At the roots of the Italian unbalanced welfare state:
the grip of cognitive frames and "red-white" political competition

by
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1. Introduction

Born at the end of the XIX century in response to the challenges stemming from modernization, the welfare state involved risk socialization by institutionalizing solidarity and introducing a new type of rights: social rights, that is entitlement to cash benefits and/or in kind service provision in case of sickness, unemployment, work injury, old age and so on.

The *timing* and the temporal sequence of introduction of social protection schemes as well as their *institutional profiles* have varied greatly both across and within countries, with decisive consequences on individuals' life chances.. The literature has outlined several dimensions which are relevant to distinguish between different types of welfare systems. Two of these dimensions are particularly relevant: the *functional* dimension and the *distributive (*or *distributional)* dimension. The first refers to risks and needs which may be differently covered and protected by social protection schemes.. The second has to do with the differential protection – in terms of coverage/non coverage, level of benefits and eligibility rules – for the different social groups.

In the first half of the XX century and even more during the Golden Age (1945-75) all countries made remarkable progresses along both dimensions by enlarging the "basket" of risks protected and expanding population coverage. Variable configurations have thus emerged, which have proved to be extremely resilient also when the welfare state entered the new "Silver Age"(Taylor-Gooby 2004, Ferrera 2008) characterized by changed socio-economic transformations, ensuing adaptational dilemmas and "recalibrating" efforts[1]. Much has been written on the South European – or, more exotically, Mediterranean – welfare regime (Liebfried 1992; Ferrera 1996 and 2011), pointing at the essential features which make it different from the Conservative-corporatist cluster (Esping-Andersen 1990). Also a broad literature has focused on the peculiar welfare state architecture in Italy, one of the four countries included in the Southern group. In comparison with other European countries, the Italian case has traditionally shown a number of serious imbalances in the institutional structure and spending pattern of its social protection system. Since the 1980s a rich and articulated literature has started to shed light on the "anomalies" of the Italian system (for a review cf. Ranci 2004).

In the 1990s and the early 2000s, several authors presented Italy as the "sick man" of Europe because of the bad conditions of public finance, largely due to the hypertrophic and extremely costly pension system (Ferrera and Gualmini, 2004). More recently, the debate has put emphasis on the underdeveloped unemployment protection system as well as active labor market and family policies, providing little support to employment through placement services and child-care facilities and activating a perverse "vicious circle": limited welfare services, low employment rates (especially for women and young people), weak economic growth, low fertility levels and, consequently, fast ageing and more resources needed for old age protection. The two *anomalies* briefly presented here – i.e. pensions hypertrophy *vs* limited programs for the active population[2] - are actually interconnected and part of the same syndrome which has to do with the *unbalanced configuration* of the Italian welfare state along the *functional dimension*, that is between the various social policy functions. In addition, the Italian welfare state has traditionally presented a *distributive unbalance*, with different levels of protection not only between the employed population – the insiders – and those outside the labor market – the outsiders - but also within the former..

[1] See Ferrera and Hemerjck (2002) on the concept of recalibration.

[2] The health care sector has presented a universalistic approach since 1978 and health-care expenditure in in line with the EU average: consequently this sector is not considered in this paper.

The peculiar architecture of the Italian welfare state has recently raised interest also among historians (Giorgi 2004, Minesso 2007, Silei 2004), who have started to reconstruct the developmental path of the various social policy sectors. Nonetheless, a systematic analysis on the timing and the factors behind the emergence of the welfare state "*all'italiana*", with its "double distortion" (functional and distributive) mentioned above, is still lacking.

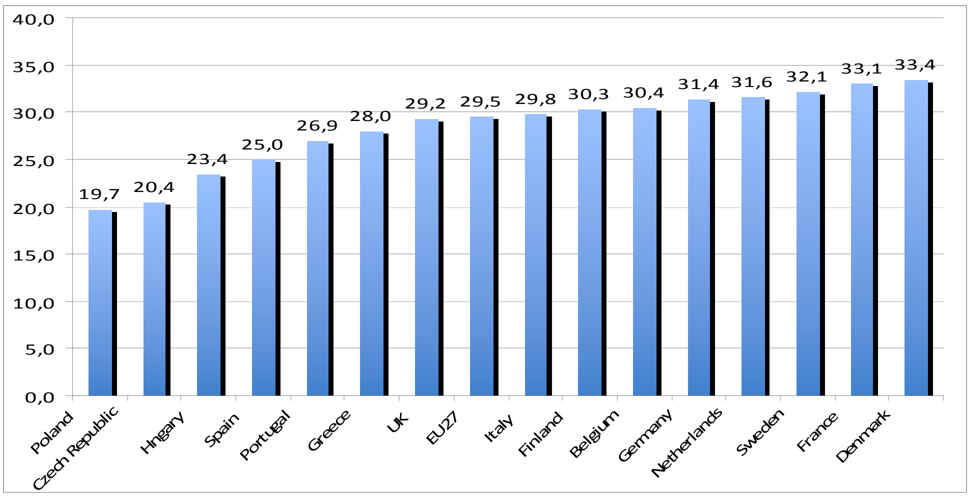
Against this background, this paper has three main goals: a) to illustrate the nature, the intensity and the timing of emergence of the functional and the distributive distortions (section 2); b) to provide a critical discussion of theories of welfare state development (section 3) in order to, c) outline a historical-institutionalist interpretation of the Italian trajectory particularly focused on a few "critical junctures" which led to the emergence of the double distortion (sections 4 and 5).

By adopting a multi-causal interpretative framework (Ferrera 1993) we argue that at least three different factors have contributed to Italian anomalies. First, some peculiar contextual elements, such as socio-economic and especially labor market features; second, the cognitive frames and cultural attitudes of the main social and political actors, including policy makers; third, the functional logic of a polarized and pluralist party system in a blocked (i.e. without alternation in government) consolidating democracy.

2. A double distortion

Italy is not an outlier when the total "welfare effort" is considered: figure 1 shows that total (public) social protection expenditure does not deviate significantly from European standards and averages. The Italian anomalies actually lie in the expenditure structure. As can be seen in table 1, between 2000 and 2008 a major share of resources for social protection was absorbed by the "old age and survivors" functions – 59.1% against 43.7% of the EU15 average. In other words, more than half of social protection expenditure was devoted to old-age pensions; by contrast, expenditure for "family", "unemployment" and "housing and social exclusion" remained comparatively low: respectively 4.2%, 1.8% and 0.3% *vis a vis* EU averages of 7.8%, 5.7% and 3.3%. No other country displays such a marked distortion along the functional dimension. Not even in the other Southern European countries the expenditure gap is so wide: while pension hypertrophy characterizes the Greek case as well, Spain and Portugal show a fairly more balanced spending pattern

Figure 1. Social protection expenditure as % of Gdp, 2009



Source: Eurostat

Table 1. Public social protection expenditure by sector, % total social expenditure, avg. 2000-2008

	Family / children	**Unemployment**	**Sickness / disability**	**Old age / survivors**	**Housing and social exclusion**
EU 15	7,8	5,7	35,6	43,7	3,3
Germany	10,5	6,8	36,3	40,6	2,1
Spain	5,4	10,6	37,8	42,1	1,8
France	8,2	6,7	33,5	41,9	4,1
Italy	4,2	1,8	30,7	59,1	0,3
Sweden	9,4	5,4	40,4	39,0	3,8
UK	6,5	2,6	38,5	43,3	6,1

Source: Authors' elaboration on Eurostat.

The second distortion, as mentioned above, has to do with the distributive dimension. It is true that all Continental welfare states have witnessed emergence of the well-known insiders-outsiders divide (Rueda 2007); nevertheless the Italian case is rather exceptional in this respect. In the various social policy sectors – including pensions – the level of protection for the various occupational categories has traditionally varied markedly with regard to benefits generosity and eligibility conditions. Figure 2 therefore provides a synthetic representation of the Italian anomalies by intersecting the functional distortion, on the horizontal axis, with the distributive distortion on the vertical one.

