welfare state and other actors of the so called “welfare diamond” (family, market and intermediate social organizations) have been the main focus of discussion.

Following the tendencies of other European countries, driven by both the EU guidelines and the ongoing transformation of social risks and social needs, a period of rethinking has also started in Italy. A period marked by success (at least in part, such as the law 38/2000 for the development of an integrated system of social services) and by forward momentum (largely neglected, as those developed by the Commission for the analysis of macroeconomics compatibility of social expenses, better known as “Commissione Onofri”, in 1997). A fragmented, discontinuous and uncompleted process of change has resulted.

In recent years – particularly since the 2008 crisis outbreak, that we assume as a “critical juncture” (Pierson, 2000) – the need for addressing the long-standing criticalities of the Italian welfare system has become even more urgent. In this scenario, the change of social needs (job insecurity, work-life balance, ageing and long term care, poverty and social exclusion, lifelong learning, etc.) and the macroeconomics constraints, the impossibility of identifying additional resources, rather the obligation to reduce the social spending, have led to the spreading of organized forms of private financing\(^2\) to implement measures of social welfare\(^3\) not adequately provided by the public policies (Gori, 2012a).

The phenomenon consists of very heterogeneous experiences, promoted by very diverse actors: companies and social partners, private insurance and mutual funds, foundations and philanthropic associations, charities and religious organizations, third sector actors, families and local communities. The modes of action are diversified too: collective bargaining at national and industry level, at company and territorial level; supplementary pension and health plans; fiscal incentives for families and companies, forms of cost sharing, taxes for specific purposes, etc.

The undertaken initiatives seem to integrate, compensate for or replace the public resources in fields in which the social demand is rapidly increasing: long-term care and supplementary social security, early childhood, poverty, social disadvantage and marginalization. In particular, the attention paid to these experiences by the political and academic community and the media success foster the idea that in these we could find the mean to overcome the inadequacies of our welfare system.

By looking at this phenomenon, some scholars say that a “second welfare” is developing, potentially capable to integrate the public welfare (Ferrera, 2010, Ferrera and Maino, 2011). They define it:

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\(^2\) These are forms of “organised” financing. They don’t directly relate to the *out of pocket* expenses of individuals and families for the individualized purchasing of services (such as the private homecare or the kindergarten cost). However, some of these initiatives aim at organising and directing the private welfare expenses to aggregate them, getting the best form the resources, supporting scale economies that produce savings, and offering more effective responses.

\(^3\) Social welfare measures are intended to reduce, remove or prevent hardships and/or lack of autonomy: they concern care needs (frail elderly, people with disabilities and early childhood), poverty and social exclusion.
“a mix of social protection and social investment programs which are not funded by the state, but provided instead by a wide range of economic and social actors, linked to territories and local communities, but open to trans-local partnerships and collaborations (including the EU)” (Ferrara, Maino, 2010, p. 18).

The purpose of this group of actors, resources and initiatives is to develop new welfare responses to expand the public policies. However, evaluations of the function of this “private welfare” aren’t unambiguous and vary according to the sectors in which the private welfare is spreading. Above all, those evaluations vary depending on the underlying vision of welfare (mission, principles, values,…) and of public/private “clivage”. Actually, there are many open questions about it.

It is quite clear that a more and more plural welfare state is developing, in which not only the state and the local authorities but also several other actors take the responsibility for funding social measures and services. However, we need to better analyze the implications that follow. There are opposite arguments. On the one hand, the phenomenon is seen as beachhead for fostering welfare privatization that would lead to the erosion of citizenship rights and to the increasing of social inequalities. On the other hand, it is considered a springboard that may lead to a quantum leap in the interpretation of the welfare as a shared and collective responsibility capable to produce social value.

Actually, since these forms of private welfare are mainly developing at territorial level and bottom up, both the two arguments get some important aspects: while we can identify the positive potential of this stage, are already evident the possible risks and distortions.

So, there is a need for debate that is grounded in empirical research, that avoids ideological interpretations and that is aimed at building an adequate regulatory system. Following these premises, the paper aims at analyzing the extent of the phenomenon from both the economic and needs coverage perspectives, as well for what concerns the citizenship social rights issue.

2. The roots: back to the future

Welfare privatization is not a new phenomenon.

First, some forms of private financing of the welfare, that we nowadays define as emergent, have a long history. At a certain time, these forms of private welfare were the “first and often the unique forms of welfare” (Cafaro, 2012: p. 17ff). Let’s consider two important examples: the mutualism of the 19th century and the groundbreaking examples of occupational welfare benefits provided by employers.

The first mutual aid associations were born in Italy (especially in the North of the country) in the years of the Renaissance and of the national unification. Most of them were informal institutions, with the aim of implementing the mutual aid for the acquisition of relief goods and services. These mutual aid associations were born first of all in the field of social insurance, care and consumption. Only later they turned into something of more institutionalized, often becoming cooperatives enterprises. The shift from mutualism to cooperation consisted in the fact that cooperatives were real economic enterprises, able to make profit, and distribute it within the company.

In more recent years, but already from the 1930s and especially after the World War II, we find the famous Adriano Olivetti’s experience in the field of occupational welfare benefits provided by employers. What it is important to highlight here is that according to the entrepreneur’s idea, the services offered to the employees had to be paid in descending order according to the gradual increase in the intervention capacity of the state (ibidem).

