Italy: A Christian Democratic Welfare State?

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“[T]here is no evidence that DC leaders have ever sought to apply as policy the principles of Christian Democracy.”


Is the welfare state in Italy, a quintessentially Christian democratic polity, a "Christian democratic welfare state"? In other words, can key features of the welfare state in Italy be attributed to the dominance of the Catholic Church and social Catholic ideologies in Italian political life? Social insurance programs that reproduce status differentials and spending patterns that reinforce traditional family structures are often assumed to reflect an underlying set of social Catholic principles guiding public policy development in Italy. This paper argues that these attributes of the Italian welfare state are not evidence of a "Christian democratic welfare state" (hereafter CDWS). The origins of these peculiar features lie in policies put into place in the Liberal era, when the Church and the nascent Catholic party were excluded from policy-making. Since the Second World War, the Christian Democratic party's clientelism, and not its Catholicism, have transformed old policy institutions into programs that only appear to be guided by principles of organicism and subsidiarity.

**What is a Christian democratic welfare state?**

In order to argue that Italy is a not a CDWC, it is first necessary to define the term precisely. Clearly the development of the welfare state in Italy has been strongly influenced by the dominant position of the Christian Democratic party (*Democrazia Cristiana*, or the DC) in post-war politics. But something more than this is meant by the
term CDWS as it has been used in the literature following on the seminal contributions of Esping-Andersen (1990 and 1999) and Kersbergen (1995).

Esping-Andersen's (1990) original three "worlds of welfare capitalism" do not include a Christian democratic type distinct from other conservative-corporatist welfare states. Rather, Esping-Andersen posits "conservative etatism," corporatism, and social Catholic subsidiarity doctrine as functional equivalents, all leading to a similar constellation of status-preserving, occupationally fragmented social insurance programs. However, in later work Esping-Andersen floats "the influence of Rerum Novarum in all Catholic countries," as a rather tentative explanation for the basic isomorphism of these different strains of conservatism (1999, p.81). More concretely, he points to the male-breadwinner centered model of social protection, including familial provision of unpaid care services, as a specific legacy of Christian democratic subsidiarity doctrine in the Continental European countries. In particular, Esping-Andersen notes that "In the post-war era, the imprint of social Catholicism and its doctrine of subsidiarity has been particularly strong in Southern Europe…" (1999, 82). CDWSs are, like other conservative welfare states, characterized by occupational fragmentation of social insurance, male-breadwinner orientation, and familialism. We can infer from Esping-Andersen's work that a CDWS would be distinguishable from its more generically conservative brethren by the specific influence of Rerum novarum and Catholic subsidiarity doctrine on these policy outcomes.

Kersbergen (1995) offers a similar, if somewhat more detailed, inventory of the policy features that are likely to appear in a CDWS. In Kersbergen's work, the main policy features of the CDWS are familiar to observers of conservative welfare states in
general: occupational social insurance programs that reproduce status differentials; few publicly provided services, particularly for families; a male-breadwinner bias in both tax and transfer systems; a tendency to devolve authority over delivery and implementation of social policy to non-state actors. The innovation of Kersbergen's work, though, is to offer a sophisticated explication of what makes the CDWS specifically Christian democratic.

Kersbergen (1995) argues that these policy features are traceable to two distinctive attributes of Christian democracy as a political force (see also Kersbergen and Becker 1988). First, a shared ideology, the "little tradition" of social capitalism, underlies the common policies that make up the "kernel" of the CDWS. Christian democratic welfare states look alike in part because they are manifestations of shared ideological tenets – subsidiarity, organicism -- that recommend specific policy solutions to social problems. Second, and importantly, Christian democratic politics produce variable policy outcomes. Christian democratic political actors – parties, politicians, ministers --, are motivated by a social Catholic organicist worldview, and thus search for consensus and accommodation among social groups. The policies that they in the end support will depend on the specific political context in which Christian democratic politicians operate. Thus, CDWSs will share a "kernel" of recognizable policies conforming to social Catholic ideologies, but will vary in their specific policy adaptations. The CDWS, for Kersbergen, is then characterized above all by its policy fragmentation and familialism, and its politics: a pragmatic political process that seeks cross-class accommodation in accordance with social Catholic teachings.
Esping-Andersen and Kersbergen's work, taken together, suggests that it is not enough to define a CDWS as a specific constellation of policy features. Policy features central to this model – occupational fragmentation and familialism chief among them -- are present in most continental European states, even where they trace their roots to ideological and political movements distinct from Christian democracy. It is thus the politics of the CDWS, and not policies, that must be the defining feature.

The political causes of the Christian democratic welfare state

Another way to think about this definition of the CDWS is to ask what it would take to demonstrate that particular features of a welfare state are due to Christian democratic influence. In the first instance, Christian democratic "causes" of the policy "effects" must be present. In a stronger version of the argument, causes other than Christian democracy must also be absent. Let us turn first to the ways in which Christian democracy as a political movement might influence welfare state development.

Christian democratic social doctrines could make an imprint on the welfare state in three ways: via direct political influence of the Church hierarchy, via the influence of Christian democratic political actors, or via public attitudes and social values characteristic of the social Catholic "little tradition." In practice, these routes may be difficult to disentangle. E.g., is Catholic Action a political movement, or a social one? Is subsidiarity doctrine a part of the "little tradition," or a doctrine of the hierarchy? Can non-Catholic parties serve as conduits for representing the Catholic social values of their mass memberships? But it should still be possible to determine whether, maximally, the Church hierarchy and/or Christian democratic politicians and/or social movements of
Catholics pressed for particular policy solutions; or whether, minimally, any of these actors supported particular social policies. If either of these conditions are fulfilled, then we can think about a CDWS emerging out of a political process in which specific policy solutions advocated by Christian democratic actors compete successfully against alternative (Liberal, Social Democratic) models. Note that Kersbergen's definition of the CDWS requires Christian democratic parties to do the work, whereas Esping-Andersen's leaves open the possibility for more indirect Christian democratic influence in predominantly Catholic societies.

