

*Social Assistance Outcomes in Southern Europe:  
An Actor-Centred Approach*

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### **Abstract**

This study analyses the evolution of social assistance in Italy, Spain, Portugal and Greece, and closely examines the four countries' different experiences with Guaranteed Minimum Income (GMI) schemes. A process-tracing methodology uses data from secondary sources, archival material, and 46 interviews to construct an actor-centred model and pursue a multiple-causality, historical approach. Outcomes are shown to result from interactions among *central governments*, *religious organizations*, *secular organizations* and *territorial actors*; and also from *destabilizing forces*. It is assumed that social assistance beneficiaries are forced to rely on these actors, whose attitudes are found to vary significantly due to their different interests, subjective perceptions of fairness, and preferences.

Case histories of the four countries show that the periods prior to the 1970s were marked by minimal central government interest; indifferent, hostile, and/or divided secular organizations; and governmental partnerships with religious organizations. In the post-1970s periods, destabilizing forces co-occurring with centre-left governments resulted in new policies and changes, with relevant actors/organizations gradually welcoming pluralistic social assistance systems.

The existence and extent of GMI schemes has been the principal factor differentiating social assistance developments among the four countries in more recent decades: Portugal is the only country with a national GMI, Italy and Spain have solely regional schemes, and Greece has no GMI at all. Because GMIs cut across traditional social assistance categories and are often linked with overall welfare system restructuring, establishment of GMIs and their subsequent maintenance require the co-occurrence of destabilizing forces and strong pro-GMI coalitions.

Portugal exhibits the highest level of pro-GMI consensus nationwide, Greece the lowest, while Italy and Spain occupy intermediate positions. The institutional empowerment of territorial actors in the latter two countries was a precondition to emergence of local schemes, while destabilizing forces and strong local pro-GMI coalitions greatly increased the odds for establishing and maintaining them.

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*This study is dedicated to my grandmother, Dimitra Vasilopoulou-Giannoulia, and to the memory of my mentor, Professor George Papadimitriou.*

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## List of Abbreviations

ACLI: Christian Associations of Italian Workers (*Associazioni Cristiane Lavoratori Italiani*)  
AD: Democratic Alliance (*Alianza Democratica*)  
AN: National Alliance (*Alleanza Nazionale*)  
ANCI: National Association of Italian Communities (*Associazione Nazionale Comuni Italiani*)  
AP: Popular Alliance (*Alianza Popular*)  
CCOO: Workers' Commissions (*Comisiones Obreras*)  
CdL: House of Freedoms (*Casa delle Libertà*)  
CDS: Democratic and Social Centre (*Centro Democrático y Social*) [in Spain]/  
Democratic and Social Centre (*Centro Democrático Social*) [in Portugal]  
CDS-PP: Democratic and Social Centre-People's Party (*Centro Democrático e Social-Partido Popular*)  
CEI: Italian Episcopal Conference (*Conferenza Episcopale Italiana*)  
CES: Solidarity Supplementary Benefit (*Complemento Extraordinário de Solidariedade*)  
CGIL: General Confederation of Labour (*Confederazione Generale del Lavoro*)  
CGTP: General Confederation of the Portuguese Workers (*Confederação Geral dos Trabalhadores Portugueses*)  
CIG: Redundancy Fund (*Cassa Integrazione Guadagni*)  
CISL: Italian Confederation of Trade Unions (*Confederazione Italiana Sindacati Lavoratori*)  
CiU: Convergence and Union (*Convergència i Unió*)  
CS: Social Christians (*Cristiano Sociali*)  
CSI: Solidarity Supplement for People above Pensionable Age (*Complemento Solidario para Idosos*)  
DC: Christian Democratic Party (*Democrazia Cristiana*)  
DS: Democrats of the Left (*Democratici di Sinistra*)  
EA: Basque Solidarity (*Solidaridad Vasca*)  
EB-B: United Left-Greens (*Izquierda Unida-Verdes*)  
EC: European Community  
ECA: Municipal Aid Authorities (*Enti Comunali di Assistenza*)  
EDA: United Democratic Left (*Ενιαία Δημοκρατική Αριστερά, ΕΔΑ*)  
EE: Basque Country Left (*Izquierda del País Vasco*)  
EEC: European Economic Community  
EK: Centre Union (*Ένωση Κέντρου*)  
EKAIN: a platform of the Networks of Social Organizations of the Basque Country  
EKAS: Pensioners' Social Solidarity Supplement (*Επίδομα Κοινωνικής Αλληλεγγύης Συνταξιούχων, ΕΚΑΣ*)  
EMU: Economic and Monetary Union  
ERE: National Radical Union (*Εθνική Ριζοσπαστική Ένωση, ΕΡΕ*)  
ESEE: National Confederation of Greek Workers (*Εθνική Συνομοσπονδία Εργατών Ελλάδος, ΕΣΕΕ*)  
ESS: European Social Survey  
EU: European Union  
EVS: European Value Survey  
FI: Forward Italy (*Forza Italia*)  
FONAS: National Fund for Social Assistance (*Fondo Nacional de Asistencia Social*)