But, it is necessary to look at the (more recent) past also for other explanations.

Welfare privatization it is rooted in the welfare mix paradigm, that since the end of the “golden age”, but especially from the 1990s, has theorized the distinction between: a) financing and regulation in charge of the public; b) management/supply in charge of private suppliers (in particular non-profit) of social services (Ascoli and Ranci, 2003). This paradigm, popular in most of
the European countries, in Italy has been interpreted in terms of “welfare society” (or “societal welfare”) (Donati, 1998).

The welfare society – more than the welfare mix – sustains the principle of horizontal subsidiarity, inviting the private actors and the civil society (especially the third sector) to participate in policy making processes, considering them at the same level of the public institutions in developing and delivering public services.

In terms of regulations, in Italy, the reference law is the already quoted 328/2000. Despite the incompleteness of its implementation\(^4\), its purpose has been to redefine: a) institutional responsibilities among regions (and local governments) and central state (vertical or institutional subsidiarity); b) welfare pluralism, opening the social services provisions to private sector and civil society (horizontal subsidiarity); c) room for and modes of active participation of citizens and civil society in its various forms; d) governance of the horizontal subsidiarity and integration of public and private, profit and non-profit actors.

Thanks to this law, the active participation and the shared responsibility of the private, especially the non-profit one, have been fostered, both in the policy making and in the social services provisions. Nevertheless, the outsourcing of the provision of public services and the growth in the number of private providers (accredited) financed by public programs have generally remained embedded in a regulatory framework ruled by the state, that has continued to be the higher-level actor in the system.

Despite these roots, we can’t think of the nowadays change as a simple return to the past, at least for two reasons.

First, if today we see the revival of self-organizing forms of civil society more or less ancient, they are in a completely different relationship with public policy. Originally, the private welfare had a supply and incentive function towards a rising welfare state designed to increase its relevance. On the contrary, private welfare seems to be intended today to plug the gap of a declining (or certainly not expanding) welfare state.

Second: if welfare society has triggered the process of welfare privatization, we assume that the great downturn started on 2008 marks the advent of a new phase during which welfare privatization has undergone an acceleration. We see today the expansion of the public functions carried out by different private actors in areas of intervention increasingly diversified. Moreover, we see the spreading of the private funding of those interventions, while till now they were almost exclusively funded by the state even though provided by private accredited bodies (competitors in quasi-market systems, or appointed on the basis of tenders or calls). Finally we see the demand for greater autonomy for the social actors key players in the private welfare.

One of the consequence is the “radicalization” of the plural welfare society, as we’ll discuss again later.

3. The reasons for: an “off-axis” welfare state

According to the leading explanation, the reasons for this acceleration lie in the twofold unsustainability – social and economic – of the Italian social security system and in the incompleteness of solutions undertaken up to now.

Our welfare system is inadequate to deal with the new risks and social needs (social vulnerability, ageing, long-term care, weakening of family ties and social capital, job insecurity, poverty, marginalization, social disadvantage) and it is incapable or unable because of the lack of resources to develop effective responses in crucial sectors: employment services, lifelong learning, early childcare and education, work-life balance, LTC, social inclusion, etc.

\(^4\) Also due to the limits indirectly generated by the following reform of the Titolo V of the Constitution of November the 8th 2001.
On the one hand, the social demand continues to diversify and expand. Some examples of this are in the field of long-term care and childcare: they are both crucial to ensure the beneficiaries’ wellbeing but also to favor the work-life balance and the women’s participation in the labour market. Some figures show the mismatch between needs and welfare responses. We first look at the ageing process. While informal networks of family support become more and more fragile and small (Istat, 2011), the number of people over 80 is increasing at fast rates and the needs for care too. Demographic projections show that the old age dependency ratio in Italy will increase from 30.8% in 2010 to 56.4% in 2060. Due to these trends, the group of people aged over 80 will increase from 5.8% to 8.8% of the population. In the same period, the over 60 from being 20.2% of the population will become 26% (Eurostat, 2011). Even if old age today is very often an age of good health and active and autonomous living, the bearing of disabilities due to the ageing process and to chronic and degenerative diseases is increasing and it is estimated to reach the 10.7% in 2040 (6.7% in 2010). It means 2 million people more. Inevitably there will be an increasing pressure on the public system of home and residential care, currently evaluated insufficient by international standards (OECD, 2011, Fig. 1). This will happen especially considering the declining of family size, the loosening of family ties, the rising of female participation in the formal labour market, all factors that are likely to affect the availability of informal caregivers.

Fig. 1 – LTC users as share of the population in OECD countries, 2008

![Fig. 1 – LTC users as share of the population in OECD countries, 2008](image)

Source: OECD, 2011

We can also see the Early Childhood Care and Education fields. In 2011, in Italy, the public and accredited services covered the 14% of children under 3; the percentage reaches the 18.9% if we take into account also the private services. Despite the progresses made in recent years, the European benchmark of 33% is still far away. This is especially true in the southern regions where the percentage is 7.7 (Istituto degli Innocenti, 2011). Of course, the problem is not only the lack of structures, but the quality and accessibility of the offered services. Moreover, childcare and work-life balance policies require an adequate and universal system of parental leaves and working times family friendly. In these fields the Italian delay is stronger especially because of its “familist” welfare regime (Naldini and Saraceno, 2011).
On the other hand, budget constraints prevent from finding additional resources that would be needed and even push for a further reduction of the (already poor) available ones\(^5\).