If, in order to create a CDWS, Christian democratic forces must be present and have an influence on policy outcomes, must non-Christian democratic influences be absent? In other words, must the Christian democratic victory over alternative social policy models be a total one? Kersbergen's theory of Christian democratic politics suggests that what other political actors want may also, through a Christian democratic-led politics of accommodation and compromise, appear in the welfare state. Even in this scenario, though, the "kernel" of the welfare state – its stratification and familialism – must still be traceable to Christian democratic influence. These policy features must be uniquely Christian democratic: their origins must be traceable to one of the three routes by which social Catholic ideologies influence the welfare state. If this is not the case, then it becomes difficult support the claim that the welfare state is a result of Christian democracy, and not something else.
Is Italy a Christian democratic welfare state?

To preview, I will argue that in Italy this "something else" -- political clientelism and the policy immobilism it produces -- is the key to understanding an apparently Christian democratic welfare state. Italy is not a true CDWS. While it contains the correct policy "kernel," the apposite political causes are absent. In short, the Italian welfare state looks Christian democratic, but it is not the result of Christian democratic politics – at least not in the way that the definitions laid out above require.

The DC (as well as its secular allies) took accommodation and pragmatism to levels well beyond those required by Catholic social doctrine, converting them into the currency of a manifestly clientelist political operation. In the process, they reinforced social policy institutions that originated during a period, perhaps Italy's only such period, of decidedly anti-Church policy-making. Policy drift -- the failure to update policies in line with new developments in labor markets, demographic trends, and family structures - - resulted, by the 1970s, in a very high degree of fragmentation and familialism. It is surprising that policy features central to the model of the CDWS should be the result of causes so far removed from the ideological orientations of Catholic politicians, policy-makers, or the Church hierarchy. It is especially surprising, and especially challenging for theories of the CDWS, that this should be the case in, of all places, Italy.

But Boss, it sure LOOKS Christian democratic…

Italy is a most likely candidate for Christian democratic political influence, both because of its proximity to the Vatican and because of the DC's hegemonic position since World War II. In its policies, as well, the Italian welfare state looks very much like a
CDWS. Social insurance programs like pensions, unemployment benefits, and family allowances do not provide uniform benefits for all citizens, or even all workers. Instead, numerous different programs addressing the same basic risk (e.g., old age, unemployment) draw from distinct, although rarely hypothecated funds. The result is a "jungle" of highly differentiated provisions (Gorrieri 1972) that preserve the privileged positions of some sectors and grades of workers, and exclude others entirely. The system works to preserve status differentials and validate class and occupation hierarchies, much as we would expect in a CDWS with an underlying ideology of organicism.

Subsidiarity doctrine, too, appears to be reflected in Italian social policies. The Italian welfare state is transfer-heavy, spending only 23 per cent of its total social budget, including health care, on services (as compared to 42 per cent in Sweden and 36 per cent in the UK). As a result, families are responsible for providing or purchasing most care for children, the disabled, or the elderly. Even in the realm of cash transfers, familial obligations are only weakly subsidized. Legal entitlements to support for dependents are generous in kind (household heads can receive family allowances for not only children, but also spouses and parents), but not in quantity (throughout the 1980s and 1990s, spending on cash benefits and services for families with children per child under age 14 was lower in Italy than anywhere else in Europe besides Spain and Portugal). At the same time, Italian civil law recognizes an extended network of obligation to provide cash support for family members. Means-tests may include the income not only of spouses and parents of minor children, but also of non-coresident parents, adult children, full and

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1 1999 data from Abramovici 2002. Comparative figures for non-health social spending are even more revealing. Only 1.2 percent of spending on family and children's benefits in Italy is for services, compared to 6 percent in Sweden.

half siblings, and sons-, daughters-, mothers- and fathers- in law (Millar and Warman 1996, 35; see also Naldini 2003).

Christian democratic subsidiarity doctrine is also apparent in what Kersbergen (1995) terms "weak state control" over the financing and implementation of social policies. Most social policies in Italy, even means-tested social assistance benefits, are financed via payroll deductions, rather than through general revenues or specially earmarked taxes. Cross-subsidization of social insurance programs for different sectors is carried out via a porous financial administration of the funds and weak hypothecation, not through general revenue financing of funds in deficit. In shifting the burden of financing to the social partners, the Italian state also effectively relieved itself of the duty to collect payments. A 1983 report of an independent watchdog group noted a very small number of employees of the labor inspectorate whose duties include enforcement (CENSIS 1983, 237). Perhaps not surprisingly, employees have complained frequently over the years that evasion of social payments by employers is widespread. Indeed, a 1980 study revealed evasion of social security payments for 42 percent of employees in the over ten thousand firms studied (Regonini 1984, 106).

The administration of social benefits in Italy is likewise subject to weak state control. Most old-age and disability pensions, family allowances, and some types of unemployment benefits are administered by the national social security administration (INPS), which is governed on a tripartite basis with the social partners enjoying a strong majority. Patronati, advocacy groups that help individual citizens with the processing of social insurance claims, were until recently financed by the Italian government, but run by and for private organizations like political parties, unions and religious groups. Much
institutional care for children, the disabled and the elderly is operated by non-state actors. From the 1960s through the early 1990s, the remaining social assistance functions of the welfare state, including a de facto employment service consisting of public jobs, were carried out by a public administration that was thoroughly colonized by political parties that should themselves be considered subsidiary organizations.

In short, the Italian welfare state has most, if not all, of the policy hallmarks of a CDWS. But where do these policies come from? The remainder of this paper focuses on two aspects of the Italian old-age pension system that seem likely to be particularly closely tied to social Catholic ideologies, and thus constitute a good test of whether the Italian welfare state is really a CDWS. The first is the unusually high degree of occupational fragmentation in the Italian pension system – more than 120 separate public pension funds for different sectors and categories of workers at its peak (Castellino 1976). This fragmented occupational pension system is often characterized as a reflection of the social Catholic emphasis on status preservation.

