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# Gender in the Italian Welfare State Reforms

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**Addis: *Gender in the Italian Welfare State Reforms***

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Adopting a broad, long-term and comparative perspective, the Forum will aim to:

- scrutinize the complex web of social, economic and political challenges to contemporary European welfare states;
- identify the various options for, and constraints on institutional reform;
- discuss the role of the various actors in promoting or hindering this reform at the national, sub-national and supra-national level;
- and, more generally, outline the broad trajectories and scenarios of change.



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**Gender in the Italian Welfare State Reforms**

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## Abstract

The paper examines the gender relations upheld by the Italian welfare state, and points out that the reforms of cash transfer programs, which took place after 1992, reinforce the “male - breadwinner/female - housekeeper” model. This model fosters low participation rates and low occupation rates of women, very asymmetrical division of domestic labour, and very low fertility rates. The paper describes changes in family allowances, tax exemptions, unemployment benefits, retirement, old age, and survivors’ pensions, and other means tested cash transfers for low income families. I discuss the gender effects of new forms of means testing, and their implications for labour supply, participation, and care work within the family. I argue that the mismatch between an old model of gender relations and the reality of women’s activity within and outside the household contributes to many commonly acknowledged problems of the Italian welfare state.



The Welfare State is a set of institutions and policies, which redistributes resources - either as money transfers or as free or subsidized services - between individuals and across different groups of people. The amount of resources moved and the specific format chosen to effect these movements deeply affect daily life of men and women. It is by now almost obvious to notice that these practices affect power relations between men and women within and outside of the family, and contribute to define the gender roles of both sexes. The development of public services, social assistance and social insurance programs and universal citizenship entitlements runs parallel with women's entrance in the labour market, allowing participation in the labour force and providing employment. The Welfare State contributed to reshaping women's role, to changing the traditional division of labour within and outside the family, and affected gender relations between men and women in a variety of ways. The social notions of gender itself changed as a result of these processes.<sup>1</sup>

In the English speaking world a large body of literature has explored the many faceted relations between gender and the Welfare State (an excellent survey of this literature in Orloff (1996)). In the debate on the reform of the Italian Welfare State, many issues of redistribution - from rich to poor families, from young to old, from North to South, from employed to unemployed - were the objects of careful measurement and rich discussion. A broad consensus emerged among academics as well as among policy makers about the sources of problems and the appropriate directions of change. The academic and policy making community was almost silent instead, about redistribution by gender: notable exceptions are contributions by F. Bimbi (1998), and C. Saraceno (1994), on family policies; and by R. Trifiletti (1997) on more general redistributive effects. The specific gender relations fostered by the present Welfare State were not examined, almost no measurement was presented on the shift of resources between men and women caused by the first attempts of reform, and hence no consensus was reached about the need and right direction of change in this area.

This article is a first contribution towards a more systematic analysis of gender and the Italian Welfare State. I will take into consideration only cash transfer programs, and will not deal, here, with the provision of services. Transfers is the area where reform activity - actual and proposed changes - is most pronounced. I will examine family allowances, tax exemptions, unemployment insurance, old age pensions, and the introduction, in some of them for the first time, of means testing. I will present the actual situation and discuss some of the proposed reforms.

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<sup>1</sup> I use "gender" to indicate a set of physical and mental characteristics, and the proper, normal, behavior that each culture attributes to people on the basis of their biological sex. Gender, therefore, changes widely in time and space, through history and in different cultures and civilizations. For a thorough discussion of the concept of "gender" see Nelson (1996).



## WOMEN AND WELFARE IN ITALY

I think it is useful to begin by restating how the general effects of the Welfare State on gender relations are displayed in the specific Italian case.

**First, the Welfare State allows women's participation in the labour market and is an important source of women's employment.** Italy is an extreme case, in comparison with other European countries, in that women's participation in the labour force is much lower than in countries with similar per capita income (TABLE 1), and women's unemployment, and the difference between men's and women's unemployment rates, (TABLE 2) are the largest.

Notwithstanding the abnormally high public debt, the Italian State does not spend more on welfare than the European average. What is out of average is the ratio between cash transfers - pensions, in particular - higher than in the rest of Europe, and services, fewer and of lower quality.

**Table 1. Participation rates by sex, selected years**

	1973			1983			1993			1996	
	F	M	TOT	F	M	TOT	F	M	T	F	M
Australia	47.7	91.1	69.8	52.1	85.9	69.3	62.3	85.0	73.7	64.9	85.4
Austria	48.5	83.0	65.1	49.7	82.2	65.6	58.9	80.8	69.9	62.1	81.0
Belgium	41.3	83.2	62.2	48.7	76.8	62.8	54.1*	72.6*	63.8	56.1	72.1
Canada	47.2	86.1	66.7	60.0	84.7	72.3	65.3	78.3	71.8	67.9	81.7
Denmark	61.9	89.6	75.9	74.2	87.6	80.9	78.3	86.9	82.6	74.1	85.1
Finland	63.6	80.0	71.7	72.7	82.0	77.4	70.0	77.6	73.6	70.5	77.5
France	50.1	85.2	67.8	54.3	78.4	66.4	59.0	74.5	66.7	59.9	74.3
Germany	50.3	89.6	69.4	52.5	82.6	67.5	61.4	78.6	70.2	61.0	80.0
Greece	32.1	83.2	57.1	40.4	80.0	59.9	43.6	73.7	58.6	45.9	74.4
Ireland	34.1	92.3	63.5	37.8	87.1	62.7	39.9*	81.9*	61.2*	49.4	78.1
Italy	33.7	85.1	58.7	40.3	80.7	60.1	43.3	74.8	58.9	43.2	75.1
Japan	54.0	90.1	71.7	57.2	89.1	73.0	61.8	90.2	76.1	62.2 <sup>o</sup>	90.7 <sup>o</sup>
Luxemb.	35.9	93.1	64.8	41.7	85.1	63.3	44.8*	77.7*	61.5*	-	-
Netherlands	29.2	85.6	57.6	40.3	77.3	59.0	55.5*	80.8*	69.4	58.3	84.2
N. Zeland	39.2	89.2	64.5	45.7	84.7	65.3	63.2	83.3	73.2	67.1	84.2
Norway	50.6	86.5	68.7	65.5	87.2	76.5	70.8	82.0	76.5	74.3	84.8
Portugal	57.3#	90.9#	64.0	56.7	86.9	71.4	61.3	82.5	71.7	64.1	81.5
Spain	33.4	92.9	62.7	33.2	80.2	56.6	42.8	74.5	58.6	46.2	74.4
Sweden	62.6	88.1	75.5	76.6	85.9	81.3	75.7	79.3	77.5	73.7	78.0
Svitzerland	54.1	94.6#	77.7	55.2	93.5	74.5	57.9	92.5	75.3	67.1 <sup>o</sup>	96.8 <sup>o</sup>
U. Kingdom	53.2	93.0	73.0	57.2	87.5	72.4	64.7	83.3	74.1	66.4	83.1
United States	51.1	86.2	68.4	61.8	84.6	73.1	69.0	84.9	76.9	71.0	84.5
North America	50.7	86.2	68.2	61.1	84.6	73.0	68.7	84.2	76.4	-	-
OECD Eur	44.7	88.7	67.1	49.8	82.3	65.8	60.6	80.1	69.0	-	-
OECD Tot.	48.3	88.2	68.2	55.1	84.3	69.3	61.6	81.3	70.3	-	-

Fonte: OECD Employment Outlook, 1996, OECD Main Economic Indicators, July 1998.