Since 2008, the financial measures implemented by the 4\(^{th}\) Berlusconi government have damaged the local welfare, by reducing the financing addressed to Regions and Municipalities and by cutting very important social expenses. The same has happened concerning the Long-term Care Fund established in 2007 and no longer refinanced in the period from 2010 and 2013. The National Social Policies Fund and the Family Fund have both been strongly reduced. But there are many other possible examples. The most evident result of this period of retrenchment is that, after years of continuous growth, for the first time in 2012 the Municipalities had to reduce the social expense (estimated reduction of 13\%, Forum Terzo Settore 2011). In order to avoid the reduction of social services, they have decided to leverage on the narrowing of the conditions to have access and to increase the economic participation of beneficiaries (e.g. higher costs for kindergarten). But we can’t think of these solutions as enough in the futures to fill the gap due to the reduction of resources. Unfortunately, the scenario has not changed very much with the transition between the Berlusconi government and the Monti government in November 2011. As pointed out by Gori (2012c), the action of the Monti government has been in continuity with that of his predecessor, confirming the cuts in funding for social policies, building a comprehensive picture of unfavorable decisions to the local welfare\(^6\). There has been a glimmer thanks to the law of stability 2013-2015 approved in December the 21\(^{st}\), 2012 which has envisaged an increase in resources for the social spending of more than 600 million euro, to be divided between the Long-Term Care Fund (275 million) and the Social Policies Fund (344, 6 million). However, the additional allocation is provided for one year with no guarantee of continuity, and it is the result of pressures from the Parliament and from lobbies, not a direct choice of the executive (ibidem). In addition, the political debate, in view of the forthcoming elections, has not yet addressed the issue.

The mismatch among needs and responses and the search for economic sustainability were of course key questions also before the crises. To deal with them, Italy has tried to “recalibrate” the welfare state (Ferrera, Hemerijck, Rhodes, 2000). As well-known, welfare state recalibration calls for: a shift from “old” to “new” social risks; a re-balancing of social protection provisions between groups and vested interests (E.g., gives priority to children in poverty); a shift towards a dynamic notion of responsibility-sensitive equality of opportunity, by promoting social investments policies; a shift towards a new form of multi-level governance (ibidem).

Theorized in Europe at the beginning of the last decade, the underlying idea of this strategy emerged in Italy in 1997, with the “Commissione Onofri” plan for the reform of the welfare. The document states: “to reform the Italian welfare state […] means essentially re-balancing it […]. The alignment with the European standards asks for a decisive internal restructuring of our social spending (Commissione Onofri, 1997; 30).

Although the efforts made in this field, the re-calibration has not been completed within the expected time, and not only on the expenses side. Political reasons, biased interests, system inertia have prevented this re-balancing action, so that over the time there have been only minor adjustments in a system that is deeply unbalanced in terms of social security and underpowered in terms of social welfare (Bosi, 2008; Guerzoni, 2008).

Comparing the distribution of expenditure on social benefits in 1997 with that of 2009 emerges that the decrease of “old age” and “survivors” has been absorbed by the health expenditure that is one

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\(^5\) Even if in various ways, the crises have affected all the European countries, forcing many of them to introduce austerity measures (Greve, 2012). The Europe’s Fiscal Compact signed by Italy has imposed two main rules: the structural deficit can’t exceed the 0.5% of the GDP over an economic cycle; the public debt has to be reduced annually of 1/20 of the distance between its level and the 60% threshold. It means that public spending cuts may be avoid if the nominal GDP starts again to increase of 2.5% annually at the actual level of debt (less if the debt is reduced: e.g. if the debt is reduced of 100\%, an increase of 2\% would be sufficient) (Pisauro, 2012).

\(^6\) E.g. large cuts on money transfers to municipalities and rise of the VAT for social cooperatives. Consider that the “Commissione Onofri” called for an increase in municipalities expenditure up to 1.4\% (0.30\% in 1997), but in 2009 (so, before the recent cuts) it has reached only the 0.49\% (Gori, 2012a).
quarter of the total. Concerning the other fields, the changes – even though some have taken place – are residual, so that they have remained undersized, as stands out from the international comparison. This is in particular true for those functions that are weaker in Italy: family and childhood, disability, home, social exclusion which have suffered some backlash in 2010 (Figure 2). The critical issue is not only the allocation of economic resources among different functions, but also their amount. The percentages of Italian GDP for social spending is under the European mean (EU 15 and EU 27) in every function, except for social security.