The second policy feature of interest is the pension-heavy mix of welfare state spending in general. Italy spends a higher proportion of its social policy resources on the elderly (even adjusting for the demographic makeup of the population) than almost any other OECD country (Lynch 2001), which leaves little room for spending on other priorities like children or the unemployed. Relatively generous public pensions coexist with meager child allowances and unemployment benefits, and almost non-existent family services and active labor market programs. This policy mix, in conformity with the social Catholic doctrine of subsidiarity, allocates large cash transfers to older (usually
male) family heads for further redistribution. In return, it requires familial (often female) provision of both financial and non-financial assistance to needy members.

These two policy features – the occupational fragmentation of pension provisions and the familialism inherent in a pension-heavy welfare mix -- cannot be said to constitute the core of a CDWS if they are not the result of an underlying "Christian democratic politics." Where do they come from? The remainder of this paper argues that these policy hallmarks are not the result of Christian democratic politics, à la Kersbergen, or even of a pervasive social Catholic ideological substrate, à la Esping-Andersen. They are, rather, the result of the interaction over time between (1) old policies put in place under an anti-Catholic Liberal regime and (2) the clientelist style of political competition preferred by the DC and its allies during the post-war period.

The secular roots of occupational fragmentation

The Italian social security system’s basic organizational structure dates to the late 19th-early 20th century. The unification of Italy resulted in the seizure of large territories from the Church, and it is not too strong a statement to say that the Italian nation was in many ways founded against the Church. Catholics themselves were excluded by Papal order from participation in government and politics. Of course, many Catholics did participate in politics, including those who stood for office under the banner of the Popular party. Still, the case for strong Christian democratic influence on the early development of the Italian welfare state in Italy appears weak on the face of it.

But institutions do change, so we also need to explain the continuity of occupationalism once it has been put in place. It is possible that the original
occupationalist structure of was only preserved because of strong support from Catholic political actors and/or the Church. As we shall see, however, successive opportunities for reform in the direction of universalism were blocked not by the political power of social Catholic ideologies, but by other forces.

Occupational differentiation in the Italian pension system dates back to the earliest public pension legislation. The first public pension provisions in Italy were for public employees only. They took Bismarck's programs in Germany as a direct model. In 1898 the first state-supported pension scheme for employees in the private sector was legislated, but inscription was voluntary and the system was designed primarily as a subsidy to encourage provision by private voluntary organizations. The emphasis in this early pension legislation on private voluntary solutions surely reflected to a certain degree social Catholic doctrine as expressed in *Rerum Novarum*, which preferred joint worker-owner schemes to obligatory state-run social insurance. The Church and politicians of the nascent Catholic political movement could not have been displeased with the outcome, for the limited social insurance law ensured continued Church dominance of social assistance, especially in rural areas, and permitted the Catholic democratic movement to mobilize agricultural workers in the South using the selective benefits of mutualist insurance programs (Ferrera 1993, 214-5).

Nevertheless, Church and Christian democratic influences do not seem to have been the most important determinants of the 1989 law's emphasis on occupation social provisions. Politicians of the day were strongly influenced by the desire to “legitimate the Liberal state in the eyes of the working classes” (Gustapane 1989, 57), and saw

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3 This analysis of the development of Liberal-era social insurance is reconstructed from largely from Ferrera (1993, Chapter 6), Cherubini (1977, Chapters 2-5), and Sepe (1999, Chapters 2-4). Other useful sources of analysis of this period include Bartocci (1999), and INPS (1962).
socialismo della cattedra along Bismarckian lines as the means to this end. Ferrera (1993, 210-211) reports that the legislative debates leading up to the 1898 provision were dominated by the language of socialismo della cattedra, which had been adopted by many Liberal policy-makers by the 1880s. And while the Church had an interest in promoting mutualism at the expense of comprehensive state-run insurance programs, so did non-religious actors. The political landscape in the late 1800s was still characterized by an uneasy alliance of the forces that had joined to promote the recent unification of the Italian nation: northern political elites and small and medium landowners in the South. These landowners depended on cheap labor from some 9 million agricultural laborers, or three quarters of Italy's dependent workforce (Sepe 1999, 97). Northern political elites were concerned to maintain the support of Southern landowners by preventing a universal state social insurance model that would have mandated insurance contributions for the employers of agricultural laborers.

Italy's early pension legislation, then, reflected the monarchical etatist impulse of the Liberal period, and served the political ends of both the Liberal politicians who controlled the state policy apparatus and Catholic actors who, however, themselves had no direct way of influencing policy outcomes. Under the circumstances, the occupationalist imprint of the 1898 legislation (and extensions thereto in the 1900s and 1910s) comes as no surprise. More surprising, at least at the time, was the nearly complete failure of this model to respond to the “social question” with comprehensive

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4 Ferrera (1993) takes a more structural view, arguing that the occupational fragmentation of the Italian social insurance system results from longstanding features of the Italian political economy: a highly segmented economy, and a culturally fragmented and ideologically polarized polity. Both make risk-pooling and the development of solidarity difficult (see also Baldwin 1990). Baldwin's model of welfare state development, and Ferrera's extension of it, challenge quite directly the notion that occupational fragmentation is rooted in the ideological traditions of social Catholicism.
insurance against social risks. By 1910 fewer than 350,000 workers -- only 2.5 per cent of the dependent workforce -- were enrolled in voluntary insurance schemes subsidized by the state (Sepe 1999, 97). Opportunities to revisit the design of social insurance programs arose out of the failure of the 1898 legislation. The persistence of the occupationalist model after 1898 thus demands explanation. But if Christian democracy did not cause the occupationalism of the first wave of legislation – unremarkable given the (self-) exclusion of Catholics from political life under the Papal non expedit –, neither did it work to preserve the occupationalist model in subsequent waves of reform.