GDP: Gross Domestic Product  
 GMI: Guaranteed Minimum Income  
 GSEE: General Confederation of Greek Workers (*Γενική Συνομοσπονδία Εργατών Ελλάδος*, ΓΣΕΕ)  
 HB: Popular Unity (*Unidad Popular*)  
 IMF: International Monetary Fund  
 INPS: National Institute of Welfare (*Istituto Nazionale della Previdenza Sociale*)  
 IPAB: Public Institutions of Assistance and Beneficence (*Instituti Pubblici di Assistenza e Beneficenza*)  
 IPSS: Private Institutions of Solidarity (*Instituições Particulares de Solidariedade*)  
 ISE: Economic Situation Indicator (*Indicatore de Situazione Economica*)  
 ISSP: International Social Survey Programme  
 ISTAT: National Institute of Statistics (*Istituto Nazionale di Statistica*)  
 KEPE: Centre of Planning and Economic Research (*Κέντρο Προγραμματισμού και Οικονομικών Ερευνών*, ΚΕΠΕ)  
 KKE: Greek Communist Party (*Κομμουνιστικό Κόμμα Ελλάδος*)  
 LIS: Luxembourg Income Study  
 LIVEAS: Essential Levels for Provisions (*Livelli Essenziali delle Prestazioni*)  
 LN: Northern League (*Lega Nord*)  
 m.: missing  
 MP: Member of Parliament  
 n.a.: not applicable  
 ND: New Democracy (*Νέα Δημοκρατία*, ΝΔ)  
 OECD: Organisation for Economic Co-operation and Development  
 OEK: Organization of Housing for Workers (*Οργανισμός Εργατικής Κατοικίας*, ΟΕΚ)  
 OGA: Agricultural Insurance Organization (*Οργανισμός Γεωργικών Ασφαλίσεων*, ΟΓΑ)  
 ONMI: National Institute for the Protection of Maternity and Infancy (*Opera Nazionale per la Protezione della Maternità e dell'Infanzia*)  
 PASOK: Panhellenic Socialist Movement (*Πανελλήνιο Σοσιαλιστικό Κίνημα*, ΠΑΣΟΚ)  
 PCI: Italian Communist Party (*Partito Comunista Italiano*)  
 PCP: Portuguese Communist Party (*Partido Comunista Português*)  
 PD: Democratic Party (*Partito Democratico*)  
 PDCI: Party of Italian Communists (*Partito dei Comunisti Italiani*)  
 PdL: People of Freedom (*Il Popolo della Libertà*)  
 PDP: Popular Democratic Party (*Partido Demócrata Popular*)  
 PDS: Democratic Party of the Left (*Partito Democratico della Sinistra*)  
 PEV: Ecologist Party-The Greens (*Partido Ecologista-Os Verdes*)  
 ΠΙΚΠΑ: Patriotic Institute for Social Welfare and Understanding (*Πατριωτικό Ίδρυμα Κοινωνικής Πρόνοιας και Αντιλήψεως*, ΠΙΚΠΑ)  
 PLI: Italian Liberal Party (*Partito Liberale Italiano*)  
 PNF: National Fascist Party (*Partito Nazionale Fascista*)  
 PNV: Nationalist Basque Party (*Partido Nacionalista Vasco*)  
 POA: Pontifical Relief (*La Pontificia Opera Assistenziale*)  
 PP: People's Party (*Partido Popular*)  
 PPD/PSD (or simply PSD): Social Democratic Party/Democratic People's Party (*Partido Popular Democrático/Partido Social Demócrata*)  
 PPM: People's Monarchist Party (*Partido Popular Monárquico*)  
 PPS: Purchasing Power Standard