Figure 2. The double distortion of the Italian welfare state

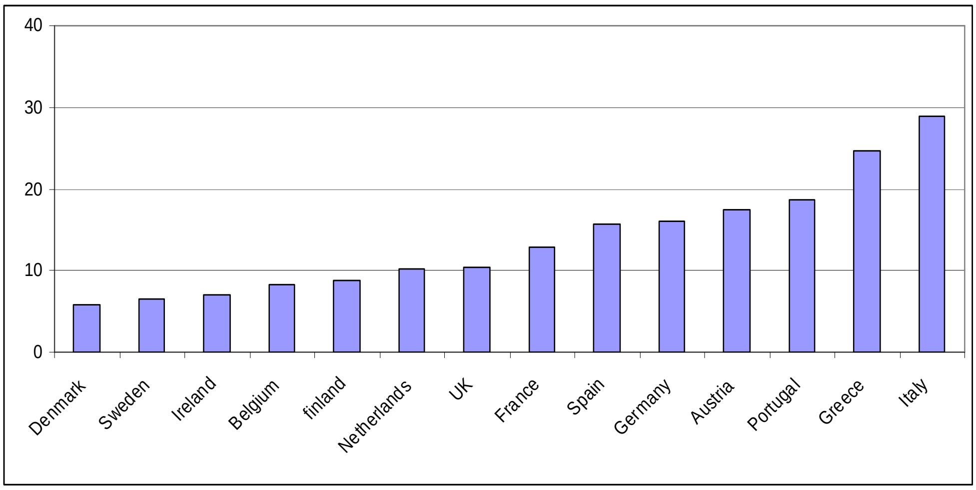
Functional distortion

Distributive distortion	Old age	Other risks
Insiders	++++	+++
Mid-siders	++	+
Outsiders	+	-

Two points must be made here. First, that three (and not just two) different groups may be identified: insiders, outsiders and mid-siders (Ferrera 2006, Jessoula 2009, Jessoula et al. 2010). For these groups the level of protection is systematically different as regards all types of risks (old age / other risks). Second, the level of protection is systematically higher for old age than for the other risks. Just to make an example: outsiders (e.g. workers in the "black economy") are entitled to non-contributory social pensions in old age, while they have nothing to rely on at working age due to the lack of a minimum income scheme (cfr. Ferrera 2005, Jessoula and Alti 2010, Madama 2010).

Qualitative analyses have shown that the two distortions reached their peak in the late 1980s-early 1990s, following the post-war welfare expansion and before the (very slow and extremely difficult) process of recalibration was pursued in the last two decades[4]. Also comparative research based on quantitative data has argued that the functional "polarization" reached its peak in 1985-2000. Julia Lynch's *elderly/non elderly spending ratio* (Ensr)[5] is an effective indicator to capture the age orientation of welfare systems and, consequently, their functional unbalance. Comparatively, Italian welfare arrangements were the most unbalanced in 1985-2000, as figure 3 shows.

Figure 3. Elderly/non-Elderly spending ratio (Ensr), average 1985-2000.



Source: Lynch (2005, 30).

The Italian syndrome constitutes an interesting historical, empirical as well as theoretical puzzle: when did the two distortions emerge? And why?

Comparative data are difficult to gather, but figure 4 below reports a simplified version of the *Ensr* indicator for Italy in the period 1955-80. Figures suggest two main considerations: first, the functional distortion took-off in the 1970s; second, the trigger of the gradual functional unbalance was armed in the 1950s-1960s already. If the composition of welfare expenditure was still quite balanced until the mid-1950s, at the end of the 1960s the distortion was already clearly visible.

Which sectors of social protection were responsible for this trend? Figure 5 answers this question: the *Trente Glorieuses* registered a remarkable stability of expenditure for unemployment, a continuous decline of expenditure on family allowances and the explosion of pension costs. This must also be understood in light of the maturation process of payg pension schemes and the related incremental nature of pension expenditure, also confirming that the roots of the double distortion must be traced back in the 1950s-1960s (figure 6).

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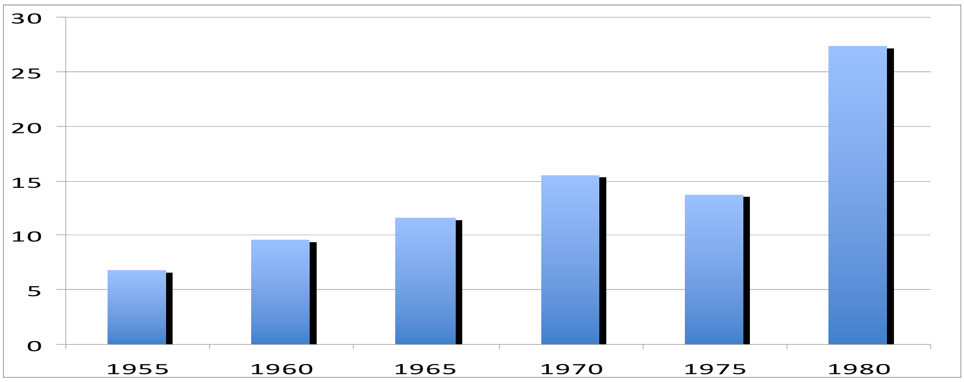
[4] For an evaluation of recalibration strategies in Italy see Jessoula and Alti (2010), Jessoula (2010).

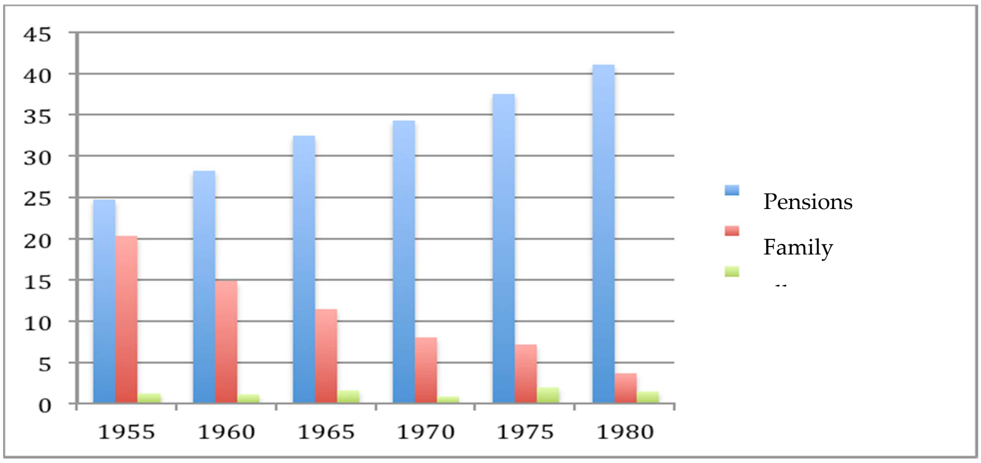
[5] Ratio between expenditure for elderly and expenditure for non elderly, especially children, family and unemployed.

Figure 4. Elderly/non-Elderly spending ratio, Italy 1955-80



Source: Authors' elaboration on Ferrera (1984).

Figure 5. Expenditure on pensions, family allowances and unemployment (% total social expenditure) Italy, 1955-80.



Source: Authors' elaboration on Ferrera (1984).

3. Potential explanatory suggestions from the comparative literature

The comparative welfare state literature has suggested that a variety of factors have acted as major drivers of welfare state expansion as well as determinants of specific policy solutions.

A first strand of literature has pointed to *contextual factors*, emphasizing in particular the relative importance of the so called "logic of industrialism" – urbanization, industrialization, diffusion of literacy, demographic transformations and so on – or the impact of occupational structures (Flora 1986) shaping class relationships (Korpi 1978) and risks profiles (Baldwin 1990).