Figure 2- Share of total Social protection expenditure by function (1997, 2009, 2010), EU15 and IT

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<tbody>
<tr>
<td>Sickness/Health care</td>
<td>26,5</td>
<td>29,7</td>
<td>29,6</td>
<td>23,6</td>
<td>25,7</td>
<td>25,6</td>
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<tr>
<td>Disability</td>
<td>8,5</td>
<td>8,0</td>
<td>7,1</td>
<td>6,7</td>
<td>6,1</td>
<td>5,9</td>
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<tr>
<td>Old age</td>
<td>38,5</td>
<td>38,6</td>
<td>38,2</td>
<td>52,5</td>
<td>50,8</td>
<td>51,4</td>
</tr>
<tr>
<td>Survivors</td>
<td>7,2</td>
<td>6,0</td>
<td>7,1</td>
<td>11,3</td>
<td>9,3</td>
<td>9,2</td>
</tr>
<tr>
<td>Family/Children</td>
<td>8,6</td>
<td>8,0</td>
<td>8,0</td>
<td>3,5</td>
<td>4,9</td>
<td>4,6</td>
</tr>
<tr>
<td>Unemployment</td>
<td>7,3</td>
<td>6,2</td>
<td>6,8</td>
<td>2,6</td>
<td>2,8</td>
<td>2,9</td>
</tr>
<tr>
<td>Housing</td>
<td>2,3</td>
<td>2,1</td>
<td>1,5</td>
<td>0,0</td>
<td>0,1</td>
<td>0,1</td>
</tr>
<tr>
<td>Social exclusion</td>
<td>1,2</td>
<td>1,4</td>
<td>1,6</td>
<td>0,1</td>
<td>0,3</td>
<td>0,3</td>
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Source: Eurostat data base

According to “second welfare” scholars, it is precisely the recalibration failure that requires the development of different forms of private integrative welfare responses (Ferrera e Maino, 2011). Even more important, according to Ferrera and Maino, such a failure would be the result not only of the inadequate re-balancing and control of social spending, but also of the wrong idea that reforms could have been realized only in the welfare state. Indeed, we need to go behind the boundaries of the public welfare to rewrite the relations between the State and all the other stakeholders of the welfare regime, by giving them a greater role. So, in addition to the two already commented determining factors (mismatch between social needs and welfare responses; social and economic unsustainability of welfare state) there is a third one: the need for social and institutional innovation.

But if we link this conclusion with what we have said before about the welfare mix and the welfare society, what’s new in the emerging private welfare? Weren’t the welfare mix and the welfare society already going in this direction? Which are the innovation and the discontinuities that are
introduced by the “second welfare”? And, are the emerging organized forms of private financing able to compensate for the economical and structural inadequacy of the welfare state?

4. Unlocking innovation, anchored to reality

The idea to enhance the private contributions to the welfare provisions is mainly supported in public discourses with economic arguments. In the media rhetoric, but also in the instrumental use of this idea in the political debate, it is assumed that the private welfare could fill the lack (or the reduction) of public resources to answer the population needs (on the contrary, increasing), in particular in the field of social welfare. However, to understand if this idea is valid, we must look at some data.

As mentioned before (§ 3), public financing for social welfare in Italy are insufficient. This is particularly evident in the international comparison if we consider both the social spending as a whole and the most important expenses (LTC, family and children, social exclusion), and the increasing demand for social services.

Given this scenario, will the private welfare be able to mobilize sufficient additional resources? And, will it be able to respond to new social needs left unfulfilled by public social policies?

To answer, we take into consideration the main forms of organized private financing to evaluate how many resources they are able to mobilize and how much they are able to cover the needs in the field of social welfare. We consider the results of a recent research (Gori, ed, 2012a). Without pretending to be exhaustive, our research has studied four main “sources of second welfare”: 1) collectively bargained welfare, 2) occupational welfare, 3) private insurance, 4) banking foundations. In particular, we have explored how these sources of private welfare meet some “new” social needs rapidly increasing: LTC, work-life balance (especially early childcare), social exclusion.

1) The first one is the collectively bargained welfare at national/industrial level.
   a) It has been several years since collective bargaining (on its different levels of application) has started to deal with the expansion of social security and social rights through the so-called “collectively bargained welfare”. It allows social partners to use company resources to fund social services for employees (income support cash and in kind; work-life balance programs; collectively bargained funds providing pension and health benefits).
   We consider separately the two focal fields of intervention analysed in the research: LTC supplementary funds, work-life balance measures (Rubino 2012: 77ff).
   For what concerns the LTC, we need to distinguish between the public and the private sector. In public employment, national collective agreements that provide integrative funds for long-term care don’t exist. Almost all the collective agreements provide tools to support the continuation of employment also in the case of disabilities or serious illnesses that may result in the need for long-term care. So, they are addressed to all employees before they reach the pension age. In the private sector, there are collective agreements that explicitly refer to non self-sufficiency. They are few, but they are increasing in number. Among these, not all are addressed even to workers after they leave the job. If we bear in mind that the probabilities to become non self-sufficient dramatically increase with ageing, a clear gap emerges in covering the needs of potential beneficiaries when they become elderly. Even assuming a growth in funds for retired workers, the collective funds nowadays available for non self-sufficiency cover only a minority of the population, and they partially address the needs of those who are supposed to be the main target group: elderly people. In this sense, the contribution of collective bargaining could be relevant, but not decisive at this stage.