PRC: Communist Refoundation Party (*Partito Rifondazione Comunista*)  
 PRI: Italian Republican Party (*Partito Repubblicano Italiano*)  
 PS: Socialist Party (*Partido Socialista*)  
 PSDI: Italian Social Democratic Party (*Partido Socialista Democratico Italiano*)  
 PSE-EE: the party produced by the merger between PSE-PSOE and EE (after 1993/Basque Country)  
 PSE-PSOE: Socialist Party of the Basque Country (*Partido Socialista de Euskadi*)  
 PSI: Italian Socialist Party (*Partido Socialista Italiano*)  
 PSN: Party of National Solidarity (*Partido da Solidariedade Nacional*)  
 PSOE: Spanish Socialist Workers' Party (*Partido Socialista Obrero Español*)  
 RGI: Income Guarantee (in the Basque Country) (*Renta de Garantía de Ingresos*)  
 RMG: Guaranteed Minimum Income (*Rendimiento Mínimo Garantido*)  
 RMI: Minimum Income for Integration (*Reddito Mínimo di Inserimento*)<sup>1</sup>  
 RSI: Social Integration Income (*Rendimento Social de Inserção*)  
 RUI: Income of Last Resort (*Reddito di Ultima Istanza*)  
 SYRIZA (Coalition of Radical Left, *Συνασπισμός Ριζοσπαστικής Αριστεράς*)  
 UCD: Union of the Democratic Centre (*Unión de Centro Democrático*)  
 UDC: Union of Christian and Centre Democrats (*Unione dei Democratici Cristiani e di Centro*) [in Italy]/the Democratic Union of Catalonia (*Unión Democrática de Cataluña*) [in Spain]  
 UGT: General Union of Workers (*Unión General de Trabajadores*) [in Spain]/  
 General Union of Workers (*União Geral de Trabalhadores*) [in Portugal]  
 UIL: Italian Labour Union (*Unione Italiana del Lavoro*)  
 UL: Liberal Union (*Unión Liberal*)  
 UNRRA: United Nations Relief and Rehabilitation Administration  
 US: United States  
 USA: United States of America  
 WVS: World Value Survey

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<sup>1</sup> In one case (p. 105) RMI also stands for the French 'Minimum Income for Integration' (*Revenue Minimum d'Insertion*).

**CHAPTER I:**  
**EXPLORING SOCIAL ASSISTANCE IN SOUTHERN EUROPE:**  
**AN INTRODUCTION**

The present study focuses on the *evolution of social assistance* in southern Europe, examining the developmental paths followed in the field in Italy, Spain, Portugal and Greece, and conducting a comparison, through a set of four chapter-length country case studies, of the relevant history generally and of the *Guaranteed Minimum Income (GMI)* experiences of each of the four countries specifically. The variation in the four countries' GMI experiences is the principal differentiating factor in the evolution of social assistance in the region in recent decades.

The meaning of the term *social assistance* is neither fixed nor universal. Nonetheless, more often than not, social assistance refers to benefits and services, the allocation of which is based upon means-testing, i.e. the assessment of a claimant's means (Alcock, Erskine and May, 2002: 145-146 and 226). Considering that social assistance provisions are made only to citizens whose income and/or capital resources are below a fixed level, means-testing is used as the equivalent of 'poverty-testing'.

The GMI belongs to the third generation of social assistance measures, which are distinguished mainly by their combination of monetary and social insertion components. The monetary components furnish citizens with only the minimum necessary for survival, usually covering the difference between a household's actual resources and the income that the household should have according to an established sum necessary for living in a specific region or country. Social insertion components refer to the participation of a recipient individual in programmes that will facilitate integration into the labour market. Like the net for trapeze artists at the circus, the GMI is a measure the welfare state provides to citizens to ensure survival despite

economic or social breakdown (Alcock, Erskine and May, 2002: 15 and 220 and Kazepov, 2011: 106).

In the mid-1990s, Gough and others discussed the lack of such a safety net as a fundamental feature of the rudimentary social assistance model characteristic of southern Europe (Gough, 1996: 13; Gough *et al.*, 1997). Fifteen years later, however, southern European countries' GMI experiences would vary dramatically: Portugal introduced a national pilot scheme in 1996 that became fully operational in 1997. In Italy, a formal GMI experiment was initiated in 1998 but abandoned a few years later, leaving only a few regional programmes in place. The 17 Autonomous Communities (*Comunidades Autónomas*) of Spain have also established regional GMI programmes. In Greece, this trend so far has been resisted. Portugal stands out as the exception, as the only southern European country with a fully established national GMI.

Against this background, viewed in conjunction with the many similarities of the welfare states of the four countries (see, for example, Ferrera, 1996), the GMI comparison is a lens to show the limits of path dependence, but also those of policy change and convergence in the social assistance field in the region. To furnish the reader with a better understanding of these limits, in the four country case study chapters, the first part of each provides a very broad overview of the historical trajectory of social assistance in that country, from the interwar years to the late 2000s. The second part of each country case study chapter then details the country's GMI experience. The present analysis of GMI programmes is thus a component, although the most significant one, of a larger argument regarding the evolution of social assistance in southern Europe.

This study asks what factors explain the developmental paths followed in the social assistance field in the region. What are the causes that encouraged stagnation,

with the latter often reflected in phases of underdevelopment in publicly provided social assistance and of religious organizations as the main (or the sole) providers of social assistance? What are the parameters that drove policy changes, such as expansions in publicly provided social assistance, efforts at reform, or a turn towards a more pluralistic model in the field? More importantly, how can these parameters account for why some countries moved to design and implement a GMI and others did not? The institutionalization and the continuation of a GMI scheme are regarded as criteria for the progress of specific southern European countries in terms of selective universalism<sup>1</sup>, as well as of advances in social rights and citizenship (Marshall, 1963; Seeleib-Kaiser, 1995).