\* Last available, 1992. #first available, 1979.

**Table 2.** Unemployment rates by sex, selected years

	1983		1993		1997	
	Women	Men	Women	Men	Women	Men
Belgium	19.0	8.6	12.7	6.9	11.9	7.9
Canada	11.1(3)	11.2(3)	10.6	11.7	-	-
Denmark	10.5	8.2	13.7	11.3	7.8	7.3
Finland	-	-	15.7	19.5	14.9	13.2
France	10.8	6.3	13.8	9.9	14.4	10.7
Germany (O.)	(8.0)	(8.7)	(8.4)	(8.0)	10.6	9.0
Greece	11.7	5.8	14.2	5.4	14.9	6.2
Ireland	16.5	14.6	12.1	17.3	10.4	10.1
<b>Italy</b>	<b>14.4</b>	<b>5.8</b>	<b>17.3</b>	<b>8.1</b>	<b>16.6</b>	<b>9.3</b>
Japan	2.6	2.7	2.6	2.4	3.4	3.4
Luxembourg	5.3	2.6	1.9	1.5	5.2	2.7
Netherlands	14.7	11.1	10.5	5.7	6.9	3.9
N. Zeland	-	-	8.9	10.0	-	-
Norway	3.8	3.2	5.2	6.6	-	-
Portugal	11.8	5.3	6.5	4.6	7.8	6.0
Spain	20.8	16.5	29.2	19.0	28.3	16.0
Sweden	3.6	3.4	6.6	9.7	9.7	10.6
Svitzerland	-	-	4.7	3.0	-	-
United Kingdom	9.9	11.9	7.5	12.4	6.0	7.9
USA	7.4(2)	7.0(2)	6.5	7.0	5.0	4.9

Fonte: Bonke, 1995, Eurostat Labour Force Survey 1994, 1997.

**Table 3.** Social Expenditure in the EU countries as a percentage of GNP

Country	1980	1986	1992
Belgium	28.0	29.4	27.8
Denmark	28.7	26.7	31.4
Germany	28.7	28.1	26.6
France	25.4	28.5	29.2
Ireland	21.6	24.1	21.6
Luxembourg	26.5	24.8	28.0
Netherlands	30.8	30.9	33.0
U. K.	21.5	24.3	27.2
EU 12	24.4	26.0	27.1
Greece	12.2	19.4	19.3
Italy	19.4	22.4	25.6
Portugal	14.7	16.3	17.6
Spain	18.1	19.5	22.5

Source: Eurostat, 1993.

**Table 4.** Main categories of social protection expenditure in EU 12

Country	Old age & surv. Pens.	Health	Unemployment	Disability	Family
Belgium	11.9	6.0	2.6	2.9	1.9
Denmark	11.0	6.0	4.1	3.0	3.3
Germany	12.7	7.7	2.0	2.2	2.0
France	12.1	8.0	2.0	3.5	2.2
Ireland	5.7	6.1	3.0	1.5	2.2
Luxembourg	11.2	5.9	0.2	3.5	2.7
Netherlands	11.9	7.1	2.9	7.2	1.6
U. K.	10.8	5.1	1.6	3.1	2.6
EU 12	11.9	6.5	1.9	2.4	1.8
Greece	10.2	2.3	0.5	1.5	0.1
Italy	15.4	5.4	0.5	2.2	0.8
Portugal	7.0	5.3	0.8	2.4	0.8
Spain	9.4	5.9	4.8	2.3	0.2

Source: European Commission, 1995.



The direct connection between these stylized facts is not easy to miss: participation in the labour force is low because the lack of services substituting for women's traditional caregiving work prevents women, and in particular mothers, from participating other than at a high personal and family cost. In addition, some of the direct transfers are regulated so as to give incentives for non-participation.

Unemployment and the unemployment difference between the sexes are high because the tertiary sector, private and public, which is in most countries the main source of women's employment, is underdeveloped: Bettio and Villa (1995) compute the missing jobs in services at over 2.500.000. In addition, there are specific labour market policies in place, which I call "handicap-privileges", which very effectively prevent hiring and promoting women in the private sector. They include:

- long mandatory maternity leave (5 months mandatory at 80% pay at birth, plus 6 months elective at 20% of the wage within the first two years), which prevents the hiring of young married or marriageable women;

- mandatory retirement age set at 55 for women in the private sector, which prevented employment of older women willing to re-enter the labour force after the childbearing age. This provision was abolished by the Dini reforms, of which later.

- the fact that the weekly working hours mandated by national labour contract in the private sector are long, and other forms of shorter time commitment to employment are strongly penalized, so that family life and time for childcare of a couple where both are employed is severely curtailed.

Let me stress that low participation and low employment are a waste of a most crucial economic resource for economic growth. The more so as Italian women are highly educated, and economic growth in the already industrialized countries in the years to come will depend more and more from the ability to take advantage of the human capital accumulation of men and women, in productions with high technological content. The Italian economy can ill afford, in the global era, to compete with the other economies while keeping women trapped in an inefficient use of time housekeeping. What is at stake therefore is not just an issue of women's politics but an issue of national economic policy.

**Second, the Welfare State helps determine the degree of economic dependence/independence that women enjoy.** Affluence and economic independence are not the same. Given the standard of living a woman enjoys, she may have more or less control over the resources that make that standard



possible. A person may have access to resources from four sources: proceedings from inherited or accumulated wealth belonging to the person, earnings of the person, transfers from the State to the person, or as an intrafamily transfer of resources. The latter in turn were wealth, earnings or transfers of another family member, and are therefore conditional on being a member of somebody's family and given at will of that family member. This makes the person dependent on that family member. This is the situation of children, and before the existence of the Welfare State, of the disabled and the elderly.<sup>2</sup>

It is also the situation of women who do not have inherited wealth and do not work for a wage. In Italy these are still the majority of women of working age, unless the Welfare State grants them a direct right, either a right as citizens, or a right based on the caregiving work they do for their family, which it does not in Italy.

Direct monetary transfers in the Italian Welfare State are job-based to the extreme. Transfers are basically of three kind:

- family allowances, who may be either contribution based (*assegni familiari*) or tax based (*detrazioni*) but they are paid to workers for their spouse and children;

- unemployment transfers, divided in three main programs: *Cassa Integrazione Guadagni* and *Mobility*, which may be requested for their workers by the firms of more than 10 employees instead of laying workers off; and the ordinary individual unemployment subsidy which is very low. CIG is so job based that those who in other countries would be temporarily unemployed in Italy is still employed, albeit in CIG.