Between 1906 and 1912 separate obligatory pension insurance schemes were legislated for particular categories of employees, mainly in the transport, maritime and public or parastatal sectors. Under mounting pressure from the socialist movement and in anticipation of a major suffrage expansion in 1912, Giolitti proposed in 1910 new comprehensive public social insurance that would cover all dependent workers, including those in agriculture. According to Ferrera (1993, 217), Catholic leaders were not enthusiastic about the proposal, but did express a willingness to support Giolitti. The plan came to nothing as the war in Libya quickly removed social issues from the agenda, but this attempt to reorganize the Italian social insurance system along less occupationally fragmented lines did not fail because of opposition from Christian democracy.

In the aftermath of the First World War, the social question re-emerged with particular intensity, and by 1919 obligatory pensions for blue-collar employees came into law. Liberal Prime Minister Nitti, had, with the support of both socialists and some Catholics in the legislature, put forward a reform proposal that would have unified the
various funds into a single public scheme and extended obligatory coverage to agricultural workers. However, the 1919 law stopped well short of these goals. Pensions applied only to blue-collar workers with incomes less than 800 Lire per month, and the organization of the social insurance programs remained fragmented along occupational lines.

The 1919 law introduced relatively modest changes, in part because employers opposed the more maximalist reforms envisioned by Nitti. Agricultural employers, in particular, argued that they could not afford obligatory pension insurance and that therefore the only possible direction of reforms was an extension of voluntary insurance (Sepe 1999, 100). Cherubini (1977, 237) attributes the failure of Nitti’s reform agenda mostly to opposition from employers. But other political forces also failed to support a radical reorganization of the system along universalistic lines. Divisions in the socialist movement meant that working-class organs no longer spoke with one voice in favor of social reformism, and, despite increasing discussion of a universalistic option in the years leading up to 1919 (Ferrera 1993, 225), many Liberals continued to favor simply extending the old model of state-subsidized occupational insurance (Sepe 1999, 158).

A Christian democratic voice was then clearly not a decisive contributor to the already overdetermined outcome of this debate. It is not even clear what a Christian democratic voice at this time would have said. While the Sturzo – De Gasperi wing of the Popular party had supported Nitti’s plan to introduce universal social insurance in 1919 (Ferrera 1993, 229), the Catholic labor movement definitively opposed state-run insurance. In any event, with or without the influence of Christian democracy, the social insurance system remained occupational in nature as the Liberal regime crumbled.
Giolitti’s call in 1921 to “complete” and “simplify,” the system\textsuperscript{5} – i.e. to reduce the degree of occupational fragmentation – went unheeded as Italy began its slide into Fascism.

Many scholars of the history of Italian social insurance in fact date the onset of the extreme occupational fragmentation that characterizes the Italian system today to the Fascist period. In 1923 the pension system underwent what was to be a major reorganization, joining the separate funds for different industries and different branches of the public service into a single entity, and allowing separate sectoral funds only to provide benefits supplemental to the basic insurance. In practice, however, these reforms did not occur, and the occupational fragmentation of the system actually increased. Cherubini (1977, 270) attributes the growth of special privileges and deficiencies for different sectors to the Fascist politics of playing groups off of one another, offering concessions where necessary to garner support for the regime (e.g. to journalists), and sacrificing those who could not fight back. (Needless to say, insurance for agricultural laborers was once again put on the back burner.)

Let us take stock. So far we have seen that the original occupationalist design of the Italian social insurance system was inspired primarily by monarchical etatist principles, rather than social Catholic ones, and was implemented under a regime in which Catholics and the Church were explicitly excluded from policy-making. Successive attempts to broaden, harmonize, and universalize pension coverage failed, but never because of opposition from Christian democratic forces. As we enter the post-World War II period, the potential for Christian democratic influence becomes greater, with the decisive rapprochement between the Vatican and the Italian state, and the DC’s

hegemonic political position. Indeed, the occupational fragmentation of the Italian pension system continued to increase well through the 1980s. As we shall see, however, occupational fragmentation persisted not so much because of social Catholic respect for hierarchy and status differentials, but because of the particular style of political competition that the DC engaged in for much of the post-War period.

**Clientelism and occupationalism after World War II**

An opportunity for radical revision of preexisting social programs occurred in Italy after World War II. Wartime conditions had aggravated social problems, and insurance programs had been bankrupted because of runaway inflation and wartime destruction of property. Italy’s reform-minded Communist Party (PCI), Italy second-largest party after the DC, strongly advocated replacing the old systems of occupational social insurance with a universal citizenship-based welfares state. But the PCI was not alone. Under the influence of the International Labour Organization\(^6\) and policy lessons diffusing from Britain, Italy, like most European countries with occupational welfare states, commissioned nonpartisan official studies to investigate the feasibility of introducing citizenship-based welfare programs along the lines of the Beveridge Plan in Britain (Ferrera 1993).

Two nonpartisan Commissions, in 1947 and 1963, recommended that the pension system be overhauled, occupational distinctions minimized, and coverage eventually extended to the self-employed (Commissione d’Aragona 1948, CNEL 1963). But beginning in the 1950s the pension system was gradually extended, under DC tutelage, to

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\(^6\)Such was the enthusiasm for the Beveridgean model at this time that ILO recommendations included citizenship-based prescriptions, despite the fact that the ILO was dominated by countries with occupationalist social insurance systems.
new categories of beneficiaries (small farmers, fishermen, artisans, shopkeepers, housewives, etc.), each with its own separate scheme. Why did universalizing reform proposals fail yet again in the post-War period, and why did the DC continue to expand the pension system along occupational lines?