As discussed in Chapter 2, theoretical explanations for the evolution of social assistance in southern Europe are embryonic and pay attention to the relative underdevelopment of the relevant public policies in the region, including aborted efforts to adopt GMI or belated adoption of GMI schemes. The existing hypotheses underline the significance of late industrialization, familism, the prevalence of the irregular and underground economy, and/or the low administrative capacity of the state (see, for example, Ferrera, 2005: 6-11).

Far from rejecting the importance of these explanations for the evolution of social assistance in southern Europe, the author of this study acknowledges that all the variables mentioned above may have played a partial role in shaping the trajectories of social assistance in the region, as well as in moulding the GMI experiences of the four countries under examination. Indeed, as also viewed in the

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<sup>1</sup> In the sense of advocating universalism in terms of the beneficiaries and selectivity in terms of the delivery of benefits; see Hansen and Weisbrod (1969) for one of the first uses of this term. The term was introduced in the Italian context by Ermanno Gorrieri, founder of the Social Christians (*Cristiano Sociali*, CS) faction within the Democratic Party (*Partito Democratico*, PD) (Baldini and Bosi, 2008: 199).

four country-based case studies, variables such as the low administrative capacity of the state machinery may, for instance, increase the difficulties accompanying the institutionalization and the implementation of social assistance policy measures.

Taking these difficulties into account, the *actors/organizations* capable of affecting the social assistance field might be less positively inclined towards the establishment of such measures, or to the prospect of reform generally, than they would be in other contexts. Similarly, the author accepts that labour market fragmentation may have an impact on the subjective way that policy actors perceive fairness, depending on their position as insiders or outsiders.

Considering the points made above, the present study attempts to explain the evolution of social assistance in southern Europe according to an actor-centred model. The attitudes towards social assistance of *central governments, religious organizations, secular organizations, and territorial actors* – in other words of those actors/organizations most able to shape the field – are put at the centre of the analysis conducted herein.

The stance of these actors/organizations on social assistance is regarded as determinative of the developmental paths followed by the field in Italy, Spain, Portugal and Greece, including the variation in these countries' GMI experiences. The positions of these actors/organizations on social assistance are driven by their interests, subjective perceptions of fairness, and preferences, so that each actor/organization has specific incentives to adopt a particular attitude within the field.

The present study also rests on the assumption that the interests, subjective perceptions of fairness and preferences of these actors/organizations are conditioned by *destabilizing forces* that can be either endogenous or exogenous to the political

and social system<sup>2</sup>, such as the 1922 Asia Minor disaster for Greece, the 1980s recession for Italy, or the more recent Europeanization processes for all (Sotiropoulos, 2004a). To claim that such forces may have a predictive value is quite risky, however, in the same way that the closely related concept of ‘critical junctures’, often understood as a period of contingency during which constraints on action are lifted or eased (Capoccia and Kelemen, 2007; Mahoney and Thelen, 2010), is entirely ‘postdictive’ (Hogan and Doyle, 2007: 883).

According to ‘critical juncture’ theory, an event is considered contingent when it cannot be accounted for by existing scientific theory, or when it contradicts the predictive capacity of a theory explicitly designed to explain a given result (Mahoney, 2000). In a similar vein, Wheeler (1993) argues that a ‘critical juncture’ may not be recognized at the time. The present study will *inter alia* argue that the responses of central governments, religious organizations, secular organizations, and territorial actors to destabilizing forces largely reflect the internal dynamics of a certain time period in a specific national context (Ferrera, 1997: 10-14; Ferrera and Rhodes, 2000: 3; Sotiropoulos, 2005: 288).

Chapter 2 defines and discusses the core variables in depth, and situates them in the current literature. Aside from providing a map of the relevant arguments, the analysis stresses the logic behind the effects of these variables and how they can be woven into a causal narrative. The author of this study does not claim that this will explain the entire complex topic, but it should account for most of the story.

To sum up, the following argument is made: first, overall, that the pre-1970s period in southern Europe was characterized by the relative underdevelopment of publicly provided social assistance. For most of this period, central governments were

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<sup>2</sup> Such systems presuppose the interaction of their components, whether they are institutions, interest groups or individuals acting on their own (Parsons, 1970).

usually uninterested in developing such policies, and promoted social assistance measures mainly under the impact of strong destabilizing forces. An additional factor contributing to continued inertia was the largely indifferent, hostile, or divided stance towards social assistance of secular organizations, which were sometimes absent from debates on the subject for one reason or another.