However, the welfare state is not simply the result of different socio-economic contexts and "social bases": a second strand of literature has stressed the influence of different *institutional arrangements* and logics on the paths of welfare state development. Here social and economic elements only represent background factors affecting the evolution of social protection through the mediation of other dynamics. In this perspective, different welfare state models emerged in the wake of diverse institutional structures, that is from variable combinations of cultural and organizational factors, especially *policy legacies* with related values, principles and organizational rules. Classic analyses such as by Hechlo (1974) and Skocpol (1993) have emphasized the crucial influence of bureaucracies and state apparatuses on the evolutionary trajectories of welfare programs in Sweden, the US and the UK, while Ashford (xxx) has shown how in France and the UK cultural attitudes shaped the first choices in the field of social protection between the late XIX and the early XX century.

More recent debates have adopted a broader neo-institutionalist framework informed by a historical approach (*historical neo-institutionalism*) (see Steinmo, 2008 for a review). Within this strand of literature, we can establish a link between the content of political decisions and the features of the political process that led to them (Ferrera, 1993), and in particular the modes of *political competition* and the nature of *political exchanges* within a pre-defined set of politico-institutional rules. Social programs – same as other public policies – may actually be considered as (by-)product of political competition, that is the competition on the side of policy makers and political officials to gain political support and, ultimately, votes in exchange for specific policy contents (Downs, 1959).

The relevance of competition dynamics had already been highlighted by the articulated debate on "does politics matter?" (Castles 1982), by the Swedish literature on "power resources" (Korpi 1989, Esping-Andersen 1990) as well as by the strand of sociological and political science literature in comparative macro-history (Flora and Alber 1981, Alber 1983, Ferrera 1993). In the last decade, the political process approach has gained prominence and it has been developed further in order to analyze, and interpret, welfare developments both during the XX century and in the more recent phase of retrenchment and recalibration (cf. the debate on the so called "new politics of welfare", following Pierson 2001).

To what extent has this theoretical debate addressed variations along the two dimensions discussed above – i.e. the *functional* and the *distributive dimensions*?

Distributive outcomes of different welfare state arrangements have been extensively analyzed by scholars adopting the "power resources" framework. By coining the two well-known concepts of *decommodification* and *de-stratification*, this literature has also provided detailed accounts of the determinants of distributional effects (cf. Hicks and Esping Andersen, 2005 for a review).

The insiders-outsiders cleavage has in its turn been carefully explored in a long term historical perspective with particular reference to Bismarckian welfare states (Palier 2010, Rueda, 2007), and a relatively broad literature focused on South European models has also flourished - especially on the Italian case, both with regard to the overall welfare architecture (Ferrera 1996, 2005, 2010; Ascoli 2011) or single social policy fields (Fargion, 1997; Gualmini, 1998; Jessoula 2009; Madama, 2010; Maino, 2001) as well as in a comparative perspective (Picot, 2012). The various contributions to this debate have pointed at two crucial factors that have led to the emergence of the distributive distortion of the Italian welfare architecture: a) the logic of functioning of the "polarized pluralism" that characterized the party system during the so-called First Republic (1948-1993); b) the "stateness deficit" on the side of public administration. While the former has fostered institutional fragmentation as well as systematically favored insiders, the latter was behind the particularistic-clientelistic degeneration of several cash transfer programs.

By contrast, the comparative literature has paid much less attention to the *functional distortion* as outlined above. Neither scholars adopting the "logic of industrialism" framework in the 1970s (Wilensky 1975) nor research focused on the so-called "grey power"[6] (Pampel and Williamson, 1992; O' Higgins, 1988; Thomson, 1993) have provided sound empirical evidences to account for the functional distortion. However, Lynch (2006) has explicitly pointed the analytical lenses

[6] We refer to pressure on social policy choices exerted by interest groups representing older workers as well as pensioners.

on the "basket" of covered risks by carrying out a very detailed quali-quantitative comparative research on the *age orientation* of welfare systems. The results of her analysis need to be discussed carefully, not only because Italy is included in the sample of selected countries, but also in light of Lynch's explanatory argument based on a historical institutionalist framework. The starting point is the original bifurcation between a Bismarckian-occupational and a Beveridgean-universalist approach to social protection across the XIX and the XX century[7].

Albeit rather counter-intuitively, according to Lynch this choice laid the foundations for the emergence of the different demographic orientations of welfare states later in the XIX century. Lynch's argument goes as follows: social insurance schemes in Bismarckian-occupational countries were initially created mainly to protect the active population – that is younger cohorts – from the risks of sickness, work injury and unemployment. Also pension arrangements were introduced early, but entitlement rules required long vesting periods and, consequently, the elderly had to rely on the family and/or charity until the mid-XX century. During the Golden Age, workers initially protected – particularly dependent employees in central economic sectors – turned into insiders and their average age increased gradually: governments then committed to expansionary pension policies in order to benefit these groups and these measures constrained the size of available resources for programs targeted to youngsters and the outsiders. By contrast, the original "choice for universalism" activated a completely different sequence. While trade unions – especially in the UK but also in the Nordic countries - were already able to offer some protection to their members against the most widespread social risks, policy makers initially introduced schemes to protect the poor elderly. Old age poverty was actually the less covered risk due to weaker family and charitable networks. In the three post-World War II decades, these countries mostly turned to non-public provision in the field of pensions in order to supplement modest state pensions: this allowed governments to protect outsiders and the young (unemployed, working poor and workers with weak labor market attachment, needy families and soon on) as well as to maintain a much more balanced demographic orientations of welfare arrangements.

However, at the end of World War II, European welfare states encountered a second critical juncture where structural changes and path shifts were still possible. Some Bismarckian welfare states were actually able to "jump" in the other camp – at least with respect to certain policy sectors - by introducing highly inclusive and relatively generous schemes both to protect the unemployed (Germany) and to provide family allowances (Germany, France, Netherlands). In order to account for this second bifurcation, Lynch introduces party competition in her analytical framework. In countries characterized by "programmatic" party competition the political game was played with reference to broad social categories thus leading to the introduction of universalistic schemes that prevented welfare states from leaning towards the double distortion. By contrasts, where political competition followed a more "particularistic" pattern – by offering benefits to selected (often micro) social groups in exchange for votes – universalism was not a convenient option and there was a fertile ground for the emergence of both the functional and the distributive distortion: Italy was the emblematic case.

Lynch's explanatory framework has to be praised for its originality as well as parsimony, and it seems to be well suited to interpret the Italian anomaly – which is also addressed by Lynch in comparison with the Dutch trajectory. Inevitably, however, a closer look to the Italian case taking into account the available national literature suggests possible articulations of her argument. We believe that at least three integrations/modifications to the causal link as identified by Lynch are appropriate: 1) a more careful consideration of the influence exerted by

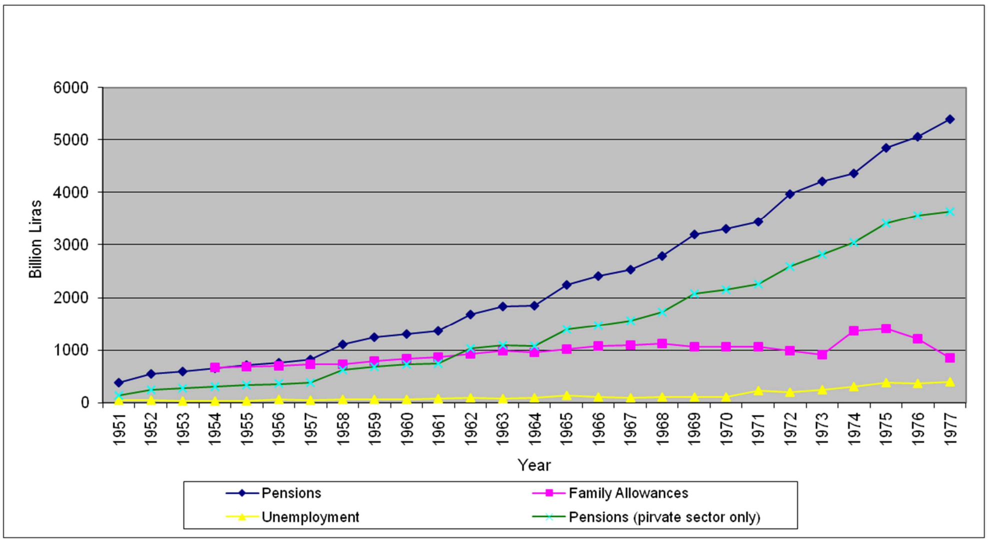
[7] See also Baldwin (1990); Flora (1986); Ferrera (1993); Manow and Van Keesbergen (2009) on the original critical juncture and the policy options available to policy makers.