The basic configuration of early post-War welfare state politics pitted a universalizing Left against an emergent DC with little interest in changing the status quo. The Left in Italy (the PCI, the Socialist PSI, and a majority of the union movement) favored universalizing the pension system for ideological reasons related to the development of universal citizenship in the new Italian republic. The DC, however, if it favored maintaining the occupational status quo, did not do so for parallel reasons of social Catholic ideology (as the quotation that begins this paper indicates). Until 1975, Left-leaning factions motivated by social Catholic ideologies (e.g., Forze Nuove, Base) were excluded altogether from the ruling organs of the party and from policy-making (Zuckerman 1979, 159-163). The factions who dominated the party were motivated not by ideology, but rather by the twin goals of building an organization independent of the Church hierarchy and maintaining its grip on power.\(^7\)

Clientelist distribution of public goods and services (state jobs, tax relief, preferential pension treatment) to blocs of reliable supporters assured these goals. In the early post-war period the self-employed and rural Southerners were cherished above all (LaPalombara 1964); after several decades of handing out public jobs as patronage, public sector and parastatal employees became even more crucial sources of support. The priority for pension system policy was thus to generate maximum “consensus” by

\(^7\) Early in the post-War period, the goal of institutional independence was probably paramount. By the late 1960s, when this had been assured, hanging on to power and privilege was likely the more powerful motivator.
securing maximum benefits for these groups. Proposals to reform the Italian pension system by creating citizenship-based entitlements to pensions would have threatened the DC’s “consensus” in several ways, which are the subject of the next several paragraphs.

**Particularism, taxation, and the failure of universalism.** The tax system in Italy, as is widely known, suffers from a deficit of legitimacy and high levels of evasion (cites). This tax system was rooted in the clientelist system, and reinforced the occupational nature of the pension system. The failure to effectively tax key clienteles of the DC not only served the DC’s interests, but also slowly eroded the Left’s support for universalism between 1945 and 1970. The pension system remained occupational not because Christian democratic ideology demanded it, but because the tax and spending policies demanded by the DC’s particularistic competitive strategy eventually undermined all support for universalization of the system.

The main obstacle in Italy to implementing the universalistic pension proposals of the early post-War period was the tax system. The reports of the 1947 and 1963 reform commissions both cite the impossibility of adequately assessing and collecting pension contributions, especially among the self-employed, as reasons to continue to provide pension benefits on an occupational basis (Commissione d’Aragona 1948, CNEL 1963a and 1963b). Labor leaders, although they professed support for the idea of universal coverage, feared that any universalization of the system would be paid for out of increased payroll taxes on employees, and so repeatedly called for fiscal reform as a prerequisite to pension reform.  

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The DC’s unfounded extension of the pension system to new clienteles in the 1950s and 1960s worked to erode labor movement support for universalization. By the early 1960s, Italy’s pension system was categorized by two types of funds: those running a surplus, primarily the FPLD (the main industrial employees’ fund) and the special funds for small groups like journalists; and those running large deficits, primarily the funds for agricultural workers, artisans and shop-keepers. The latter funds had been set up in the late 1950s and early 1960s by DC governments in order to benefit clienteles that were particularly important to the DC (Regonini 1996, 90). These funds ran large deficits because, in service to the clientelist goals of the reforms, contribution rates were set very low and benefits made available to people with very limited contributory histories. While the state subsidized these pensions out of general revenues to some degree, in large part it was the employees’ funds that were asked to make up for shortfalls in a form of “enforced solidarity” (Ferrera 1993, 262). By the late 1960s, both Confindustria (the main employers’ confederation) and the unions were complaining about the increased payroll taxes that had become necessary to support this burden, and union support for universalizing the pension system.

The one piece of universalism in the Italian pension system is the Social Pension, which originated in tripartite accords in 1964 and provides a pension of last resort to low-income elderly Italians. But the way that the Social Pension was implemented between 1965 and 1970 was the final nail in the coffin of the Left’s support for a universal pension system. The 1964 agreement established that Social Pension benefits should be financed out of state revenues deposited in a new Social Fund. It was also agreed that the level of the benefit would be sufficient to provide for a “decent” standard of living, as
stipulated in Article 38 of the 1947 Constitution. The first steps towards a truly universal pension benefit had been taken. By 1968, however, both Confindustria and the labor unions had lodged complaints that state contributions to the Social Fund were inadequate to cover its costs, and the fund was instead drawing resources from the FPLD. It had become clear by this point that Social Pensions would have to be paid out of employees’ pockets if they were to be paid at all, and union support for further universalization of the pension system (as well as for upgrading the level of the Social Pension benefit to an adequate social minimum) faded (Ferrera 1993, 262).

Failure to implement existing tax laws further eroded the Left’s support for universalism. The reluctance of successive administrations to execute the tax laws continued even after the definitive defeat of proposals to establish a universal pension system. Evasion of pension contributions for employees continued to be an important issue from the late 1970s onward. In 1978 the CGIL and the PCI began to complain quite insistently about the failure of employers to make contributions on behalf of their employees. This practice contributed to the deficits that had begun to plague even the stronger funds administered by INPS. A 1978 union proposal to make evasion of payments a criminal offense was defeated by the DC government -- in part because it would have meant absorbing the system of occupational injury compensation into INPS, which was controlled by the unions, and thus would make unavailable a key source of patronage for the government (Regini and Regonini 1981, 233).

Both the tax laws (the failure to adequately tax key clienteles of the DC) and their implementation (the failure to enforce those laws that were in place) sprang from the particularistic mode of political competition pursued by politicians of Italy’s leading
political parties during the postwar period, and not from the social Catholic ideologies of DC or other politicians. The inability to collect revenues from key economic sectors in turn made it impossible to universalize the pension system without placing an excessive burden on employees. This radically altered the Italian Left’s preferences with regard to universalization, and made reform of the pension system along more universalistic lines nearly impossible for a period of almost 30 years. Occupationalism persisted because the DC’s behavior, not its ideologies, affected the policy preferences of both Christian democratic and Left political actors.

The pension system as a by-product of clientelism. If particularistic political practices prevented the implementation of a tax system capable of sustaining a political coalition for universal pensions, clientelism also had more direct effects on the pension system. Clientelism encouraged DC politicians to maintain and even extend the occupational fragmentation of the pension system, because fragmented occupational provisions provide clientelist politicians with important resources.