Central governments maintained moreover a *sui generis* partnership with religious organizations that, more often than not, encouraged stagnation with regard to publicly provided social assistance and a hegemonic role for religious organizations in the social assistance field. This was the case especially in Roman Catholic southern Europe, in particular Italy, where, on the one hand, central governments wished to avoid a conflict with the Catholic Church over the control of the social assistance field, as well as the political and financial cost of such a conflict. On the other hand, the Catholic Church desired to hold on to the power of social and political patronage, as the actor associated with Catholic welfare charities such as the 'Opere Pie'. In the Greek case, ideological, practical and historical reasons resulted in a more limited involvement of religious organizations in the social assistance field. Thus, in Greece, the relevant policies did not become an issue of debate between central governments and religious organizations. The former used the help of the latter, however, especially in periods of crisis.

In the post-1970s period, which was broadly speaking a period of expansion for publicly provided social assistance in southern Europe, the co-occurrence of destabilizing forces and centre-left governments appears in most cases to have been a necessary condition for the introduction of relevant policies and changes in the status quo. The same period saw the further consolidation of a pluralistic model of social assistance in the region (stronger in Roman Catholic southern Europe, where religious

organizations secured their institutional role in the social assistance field; and where territorial actors played an increasingly crucial role in social assistance, especially in Italy and Spain).

Second, although centre-left governments were more often than not more positively inclined towards a GMI compared to centre-right governments, they tended to support such schemes mostly in the presence of a combination of destabilizing forces and potent domestic coalitions favouring the GMI. In other words, the combination of destabilizing forces and pro-GMI domestic coalitions are key to understanding differences in GMI country experiences. Portugal exhibits the highest level of pro-GMI consensus nationwide, Greece the lowest, while Italy and Spain occupy intermediate positions. The institutional empowerment of territorial actors in the last two countries was a precondition to the emergence of local schemes, while destabilizing forces and strong local pro-GMI coalitions greatly increased the odds for establishing and maintaining them.

The next section of this chapter (1.1) discusses the rationale for selecting this topic. The closing section (1.2) describes the research methodology, outlines the sources used, and considers the present study's contributions and limitations. Chapter 2 details the relevant literature and analyzes the arguments made herein. Chapters 3, 4, 5 and 6 consider the Italian, Spanish, Portuguese and Greek cases, respectively. Chapter 7 finally provides an overview of the study's main findings.

## **1.1. Studying Social Assistance in Southern Europe**

### *a. Social Assistance as a Research Topic*

Social assistance and the GMI in particular merit study for a number of reasons. First and foremost, the provision of GMI provides a measure of a society's

progress toward social citizenship (Leibfried, 1992; Benassi, 2002). This is particularly true since GMI policies usually have a greater need for political legitimization compared to other social policy programmes (Marshall, 1950 and 1963; Seeleib-Kaiser, 1995: 269-270).

Additionally, lessons can be learned from the study of social assistance, because dominant actor constellations in that policy field differ substantially from those in other components of the welfare state (Clasen and Siegel, 2007: 6). For instance, religious organizations are far more prominent and influential in social assistance than in social insurance.

Lastly, social assistance is under-researched as a policy field. Little progress has been made since these policies were ‘discovered’ by scholars in the mid-1990s (Seeleib-Kaiser, 1995; Gough, 1996; Eardley *et al.*, 1996a, b, c, d and e). Moreover, most recent works on the subject stress the significance of a single variable such as religion (Kahl, 2009; only for the establishment of these policies, broadly defined as ‘poor relief’, not their development), or focus on the economic dimensions of social assistance, for example the coverage or non-take-up of benefits (Matsaganis, Levy and Flevotomou, 2010; Figari *et al.*, 2010). Yet it is just such policies (unlike fields such as pensions, which have not changed drastically over time) that need further investigation in connection with the dynamics of welfare state transformation (Seeleib-Kaiser, 2008).

### *b. Southern Europe as a Regional Focus*

Similarly, the evolution of social assistance in southern European countries deserves scholarly attention. A major reason is that, despite the periods of expansion of publicly provided social assistance in the region, southern Europe is generally

regarded as being characterized by a relatively low performance with respect to these provisions: one of its key features is the aborted effort to adopt, or the belated adoption of, GMI schemes. This performance contrasts with the relevant average performances of other clusters of EU countries (see, for instance, Ferrera, 2005; Madama, 2006).

The relative underdevelopment of publicly provided social assistance in southern Europe is striking, considering that these countries have the highest poverty rates after transfers in the EU-15. All four of the countries considered here score above the EU-15 average poverty rate of 16.2 per cent for the year 2010 (see Table 1.1). Their need for such policies is consequently greater, especially when universal programmes performing that function such as the GMI are absent (with the relatively recent exception of Portugal).