contextual factors on policy choices, especially as regards the labour market ; 2) a better "grasp" on *ideational factors* behind both the "pension syndrome" and the "ambiguous familialism" - according to the well-known expression by Chiara Saraceno (1994) – of the Italian welfare model, that may be connected with the catholic-communist background (*catto-comunismo* in the Italian jargon) of the main political and social actors in the various critical junctures; 3) a more effective account of the role of *party competition*, in order to shed light not only on particularistic and clientelistic degenerations, but also of centrifugal tendencies stemming from the logic of "polarized pluralism" and the consequent syndrome of "blocked democracy" - i.e. weakly legitimized democracy without alternation in government.
The general nexus between party competition and social policies has already been highlighted by previous writings of these authors (Fargion, 1997; Ferrera, 1994; Ferrera and Jessoula 2007, Jessoula 2009): in the last section we will thus apply a modified version of Lynch's explanatory framework to provide a synthetic interpretation of Italian anomalies.

4. The double distortion: tracing the footprints

Data presented in section 2 have shown that the double distortion of the Italian welfare state took off in the 1950s and then accelerated during the 1960s and the 1970s (see also figure 6 below). Table 2 summarizes the main junctures of this evolution in the various policy fields. In the following, however, we will mostly focus on the two most relevant (in term of total expenditure, see figure 7 below) as well as dynamic (in terms of upward/downward expenditure trends) policy fields, that is pensions and family allowances[8]. Paragraph 4.1 and 4.2 provide an illustration of the Italian trajectory in the two fields.

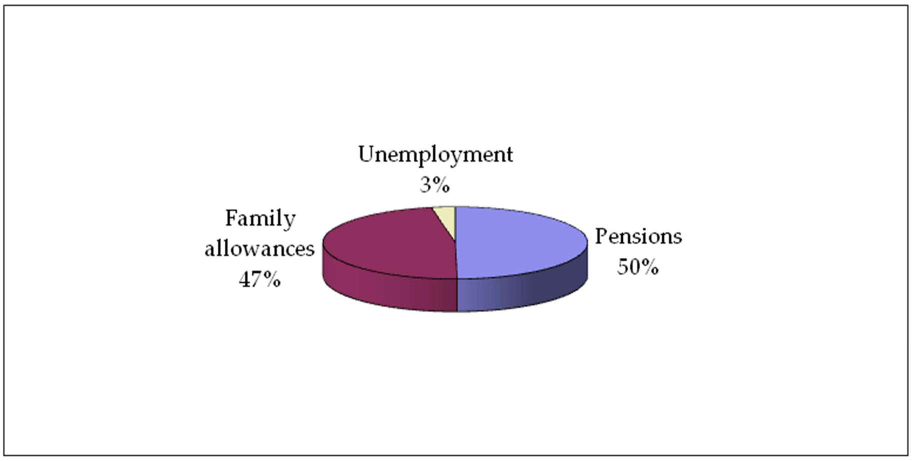
Figure 6. Expenditure for pensions, family allowances and unemployment subsidies, Italy 1951-77 (billion Liras, constant value).



Source: Ferrera, Fargion, Jessoula (2012).

[8] An excellent reconstruction and comparative explanation of the anomalous Italian trajectory in the field of unemployment insurance has been recently offered by Picot (2012).

Figure 7. Expenditure for pensions, family allowances and unemployment subsidies, Italy 1955



Source: Authors' elaboration on Ferrera (1984).

Table 2. Main steps leading to the double distortion, 1945-1975

	Pensions	**Unemployment**	**Family allowances**
1940s	1945-47: first paygo funds	1947: *short-time work schemes* (*Cassa Integrazione Guadagni-CIG*) 1949: Public monopoly on placement services	
1950s	1952: minimum pension supplement 1956: baby pensions 1957: coverage extension, agricultural workers 1958: increase benefit levels 1959: coverage extension, artisans	1956: compulsory unemployment insurance in the agricultural sector	1952: family allowances for public employees 1955: reform of family allowances in the private sector
1960s	1962: increased benefit levels 1963: increased benefits levels 1965: increased benefit levels, seniority pensions in private sector 1966: coverage extension, dealers/shopkeepers 1968: earnings-related system 1969: social pensions, seniority pensions, increased benefit levels	1963: short time schemes more generous 1968: new short time schmes, *Cassa Integrazione Guadagni Straordinaria - CIGS*	1967: family allowances extended to the agricultural sector 1968: family allowances extended to unemployed 1974: family allowances extended to retirees
1970s	1975: more generous indexation	1970, 71,72,75,77: CIG and CIGS reinforced	

4.1. Pension expansion: a source of fiscal unsustainability and distributive iniquity

Italy got off to an early start in pension provision, introducing in 1864 compulsory coverage for public employees and civil servants, followed in 1919 by compulsory insurance for private employees with earnings under a pre-defined threshold. The latter scheme – which was the consequence of the failed take-off of voluntary pension insurance introduced in 1898 for blue-collar workers[9] – was state managed, pre-funded and provided very low DC benefits.

After 1919, the system followed the Bismarckian path with separate occupational schemes and at the end of the Second World War coverage was limited – a major part of private sector employees was still excluded as well as the self-employed - and paid benefits were modest. Things changed, however, in the *Trente Glorieuses*. The PAYGO method was gradually introduced already in the aftermath of the war in order to preserve the level of pensions, which had been drastically reduced by the erosion of reserves due to very high inflation. After 1945, pension financing were thus managed via a mixed system—partly funded and partly PAYGO with the latter then massively exploited to reinforce the pension system.

In 1945-75, the evolution of the Italian pension system resembled that of many Bismarckian countries and followed three main trajectories: (i) strengthening poverty prevention schemes by introducing a "minimum pension supplement" for retirees entitled to too low contributory pensions (1952) and a social pension, i.e. a means-tested scheme for elderly over 65 years (1969); ii) coverage extension to protect the various categories of workers, and especially the self-employed that have traditionally represented a relevant share of total employed population (over 20%); iii) the gradual increase of benefit levels (1958, 1962, 1963, 1965) till the switch to an earnings-related system for dependent workers in 1968, subsequently made more generous in 1969. After the 1969 reform, benefits paid about 80 percent of reference earnings after 40 years of insurance and the system became fully PAYGO.

So far, nothing really new in comparative perspective. However, the ''distributive slippage'' (Ferrera 1998)[10] in the field of pensions took on very peculiar traits in Italy.

First, it was supported by rapid economic growth and eased by the early and undisciplined conversion of policy-makers to deficit spending, which shifted the burden of welfare state financing onto public debt—and onto future generations (Ferrera and Gualmini 2004).

Secondly, due to the occupational segmentation of the pension system, old-age (and disability) policies emerged as the typical currency of political exchanges. During the 1950s and the 1960s, pension policy became the realm of different interest groups exerting ''micro-corporatist'' pressures on either the government or individual parties in the governmental majority. Against the politico-institutional background sketched in the previous paragraphs, the best strategy of survival for weak and unstable Italian cabinets was thus to respond to all the inputs and micro-demands coming from social and political groups, by multiplying particularistic laws and regulations in order to distribute advantages and benefits to those social categories whose electoral support was particularly important.