7 For a critical review of this debate, see Lodigiani (2012).
8 From this point of view, the most advanced are banking and insurance sectors.
2009 in Italy, disability pensions related to collective agreements were 320,000\(^9\) and it was estimated they would be 3 million in 6 years (Rebba, 2010). There are no more recent estimates, but the international literature agrees that the expansion of private insurance has got structural limitations, that prevent it from covering large shares of population (e.g., adverse selection, cream skimming, moral hazard, consumers “myopia”, etc.) (Oecd, 2011).

b) In the field of work-life balance, the national collective bargaining acts almost exclusively on employment regulation (e.g., part-time, short time working, flexible working hours, teleworking, leaves, time off work). Nevertheless, the awareness of Unions about the necessity to bargain also services development and access to them is increasing (e.g. kindergarten, transportation, canteens, etc.). At the moment in most of the cases, this awareness results in declarations of commitment to urge the public authorities to act in this area\(^10\). Some national collective agreements acknowledge the need for reducing the gap between the cost of labour and the level of salary, for both the company and the employee. For this purpose, these agreements suggest the transition to the general taxation of costs addressed in the financing of care available to all the citizens but that, in the end, affect the labour cost\(^11\). However, even in these cases, the transition from the will to act to the real implementation remains weak.

2) The second source of private welfare studied by our research is the occupational welfare. It may be the result of both a unilateral company initiative and an agreement with the trade unions. It consists of non-mandatory measures, initiatives and services that the company offers to its employees to support their various personal or family needs: integrative healthcare, medical check-up, summer holidays for children, training, employees’ purchasing power, credit access, subsidies for books or study vacations, company kindergarten and others (Bettoni, 2012: 101).

There are no comprehensive surveys on this phenomenon, but some recent studies (Assolombarda 2011; Ascoli, 2012; Ascoli \textit{et al.}, 2012) underline that:

- the largest number of welfare measures are put in place by big enterprises;
- medium and especially small enterprises fall behind;
- geographical distribution is unequal (the southern regions are disadvantaged);
- workforce segmentation increases (those with more stable contracts and higher educational attainment have more benefits).

Practices of bargained welfare are spreading out especially at local and company levels, thanks to the Interconfederal Agreement of 22 January 2009 and to the Law 148/14 September 2011 which allows company or regional local agreements to derogate from national laws and collective agreements. The legislation is especially favorable to the work-life balance matter that represents, moreover, the function of the occupational welfare that is gaining interest and on which we are here focusing. In this respect, we must quote the important National Agreement of 18 November 2010 concerning “Guidelines on Social Responsibility in the Second level Bargaining” (for the chemical sector). We must mention the Ministry of Labour and social policies’ Guidelines on reconciliation of work, private and family life and the subsequent agreement signed with social parts in March 2011, also. Furthermore, we have to remember that the companies which activate work-life balance measures can count on some fiscal incentives.

Due to this framework, most of the agreements on work-life balance have been signed at local or company level. In this field, we find the most interesting initiatives, even with some difficulties. The legislation presents some contradictions and ambiguities\(^12\). It is true that the non-monetary

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\(^9\) They were 335,000 including individual insurance policy not related to collective agreements.

\(^10\) This is the case of collective agreement for agricultural consortia’s employees.

\(^11\) For example, the National Agreement of chemical-pharmaceutical industry. At the forefront in this field we find the cooperative sector, which collective agreements deal with tax burden since 1990.

\(^12\) To learn more, see: “Welfare aziendale e trattamento fiscale: intervista al professor Armando Tursi”, www.secondowelfare.it, 2 February 2012.
forms of compensation (fringe benefits, compensation in kind, company services for all the employees or for specific groups, for their relatives and addressed to education, training, leisure, social assistance or healthcare; e.g.: kindergarten, holiday camps, scholarships for employees and their family members) can be deducted as established by the Article 51 of Tuir - Dpr 22/12/1986, n. 917. But, paradoxically, if the access to services of social utility is bargained within collective agreements the fiscal advantage is not valid. In other words, as confirmed by the circular 34/E, 10 March 2004 of the Revenue Agency, the tax relief is granted only for those services that are voluntarily supported (we would add unilaterally) by companies. So, while concerning the supplementary pension and the supplementary health care, collective bargaining is an essential requirement to obtain the tax benefit, that is the exact opposite for some institutions of occupational welfare. This is the fundamental reason why the welfare bargaining at company level is almost exclusively in the field of social security and health. The situation is partially compensated by the Article 9 of the L. 53/2000 that funds companies’ innovative work-life balance interventions if agreed on with the unions. Therefore, on the whole, this setting does not encourage the involvement of unions in the development of work-life balance policies at the company level and leave the management free to decide alone in this field. In other terms, this prevents the stakeholders from fully sharing the matters concerning work-life balance. Moreover, the interest of the company in this field is increasing: they are more and more aware that supporting work-life balance is a win-win strategy (for company and employees) and a sign of their corporate social responsibility, or better their corporate citizenship (Monaci, 2011).