As regards poverty, the situation was even worse in the past. For instance, in 1939, a report referred to families in the interior of Sicily as having ‘only roots and herbs’ for food. In 1951-1952, one-quarter of the total population was classified as ‘poor’ or ‘needy’ (Duggan, 1994: 149-150, 159, 230 and 262). Table 1.1 presents data on poverty rates<sup>3</sup> after transfers in the EU-15:

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<sup>3</sup> The data is from EUROSTAT. The at-risk-of-poverty threshold is set at 60 per cent of the national median equivalized disposable income.

**Table 1.1. Poverty Rates in the EU-15 (2010)**

<b>Country</b>	<b>Poverty Rate After Transfers (Total Population)</b>
<b>Italy</b>	<b>18.2</b>
<b>Spain</b>	<b>20.7</b>
<b>Portugal</b>	<b>17.9</b>
<b>Greece</b>	<b>20.1</b>
Belgium	14.6
Denmark	13.3
Germany	15.6
Ireland	16.1
France	13.3
Luxembourg	18.2
Netherlands	10.3
Austria	12.1
Finland	13.1
Sweden	12.9
United Kingdom	17.1
<b>EU-15 average</b>	<b>16.2</b>

Are publicly provided social assistance policies in southern Europe as underdeveloped as experts of the ‘southern European welfare state’ claim them to be? Broadly speaking, and leaving aside the aborted or belated GMI experiences of the countries under examination, we should keep in mind that by contrast to welfare state components such as pensions or health provisions, exact data on social assistance benefits (and even more so services) is very difficult (if not impossible) to obtain<sup>4</sup>.

One of the reasons behind this difficulty is associated with the way of managing social assistance provisions. The allocation of these provisions usually takes place in a very dispersed mode; governmental agencies as well as centrally supervised and/or autonomous local agencies often all play a relevant role. As a result, recordings of the total of social assistance benefits and services are rather

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<sup>4</sup> Unless otherwise stated, this section benefits from discussions with Panos Tsakloglou, Professor at the Athens University of Economics and Business.

improbable, especially in countries well-known for the low capacity of their state machinery.

Furthermore, when it comes to publicly provided social assistance, databases such as those of EUROSTAT and the World Bank are characterized by significant limitations. The data does not show, for instance, the distribution of the relevant benefits and services per income decile or their take-up, which due to the stigmatization of the recipients of social assistance provisions is often low (see, for example, Matsaganis, Paulus and Sutherland, 2008). Finally, differences in the underlying national datasets constrain the consistency and comparability of results across countries, as well as the level of detail provided (Paulus *et al.*, 2009: 2).

Against this backdrop, assessing a country's social assistance performance cannot (and should not) be limited to evaluating how this performance is reflected in quantitative data (see also Gough, 1996). Below there will be several occasions to note that the aborted or belated institutionalization of GMI schemes is arguably the trademark of the relative underdevelopment of publicly provided social assistance in southern Europe. In fact, Italy, Spain and Greece are the only EU-15 countries without a national GMI.

At the same time, if spending on means-tested benefits constitutes a reliable indicator of a state's performance in social assistance, then despite its limitations, the EUROSTAT data on means-tested benefits as a percentage of gross domestic product (GDP), or on means-tested benefits in purchasing power standard (PPS) per head, show that, on average, southern European countries score below the EU-15 averages: 2.21 and 524.94, respectively, as opposed to 3.00 and 832.01. Table 1.2 presents this data:

**Table 1.2. Spending on Means-Tested Benefits as a Percentage of GDP  
& Means-Tested Benefits in PPS per Head  
(2008)**

<b>Country</b>	<b>Spending on Means-Tested Benefits (% GDP)</b>	<b>Means-Tested Benefits in PPS Per Head</b>
<b>Italy</b>	<b>1.73</b>	<b>450.70</b>
<b>Spain</b>	<b>2.94</b>	<b>761.99</b>
<b>Portugal</b>	<b>2.29</b>	<b>446.08</b>
<b>Greece</b>	<b>1.91</b>	<b>441.02</b>
Belgium	1.35	391.90
Denmark	0.91	282.98
Germany	3.23	934.87
Ireland	5.24	1.753,16
France	4.19	1.110,59
Luxembourg	0.59	413.29
Netherlands	3.91	1.304,97
Austria	1.89	587.86
Finland	1.06	315.07
Sweden	0.78	240.44
United Kingdom	3.69	1.052,86
<b>EU-15 average</b>	<b>3.00</b>	<b>832.01</b>

Additionally, as seen in Table 1.2, Greece, Italy and Portugal stand out as being little interested in means-tested provisions compared to countries such as Germany, Ireland, France, the Netherlands and the United Kingdom. Spain is a southern European exception, only because spending on the GMI schemes of the 17 Autonomous Communities is counted in the data as expenses on means-tested provisions.