A clear example of such developments was the introduction of very favorable *seniority pensions* for public sector employees (1956) who were allowed to retire after only 20 years regardless of age - so-called ''baby pensions'' - followed by ''seniority pensions'' provision for private sector employees (1965) and self-employed workers (1965) that permitted them to retire after 35 years,

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[9] This first experiment failed mainly because the scheme was voluntary and blue-collar wages were low, so it was difficult for workers to afford to participate (Cherubini 1977).

[10] Social policies, originally crafted as re-distributive measures, turned into distributive policies, offering concentrated benefits to selected social groups while dispersing and obfuscating their costs

even prior to reaching retirement age. The 1956 reform, which was actually enacted by Decree without proper discussion in Parliament, was adopted under pressure by the Catholic union CISL – competing with the social-communist union CGIL to gain consensus among public employees (Jessoula 2009, 2011). This measure quickly turned into a major source of fiscal deficits as well as inter-professional iniquity – due to the different rules for those employed in the private sector. Other evidences are provided by coverage extension to self-employed workers in the agricultural and the arts and crafts sector. In both cases, the newly introduced PAYGO schemes presented "structural deficits" from the very beginning, as contributions were set at a too low level, the gaps to be filled by general revenues. Crucially, in the course of the policy-making process, it is possible to observe the change in government's original preferences - regarding phasing-in periods, the contribution by the state budget and other rules – towards communists' policy positions. This mechanism also operated when benefit levels were raised in 1959, 1962, 1963, 1965, all expansionary interventions that were rarely preceded by serious forecasts on their impacts - virtually no pension expenditure projection was carried out until the late 1970s. Such a "sliding" process of government preferences always led to the adoption of more generous rules and may be acknowledged by analyzing the pattern of political competition in the First Italian Republic (see below par. 5).

The continuous and fiscally irresponsible response to particularistic claims had dramatic consequences on pension expenditure and public finances. Pension expenditure relative to GDP, which passed from 4.0% in 1960, to 6.8% in 1970 and 10.8% in 1980 already (Ministero del Tesoro 1981), and huge imbalances in the accounts of the National Social Insurance Institute (INPS) and other autonomous funds[11].

At the end of the golden age, the result of such political bargains was a bizarre pension system: generous, costly and extremely fragmented along occupational lines, with many different schemes for the various employment categories, each with peculiar regulations about eligibility conditions, contributions and benefits. Pension arrangements, as seen above, critically contributed to both the functional and the distributive distortion of the Italian welfare state.

4.2. When Italy abandoned family support, and why.

Studies on Italian family policies always emphasize the role of Fascism in introducing family allowances, and usually connect them to the regime's demographic goals. However, following Fascist trade unions' pressure, family allowances were originally established to compensate industrial workers with large families for the reductions in working hours which were introduced in the early 1930s to create new jobs in a context of mass unemployment. As the economy recovered during the mid-thirties the program was also extended to agricultural workers and then swiftly linked to the regime's demographic ambitions.

In spite of the start under the Fascist regime, the story of family allowances in Italy is actually more complex and historical accounts tend to devote far too little attention to what happened in the fifteen years following the collapse of the authoritarian regime and the return to democracy. This time period is crucial in the long-term perspective because the distorted pattern of Italian social spending originated precisely during those years. Surprisingly, as compared to current figures, table 3 shows that Italian public expenditure for family benefits was actually higher than pension spending throughout the first part of the 1950s.

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[11] This was possible because INPS was allowed to run deficits that were compensated by annual transfers from the public budget.

Table 3: Expenditure for Income Maintenance Programs in the Private Sector, Italy, 1952-1955, (billions of current lira)

	1952	1953	1954	1955
Pensions	*169*	*198*	*222*	*274*
Family benefits	*209*	*273*	*303*	*323*
Unemployment	*20*	*21*	*19*	*21*
Tuberculosis	34	35	39	42
Sickness benefits	81	96	106	120
Work injuries,	27	27	31	36
Work injuries,	3	4	4	5

Source: Commissione Parlamentare di Inchiesta sulle condizioni dei lavoratori , Vol. XI, Parte I- Aspetti statistico-finanziari.

This internal distribution of social expenditure was in accordance with the profile of social spending which the newly established Republic inherited from the Fascist Regime. In fact, in this policy area, the 1950s witnessed great continuity, with only incremental adjustments to the 1940 law on family benefits. The latter re-arranged pre-existing programs and most importantly introduced a separate administration for family benefits (*Cassa Unica degli Assegni Familiari*) within the major social insurance fund, INPS, which maintained the same financial arrangements until 1960.

Despite the climate of ideological confrontation typical of the 1950s, there was widespread *consensus* on the *nature* and *function* of *family benefits*. Christian Democrats and Communists agreed on the basic principles underpinning what many years later Lewis and Ostner (xxx) labeled "the *male breadwinner model*". The following statement by the 1957 Parliamentary Inquiry Committee on workers' living conditions is illuminating:

> The traditional wage system causes a number of inequities, in spite of the apparent fairness. Two workers who do the same job for the same firm, and are equally cleaver in doing their work, will receive the same hourly pay and at the end of the week will get the same pay check. However, if the first one, for instance, has to support only his wife, while the other has to support a large number of children, who are too young to work, and perhaps even his disabled parents, there can be little doubt that – in spite of the household heads having exactly the same social, occupational and salary position - the standard of living of the two families will greatly differ, with the larger family suffering from the greatest hardship […] The combination of wages and family benefits determines in a quite satisfactory way the so called *family wage*, that is to say that particular wage system which – by considering the different composition of various households – tends to eliminate the abovementioned disadvantages which are produced by a rigid implementation of the general principle of "equal pay for equal work".[12]

Yet, to fully understand what family benefits represented within the Italian social protection system of the 1950s, one needs to consider two specific aspects: the profile of beneficiaries as well as funding arrangements. As for beneficiaries, first, the extremely fragmented nature of family allowance schemes must be kept in mind, with considerable variation in benefit levels

[12] Camera dei deputati, Atti della Commissione Parlamentare di inchiesta sulla condizione dei lavoratori in Italia, 1957, vol. XI, *Previdenza Sociale*, p. 871.

for the eight different occupational categories of covered employees. However, institutional fragmentation and especially what might appear as bizarre differences in the benefit level for different family members among the various occupational sectors, only tells us one part of the story. To get the full picture, it is necessary to analyze in greater detail which family members were entitled to benefits and the geographical distribution of the relevant expenditure. In contrast to most other countries, family benefits were granted to workers' parents but coverage could be extended to a long list of other relatives by a simple declaration by the worker saying that he was responsible for supporting brothers, sisters, nephews and other family relations. Under these circumstances, it was legally possible for a worker to receive family allowances for as many as fifteen to twenty people.

Table 4. Social contributions and family benefits in the industrial, the trade and the agricultural sector by Region,(in current Liras) 1960.