- pensions. Pensions, with the exception of the "social pension" which we will analyze later, are strictly work-based. They are paid either to people who cannot work (disability pensions) or who are the survivor of a worker (survivors' benefits) or who worked and paid contributions for a number of years (seniority and retirement pensions).

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<sup>2</sup> It is interesting to notice that in the present political debate, in Italy, young people's dependence on their original family is considered a problem, women's dependence from their husbands is not. It is true that youth unemployment rates in Italy are very high. But young people are not therefore poor: they share in their original family resources, and their standard of consumption may be as high, if not higher, than in the countries where they earn their own living. Yet we hear a lot of the problem of generational equity, very little about the problem of gender equity.

The fact that the Welfare State is work-based, coupled with the fact that women's participation and employment are so low, imply that the main route of access for women to transfers from the Welfare State is through their personal relation to a man who is a worker, i.e. through marriage. It is therefore not only familist, since services are produced in the family, but patriarchal, in that assumes and reproduces women's dependence on men.

**Third, the fact that Italian Welfare State over provides transfers and under provides services shapes the distribution of domestic working time within the family.** Italy is an extreme case of long working hours by women and short working hours for men. Italian men, providing on average 9 hours of domestic work a week, are the laziest in Europe as far as domestic work is concerned (Addis, 1997, chapter 4). This is the mirror image of what is explained above. Lack of public services implies that there is a large amount of work to do. Low women's participation and employment imply that there are women at home ready to do it. The generosity of the pension system means that many of them are relatively young pensioners. The fact that the State provides transfers rather than services implies that in Italy it is still customary, to an extent unusual in other European countries to hire domestic workers, mostly women, more recently women immigrants.

**Fourth and last, lack of services, lack of economic independence of women who therefore feel that it may be risky to depend entirely on their children's fathers for their children's keeping in case of divorce, lack of part time or flexible time jobs and long working hours of women who are employed, maldistribution of working time between men and women and between women who are employed and women who are not, the latter setting standards of personal and children care that the first cannot hope to attain, and lack of any specific program to help mothers or single mothers, all contribute to induce a fertility rate which is the lowest ever in the world and in history, with 1,2 children per fertile woman.**

This is to me the clearest sign that in Italy there is a deep crisis not only of the "social contract" between the elderly and the young, but also of "social contract" between men and women which, together, regulate reproduction.



## MEANS TESTING AND GENDER EQUITY IN THE WELFARE STATE

Italy is an extreme case of women's low participation, high unemployment, dependency on work or marriage for access to welfare benefits, and low fertility. All these reflect a specific problem of "gender equity", i.e. a misallocation of resources between men and women, a lack of recognition, via public intervention, both of women's autonomous right to a work outside of the household and of the social value of caregiving, especially if devoted to reproduction.

We know that a distribution of resources among individuals who are different may be equitable according to one parameter, and unequitable according to one other parameter (a thorough discussion "equity" in income distribution is in Sen, 1992). The Welfare State attempts to achieve a distribution, which is equitable according to a number of parameters, for example need, work performed, effort, productivity, and social usefulness. Each of them defines a different dimension of equity.

These different dimensions of equity are inter-related, and they may even be in conflict. It is possible to design policies which, improving intergenerational equity, reduce equity between rich and poor families: think of an unemployment subsidy to the young, independent from parent's income. By the same token, it is possible to imagine policies which improve intergenerational and class equity but worsen gender equity. I will present real life cases of the latter: for example the ceiling on a couple's pension income, which cuts the lowest pension when the other rises above a threshold. It is possible to imagine policies, which redistribute between people who perform only domestic work and people who perform both domestic work and paid work. It is possible to devise policies which help family formation, and policies which deter family formation, and therefore treat differently people who choose to marry and people who choose not to marry, i.e. to enter a very gendered relation. These are matters to be dealt with openly. If the present wave of reforms ignores the specific dimensions of gender equity, it runs the risk of worsening the unfair treatment of women, of reducing women's labour supply, and of deterring family formation and fertility, while improving fairness between classes and generations.

Some of the pathologies of the Italian Welfare are linked to the need to provide care to to families. The only kind of work that was recognized as a source of independent rights was work for pay. Caregivers where only acknowledged as useless dependents: not as providers of domestic goods, but as consumers lacking an adequate source of cash. As a result of this lack of recognition, job-based rights were stretched to the limits. Very early retirement

(baby-pensions), false invalidity pensions, and misuse of hospitals to park frail elderly people who do not need costly medical care but only nursing homes, are all "creative" attempts to finance care.

In order to make public intervention equitable according to the parameters mentioned above, recognition of the fact that employment is not the only kind of work is missing. Caregiving work and reproductive work exist, are the presupposition upon which all other work and consumption are based, the ultimate producer of effective well being for the individuals, therefore they are relevant for social policy. Traditionally this was the work provided by full-time housewives. Now it may be provided by women working in their own house, by hired help, by public services, by private services, or by men in the house. It exists, and it is productive of utility and well being. Even if it is not easy to calculate its market value, there are ways to take it into account by fiscal and public policy.

This work exists, and somebody is doing it. It is a use of time which is different from leisure, it is work in domestic production. When the person who does domestic and caregiving work for her family - usually a woman - enters the labour market, she is giving up the value of the products of her domestic work, and needs resources to replace it. Notionally she must subtract from the value of her wages the value of the replacement costs for the services that she does not produce any more for the family. The net gain for her is smaller than for a person who does not perform such care and domestic work.<sup>3</sup>

Labour supplied by women responds much more to taxation than by men, exactly because net hourly earnings of women, once the value of the foregone household services is subtracted, are so low. Taxes are levied on the gross and are therefore proportionally higher on this net. Women's labour supply is, as economists say, very elastic to taxation. A subsidy is but a tax with the opposite sign. From the economic point of view, subsidizing non-participation is equal to taxing further women's labour supply. When there is a subsidy for housewives, a wife who chooses to work outside of her own home must subtract from her wages the value of her foregone services to her family, and in addition also the value of the subsidy that the family loses because of her working. This may happen because she loses the status of "dependent" upon which family

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<sup>3</sup> Conventional economic models use leisure as the only alternative choice variable to wage, assuming that since leisure has a positive value, as do goods produced in household, the two are equivalent. But from the point of view of social policy this cannot work: reproduction, and the welfare of children, sick people and old people may depend on the amount of "leisure" that women can afford. The answer of the Italian Welfare is to finance this "leisure" through the men. Clearly, many women are saying that this arrangement is just not good enough.



allowances and deduction are based, or because her wage increases the family income beyond the threshold for means tested benefits. She will, moreover, pay to the State taxes that will be used, among other things, to finance the subsidies to women who choose to work only within the household.