Using data based on the EUROMOD tax-benefit micro-simulation model, we can safely reach the conclusion that the southern European countries have minimal interest in social assistance policy measures compared to the rest of the EU-15 (see Table 1.3). This multi-country model, which simulates non-contributory cash benefit entitlements, direct tax and social insurance contribution liabilities (on the basis of the tax-benefit rules in place and information available in the underlying national

datasets), is the only micro-simulation model that allows an estimate of the welfare performances of different states as if there was a one hundred per cent take-up of benefits<sup>5</sup>. The model also separately analyses the distributive properties of means-tested benefits. Table 1.3 presents data<sup>6</sup> on means-tested benefits as a percentage of the disposable income of all households and of the lowest decile of the population in EU-15 countries:

**Table 1.3. Means-Tested Benefits  
as a Percentage of the Disposable Income of All Households  
& of the Lowest Decile of the Population**

<b>Country</b>	<b>Means-Tested Benefits as a Percentage of the Disposable Income of All Households</b>	<b>Means-Tested Benefits as a Percentage of the Disposable Income of the Lowest Decile of the Population</b>
<b>Italy</b>	<b>1.9</b>	<b>10.5</b>
<b>Spain</b>	<b>1.1</b>	<b>9.2</b>
<b>Portugal</b>	<b>2.2</b>	<b>21.7</b>
<b>Greece</b>	<b>0.1</b>	<b>1.0</b>
Belgium	3.1	42.5
Denmark	2.9	8.6
Germany	2.1	18.9
Ireland	8.5	53.2
France	4.5	17.1
Luxembourg	1.6	17.9
Netherlands	1.9	25.0
Austria	1.0	6.4
Finland	2.2	16.1
Sweden	2.2	15.6
United Kingdom	8.4	55.1
<b>EU-15 average</b>	<b>2.9</b>	<b>21.25</b>

While the EU-15 average for means-tested benefits is 2.9 percent of the disposable income of all households, southern European percentages range from 0.1

<sup>5</sup> Unless otherwise stated, the information in this and the next two paragraphs draws on Paulus *et al.*, 2009.

<sup>6</sup> The data derives from EUROMOD and regards the policy years 2001 for Denmark, France, Ireland Italy and Sweden, 2003 for Belgium, Germany, Luxembourg, Netherlands, Austria, Portugal, Finland and the United Kingdom, and 2005 for Greece and Spain.

for Greece to 2.2 for Portugal. Even Scandinavian countries, known for their non-means-tested, universal welfare policies, score above the southern European average of 1.325 (see also Nelson, 2010).

The performance of the four countries is even poorer when means-tested benefits as a percentage of the disposable income of the lowest decile of the population are considered: Greece, Spain and Italy show 1.0, 9.2, and 10.5 percent respectively, against the EU-15 average of 21.25. Portugal stands out as a southern European exception as the only country in the region with a fully established national GMI, which is counted in the data as a means-tested benefit.

Even so, the southern European average of 10.6 is lower than the Scandinavian average of 13.4. Last but not least, most central European countries, usually acknowledged as belonging to a continental welfare regime<sup>7</sup>, score well above the southern European average. Hence, the data speaks in favour of Sotiropoulos' view (2004b: 47-49) that southern Europe is more 'social class biased' than most of the EU-15.

Nor can functional equivalents<sup>8</sup> for publicly provided social assistance policies in southern Europe be found among the 'usual suspects' (wages, the tax system, or pensions). On the one hand, relatively low wages (in a system characterized by a rather 'compressed' distribution of earnings, see, for example, Esping-Andersen, 1999) and high scores in tax evasion (see Chapter 2) fail to prove that these two factors might balance the four countries' inadequate governmental

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<sup>7</sup> For a discussion of welfare regimes see the seminal 1990 work of Esping-Andersen.

<sup>8</sup> See Seeleib-Kaiser, 2002.

performance in social assistance. Table 1.4 offers data<sup>9</sup> on wages in southern Europe (and the respective EU-15 averages):

**Table 1.4. Wages (Southern Europe and EU-15 Averages, in Euros)**

Country	Minimum Wage (per month)	Annual Net Earnings (for one person, no children)	Monthly Minimum Wage as a Proportion of Average Monthly Earnings (Industry, Construction, and Services)
Italy	–	18,376.73	–
Spain	738.85	15,861.45	35.1
Portugal	565.83	10,862.84	43.2
Greece	862.82	11,220.62	50.7
EU-15	1,168.42	21, 350.54	42.6

On the other hand, pensions certainly do appear to have a strong redistributive function in southern Europe (Fuest, Niehues and Peichl, 2009: 14; Paulus *et al.*, 2009: 11). However, pensions aim at attaining ‘horizontal redistribution’, i.e. income is redistributed over the life cycle of individuals: for example, pensioners get back what they paid in earlier periods of their life (Petmesidou and Papatheodorou, 2006b; Hills, 2004: 185-186). This function contrasts with ‘vertical redistribution’, where income is redistributed from the rich to the poor. Social assistance provisions constitute the most explicit example of this latter kind of redistribution that benefits the least well-off citizens (Barr, 2004: 185; Esping-Andersen and Myles, 2009: 639-640).