Regions	**Industry**		**Trade**		**Agriculture**	
	Revenues: Social contributions	Expenditure: Family benefits	Revenues: Social contributions	Expenditure: Family benefits	Revenues: Social contributions	Expenditure: Family benefits
Piedmont	53, 300,007	29,959,037	3,680,782	1,834,735	946,054	990,264
Valle d'Aosta	1,400,342	1,291,983	113,846	62,449	2,478	27,059
Lombardy	111,626,538	70,466,147	12,481,542	7,200,770	2,939,036	5,455,843
Trentino A-A.	4,525,601	4,845,613	1,398,875	841,139	79,172	303,787
Veneto	24,870,349	25,059,989	3,872,769	3,328,799	958,127	2,315,267
Friuli V.G.	8,144,492	7,160,068	1,551,414	938,582	132,072	234,912
Liguria	19,914,127	15,142,305	2,893,058	1,506,530	67,616	63,987
Emilia-Romagna	24,254,521	18,187,571	4,210,965	2,643,462	2,074,124	2,673,869
Tuscany	24,384,197	20,873,713	3,099,333	2,258,151	523,869	877,162
Umbria	3,833,674	3,928,566	389,166	329,357	91,504	311,759
Marche	4,702,451	5,122,025	713,991	610,410	92,484	194,106
Latium	24,390,186	25,888,932	5,837,232	4,804,045	877,097	1,696,116
Abruzzo/Molise	3,566,168	5,386,082	538,087	647,523	85,980	418,907
Campania	17,779,097	33,526,390	3,356,345	6,671,720	425,722	2,201,825
Apulia	7,395,235	15,703,249	1,744,272	4,134,233	1,470,870	7,662,456
Basilicata	1,511,277	2,866,601	148,963	458,629	163,078	1,053,471
Calabria	4,186,257	9,932,363	759,218	2,078,491	556,176	2,793,983
Sicily	*13,492,901*	*23,770,221*	*2,941,520*	*5,552,524*	*950,148*	*7,847,590*
Sardinia	5,543,939	9,992,786	713,236	984,935	488,550	1,840,443

This situation allowed for widespread misuse of the program, especially in economically deprived areas, mainly in the South. The large number of court cases[15] in those years confirms that fraudulent behavior on the part of employees, and also on the part of employers, was not rare. Perhaps even more interesting is that politicians and trade union officials openly showed a benevolent attitude towards this state of affairs. By examining cash flows for family benefits in the different parts of the country one can begin to understand why this kind of misuse was not openly condemned. Table 4 addresses this issue by providing 1960 regional data on revenues and spending for family benefits in each of the three main occupational sectors of salaried

[15] Evidence can be found in the 1950s and 1960s issues of "*La Rivista Italiana di Previdenza Sociale*" which regularly covered Court judgements on the topic and also usually published experts' comments.

workers. The evidence presented in the table shows a very remarkable redistribution from the Northern to the Southern part of the country[16] for the industrial and the trade sector, while agriculture displays a negative balance between social contributions and benefits throughout the country. In the case of Sicily, for instance, benefits were eight times higher than the contributions which were collected in the region that year.

Against this backdrop, one can better appreciate the following statement published in the official journal of the social insurance fund, INPS:

> "The current system might enhance fraud attempts, but we should not forget that in fact what is certainly a fraud also achieved the goal of alleviating poverty among the people who have not benefited from the golden rain of the economic miracle or have received only a few drops of it; in many cases it served to guarantee social peace in economically depressed areas; in other cases it granted more humane living conditions to under-occupied categories of workers - in conjunction with a benefit which is inappropriately named agricultural unemployment compensation but is in fact another wage complement." (Masini 1961, 15)

The evidence presented thus far suggests that Italian family benefits did not work exactly in the same way as in other Bismarckian welfare states. While formally part of the social insurance system, family benefits in the Italian case were not granted on the basis of standardized and highly institutionalized procedures. Quite to the contrary, the existing scheme allowed for considerable discretion in identifying beneficiaries – a feature which is typical of public assistance rather than social insurance. This logic and the operational management of family benefits during the 1950s and 1960s reinforces Ferrera's (1996) argument regarding the Southern model of welfare. According to the author, Southern European countries display a dualistic system of income maintenance: "on the one hand, we find a group of hyper-protected beneficiaries who are included in the citadels of *garantismo*: typically public employees, white collar workers and private wage-earners of medium and large enterprises working on a full contract with job security. [..] On the other hand we find large numbers of under-protected workers and citizens, who only (occasionally) draw meager benefits and may thus find themselves in conditions of severe hardship. Typically irregular workers in weak sectors without job security: small enterprises, traditional services and agriculture." (Ferrera 1996, 20). In Ferrera's view, it is precisely, the weak sectors of the labor market that "have offered a favorable ground for the emergence and expansion of a clientelistic market in which state transfers to supplement inadequate work incomes are exchanged for party support" (Ferrera 1996, 25). This argument specifically refers to invalidity pensions and agricultural unemployment benefits[17]; although in the case of family benefits there is no "real exchange of individual votes for individual benefits", there is plenty of judicial evidence showing the widespread misuse and manipulation of the program under consideration.

Funding arrangements add a further piece to this puzzle. First of all, family benefits were financed on the basis of a strict PAYGO system. In other words, social contributions were adjusted yearly depending on the amount of benefit spending. Given the rising level of expenditure, in the early 1950s contribution rates were increased repeatedly. Whereas in 1952 the rate for the industrial sector was already as high as 22.50, only four years later the

[16] The first eight Regions listed in table 4 are in the Northern part of the country; Tuscany, Umbria, the Marches and Latium belong to Central Italy, while the remaining seven Regions are in the South (Sardinia is usually included in this latter group). The term *Mezzogiorno* is also used when referring to Southern regions and the two major islands Sicily and Sardinia.

[17] For unemployment benefits in agriculture the clientelistic syndrome is well documented for Spain from the mid-1980s to the mid-1990s (Ferrera, 1996 and literature thereby cited).

corresponding figure reached 32.80 (!!), compared to 9 percent for pensions and 6 percent for sickness insurance. However, due to the existence of a salary cap, the effective weight on labor costs was in fact very different depending on the size of the firm; the impact was heaviest for small firms as they usually paid a salary lower than the 900 lira daily ceiling. Large firms, instead, ended up by paying an effective rate of about 20% of the average worker's salary. Therefore, on the one hand, the funding system was biased in favor of large industrial plants, on the other hand, the fact that a salary cap only existed for this program and for the temporary unemployment scheme confirms – as noted above - that family benefits were largely perceived as having a social assistance rather than a social insurance function.

The situation described so far begins to change from the late 1950s and early 1960s onwards. Table 5 provides clear evidence of the inexorable decline of family benefits as a percentage of the Italian GDP. Figures drop from 2.39% in 1960 to 1.66% at the end of the decade, falling even further during the next twenty years to reach as little as 0.61% of GDP in 1990.
The 1950s and the 1960s appear in sharp contrast also in regard to the contribution family benefits provided to household budgets. Whereas at the beginning of the 1960s the average family benefit represented 10% of per capita GDP by the end of the decade the corresponding figure was only 5.3%. Benefit levels were upgraded but not enough to keep pace with the extraordinary economic growth during those years.

Table 5: *Family benefits as a percentage of GDP, Italy 1960-1990*

Years	*Family benefits*	**Years**	*Family benefits*
1960	*2.39*	1976	*1.36*
1961	*2.31*	1977	*1.02*
1962	*2.30*	1978	*0.95*
1963	*2.14*	1979	*0.82*
1964	*2.02*	1980	*0.83*
1965	*2.10*	1981	*1.01*
1966	*2.08*	1982	*0.87*
1967	*1.96*	1983	*0.83*
1968	*1.96*	1984	*0.77*
1969	*1.66*	1985	*0.67*
1970	*1.51*	1986	*0.56*
1971	*1.43*	1987	*0.52*
1972	*1.29*	1988	*0.55*
1973	*1.09*	1989	*0.66*
1974	*1.50*	1990	*0.61*
1975	*1.66*		

Source: D. Franco (1993, 119-120)

This helps introduce the discussion regarding *Italy's abandonment of family support* - in favor of pensions. Family benefits were crucial during a period which was characterized by salary stagnation as a result of extreme weakness on the part of workers' trade unions and leftist parties, following the 1948 electoral defeat. In fact, while the cost of living and gross salaries increased by 9 and 10.9% respectively between 1951 and 1954, during the same period family allowances increased by 51%. The downward trend started in the early years of the Italian economic miracle in 1958 and the simultaneous strengthening of worker unions. It is possible that worker unions promoted a different balance between the relative generosity of family benefits and wage increases, especially considering who was actually benefiting from the existing program. In fact, after ten years of salary stagnation, the trade unions were able to negotiate substantial salary increases in the contract renewals of 1957-58 and this trend continued throughout the 1960s.