To most observers, Italy’s proliferation of pension provisions, each with its own benefit formula, contribution rate, degree of state subsidy, rules governing retirement age, years of service required to enter into the plan, etc., constitute proof positive that the pension system has been used as a way to attract support from particular groups in the population. So too does the practice of staffing pension agencies with party supporters, and of deciding pension claims based on an applicant’s party affiliation (Regonini 1996, 90-91). This perception is not limited to the scholarly community, of course. Even the under-secretary of Labor, in the midst of the 1982 pension debate, dispatched a telegram

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accusing two representatives of the majority coalition of “rampant particularism for pernicious electoral reasons” (Regonini 1984, 108).

Christian Democratic politicians advocated extending pension benefits to the self-employed on very generous terms during the 1950s and 1960s as part of a strategy to purchase loyalty from these groups. During the post-war period, state employees, however, have been the most important target of clientelist pension legislation, for obvious reasons. As the staff of public and quasi-public organizations came to be dominated by supporters of the governing parties, public sector pension benefits took on special cachet with politicians associated with these parties. Special provisions for public sector employees reach back into the Fascist period, as we have seen (see also Cherubini 1977 and Paci 1984). But public sector employees have been the recipients of the largest volume of pension legislation during the period 1948-1983, and attention to this sector has come predominantly from DC and PSI lawmakers (Maestri 1994, Chap. 4).

Multiple, differentiated benefit categories are not just \textit{ex post} evidence that politicians used the welfare state to target benefits to small groups of voters. The existence of such fragmentation also made it easier to justify new forms of discretionary targeting of benefits like a better replacement rate here, or a shorter reference income period there. Occupational pensions that provide different levels and types of benefits for different groups of workers are, clearly, a gold mine for politicians who use particularistic strategies to compete for votes and win elections.

Provisions tailor-made for small segments of the electorate are visible and valuable to the beneficiaries, and hence to their benefactors. But as the fragmentation of the Italian welfare state increased, the very complexity and opacity of what Italian
commentators have come to call "micro-corporativism" comes to protect the politicians who engage in it. A thicket of highly specialized provisions makes it difficult for the public (and sometimes even for policy-makers) to know when changes have occurred, and even harder for them to understand what the consequences of such changes might be for the public interest. For all of these reasons, politicians who compete using patronage have been loath to see occupational fragmentation overturned, or even reformed.

The clientelist behavior of the DC (and later PSI) also drew parties of the opposition into a mode of pension policy-making that has stimulated the accretion of occupationally derived social rights (as well as exacerbated the Italian pension system’s problem with expenditures). As we have noted, in principle the Italian Left supported a universalistic pension scheme. But in a context of particularistic behavior by the ruling DC, unions had a strong incentive to maintain the pre-existing occupational funds, over which they had some modicum of control, rather than giving everything over to a central, DC-run universal scheme (Ferrera 1993). The interplay of clientelism and fragmentation affected the Left’s preferences and behavior, with the opposition parties and unions coming to support particularistic fragmentation under the threat of an even more damaging particularistic universalism.

In the 1950s and 1960s, the Left opposed the DC’s practice of extending pension rights to new groups without making these new groups responsible for financing them. However, the Left was too weak to block this practice (Regini and Regonini 1981, 122). But even after 1969, when they had more control over pension legislation, unions opposed moves to universalize the pension system in part because they feared that a state-run system would bring their constituencies into the clientelist orbit of the DC, as had
happened earlier with agricultural employees (Regini and Regonini 1981, 127). Instead, they followed a strategy of attempting to upgrade benefits for their constituencies to the level enjoyed by public sector employees (Baccaro, 1999). Ferrera notes that the major pension reform in 1969, which granted many benefits to industrial workers that matched those already enjoyed by public sector employees, marked "the enlargement of the spoils system to include the PCI and unions, opening the way to that ‘assistential grand coalition’ responsible for the profound imbalances that characterized the Italian welfare state in the years to come” (1993, 267). The Left and the unions tried to match every gain made by public sector workers (and other privileged clients of the ruling parties), and to the extent that they succeeded, in turn the privileged clients demanded more privileges. The occupational fragmentation of the system generated pressures for "leapfrogging," as in a decentralized wage bargaining system. This led to an upward spiral of benefit levels, and a downward spiral of contributory requirements, in the 1970s and 1980s. The result was extraordinarily rapid growth of pension expenditures, and a subsequent crowding out of other social spending (Franco 1993).

These developments are attributable in the first instance to the particularistic mode of competition engaged in by the DC and the PSI, whose politicians derived personal benefit from a fragmented universal system of pension provision even when it was clear that this system was bankrupting the public coffers and making it difficult to finance other needed social goods. But the strategy of the opposition parties and of labor unions has also been conditioned by this mode of competition among the dominant parties, and thus the Left ultimately shares responsibility for the continued expansion of the pension sector along occupational lines. The only social force arguably not
responsible for the fragmented occupational system that has generated such high pension expenditures beginning in the 1970s is Christian democracy.

Italy’s fragmented occupational pension system provides crucial resources for clientelist politicians, whose opposition to reforming such a system in turn provides occupationalism with a means of self-propagation. The combination of fragmented occupationalism and political particularism also alter the incentives and behavior even of political actors who would normally prefer a citizenship-based, rather than an occupational, pension system. Eventually they too come to support the fragmented pension system status quo. Thus in the post-World War II period, just as during the Liberal and Fascist periods, Social Catholic ideologies were neither the cause of the Italian pension system’s occupational fragmentation nor the agent of its preservation.