Such questions concern the role of companies in the territorial welfare and the possibility that they can actually become a leading player in the plural welfare. Work-life balance policies from this perspective are a typical example of the need for thinking of the occupational welfare as integrated with the local welfare. The case of company kindergarten, on which our research has focused, is particularly emblematic. Their possible role among the complex of services for early childhood is overestimated if we think that they can fill the void of the offer nowadays available. Despite the scarcity of the available information, they are not so widespread\textsuperscript{13} and there is not so much room for improvement. Indeed, the largest companies are especially the ones that can afford the costs for this and that can ensure a stable and continuous presence of children. But, as well-known, the Italian production system is mainly composed of SMEs. Their function can only be conceived as integrative. There are different possibilities, in many case already successfully implemented: opening the company kindergarten to external users or to families who live in the same area of the company through partnerships with public actor. In all the cases, it’s necessary to consider company work-life balance policies – and more in general the occupational welfare – as the result of an interaction among different parts: companies (big, medium and small), social parts and local authorities, within a context where a key role is played by legislation and industrial relations (Maino, Mallone, 2012)\textsuperscript{14}.

3) The third source of private welfare we have analysed is the private insurance, with specific focus on LTC insurance (Tidoli, 2012: 123ff). We have already focused on this issue from the collective bargaining perspective, by considering the group insurance signed within collective agreements. Now we focus on the collective insurance (whether bargained or not) together with the individual ones (individually signed by the beneficiary).

\textsuperscript{13} It is estimated that the 7\% of the Italian companies has a company kindergarten; the share is higher in big companies. The individuals already well protected by the welfare are those who benefit more from these company services: employees working in big companies (Edenred, 2011).

\textsuperscript{14} Given this scenario, we understand the importance of work-life balance policies set at local level, where forms of partnership between public and company welfare are fostered. A meaningful example is that of Lombardy Region where Territorial Networks for Conciliation have been established within the framework of “New deal for Lombardy Welfare” (Resolution 3481 of 16 may 2012).
The fiscal uncertainties related to the potential need, intensity and duration of long-term care should represent a strong drive for private LTC insurance. In particular – as Oecd states (2011: 256) – “group insurance coverage typically takes place in the context of employment and has the advantage of encouraging early subscription into a private LTC insurance plan. Group coverage can provide a number of benefits to enrollees, including the potential ability to negotiate better coverage solutions, as well as lower premia. Group plans may also result in fewer exclusions, based on the spread risks within a large group. For the insurance providers, group insurance mitigates the risk of adverse selection with the potential benefit of reducing the overhead costs associated with underwriting tests”.

Moreover, the advantage deriving from private LTC insurance would increase if we consider that public resources will remain unchanged or even decrease. Nevertheless, in Oecd countries where private LTC insurance is sold, the market is generally small: the percentage of coverage of the population is very low if compared to potential subscribers. As already stated, there are structural limit not easy to be overcame so that the market remains a niche and, above all, is more favorable for those who have higher income and who have accumulated savings and goods.

Figure 5 - The private LTC insurance market is small

Source: OECD, 2011

These considerations are valid in particular when referring to Italy, even if private LTC insurance is growing in number. As stated by Gori (2012b), by taking up Rebba’s (2010) fundamental analysis on development trend of LTC in Italy, the strongest limit is the weakness of the public pillar, that is almost absent. International experiences also show that private insurance develops more if they have a supplementary function aimed at reinforcing public intervention and if the two sources of financing are coordinated.

The Italian debate today is struggling to focus on this problem because it refers to health integrative funds as benchmark, but the actual perspectives of development of the two sectors are not comparable. And the factor that makes the two scenarios most diverse is that – even with all its limits – in the health sector there is a first pillar able to guarantee rights and protection to all the citizens; referring to the first pillar in this sector, private insurance (the second pillar) is actually integrative. This is not valid for what concerns the LTC.

4) The fourth source of private welfare studied by our research are the foundations, with specific attention for the banking foundations, the grantmaking foundations with the biggest accounting assets in Italy. They have supported the public intervention (also) in the field of welfare for a long time. In this way, they have often realized a form of “backwards subsidiarity”: the foundations have become “subsidiary to the local public administrations” by subordinating their deliveries to the priorities set by the latter (Barbetta 2012:145ff).
The relevance of assets and social functions they perform are two key reasons why banking foundations have been considered in recent years leading actors of the private welfare, sometimes even supposing that they could carry out counter cyclical interventions that are substitutes for the lacking public ones (e.g. financing contributions for people who lost their job because of the crises and who are not protected by public measures).

The call for playing a similar role is particularly strong in the social welfare because the well-known scarcity of public resources addressed to it has made it particularly vulnerable in this phase of retrenchment. However, this is an invitation that, apart from any other consideration, overestimates the possibilities of intervention of the foundations. The resources provided by banking foundations are large (1.7 billion euro in 2007) but declining due to the economic downturn (1.366 billion euro in 2010), and in any case, they correspond to a very small share of the public social spending.

It’s better to consider the banking foundations as promoters of social innovation. As shown by the author, free from the constraints of short-term profitability of private companies, the foundations can address their efforts to the development of projects with “deferred economic and social profitability”, so acting also where the markets “fail”. At the same time, the foundations are not elective bodies, subject to what the majority of citizens want; they can therefore address the needs of minority groups of the population or take the risk of experimenting projects and actions that could be hardly sustainable by public governments (influenced by voters in planning the use of resources).