By considering, on the one hand, the drainage of resources from the Northern rich "industrial triangle" (Milan-Turin-Genoa) to the impoverished South of Italy (as documented by table 4) and, on the other hand, the heavy concentration of trade union membership in the North of the country, the lack of strong action by the unions in favor of family benefits is not surprising.

Nevertheless, in 1961 the development of this policy area could have taken a completely different path. In 1960 Amintore Fanfani (Christian Democrat) became Prime Minister and brought into his Cabinet a strong representation of the socially oriented left wing of the Christian Democratic Party. This opened a "political window" for overcoming the chaotic fragmentation of family benefits and the blatant inequities of the funding system. Indeed, the Social Affairs Minister Fiorentino Sullo immediately presented a draft bill to Parliament which, in his words, was supposed to "lead the way to a (read: universalistic) social security system[18]."

The bill, which was passed into law in October 1961, introduced major changes both on the revenue and the spending side. Benefit levels were homogenized; a decision which led first to a strong benefit increase for the agricultural sector. According to the Minister, "all workers should be treated if possible in the same way with respect to sickness and family support: one cannot draw a distinction between a blue-collar worker of Italy's largest industrial firm - FIAT – and a Sicilian farm laborer." But, note: "In the case of pensions, the goal should be different, because it is not enough to guarantee a minimum to everyone…it is fair and necessary for pensions to be in line with the salary curve at the end of the working life so that the pension is tightly linked to the worker's past activity and productive capacity."[19]

If one turns from political discourse to real policy implications, the upgrading of family benefits in the agricultural sector appears to be a reaction to the massive migration from Southern regions to the Northern part of the country. But what really triggered government's action was the need to find a solution to the permanent imbalance in a number of occupational schemes, and especially the agricultural one. Accounting procedures had always been kept rigidly separate for each category. Schemes running a deficit were allowed to borrow money from schemes running a surplus, but had to pay interest on the transaction. In contrast to this cumbersome system, the idea of merging all the schemes into the same fund, and enabling the use of money irrespective of where it came from, proved very appealing. The government managed to change the funding of the system along these lines but was not as successful in the attempt to eliminate the salary cap altogether in order to get rid of the privileges enjoyed by large firms as compared to small firms. It is most interesting that the final text was the result of a tripartite agreement with the industrial employers association Confindustria, and the major unions CGIL and CISL, which represented leftist and catholic workers respectively. The bargaining process led to a substantial decrease in the contribution rate, but a salary cap was maintained until 1964. The cap was increased from 900 to 2500 Liras for the industrial sector, but large firms managed to lose much less than originally envisaged by the government.

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[18] Senato della Repubblica, III Legislatura, *Atti Parlamentari – Resoconti delle Discussioni*, vol. XXVI, session 468, p. 21816

[19]*Ibidem* p. 21815.

Subsequent events demonstrate that the "political window" which allowed the introduction of the 1961 law was quickly closed as Italy moved to centre-left governments in the 1960s. This might seem paradoxical, but the considerable electoral losses the Christian Democratic Party and the Socialist Party suffered as a result of their decision to form a governing coalition - which evoked disapproval by part of their electorate - induced both parties to opt for a very cautious approach to policy making. Throughout the 1960s the decision to eliminate the abovementioned salary cap was continuously postponed to the advantage of industrial employers. In addition, trade unions did not openly side in favor of an adequate upgrading of family allowances. This required an increase on the revenue side and therefore implied lifting the salary cap on contribution rates. However, unions' priorities were shifting increasingly in favor of pensions. Migration to the industrialized Northern regions left the weaker and less organized farm laborers in the South, while the trade unions increased their membership in the Northern part of the country, representing primarily the interests of the core labor force. Within this context, family benefits were increasingly funneled to the peripheral sectors of the labor force. Accordingly, coverage was extended to small farmers and the unemployed, in 1967 and 1968 respectively. The industrial workforce was more interested in upgrading the dramatically low level of pensions, and managed to achieve its goal with the introduction of earnings-related pensions in 1968.
Under these circumstances, in Italy family benefits are a victim of the political dynamics typical of the Southern model. The core sectors of the labor force were able to obtain job security and peaks of generosity for themselves, especially with respect to certain risks, first of all old age, while disregarding the macroscopic gaps existing in the overall system of social protection.

5. Making sense of the double distortion

As suggested in section 3, in order to interpret the policy choices of the 1950s-1970s three different elements must be considered: 1) the *socio-economic background*; 2) *cultural attitudes* of major actors and, 3) *political competition*.

In the aftermath of World War II, Italy was affected by two major social problems: poverty in old age and low labor demand. The first problem was directly linked with the underdevelopment of the pension system introduced in 1919: benefits were very low and many elderly did not receive pensions because the coverage was limited to public employees, industrial workers and the private employees below a wage threshold. Though the ambitious plan to reform social protection and combat poverty in old age – put forward by the D'Aragona Commission – was never enacted, Christian-Democratic governments in the 1950s adopted expansionary measures in the field of pensions in order to provide better protection to the elderly.

The labor market was still characterized by high backwardness, especially in the agricultural sector which employed a comparatively high percentage of workers the unemployed were around 4 million and hundreds of thousand were seasonal and irregular workers. In such conditions, the priority for Italian government was to foster regular employment rather than protecting the unemployed. While in most other European countries the post-war reconstruction of the welfare state occurred in already (or almost) industrialized economies – employment in the industrial sector averaged 40% in Europe – Italy was lagging behind, with only 25% employed in the secondary sector. Therefore, in the critical juncture of the late-1940s and the 1950s, the *development stage* Italian *economic structure* led to very peculiar problems as well as to policy options which differed from those adopted in other countries: the top priority was, in fact, the promotion of (industrial) employment, while channeling a modicum of resources via (often fraudulent) subsidization of weaker areas, sectors and social groups. .

5.1. Cognitive and cultural attitudes: the grip of "traditionalism"

Turning to cognitive and cultural factors, dominant attitudes in the 1950s displayed very traditional features, with a strong gender bias towards male employment as well as familialism and a favorable predisposition towards the protection of old age. The Church's social doctrine - channeled through the vigorous words of Pope Pius XII – emphasized the role of the family and the need of protection against social modernization. The "family wage" – that is the wage earned by the male breadwinner integrated by family allowances as well as supplements – in combination with the reinforcement of the gender division of labor represented two crucial instruments in the fight against modernization. The introduction of very favorable seniority pensions for public employees in 1956 was actually justified by referring to the traditional role of women as wives and mothers. This traditional and sexist orientation of the political culture in Italy was not a prerogative of the Christian-Democrats and the right wing parties only, also penetrating – at least to some extent - left opposition parties (socialists and communists) and the trade unions. The universalization of family allowances – which presupposed to conceive the latter as welfare provisions for children – actually never appeared in the public debate, differently from what happened in France, Germany and the Netherlands.

In addition, by the mid-to-late 1950s, pensions reached the top of the political agenda and family policy was gradually sidelined. A crucial contribution to this was the importance attributed to pensions by opposition parties from the left, and especially the communist which conceived contributory pensions as "deferred wage": in the conflict between capital and labor, pensions thus had a major symbolical salience, in addition to the practical importance in guaranteeing security in old age.

This leads to introduce political competition dynamics in our analysis. If, on the one hand, the socio-economic background and the dominant political culture structured policy makers' functional agenda, thus affecting choices that paved the way to the emergence of the functional distortion, the distributive distortion has much to do with party competition.