The fact that women's labour supply is very elastic to taxation implies that the "poverty trap" is even more stringent for women than it is for men. The "poverty trap" has been an important concept, for right or for wrong, in the welfare reform debate of England and the U.S. . It is the idea that unemployed people are prevented from entering low paying jobs by the fact that the difference between what they may earn, and what they will loose in welfare benefits if these are means-tested, is too small to repay for the work effort. Women are therefore "trapped" into domestic work.

Besides being inefficient, a Welfare State which actively promotes the unrecognized employment of half of its citizens in domestic work and within marriage is not equitable: it biases choices against paid work, and it biases choices in favour of marriage. It is certainly not coherent with liberal principles. At the same time, care work that women perform in the house is a vital function of the society and it contributes to its well being. The exit from the domestic work trap, therefore, must be such that this care work does not disappear, but is distributed more fairly.

The fact that Italian Welfare System is heavy in transfers and light in services is already a form of gender bias. Public services are often provided by women and substitute for traditionally women's work. Services, moreover, had until recently a rather universal character. In particular the National Health System may have been bureaucratic and inefficient but was so almost equally for men and for women. Through means testing, the access to services may become gender biased against women workers, a fact about which there is very little awareness. Families where both man and woman work for a low wage will have an higher chance of loosing access to benefits in comparison with families where only the man works with the same low wage. Therefore taxes paid by low-wage workers of both sexes will benefit only male low-wage workers, and their housekeeping wives, though domestic work needs to be done in both families.

We have recently observed a creeping of a variety of local means tests for access to many services, ranging from some medical procedures to nursery schools. This means testing at the local level has often been quite crude; the unit chosen for means testing was the nuclear family, with no consideration for possible alternatives, no allowance for the number of people who have to live on the income, its source, or the kind of service requested.



The Ministry of Finance proposed a general scheme of "means test" to be used nationally by local administration, with or without modifications, to regulate access to all kinds of services. The scheme has been presented in the media as "riccometro", ("rich-meter"), it is more formally known as I.S.E. (Indicatore della Situazione Economica), and became law in march 1998. According to I.S.E., a family which requires some forms of social services or exemptions - nursery school, exemption from copayments on physicians' care, drugs, or medical tests, etc., - should answer a questionnaire, beyond the income declaration,<sup>4</sup> providing information on other aspects of family composition and wealth. The scheme applies an equivalency scale to the income resulting from the questionnaire, taking in account the number of people that have to live on that income, if the parent is single, if there is any handicapped person in the family. A rather small allowance is made for the fact that both parents of minor children work, in the form of a slight increase in the parameters of the equivalency scale.

This is probably an improvement over the brute means testing just mentioned. In a related paper (Addis, 1998) I discuss the gender effects of means testing, the use of different techniques to address the issue of women's poverty trap. In general, the test of means fails to take in account the number of earners, if it does not allow for a higher threshold for families with two wage earners and no "housekeeper". It will then punish women's work outside of the household, give incentive to non-participation, and be unequitable towards their work.

There are various techniques which take in account the fact that women's work outside of the family, while making the household cash-rich, makes it time poor. Besides the equivalency scale, one could use the exemption of a certain amount of the second earner's income from the compute of the threshold, or a direct increase of the threshold to be excluded from the benefit. One could use a minimum/maximum method, i.e. to give the subsidy to each individual earner, as long as his/her income is below a certain threshold (minimum), and as long as the spouse does not earn more than a given multiple than the minimum (maximum). One could, as a further option, use a computation of extended income. To compute extended income we add to the monetary income the

<sup>4</sup> One may wonder why the declaration for income tax purposes is not, by itself alone, a proper way to measure income. The official reason given by those who accept the "riccometro" is that the "riccometro" asks questions about consumption, rather than on income, and then "assumes" an income from a given level of consumption. The unofficial reason is that income tax cheating in Italy is notoriously very high, in particular in the commercial sector, characterized by many small firms. The hope is that, while lying to the tax authority in order to save taxes is socially acceptable, voluntarily filing for social assistance on false pretence would be socially frowned upon. Or maybe that tax cheater will not do it, if they are told that those who file will be more severely audited.

domestic work of the full time housekeeper, or else subtract the value of the domestic work foregone if there are no full time housekeepers in the home (Addabbo and Caiumi, 1998). A fiscal detraction below a threshold of income for the household where all the adults work, (rather than the present practice to apply a deduction for the household where one of the spouses devotes all her time to domestic production, of which later,) would also achieve the same aim.

In what follows, I will analyze the transfer programs of the Italian Welfare State and discuss how they may be modified in order to satisfy criteria of gender equity. I will consider equity between people who are biologically different, i.e. men and women, equity between work performed in the house and outside of the house, equity between people who choose to form a family and people who choose not to.

### **Family Allowances**

There are two policies, which may be classified as family related cash transfers in Italy. The first applies to any citizen who presents an income declaration and has a "dependent". In addition, a second one holds for those who are employed and have a "dependent". One's "dependent" may be a spouse or other family member living in the same household with an income lower than 5.500.000 lire a year, and one's children below 18 years of age or until 26 if they are in school.

The first is a tax credit: each person has the right to a detraction (i.e.: subtraction from the tax otherwise due) for the "dependent" spouse, and one for each child or other dependent. The 1996 budget set the amount of this deduction to 336.000 lire per child or other dependent, and a maximum of 1.057.552 (for the income bracket below 30.000.000) and a minimum of 817.552 lire (for the income bracket over 100.000.000 to infinity). The expected cost to the public coffers is 900 billion liras. From the economic point of view, the present deduction and the increase in the parameters of the equivalency scale for the families where both parents have a job work in the opposite direction. The present deduction gives to all families where the wife does not have a job; the second gives to families of low income where the family does have a job. Excluded are women who work, in families where income is not too low.

The second are the so called "assegni familiari" (family allowances). They are paid out by a special fund of the INPS, the National Institute for Social Provision, which is funded with contributions paid by all employers and all employees in prescribed amount according to the wage, except of course in the "underground" economy.



They are given to workers, paid together with their monthly paycheck, but they are means tested based on a family income threshold. There are 16 brackets. The threshold of the upper bracket, at 92.500 millions liras per year, is rather high. An amount is given for the dependent spouse, and an amount is given for each child. The amount given varies with the income bracket of the worker and with the number of dependents. The amount given for each dependent changes with the order number of the dependent. Table 5 shows the entire scale as of 7/1998.

The first version of "assegni familiari" was introduced in 1934, together with the 40 hours week, which implied a fall in the monthly wage that would have pushed large families deeper into poverty. Since 1978 "assegni familiari" are tax exempt. The last major revision had occurred with the law 31/3/1988 n. 69. At the peak of their incidence, in 1953, the expenditure on such "assegni" was 2,70% of PIL. In 1995 it had fallen to 0,3%.

