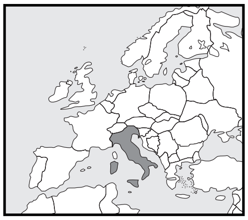
ITALY

New welfare, new gaps

Martino Mazzonis
Alessandro Messina
Silvia Stilli
Raffaella Bolini
Soana Tortora
Francesco Petrelli
Marco Zupi
Marina Ponti
Sabina Siniscalchi



With a view to increasing economic and organisational efficiency most of the agencies providing public goods and services have been privatised. Given that no clear guidelines were set for establishing criteria for, and restrictions on, the discretionary power of the local governments, this reform will reduce unity and coherence of political choices across the regions. It will potentially increase disparities among regions in a country where regional economic and social imbalances are already huge.

A dangerous retreat

One effect of globalisation is the weakening role of the State as guarantor of universal rights and redistributor of wealth. In Italy, as in other countries, most of the agencies providing public goods and services have been privatised, with a view to increasing economic and organisational efficiency. (Anyone who has read Dilbert knows, however, that companies large enough to manage public services are at least as slow and cumbersome as public bureaucracy, if not more so).

Furthermore, Italy, which is near the bottom of the scale in Europe in public spending for education, the environment and unemployment, is undergoing a reduction in tax revenue. This process, which favours mainly the upper classes[1], was initiated by the centre-leftwing government through a change in the tax rates on personal income. It is increasing social and economic polarisation in a country where, according to the Banca d'Italia (the Italian Central Bank), 10% of the population held 46% of wealth in 1998.

The policies sustained during the first months of the new centre-right government appear to be exacerbating this trend. Since the third-quarter of 2001, Italy has become the only OECD country without inheritance tax and tax on charitable donations. It has announced that it will be the first to abolish the principle of progressive taxation, with a view to setting only two, very similar, tax rates.

Federalism and subsidiarity are the leading principles in the recently accelerated process of transferring power from the central to the local level. We are dealing with an ideological and extreme interpretation of these principles. Public power is receding and society and the market are to organise themselves. Only where a real necessity is identified (but who is to decide?) does the State intervene. In the last year in Italy, political decisions were taken based on the principle of subsidiarity to reform the Constitution to grant more power to the regions. No clear guidelines were set, however, for establishing criteria for, and restrictions on, the discretionary power of the local governments. Hence territorial homogeneity of services, performance and rights is not guaranteed. This reform will reduce unity and coherence of political choices across the regions. It will potentially increase, rather than reduce, disparities among regions in a country where regional economic and social imbalances are already huge.

It seems that equality – be it territorial, generational or any other – is not among the pillars that sustain Italian government policy. On the contrary, the government has taken advantage of the media chaos that followed the events of 11 September and the ensuing focus on eradicating terrorism, to pursue one specific path – enhancing privileges of the few, infringing on rights consolidated in the last century (labour, housing, social security), and reducing public services. The government has undertaken a serious, if clumsy, attempt to dismantle those institutions that most safeguard citizens, such as the legal system and Italy's participation in the European Union. At the same time, the severe conflict of interest between the role of the current Prime Minister, and his immense wealth and properties in the communication, cultural, financial and industrial sectors, has yet to be resolved.

The return of charity

Italy needs numerous interventions in its welfare system. The proof lies in the data on poverty (a word that sadly has become fashionable again in the last ten years): 11.9% of families (13% of the population), comprising approximately eight million people, live below the relative poverty line, and 950,000 families live in absolute poverty. One-third of poor families are working poor, and 70% of the poor remain so after two years. Nevertheless, Italy is the only European country that does not guarantee a minimum income. A proposal to implement a *Minimum Entry Income* was discussed and considered effective by competent ministers, but appears not to have a future because of "lack of funds".

Italy's rate of female unemployment is 50% higher than the European average. Italy is in 14th place with regard to women with a university degree, and, apart from Spain and the Czech Republic, its female citizens earn the lowest salary in Europe, on average one-third of what men earn. Italian youth are the last to leave home, the last to enter the labour market, and have the fewest degrees.

In sum, welfare measures that safeguard citizens (ie, social security, health care and education) and vulnerable groups (ie, refugees, prostitutes, homeless, AIDS victims and drug addicts) are undergoing severe cuts, and the State is retreating from its initial role as guarantor of rights.