Pension system occupationalism and the DC’s particularistic politics form a resilient and self-reinforcing dyad. These political-institutional characteristics of the Italian welfare state are, as a result, able to shape the flow of benefits to different constituencies over long periods of time. As we shall see in the next section, the “stickiness” afforded by this combination of clientelist politics and fragmented occupational pension programs in turn promotes a social policy mix that directs the lion’s share of resources to ageing male family heads. This policy orientation has often been interpreted as a result of Christian democratic subsidiarity doctrine, but I argue that it is better understood as a byproduct of the original choice for occupationalism taken during the Liberal period, and the DC’s clientelism during the post-War period.
Subsidiarity in a pension-heavy welfare state

The Italian welfare state’s emphasis on pensions at the expense of other forms of social spending marks it as a familialist welfare regime. Locating the origins of this elderly-oriented policy mix -- either in social Catholic doctrines of subsidiarity, or in some other set of causes -- is then crucial to evaluating whether the Italian welfare state is a true CDWS. Of course, other manifestations of subsidiarity exist in the welfare state. Some of them, like the prevalence of private social service provision or the under-development of social assistance, are quite directly traceable to Church influence. But social services and poverty alleviation account for only 2 per cent of welfare state spending in Italy (Abramovici 2003). My focus is on the origins of the more pervasive familialism of the Italian welfare state related to the overall balance of social spending and how this works to preserve "traditional" power relations within families.

As we have seen, the DC's clientelism made Italy’s fragmented occupational pension system highly resistant to reform, even once it became clear that pension expenditures were far exceeding available resources and crowding out other forms of social spending. In recent years, this phenomenon has provoked anxieties about intergenerational equity and population decline, in addition to the usual concerns over fiscal sustainability (see for example Commissione Onofri 1997, Rossi 1997). The reasons for concern lie in the fact that, in a society that has experienced a dramatic decline in fertility since World War II, the burden of caring for both children and ageing parents falls mostly on prime-age women, but older males receive the most generous

10 The Church in Italy had a near monopoly on charity and institutional care, and strong opposition to state interference in these areas prevented Liberal Italy from developing effective public programs in these areas. Still, to the extent that the temporal and ideological interests of the Church can be separated, in these cases it may be the temporal interests that were most threatened by state social provision.
welfare state benefits. At the same time, very weak unemployment benefits and active labor market policies promote the long-term dependence of “youth” unemployed (up to age 30) on their parents.

These pathologies of the Italian welfare state are well-known, and usefully summarized by Esping-Andersen (1996). Less widely recognized is the effect that the pension-heavy mix of welfare spending has on the structure of Italian families. Most obviously, weak active labor market policies and absent unemployment benefits for first-time job-seekers force many young adults to delay independent family formation and remain in the households of their fathers and mothers. A paucity of publicly provided care services also discourages female labor force participation, since adult women are often called upon to provide care for pre-school and school-aged children, as well as elderly parents and parents-in-law. These lacunae in Italian social policy are acceptable to voters in large part because a generous pension system keeps resources flowing into the hands of older men, who then redistribute the resources that subsidize the (labor market) inactivity of their wives and grown children (Jurado and Naldini1996 [check other cites]). Subsidiarity doctrine could not have invented a better way to preserve traditional patterns of authority.

Ironically, though, subsidiarity doctrine was not the motivating force behind the Italian welfare state's pension-heavy policy mix. Elderly-oriented welfare states like those in Italy are better interpreted as the product of early institutional choices about program design, and the competitive strategies of politicians (Lynch 2004). This takes us once again back to policies chosen by anti-Church policy-makers in the Liberal period, and sustained by the clientelism of the DC.
Policy drift and the occupational roots of familialism

Liberal policy choices and the DC’s clientelist style are linked to the pension-heavy mix of the Italian welfare state in two steps. First, over the course of the twentieth century, occupational social programs have come to encourage a pension-heavy spending mix. Second, as we have seen, clientelist politics reinforce occupational social programs, keeping them in place for long enough to produce their distinctive effects on the age-orientation of social spending. Taken together, these two steps imply that the familialism of the Italian welfare state is in large part a result of unchecked policy drift. That is, occupational social programs put into place during the Liberal period result, in the late twentieth century, in a pension-heavy policy mix that was not the intention of the welfare state’s founders. The clientelist practices of the DC are a crucial ingredient of this policy drift, because, as we have seen, they lock occupationalist policy institutions into place despite important changes in social structures and labor markets.\(^{11}\)

Occupationalism has led to an elderly-oriented welfare state in Italy, but slowly, gradually, and largely as an unintended consequence of program decisions made in the late nineteenth and early twentieth centuries. The occupational welfare state programs inaugurated in the Liberal period protected a youthful core workforce and their families, as the state limited itself to taking over from mutualist organizations the job of protecting people with tight links to unions and the labor market. Basic social assistance and poverty alleviation – including for the elderly poor -- were left to religious charities, municipalities, and above all families. We can contrast this to the situation in Britain, where citizenship-based social policies covered primarily labor market outsiders. In the

\(^{11}\) Hacker (forthcoming) describes similar processes of policy drift in the American welfare state.
United Kingdom in 1910, outdoor relief, which included income maintenance programs for the poor of all ages, and non-contributory old age pensions accounted for 84 per cent of all public social welfare spending, while social insurance programs for risks like occupational accidents and disease accounted for only 16 per cent. And there were no public programs at all for unemployment insurance or occupational pensions (data from Ritter 1983, 194). These work-related programs were instead provided by non-state actors, in the form of Britain’s friendly societies.

Citizenship-based regimes like the British welfare state originated by providing state protection for labor market outsiders, while occupational regimes like Italy's protected primarily labor market insiders. These differences in focus persist to this day. Occupational welfare states often still lack comprehensive social safety nets for the poorest citizens, for example, while many citizenship-based systems provide only basic old-age pensions and leave the provision of supplementary retirement income to private actors. But the age composition of what I have termed labor market insider and outsider groups has changed as welfare states and private insurance markets have matured over the course of the twentieth century. As a result, citizenship-based and occupational social programs have different consequences for the age-orientation of welfare states now than they did one hundred years ago.