The program of the Olive Tree coalition called for an increase of the "assegni familiari" because they are presented as a good "family policy" to deal with the natality crisis, in particular by one group in the coalition, the "Social Cristians". They were markedly increased in 1994 and in 1995 (20.000 per month per child after the first, 84.000 lire after the second). The 1996 budget increased the expenditure on the "assegni" by 1.900 billion liras. In the presence of a disabled person, the income brackets have been shifted so that the threshold are higher but they are still calculated on the joint income: most of this increase is due to a 25% rise to the checks given to single parents. Given the most single parents are mothers, this is a step in favour of single working mothers which goes towards the recognition of women's work.

**Table 5.** Income Brackets for Family Allowances, July 1998

People in the family	1	2	3	4	5	6	7 or +
Annual income (m+f)							
From 0 to 20.293	-	-	253	485	695	953	1.200
20.294 to 25.111	-	-	222	427	658	932	1.163
25.112 to 29.929	-	-	179	369	606	916	1.131
29.930 to 34.744	-	-	127	306	548	879	1.094
34.745 to 39.563	-	-	85	216	468	789	983
39.564 to 44.381	-	-	50	158	421	757	946
44.382 to 49.199	-	-	30	111	342	705	904
49.200 to 54.015	-	-	30	75	263	657	851
54.016 to 58.832	-	-	25	50	199	615	825
58.833 to 63.649	-	-	25	50	178	436	772
63.650 to 68.468	-	-	25	45	178	299	567
68.469 to 73.286	-	-	-	45	152	299	424
73.286 to 78.104	-	-	-	45	152	256	424
78.105 to 82.922	-	-	-	-	152	256	366
82.923 to 87.740	-	-	-	-	-	256	366
87.741 to 92.559	-	-	-	-	-	-	366

With the exception of a recent increase of benefits to single parents who are workers, the institute of the *assegni* mirrors the gender relations in the family and in the society of the '50s and sixties. They would work, as a means to achieve a more equitable distribution of income between rich and poor people, if most families were bi-parental, with a continuously employed man and a housekeeping woman, and if the worker were willing to redistribute his earnings fairly to wife and children.

An increasing number of families does not meet these conditions, because of youth unemployment, of women's employment, of delayed family formation, and of internal conflict within families.

Unemployment is high especially among men and women in the childbearing years, therefore linking a provision for poor children to the job of the head of the family is not an ideal solution, as children of the unemployed get nothing. Unemployment and lack of independent rights in the Welfare State delay family formation, and therefore autonomous access to this benefit, while the benefit is granted as long as young people remain in the original household of a worker. As a result, a record number of young men, in Italy, live with their parents through their twenties and well into their thirties. The "assegni", in addition, cannot manage labour market transitions from one job to the next, with short spells of unemployment in between, which characterize the youth labour market and the labour market of an economy with continuous technological change.

Besides being job-centered, the assegni are patriarchal, in that they assume that whatever is given to the head of the family will be fairly redistributed to the wife and to the members of the family. Such is often not the case. Because of this patriarchal bent, they are inadequate to manage a situation of family instability, separation and divorce. If the couple splits, the unemployed spouse of a worker has no independent right to them. In the event of family breakdown, they may accrue to the parent (the father) who has a job, even if in over 90% of the cases courts give custody to the mother.

The job-centered and patriarchal character of the Italian Welfare State is most clearly marked not by the programs which exists but by the programs which do not exist. There is no program designed to help the children of people who divorce or enter single parenthood, and who do not have a job.

In addition to all this, being means tested on the joint income of the family, the "assegni" are lost if the wife's earnings take the family income above the thresholds. The considerations of the former paragraph therefore apply. They discourage women from seeking paid employment, and may constitute for them a form of "poverty trap".

In my opinion, a general reform of the Italian Welfare should overcome the "assegni" in favour of provisions which are both universal in coverage, to cover young unemployed men and women, and targeted to need with a correct selection mechanism. Failing that, it is urgent to overcome at least the latter aspect of gender bias of the "assegni familiari". The one I personally favour would be the minimum/maximum option mentioned above. "Assegni" for every child may be due to any worker who earn less than a small amount X (for example: 20.000.000), as long as the spouse does not earn more than a large amount Y (for example: 80.000.000). This is a solution that does not strictly respect equity in the distribution of income between families, but it is certainly



more equitable towards the work of women, and it does not give incentive to non-participation.

## Unemployment Benefits

There is widespread consensus among economists,<sup>5</sup> sociologists and policy makers, that the Italian way of dealing with social insurance against the risk of unemployment is very inadequate to the task.

The system is based on a host of programs. In the past, the centerpiece was CIG (Cassa Integrazione Guadagni), divided in Ordinary and Special, and CIG is still the largest. Introduced in 1968, CIG Ordinaria is a mandatory contribution fund, opened at INPS, to finance labour hoarding of firms facing temporary falls in demand. The request for CIGO must be made by the company, and must be accepted by the local Inspectors for Work. CIGO pays 80% of the wage, for 3 to 24 months. The employment relation between the firm and the worker is never broken: at the end of the period in CIGO, supposedly when the temporary problems of the company are solved, the worker goes back to work at the same firm.

CIG Speciale (CIGS) was meant for firms with over 200 employees, purportedly to face those cases when the problems were long term, like restructuring of the plants, but still mendable. It should have lasted up to 48 months; it has been known to last, with legal and bureaucratic tricks, up to ten years. Since 1988 is financed directly by the Treasury. In fact it was and still is a very generous program for collectively dismissed workers, who are however still formally employed, and therefore prevented from looking for a new job.

In 1991 law n. 233 introduced some changes, reducing the time of the benefit, and introducing the "indennita' di mobilita'" (mobility benefit), and a program of pre-retirement for people at the end of CIG. Mobility benefit is similar to CIG, except it officially applies to firms with more than 15 employees, lasts 12 months, and it is paid in the case where it is acknowledged that the firm will not reopen. It is also paid after the end of CIG benefits for firms with more than 200 employees.

Other forms of collective benefits recently introduced are the special benefits for the construction workers, who used to be heavy users of CIG for the winter months and are now under a separate program. The ordinary benefit for individual layoff, applied to people who therefore do not belong to the

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<sup>5</sup> For a thorough description of the unemployment benefits system and its history see Dell'Aringa e Samek Ludovici (1996).

collective, firm managed programs, pays only 30% of the last wage for 6 months; the worker must have worked legally and paid contributions for two years before qualifying.

By subsidizing labour hoarding, CIG boasts Italian firms' productivity and biases competition with other European firms, and is therefore under attack by the European Union. CIG is a job-based, age and gender biased program: it favours those who have a job, against those who have never held a stable job; the old against the young; people who work in large firms against people who work in small firms or individually like domestic helpers. Since women are on average younger, may never have landed a stable job, and are on average employed in smaller firms, it is biased against women. A study by R. Trifiletti shows that the changes introduced in 1991 further decreased women's access to CIG benefits. A clear example of a reform that, while improving the overall quality of public intervention in the labour market, worsened its bias against women.