The point is to generalize the experience of some foundations that have already adopted this approach. From this perspective, a new way of looking at the link between foundations and “second welfare” emerges. The foundations have not to implement interventions to fill the lacks of the welfare state but they must experiment innovative actions and strictly evaluate the effects. The know-how developed can then be shared with policy makers who are responsible for universally spreading the effective innovations. We think for example of what is happening in the field of social housing policies. If foundations will take more and more this role the Italian welfare system will certainly increase its pragmatism and effectiveness (Barbetta 2012: 158).

5. A new vision of private welfare is needed

Let’s try to sum up and propose some answers to the above mentioned questions. Referring to the traditional welfare mix and welfare society paradigms, is the “second welfare” introducing any innovation and discontinuities? Are the emerging organized forms of private financing able to compensate for the economical and structural inadequacy of the welfare state?

Let’s start with the second question. The answer is at least partially negative. The main sources of private funding are not able, nowadays, to compensate the public investment in welfare state that is structurally inadequate.

On the one hand, the resources can cover only small shares of the area of need they address. Even if it is a growing phenomenon, our analysis doesn’t allow to estimate an increase that will completely change the scenario. This is the reason why, without adequate funds from the state, there is the concrete risk of increase in social inequalities (Gori 2012b: 189). As we have shown, the supplementary LTC insurance represents a typical example: despite its rapid growth, it can’t cover enough the target population. There is another kind of private financing to consider: the families’ out-of-pocket expenses for care needs. It is estimated that they reach the 30% of the health care spending, and the share is higher if we consider the LTC. The challenge is to guide it towards more convenient kinds of insurance. But, as mentioned before, there are many difficulties to reach this goal and the lack of a “first pillar” is one of the main.

On the other hand, the measures implemented by the private welfare are addressed to social groups and territories that are already well protected, where there is an effective “first welfare”. As we
have shown, the private interventions in the field of LTC, the work-life balance measures and the actions against social disadvantage and social exclusion tend to reinforce regional and corporatist disparities.

It is sufficient to remind the example of the bargained welfare: it has a great potential as it expands the protection of employees in those areas not covered enough by the welfare state, but its corporative and labour nature are also quite evident. This is even truer if we consider the occupational welfare that – as Titmuss (1958) pointed out over fifty years ago – is likely to increase inequalities among workers within different companies and different local labour markets, as well as between insiders and outsiders in the labour market, especially when it is accompanied by a reduction of the welfare state. As Titmuss suggested, role and function of the occupational welfare have to be evaluated in their relation with other forms of welfare (fiscal and social welfare, the last one corresponding – in the author’s words – to the public social spending) to understand its effects on social inequalities. Certainly the link between responses to the needs and occupational condition has to be carefully considered, especially during today’s economic and occupational crisis with the increase of unemployment and job insecurity. The shift from a citizenship-based to a work-based welfare couldn’t be more risky (Ascoli et al. 2012).

So that the private welfare evolves in a truly complementary and integrative way without becoming a driving force for further inequalities, we need:
- not to crash into superficial analyses of the phenomenon, which are based on supposed economic reasons, which depict the private welfare as the best solution to the retrenchment of the welfare state;
- the welfare state does not lose its role of guarantor of social citizenship rights, by going on investing in social policies and strictly defining its responsibilities (social assistance essential levels) and, if anything, by promoting (through partnerships, fiscal and economic incentives) innovative private initiatives, effective and of good quality;
- to develop a new system of governance to coordinate private and public resources/interventions.

Let’s move back to the first question. Here the answer can be affirmative: the development of a second welfare leads to some innovations and discontinuities with the past. During what we have here defined as its first phase, the privatization process has followed two main strategies: demand-driven and supply-driven (Ascoli, Ranci 2003: 21ff).

The demand-driven strategy has aimed at increasing the social demand for private services on the one hand by expanding the private offer, on the other hand by making solvent the demand (e.g. through voucher or tax relief), to sustain freedom of choice. Along this line, we see also the introduction of supplementary insurance and the development of the private service market deriving from them.

The supply-driven strategy has aimed at enhancing the State outsourcing of welfare provision, privatizing their management and delivery and introducing mechanism of regulated competition among providers (e.g. calls and procurements).

Both of these two strategies have been focused mainly on market centrality and individual freedom of choice. The second phase of privatization reinforces and combines in new ways these two strategies.

On the demand side, it emerges the purpose of identifying new forms of public support to the private demand not individually considered (therefore outside the logic of individualization of voucher, for example) but “aggregate” (pressing instruments such as integrative funds and other mutual forms of association).

15 Under the Law 328/2000 we must reflect on those we have here considered as the “new” social needs, most rapidly expanding: long-term care, child care, poverty and social exclusion. How are they related to the essential social assistance levels?
On the supply side, the effort is to support the financial autonomy of private providers (in particular in the third sector) and to give them broader capacity for action. This leads to two consequences: it helps to undermine the relationship of subordination that has emerged in the past between third sector organization and public bodies (Zamagni 2011b); it opens new market opportunities. Not by chance, the increasing development of the so-called “social tertiary sector” is powered also by for profit companies, that have understood the value of this investment. The growing potential is big, as shown by the experience of other European countries (e.g. France, the Netherlands, the UK) in which private capital are taking action (profit and non profit, national and even foreign): not only the citizens, who find a response to social demands not covered by the public, benefit from them; there are advantages also for the employment and economic growth (Ferrera, 2012). But the risk of an unregulated “marketization” is high.