One of the primary causes of the demographic transformation of insider and outsider groups over the twentieth century is the development of old-age insurance. As employment-related pensions – which in occupational welfare states like Italy were provided by the state – expanded to cover more people in more sectors of the economy, more and more retired people became insiders. Fewer and fewer elderly were left as
outsiders to be cared for either by the state or by private charities and families. Insider-
protecting occupational systems thus have grown increasingly elderly-oriented over the
course of the twentieth century as pension systems have matured.

The maturation of the public occupational old-age pension system is not the only
reason for the "ageing" of Italy's welfare state. Occupationally-based social programs by
their very nature often exclude youthful constituencies like single mothers, children, and
youth unemployed who are not themselves members of the core workforce. Where
women and children do have entitlements to public benefits, it is typically by virtue of
their relationships to members of the core workforce. These benefits (eg. family
allowances) are thus often cast as wage supplements, not as individual entitlements, and
are correspondingly low.

Occupational social programs are also elderly-oriented because their core
constituency of labor market insiders is an ageing one. Not only do large numbers of
fully vested pensioners draw from mature public occupational pension systems with
benefits substantially more generous than those in the 1950s. The occupational pension
system is also financed through mounting payroll taxes that discourage new hires,
ensuring that even the non-retired segment of the labor market insider pool is growing
older. A "fortress" labor market works to keep newer, younger workers out of the
protected core. As a consequence, public spending on non-retired labor market insiders
grows more elderly-oriented as well. The Italian system of unemployment supports, for
example, allocates the most generous benefits (CIG and mobilità) primarily to older
workers, while among the 60 per cent of the unemployed in Italy who are under age 30, only 4 per cent receive unemployment insurance or assistance benefits.\footnote{Eurostat 1998}

Changes in marriage patterns and fertility behavior, as well as life expectancy, also have an impact on the age composition of outsider and insider groups. The important point is that occupational programs lead to a pension-heavy policy mix despite the fact that in the early twentieth century this was not the intention of policy-makers. Relatively static welfare state policies have thus interacted with dynamic social structures and markets for labor and insurance to create a pattern of social policy spending that has matured, or “drifted,” over time to result in the age-orientations we observe in the 1990s. But what kept these welfare state institutions static? In the case of Italian pensions, clientelism has served as a powerful brake on the development of citizenship-based alternatives to the basic occupation structure set in place in the Liberal period.

The apparent familialism of the Italian welfare state results from very high levels of spending on the elderly that crowd out other forms of social spending, eg. on services and youth employment, and thus direct public resources primarily into the hands of older male family heads. High pension spending is a result of clientelist politicians’ use of the fragmented occupationalist system; and the preservation of that system is in turn due to the benefits – divisibility, opacity -- that it provides to clientelist politicians. In this sense, the familialism of the Italian welfare state is Christian Democratic in origin. But it is not indicative of a CDWS in the sense that Kersbergen has defined it, for the policy "kernel" of familialism is unrelated to social Catholic ideologies implemented by a Christian democratic party. Neither does the system's familialism seem to be directly

\footnote{Eurostat 1998}
\footnote{Schmid and Reissert 1996}
related to the "little tradition" of social Catholicism as Esping-Andersen suggests.
Secularization of Italian society suggests that the impact on social policy of societal Catholicism should be visible in Italian social policy earlier, rather than later. It is relevant to note that other apparently familialist aspects of the Italian welfare state are also of rather recent vintage. Both means-tests that take into account the financial resources of extended families and obligations to provide care services for non-nuclear family have been implemented only recently, as policy makers searched for savings in social programs already squeezed to the limits by growing pension expenditures (Saraceno 1994, Addis 1998).

Conclusion

In short, I find little evidence for a direct Christian democratic effect on the Italian welfare state in the area of pension policy. The fragmented occupational nature of the public pension system is not an outgrowth of organicist social Catholic doctrines. Rather, it results from the DC's clientelist extension of an occupational pension system established on monarchical etatist principles. Neither can the familialism of a welfare state dominated by pension spending be attributed to Catholic subsidiarity doctrine. Instead, we need to look to long-term processes of welfare state change and non-change to explain why the Italian welfare state directs most of its resources to ageing patriarchs.

None of the three routes of Christian democratic influence – party, society, or Church hierarchy -- explain the occupationalism or familialism of the Italian welfare state. The Christian Democratic party in Italy has determined the shape and texture of the Italian welfare state in far more ways than I have mentioned here. It has indeed used the welfare state as a vehicle in its search for societal "consensus." But in the Italian political
context, "consensus" is a cynical euphemism for the DC's hold on the power and perks of office. The ideological foundations of social Catholicism may have inspired generations of Catholic activists, but they have not informed the development of the pension system. The "little tradition" of social Catholicism may have produced a societal "demand" for status-reinforcing and familialist welfare policies (although the roughly 30 per cent of Italian voters who supported Left parties in their goals of universalism belie a monolithic interpretation of public opinion). Still, the structure of the welfare state is much more strongly conditioned by the long-term influence of elite-level politics and policy. Likewise, direct Church influence on the welfare state is undoubtedly visible in the terrain of institutional care and social services, but these are minor provinces compared to social insurance. Italy cannot be considered a Christian Democratic Welfare State, no matter how much it may look like one.

The irony is that existing theories and typologies of the Christian democratic welfare state do not capture the essence of the Church’s impact on the Italian welfare state. Italy has an occupationalist, familialist welfare state not because Christian democratic actors desired or demanded it, but because the Church made any other form of welfare state impossible. Social assistance and social services are a tiny part of the Italian welfare state now precisely because the Church had a strong financial interest in social assistance and charity work in the late 19th century. The Church monopoly in these sectors made it impossible for the relatively weak Liberal state to set up citizenship-based social policies – policies that would, over time, likely have matured into a welfare state that provided more direct benefits to women, children, and young adults. The Church
protected its social assistance functions, and in so doing set public social policies on a path to occupationalist institutional forms and familialisist outcomes.
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