This process is being implemented by increasing funding to the private sector to provide social services. In other words, instead of directly providing social services, the government is encouraging families to purchase services in the private sector by issuing tax exemptions. The result is that only richer families (that have spending power) have access to the welfare mechanism. Poorer families are increasingly excluded from receiving welfare, except what is offered as various forms of charity.

1 ISTAT, Annual Report "The situation of the country in the year 2000".

With this welfare reform process, Italy forgoes the building of a social state capable of guaranteeing opportunities to its citizens. Instead, it chooses a welfare model similar to that of the early twentieth century, based on the charity of rich citizens who are protected by the state.

To conclude this brief overview, we note the fundamental role played by the third sector in management and provision of welfare services. In recent years, NGOs have become the main providers of social services to the public administration. Because of their motivation, local knowledge, and experience with vulnerable groups, there have been positive results. This system has, however, led to contradictions. In these “welfare markets”, there is a serious risk of exploitation of third sector organisations (be they profit or non-profit) for the purpose of decreasing costs. This situation is not conducive to the implementation of universal fundamental rights, which should be the priority of social policy.

The environment: the last priority

An assessment of Italian environmental policies for 2002 leaves no doubt that the cons far outweigh the pros. Spending on the environment in Italy is among the lowest in Europe and is the lowest in the European Union (EU). In 2000, 0.2% of GDP was spent on the environment (equal to EUR 49 *per capita*), compared with an EU average of 0.6%, with peaks of 1.5%. Poland, which is outside the EU, allocated 0.9%.

A look at the Italian model of transporting people and goods does not improve this picture. Italy holds the European record for most cars in circulation *per capita* (0.54 in Italy, compared with 0.45 in the EU and 0.34 in Denmark). Sixty per cent of goods and 80% of people travel by road; train passengers and railway coverage are decreasing, while the number of roads is increasing. This is an extension of a model of consumption that is wrong, backward and dangerous for the environment. It should come as no surprise that in Italian cities, only 0.15 metres per person is reserved for pedestrians.

It is difficult to be optimistic about the future: the current government has approved a ten year plan to invest EUR 50 billion on major infrastructures for motorways, whereas the only investment plans for the railways focus on high-speed trains on routes that are already well served. High-tech trains will serve rich areas while some important regions and cities remain difficult to access.

Policy affecting the environment does not end here. Many restrictions on building permits have been removed, in a country where respect for building code has never been enforced (15% of buildings constructed in 1999 were illegal).

A further example of the State’s retreat from the public sector (and what is more public than the environment?) is in the area of waste management: an area that organised crime has pinpointed as one of particular interest. (Earnings are thought to reach EUR 3 billion a year, thanks to toxic waste and illegal dump-sites). Despite the disappearance of some 12 to 30 million tonnes of waste every year, the government has suppressed inspections on its production. This makes it harder to prosecute environmental crimes (approximately 30,000 a year) and to implement effective waste disposal policies.

International policies: from hypocrisy to incoherence

Italy is not a generous country. It does not have a highly developed cooperation policy. Italy has not met its commitments – taken at the UN in 1969 – to allocate 0.7% of GNP to development cooperation. Instead, it allocates 0.13%, the lowest of any EU country.

Italy is very generous, however, when it comes to funding companies that invest abroad and compete in international markets. Italy’s so-called non-interventionist government forked out EUR 5 billion in the last year in export credits. Total capital investment abroad was EUR 30 billion with the rest coming from Italian industry. No restrictions are imposed on Italian companies in exchange, and companies choose to invest in dams, gas pipes, and other projects whose environmental and social impact is never measured. Priority is placed on exporting Italian goods and labour, and no importance is given to the creation of a sustainable development framework.

Italian foreign policy also has other components: war and humanitarian aid. Military expense has been increasing since 1999 and additional funds not allocated for defence are used for military operations and humanitarian military intervention. The Balkans is an obvious example. In a region so close to Italy, where strategic interests should outweigh a sense of solidarity, funds spent in two months of military intervention in 1999 were threefold what has been spent on aid from 1999 to the present day.

Thanks in good part to the mobilisation of civil society, Italy distinguished itself in its commitment to the cancellation of foreign debt to the poorer countries in 1999. But two years on, nothing has been done about it. To the contrary, the new government has slowed negotiations with debtor countries, has excluded medium income countries (such as Argentina, currently experiencing a huge crisis) from the beneficiary states, and has limited the effective application of the law in various ways. ■

Sbilanciamoci
ARCI
ACLI
Movimondo
CESPI
Mani Tese
<ponti@manitese.it>