However, we can adopt another perspective. The aggregation of the demand has also a social value of great importance as it promotes the socialization of social risks and of responses to social needs. From this perspective, the ability to create sociality emerges when one can:
- promote the association among individuals and families that individually buy the services that they need (e.g. private caregivers for frail elderly) by enhancing proximity, neighborhood and community relationship; enabling them to get better and more effective responses at a lower cost;
- rethink the ways of financing the aggregate demand (e.g. by reintroducing, in addition to private insurance, forms of mutual assistance anchored in the territory, community and not necessarily the workplace)16,
- develop opportunities for representation, mediation and orientation of the social demand, by contrasting its hypertrophic growth and by identifying new ways to respond,
- aggregate also the supply by favoring the capacity of providers of acting together, networking, creating synergies in an innovative, autonomous and integrated manner (e.g. companies network, cooperatives consortia, public/private partnership),
- promote the “capability for voice” of the demand that take part in shaping the offer.
Here, comparing with the first phase of privatization, an important discontinuity stands out. The support to the demand is no longer directed to guarantee only the freedom of choice, but also to accompany and guide people in need towards the system of responses, to combine their capacities and economic, intellectual and relational resources.
To some extent, we can affirm that the discontinuity is cultural too. Also due to the crisis, the individualist paradigm is losing relevance, and this can have important consequence on welfare (Manghi, 2012). The social vulnerability, the uncertainty and the precariousness of career, the weakening of social ties are increasing the need for new relations between individuals and institutions.
Given this scenario, social relations prove to be a “store of value” in terms of sociability and solidarity, as of economic resources. In other words, social relations become a precondition for constructing new institutionalized forms of social demand aggregation and social offer composition within a plural, community and territorial welfare (Magatti, 2011).

The development of a “second welfare” can therefore be merely attributed to economic reasons, because it can produce savings and more efficiency for protection system. In this case we remain in the logic of welfare mix, with little changes. Or it can be attributed to the necessity of deeply rethinking the purposes and the functioning of the welfare system. In this case, we see a “radicalization”17 of the plural welfare society that calls for a greater autonomy of different social actors and for a substantive horizontal subsidiarity. The main challenge is to define the nature and the consequences that derive from this autonomy which according to some scholars should be

16 In recovering mutualism, typical of the second half of the nineteenth century, it is needed to actualize it, thinking of a solidarity-based mutualism, not corporative, which starts from the territory (Dotti and Farinotti, 2012).
17 We use the term in the sense of Giddens (1994).
complete\textsuperscript{18}. In this sense, Zamagni [2011a] speaks of “civil welfare”: the regulation of the new welfare system – that is together “public, private and civil” – requires the innovations of institutional order both at legislative and economic-financial levels.

If this second option is valid, it turns out that the forms of private financing of welfare provision don’t necessarily imply individualization and marketization; they promote the socialization of risks and the social sustainability of responses together with a new vision of welfare responsibility; even if the lack of universalism and the need for governance remain critical matters.

Exploiting common affiliations to put in practice shared responses reinforces the solidarity and reciprocity ties among the members, but it can be a way of producing new forms of exclusion. The particularistic nature of organized forms of private financing of social welfare measures is deeply rooted in the fact that they are the result of specific interests, the result of the leading role of some actors (companies, unions, foundations, local communities, associations, etc.). We have seen it before. However, starting from the territories and local communities, the social ties could be the way to create a “shared value” with benefits for the broader population in terms of social cohesion, common good, solidarity and last but not least economic gains (Magatti, 2012). In this perspective, the welfare system can become “generative” (ibidem).

An opportunity consists in the development of practices of participatory social and territorial design. Practices of social dialogue, involving all the local actors, that fully valorize the bargaining of first and second level (but not limited to it), by going beyond the boundaries of category, sector and company to involve institutions, social parts and other social actors of the territory in collaborative relations. But, this is only one example.

On the one hand, it is up to public institutions to support the ability of self-organization of social groups in particular through new forms of partnership, aimed at stimulating (also economically) the possibility to realize integrated services than the public ones, innovative and of good quality. On the other hand, social groups are called to urge the public bodies to leave room and autonomy for the proposals that come from them, accordingly to the idea of a shared social and territorial bottom-up planning. In particular, the civil society players can fill the role of “social thickener”, aimed at promoting new forms of partnership among private and public bodies, profit and non-profit organizations and more generally to develop social capital at local level by increasing the trust and the solidarity within the society (Zamagni, 2011a).

Out of a mere economic logic, being aware of the integrative and complementary nature of their contributions within the welfare system, the organized forms of private financing show an innovation potential that has to be explored and supported. Perhaps, the “radicalization of the plural welfare society” doesn’t’ imply big discontinuities between the first and the second phase of the privatization process. But, in this radicalization, a new vision of private welfare and welfare responsibility offers the opportunity for promoting social innovation. As Castoriadis teaches (1995), “social imagery” counts. We have to understand which social imagery would be the best foundation for a new plural welfare society.

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\textsuperscript{18} Also according to Donati (2011), this should imply the “auto-constitutionalization” of the private spheres.


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