Proposals to eliminate altogether the CIG system and the "mobility" addition to it, in favour of an individually based, rather than collectively based, unemployment subsidy, or in favour of some form of minimum guaranteed income, are opposed both by employers and by trade unions. The case of unemployment subsidies is an example of the fact that women's lot is in general improved by measures, based on citizenship, which have universal coverage. Such measures acknowledge citizen's right to a security net independently from their performance in paid employment, and therefore implicitly acknowledge domestic and caregiving work.

Conversely, the kind of fragmented career, with shorter hours, times of withdrawal from participation due to caregiving work, with re-entrance in a different job, once characteristically feminine, is now more and more widespread to both sexes, as retraining is a constant need in a time of fast technological change. Therefore, overcoming the job-centered model today is not only equitable towards women, it would adjust public intervention to the needs of a changed labour market.

## Pensions

Until the early 90's, this familist, patriarchal welfare state, stingy in family assistance and unemployment benefits, was quite generous in the pension system. The ratio between contributions and benefits was very low with respect to the European average. It was very generous to the workers and as a consequence also to their dependent wives. Survivors' benefits were high with



respect to the European average. The work performed by women in the household was never explicitly recognized as a source of citizen's right. But the benefits devised for the workers have been stretched, sometimes beyond legality, to subsidize women's work in the household, by providing them with semi-fake disability pensions, very early retirement, voluntary contributions to pension schemes after work interruptions, and such. Early retirement was the improper way in which the Italian State coped with men's unemployment problems, and with the need to provide (women's) care work to the family.

Before the recent wave of reforms, the Italian system provided for the end of the working life with two programs: voluntary seniority pensions (*anzianita'*), linked to the number of years the employed paid contributions, and mandatory old age pensions (*vecchiaia*) for all at a prescribed age.

The system is a pay as you go system; today's pensions are paid out of the contributions that today's worker pay. When they have not been large enough, the Treasury made up the difference. The system was acknowledged to be financially unsustainable in the medium run before the reforms; there are arguments about its sustainability today.

Before the reforms, the seniority pension allowed retirement on request as early as after 15 years, six month and one day of contribution in the public sector, while 25 years of contributions were needed in the private sector. The amount of benefits ceased to increase after 40 years of contributions, even if the worker kept working beyond 40 years until mandatory retirement age. Those who took seniority benefits could get a second job, before mandatory retirement age. Early retirement was in fact the security core over which a number of elderly women provided free services to their family and a number of elderly men provided cheap labour working with no contributions "in the black market" of small firms or in self employment.

In the private sector mandatory retirement age was set at 55 for women and 60 for men, and in the public sector at 60 for both ages, though in some careers it was possible to obtain an extension to 65. To obtain the maximum benefit in the private sector a woman should have been working since the age of 15. This obvious bias was partially compensated by the fact that women, and not men, could pay voluntary contributions in addition to the normal amount to cover one year for each child, and thus get slightly larger benefits.

The labour market effects of the mandatory retirement age at 55 were never compensated, but were heavy. In the few instances when a woman could in the private sector access the high echelons of a career, she would be obviously passed over because she was about to retire. The cost of hiring and

training a woman of 45 coming back to work after the childbearing age was not recoverable in the ten years span before retirement, thus women were not hired in middle age. However, with a typical insider/outsider effect, the trade unions traditionally opposed moving women's mandatory retirement age up, even voluntarily, and notwithstanding the fact that, if women wanted to retire before the mandatory age, they could of course get seniority benefits.<sup>6</sup>

The reforms were enacted in waves, by the governments of Amato (1992-1993) Ciampi (1992-1993) and Dini (1995-1996).

The final reform gradually phases in a new system, which will be fully operational only for those who are newly hired. In the new system, benefits will not be earnings related but contribution related. Rules defining retirement age have been changed to make the system financially viable: age of retirement may vary, but the mandatory character of retirement at age 65 has been retained. This is common practice in Europe, as opposed to the U.S.A. I spot a peculiarity here. For the worker, to receive the pension is a right, to retire at a prescribed age is a duty. Even if he would still like to work and his employer would agree to keep him, he or she has to retire. Italy is living in a cultural climate where most politicians praise flexibility in the labour market, liberalism towards individual choice, and labour market institutions more similar to those in the U.S.A. to reap the same employment levels. Nonetheless, no proposals have been put forward to abolish the obligation to stop working and make retirement a voluntary choice jointly exercised by the worker and the employee. My guess is that this peculiarity is related to the fact that it would then be necessary to introduce, after a certain age, a degree of discretionality by the employer in firing the old worker, if no longer able. This would go against the grain in a system of industrial relation where no discretionary firing is allowed.

In the new system, approved under the Dini government, the mandatory retirement age is set at 65 for both sexes, allowing retirement since age 57 with a penalty of 3% of the pension per anticipated year. The years of contribution required for seniority benefits increased to 35. Early retirement in one form or another is therefore eliminated. People who have more than 18 years of contribution can retire according to the old rules. People who have been hired for the first time after the enactment of the reform are subject to the new rules. People who have been working and contributing for less than 18 years will see their pension calculated part with the old, part with the new rules. In order not to

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<sup>6</sup> The only possible explanation of this fact is that the mandatory age forced a choice that otherwise would have not been accepted in the family. This may have been husbands' choice to have a full time housekeeper, imposed on their wives, or wives' choice not to carry a double burden, imposed on their husbands, or the desire by employers and workers, not to have to deal with elder women on the job.



penalize people who are about to retire and made plans and choices based on that expectation, the recent reforms created a creeping system, in which the age of mandatory retirement and the number of years of contribution required are moved forward one year at a time.

For the part that is presently earnings related, benefits have been reduced: they are now calculated over the entire working life, rather than on the last 5 years of working life. They will be lowered progressively from 80% to a lower percentage. The possibility of most voluntary contributions was canceled.

In addition, survivors' benefits have been curtailed subject to means testing. It used to be that widow(er)s received 80% of the benefits that would have accrued to the worker. Now, if the widow(er)'s income from any source, including her work or her retirement pension, is above 26.755.950, the survivors' benefits are cut by 25%; if the income is above 35.674.600 lire they are cut by 40%; if they are above 44.593.250 they are cut by 50%. As an exception to the general rule that for people who had already begun to enjoy the benefits there has been no change, benefits for survivors who are already receiving them, and whose income was above the level of 26.755.950 mentioned above, have been frozen (crystalized) at the present level.

From the gender point of view, equalization of the mandatory age for the two sexes, while a positive labour market measure, leaves an open problem. Who will now provide child-care services that elderly women have been providing until now, and who will deal with the typical bureaucratic quagmire of the public services in Italy? Minding grandchildren and queuing in various offices nowadays is typically grandmother's task. Lack of an available retired grandmother, in addition to lack of affordable good quality nursery schools, may further squeeze young working mothers' already tight time resources, and therefore further hamper young women's fertility or their participation rate.