5.2. The role of political competition: pension as formidable "anchors" for the new democratic regime

After watershed elections in 1948, the Italian party system assumed the traits of the so called "polarized pluralism" model, the peculiar syndrome Giovanni Sartori (1996, 1972) depicted by the following elements: high *fragmentation* - i.e. pluralism, with more than 5 parties, actually seven in Italy during the First Republic[20] – combined with high ideological distance – i.e. *polarization* – with anti-system parties (mainly the post-fascist party MSI and, at least through the late 1970s, the communist party PCI), stable occupation of the centre of the political

[20] During the First Republic the Christian Democratic Party (DC) was always the biggest party, gaining more than 30% of votes in most elections between 1948 and 1992. Next to the DC were two relatively small, non-confessional parties (*laici*): the Republican Party (PRI) and the Liberal Party (PLI). The left wing of the spectrum was occupied by the Communist Party – the second most important political group in terms of electoral results – and two parties with socialist roots, the Socialist Party (PSI) and the Social Democratic Party (PSDI). On the other side of the political spectrum the neo-fascist party (MSI) occupied the extreme right. Finally, the Radical Party was an outsider in this representation, as its positions on many issues cut through the left-right dimension. Electoral results showed a very high, and relatively stable, share of votes for the three bigger parties (DC, PCI, PSI), which between them attracted more than 70% of votes in the period 1972-1987. Also, it must be kept in mind that the electoral system was fully proportional that transferred the complexity of the party system into Parliament.

spectrum by the Christian-Democratic party DC, bilateral oppositions (on the left and on the right)[21]. All this translated into a highly demagogic and ideological confrontation between the main political forces, ultimately leading to centrifugal tendencies and, potentially, system disintegration and the fall of the democratic regime (as occurred in the German Weimar Republic). This syndrome emerged in the 1950s already, that is in the period of democratic consolidation. Against such background, pensions became the target or, from another perspective, the trigger, of political competition, especially between the two major parties: the Christian-Democrats permanently representing as the pivotal party of governmental majorities, and the communists (PCI) permanently relegated on opposition benches due to the so called *conventio ad excludendum* – a Latin formula referring to an informal agreement between pro-system, i.e. pro-democratic regime, parties aimed at preventing the formation of governmental coalition which included PCI.

Pensions are actually entitlements which may be distributed selectively to the various social and professional categories, thus providing concentrated benefits by spreading costs (Ferrera 1998) – through specific funding arrangements – or even shifting them onto future generations – via public deficit/debt. Under favorable demographic and economic conditions – a very young population and high economic growth since the late 1950s – the political usage of pensions then represented an irresistible temptation for political élites: particularly, the Christian-Democrats, committed to the stabilization of a highly contested and weakly legitimate political regime, vis a vis the communists, struggling not only to expand social rights, in line with their "genetic code"[22], but also to extend the grip beyond their traditional constituency (industrial workers) by winning the political support of crucial categories – such as public employees, agricultural workers and artisans. Due to the pattern of political competition outlined above, pension expansion was thus characterized by high occupational segmentation and extreme fiscal irresponsibility. Two specific mechanisms led to these outcomes: first, what Sartori called "*leapfrogging politics*" which led to the *sliding* of government positions towards opposition's policy preferences mentioned above.
L*leapfrogging politics*" refers to is the practice to offer generous benefits through a series of low cost, but progressively more and more expensive, social measures in order to gain the support of the various social categories. And the main trigger of this open-ended expansionary process was the already illustrated *conventio ad excludendum*: being excluded "by default" from

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[21] In terms of overall configuration, the system showed at least three intersecting cleavages. The first cleavage concerned the acceptance of the democratic regime — as well as its allegiance to the Western foreign policy alliance — and was labeled the pro/anti system cleavage, with the extreme right and left wings (MSI and PCI) in the anti-system position – at least until the 1970s in the case of the Communist Party – and the center Christian Democratic Party playing the role of the "guardian" of the democratic system. The second cleavage separated confessional parties (DC, MSI) from non-confessional ones, while the third cleavage occupied the classical right-left dimension. The latter was dominated by the antagonism between two confronting subcultures. The Catholic subculture, which sustained the Christian Democratic Party because of the explicit support of the Church for the latter, had deep roots in the North-Eastern part of the country and also prevailed in the South; on the other hand, the socialist subculture fuelled both the Communist and the Socialist Party and it had a strong grip in central regions. Despite such regional differences it is important to stress that a territorial cleavage was never activated until the late 1980s.

[22] In the field or welfare, Italian communists showed a very pragmatic attitude, favorable to social entitlements expansion.

participation to government coalitions, the Communist party (as well as the MSI) had no incentives to moderate their political promises as they were sure they would have never had to deliver. If opposition parties could not be called to respond for their politico-electoral promises, and they were thus "irresponsible" in advancing their requests, similar incentives operated for governing parties and especially the DC. In order not to lose votes, the Christian-Democrats had to make counter-promises. However, what is crucial here is that, first, the stake of the game was not simply to win elections, but the consolidation of the democratic regime itself; second, also governing parties were politically irresponsible, and in order to gain the critical support of some social categories – and then enhance regime legitimacy – pensions could be expanded well beyond the limits of fiscal sustainability and inter-categorical fairness. In a nutshell, pensions were used to "anchor" democratic regime (Morlino 2008). The introduction of very favorable seniority pensions for public employees (1956) as well as the segmented extension of coverage to various categories - starting with all private employees (1950) and then agricultural workers (1957) and artisans (1959) whose funds presented deficits "by design" - suggest how the "battlefield" was mainly constituted by low (self-employed in the agricultural and the arts and crafts sector) and middle (public employees) income groups.

6. Preliminary conclusions

The purpose of this paper was to document and account for the double distortion of the Italian welfare state: the functional distortion, privileging old age at the expenses of all other social risks (with the only exception of health care); the distributive distortion, privileging insiders (i.e. male employees in large enterprises as well as public employees) at the expenses of outsiders (most notably women, young jobseekers, workers entirely relegated within the black economy).

Our analysis has shown that the double distortion took shape already in the 1950s, and accelerated almost exponentially in the subsequent two decades. The distortion was the outcome of policy choices made during the *Trentes Glorieuses* – choices that unbalanced both the age and the distributional orientation of the Italian model of welfare towards old age and insider protection.

Within the wider explanatory framework outlined by Lynch (2006), we have argued that Italian developments have been prompted by a three pronged causal constellation consisting of economic and labour market backwardness (especially in the South), cultural traditionalism (especially in respect of the "appropriate" role of the family and of women) and a polarized party system generating centrifugal and irresponsible electoral competition. The latter element (which is a more specific and at the same time more powerful variant of what Lynch has called "particularistic" competition) turned the first two prongs – i.e. contextual predispositions of a socio-economic and cultural nature- into a full-fledged political engine for a distorted expansion of the welfare state, which protracted itself up through the 1990s. Only in the wake of the Maastricht process, entry into the EMU and the transition from the First to the Second Republic did the party system reconfigure itself and, under the spur of increasing external constraints, finally embarked upon a strategy of reform and recalibration, gradually ironing out both distortions (Ferrera and Gualmini, 2004; Ferrera 2012).

Though prompted by a national puzzled and circumscribed to the in depth exploration of a single case, we believe that our analysis may have wider and promising implications for comparative welfare studies. At the theoretical level, it invites a more articulated attention of the political logics accompanying welfare state developments, casting more light on two (inter-related) aspects in particular: the type of inter-party competition and the role of anti-system parties –especially Communist parties characterized by high blackmail power in electoral arenas. In comparative-historical terms, our analysis invites a more systematic link between the

Italian experience and those of other national cases displaying similar traits: not only other Mediterranean countries (Gal, xxx, Sotiropoulos, xxx) but also Latin American countries, which have only recently embarked upon trajectories of welfare state modernization. For such countries, the Italian case might serve both as a potential explanatory benchmark and as a source of useful policy learning.

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