Lengthening of the years of contributions required for seniority pensions is gender biased, because women tend to have shorter contributive histories with gaps in their working careers due to family related events. This should be balanced by the fact that the system will become entirely contributive, allowing old age pensions to people with as few as five years of contribution.

Cuts in survivors' benefits are of course particularly adverse to women, since, as women have a longer life expectancy than men and marry men who are older, women are the beneficiaries of most survivors' pensions. It is, in addition, a blatant violation of equity between women who work for a wage and women who are full time housekeepers. A woman who still works, or who has a substantial pension from her own job will be penalized, and will see her

survivors' benefits cut. As a limiting case, a working widow with children should notionally subtract from her wage the cost of whatever services she uses to replace her own domestic work, the benefits she loses because of means testing, and, in addition, the amount of survivors' pension that she loses by going to work. It may very well be that she is better off by choosing to stay home, because her extradomestic work adds very little to the wealth of her family. The fruits of her work will be literally taken back by the State.

Means testing survivors' benefits may be construed as equitable between people with different income, because it cuts benefits to elderly widow(er)s who are already sufficiently well off; but it may also be construed as unequitable in failing to distinguish between women who worked only inside the home and women who worked inside the home and earned wage income. Women's earned income is treated as if it was unearned rent from property; no allowance is made from the fact that in order to earn it, women have to make an alternative use of their time, subtracting to other socially productive uses in their home.

There is a clear case of double standard at work. In the case of survivors' pensions, the consensus is that duty of the Welfare State is to provide only a decent minimum. Women who work and earn are already enough well off, therefore it is fair and legitimate to cut survivors' benefits, even if this breaks the equity between work effort and social retribution, and between contributions made into the pension funds and receipts accruing from those contributions. In the case of high seniority pensions already accruing to not so elderly men, the same reasoning did not apply, the argument that the Welfare state should provide only a decent minimum was rejected. Proposals to apply a cap on higher pensions, in the form of a proportional cut to be applied after means testing, never gained any support, on the grounds that they would break the relation between contributive history and retribution, which the system aimed to preserve. Yet these are pensions that accrue to elderly men who are already well off. Contributions by a man whose wife does not hold a job are thus worth more than for a man whose wife does.

It is particularly noteworthy that these provisions concerning survivors, so blatantly unfair to women workers, went almost unnoticed in the public debate over the pension system. Elderly women and women who work have very little public voice; and/or, women are the only ones who may be persuaded to accept sacrifices for the common good.



## **"Minimum Pension" and "Social Benefit"**

In the past, people who, at the mandatory retirement age, didn't have a long enough contributive history, had the right to a minimum pension. The same minimum pension accrued to people who worked 15 years (*minimo*) or less (*integrata al minimo*). After the 15<sup>th</sup> year the pension increased with job seniority." In 1996 minimum benefit was equal to 659.000 lire per month. This was means tested: if there was no other income, the INPS paid the full amount; if there was own income from any source up to two times this minimum, excluding one home, severance pay, and the minimum pension itself, the right to this benefit was lost.

The first wave of reform by the Amato Government introduced some changes: the number of years after which benefits begun to rise was moved from 15 to 20 years, and the means test was moved, from personal income to family income. The rule was that a single person should not have an income double the benefits, and a couple three times as high as the benefit, in order to maintain the right to the benefit.

These moves were again clearly gender biased: it is women who tend to have short contributive histories, and therefore to be claimants of these pensions. Means testing to the couple's income eliminated the pensions of those women who had worked for a short period of time and whose husbands were still working or had a modestly high pension.

The second wave of reforms, under the Dini Government in 1995, canceled the right to minimum integration altogether for those with fewer than 18 years of contributions. If people who are today working fewer than 18 years will reach retirement age before reaching 20 years of contribution, they will not get the "minimum pension". They will have the right only to the "social benefit" (*assegno sociale*), which for the year 1998 was equal to 6.593.000 lire per year. This is not pension but is legally classified as "assistance".

Dini adjusted back at least in part the threshold for those already receiving the "minimum pension". It kept the reference to joint, rather than single, income, but the threshold for the couple receiving the minimum benefit was set to four times the minimum benefit, i.e. double the threshold for single pensioners, an improvement from women's point of view.

People who, at age 65, had no contributive history whatsoever because he/she did not ever pay any contribution - either because he/she did not work or because he/she was always hired illegally - in the past had the right to the so called "social pension". It was the only form of guaranteed minimum income

existing in Italy. The amount was lower than that of the "minimum pension". In 1995 it was set at 357.000 liras per month. In the last 20 years the number of recipients of these benefits decreased, from 840.000 in 1974 to 718.000 in 1995, as women begun to have enough contributions to get the "minimum". 78 out of 1.000 elderly citizens get it, 80% of them women. 41% of them are given in the South, 22,3% in the Center, 36.2% in the North. As shown by Monacelli (1996) the threshold for this "social pension" was set in a rather peculiar way. The target set for a couple was more than three times the target set for the single person. Couples or families with many people received enough to live near the poverty line; singles, divorced and widowed people were heavily penalized. For a couple where both people have a social pension, the death of one of the spouses could mean sudden further impoverishment for the survivor. It appeared as if the State preserved the family as long as two elderly people were living together. Once an elderly person remained alone, she - because in most cases the elderly person over 65 with right to the social pension is a woman - had no options but to join another family - typically her children's.

As of 1996, the "social pension" too was replaced by the "social benefit" that becomes, therefore, the single measure with which the Italian State deals with the poorest part of the elderly population. For the year 1998, the yearly amount of the "social benefit" is 6.593.600 (507.200 per month, for 13 months), for single people with zero income. If the income is between 0 and 6.593.000, people have the right to integration, up to the income of 6.593.000. Above 6.593.000 they have no right to the benefit. If people are married, then a joint income threshold exactly double that amount applies. If person X earns 0, and the spouse less than 6.593.000, person X receives the benefit. If the spouse earns between 6.593.000 to 13.187.200 liras, person X gets a reduced check to integrate an income of 13.187.000 for the couple; if the spouse earns more than 13.187.200, person X gets nothing.

The incentive effects of this measure are not easily evaluated, and probably they are not particularly important from the point of view of increased efficiency of the system. Yet fairness is still a value in a society, even when the consequences of unfairness will be borne only by those who suffer it. Because of the difference in the average age of marriage between men and women, husbands reach 65 before wives do. At that age, a small wage income by the wife may make the husband loose the benefit. When both spouses are over 65, then the fact that one of the two - usually the husband - qualified for a low pension, implies that he has lost the benefits for the spouse, and he is now as well off as the person who did not work at all. He must be willing to share his already low income evenly with his spouse, and she cannot in any way make sure that this happens. Moreover a couple where nobody ever worked is made as well off as a couple where each worked with low wage for as many as 19 years



before reaching retirement. One may argue that, if we want to lift the extreme low end of an income distribution to a given minimum level, we will always be unfair to those who had reached that level by themselves. Yet, in my opinion this is one of the clearest cases in which it would not have been at all unfair to let some couples be slightly richer than others. Here, at the poorest end of the income distribution, treating each individual, married or not, as single is the only way to avoid leaving elderly married women in a position of total dependency on their husbands.

Last item in the pension reform is the institution at INPS in 1997 of a voluntary fund for the homemakers, "casalinghe". People who have no other job, and therefore full time home-makers, or anybody else, now have the possibility to insure themselves against job accidents and to earn the right to a pension by paying voluntary contribution into this fund. While the symbolic value of this act is certainly highly positive, because it affirms the citizenship of women who are full time housekeepers, the financial value of starting such insurance may be questionable for women who are married, given the fact that survivors' benefits are then means tested.

## CONCLUSIONS

What can we then say about the model of gender relations that the Italian Welfare State assumes and reproduces? Is the present wave of reform going to change it, and if so, in what direction?

Before the recent waves of reforms the Italian Welfare State was with respect to the European average heavy in transfers and poor in services. The transfer programs in turn were mostly job-based. Therefore they were too generous with pensions and too stingy with assistance, unable to cope with some situations of need. They also were patriarchal, in the sense that the right of women in welfare was based on her personal relation to a worker, of which she was assumed to be a "dependent". No autonomous right of women as citizens or as providers of caregiving work was recognized: instead, the Italian Welfare State stretched to the limits job-based benefits, which were then used for women to provide caregiving. Some of the pathologies of the Italian Welfare State (early retirement, misuse of disability benefits, and abuse of health facilities for assistance purposes) are related to the unwillingness to explicitly provide for care work.

The model of gender relations that was upheld was the traditional one, male breadwinner and woman housekeeper. In this view women's work is in the home, and she will be independently helped only if the male provider ceases to



function as such. Women's work outside of the home in this view was considered a quirk, an exception, a private choice for women who have very high earning capability, and could indulge in having both the traditional feminine role and the traditionally masculine one, with the higher social status attached to the latter. It was assumed that the State had no duty to support such trespassing.

Nonetheless, because women's entrance in the labour market is a powerful trend of economic development, women's employment rate has grown over the years, notwithstanding the lack of a proper system of services and transfers, even though at a slower rate than in other European countries. Women should therefore have begun to enjoy as workers the benefits that the job-based welfare system had denied them as citizens and care provider. But as soon as they arrived, as Trifiletti (1996) describes, the mat was taken from under their feet, so to speak. Benefits had to be cut because of the financial crisis.

This model of gender relation is still the underlying pattern of the Italian Welfare State. It has not been replaced by a new system designed along different lines. The upholding of the breadwinner/housekeeper model well beyond its time, was and is a source of problems for the system, not only for the women. By causing the pathologies, it was as much a factor in the crisis of the Welfare State as the simple demographics between the elderly and the young, albeit not as often and as explicitly recognized. It was a factor of the financial crisis because, by preventing women's entrance in the labour market, deprived the system of contributions. If women's employment level could grow fast to European levels, the problem of lack of contributors to the pay as you go scheme would improve. It was a factor in the consensus crisis because benefits, which were meant for one worker to keep a family, were perceived as too generous when two workers were married together and had no dependent adults. The fact that this was never recognized means that, in the most recent wave of reforms, the Italian Welfare State was merely adjusted, never explicitly revised to change its main gendered features.

Cutting benefits to those workers who are married to another worker, through means testing of joint income, was chosen as one of the main reform options. It is an option that reinforces, rather than changes, the old model of gender relations. It may dissuade the second worker in the couple from ever seeking a job, because the foregone benefits become too large. This starts a vicious circle where no service sector develops because no services are needed, and therefore women's employment does not grow. It has very clear redistributive implications: women workers outside of the house have helped a great deal to foot the bill for the financial health of the country and the entrance in Europe.

The amount of the cuts was almost mandatory once the Maastricht treaty was in place, but most scholars would agree that how to cut and where to cut are at least partially discretionary choices. They were made according to the political consensus about what is "fair" to cut or where there is less opposition to the cuts. Cutting benefits to workers married to a worker - in fact, cutting benefits to women who work outside the house, which is the main effect of means testing by joint income of the couple - was only one of the possible options, by no means the only one available. Cutting benefits to the richest workers was another. Freezing everybody's rights to benefits leaving unchanged the relative position of people was another.

The choice to penalize working couples undermines the internal coherence of the system. It is still heavily centered on the worker, but the worker is central, if he is a man; no longer central, if she is a woman. The patriarchal characters, therefore, increased rather than decreasing, in that it was moved into the public sphere. Men are worth more not only among family members, but also among workers; a view of gender, which was until now acknowledged only by employers who practiced wage discrimination. Women are given many incentives to remain in the position of "dependent". If they choose to become workers, they are not treated like men, but less well. Women's rights in the Welfare system are completely different according on whether they choose to work for pay or not to work for pay, to marry or not to marry. The final set of activities, through which most commodities become of use to people in their homes, therefore the main source of well being, is still almost completely out of the scene, a private act out of public recognition. The source of the pathological distortions is still there, and the conditions to realign women's participation and employment rates to the European standards have not been improved: if anything, means testing might possibly worsen the problem.

The reform of the Welfare State could have been the occasion of a new social contract with women. Facing the need to cut expenditure because of financial crisis, the reform could have been oriented by a different deal. Transfers could have been cut overall, but redistributed on the basis of independent rights to those who provide care. Assistance in case of severe need could have been improved by targeting, without creating new poverty traps. The quality of services could have improved if labour market policies had given women, who staff these services, the opportunity to enter the labour force in larger numbers and to work without neglecting family care.<sup>7</sup> In other words,

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<sup>7</sup> In the political discourse, we hear that the job-centered character of the Welfare system should change to become family-centered. Even the liberal forces seem to share the consensus about this aim. There exceptions, especially within the left: most notably Francesca Izzo, the MP in charge of women's policies in the PDS. But, overall, neither the right nor the left had the clarity of view to see the superiority, in the long run, of a new social



policies could have been oriented by a different view of gender relations: one in which women's agency and women's autonomous rights are recognized, and women's freedom to choose respected. Where people of different sexes are both, together, engaged in raising families, sharing domestic work and providing the financial resources needed to the task. A view of gender relations which is rather widespread, but which seems not to have made its inroads, yet, in the policy-making community in charge of the Italian Welfare State reforms.

There is still time. The process of reform of the Italian Welfare State is far from closed. After the recent change in Government, from Prodi to D'Alema, some the issues I have been discussing are slowly coming to the fore. We may still hope that the final product of the leftist intervention on welfare will render Italy finally "a normal country" in gender relations as well.

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pact with women, in term of efficiency and increased productivity of the entire economic system, and to assert it forcefully. Equity towards women was sacrificed to the needs of political alliance, and to spare from the cuts more organized constituencies.



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