The relative underdevelopment of publicly provided social assistance in southern Europe is certainly puzzling. Social assistance in the region also merits analysis, however, because, as already mentioned above, the changes in the social assistance sector that have occurred in southern Europe in the last decades, above all

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<sup>9</sup> The data, from EUROSTAT, reflects the year 2010 (for minimum wages and annual net earnings), and the year 2009 (for the monthly minimum wage). The EU average minimum wage in this table is the average of nine of the EU-15 countries with an institutionalized minimum wage. The EU average monthly minimum wage is the average of eight of the EU-15 countries providing such data. Italy has no statutory national minimum wage.

the establishment of GMI schemes by several countries, do not support the idea of a ‘southern European social assistance model’.

Saraceno (2002a: 24) was the first to point out that Spain and Portugal have moved more towards the ‘dual social assistance regime’<sup>10</sup>, in that both these countries developed a general safety net to supplement the categorical assistance schemes, although in a different form. Considering the many cultural, socioeconomic and political similarities amongst the four countries (see, for instance, Malefakis, 1992), the variation in their GMI experiences is striking and particularly promising, both from a theory-generating perspective and a most-similar research design perspective (Gerring, 2008: 668-670).

Variations in welfare outcomes within southern Europe, such as those reflected in Tables 1.5 and 1.6, should not be disregarded for the sake of generalization. Table 1.5 presents data on total social expenditure in Italy, Spain, Portugal and Greece across time, in percentage of GDP<sup>11</sup>. Table 1.6 presents data by welfare function (public expenditure on old-age and survivors cash benefits, on disability and sickness cash benefits, on family [total and unemployment benefits], on active and passive labour market policies, and on in-kind benefits [for old age, survivors, incapacity, health, family, unemployment, housing, other social policy areas], all in percentage of GDP).

**Table 1.5. Total Social Expenditure in Southern Europe  
(% of GDP)**

<b>Country</b>	<b>1980</b>	<b>1985</b>	<b>1990</b>	<b>1995</b>	<b>2000</b>	<b>2005</b>	<b>2010</b>
Italy	18	20.8	19.9	19.8	23.1	24.9	27.8
Spain	15.5	17.8	19.9	21.4	20.2	21.1	26.5
Portugal	9.9	10.1	12.5	16.5	18.9	23.0	25.6
Greece	10.3	16.1	16.6	17.5	19.3	21.1	23.3

<sup>10</sup> The ‘dual social assistance regime’ includes France and the Benelux countries (Gough, 1996: 12).

<sup>11</sup> The data for both tables is taken from the OECD database.

**Table 1.6. Public Expenditure on Various Welfare Functions  
in Southern Europe  
(% of GDP)  
(2009)**

<b>Country</b>	<b>Old-Age &amp; Survivors Cash Benefits</b>	<b>Disability &amp; Sickness Cash Benefits</b>	<b>Family (Total)</b>	<b>Family (Unempl.)</b>	<b>Active Labour Market Policies</b>	<b>Passive Labour Market Policies</b>	<b>In- Kind Benefits</b>
Italy	15.5	1.9	1.6	1.5	6.33	6.06	8.5
Spain	9.3	2.5	1.6	7.5	13.47	11.64	9.1
Portugal	11.8	2.0	1.5	2.4	3.66	6.57	7.9
Greece	13.1	0.9	1.4	1.3	1.85	5.45	8

Table 1.5 demonstrates that in 1980, significant differences existed among the four countries in their total social expenditures as percentage of GDP, and that these differences have decreased over time. Despite this, in 2010, southern Europe's laggards, i.e. Greece and Portugal, spent less on social protection than did Italy and Spain. Furthermore, Table 1.6 shows that Italy and Greece are the southern European champions in spending on old-age and survivors cash benefits. Spain is the country that spends the most on disability and sickness cash benefits, and Greece the least.

The variations are less significant when including data on public expenditure on family (total), on active labour market policies, and on in-kind benefits. Spain spent significantly more on unemployment benefits than the other southern European countries, a finding that is consistent with the traditionally high levels of unemployment in that country (see, for instance, Mitchell's historical statistics, 2007, pp. 176-177).

Finally, another reason to examine social assistance in southern Europe is that Italy, Spain, Portugal and Greece are outlier cases poorly explained by existing theories. The evolution of social assistance in that region and, more importantly, the variation in the four countries' GMI experiences, are therefore attributable to as-yet

unexplored causes. The examination of such cases is a recommended path to theory-making (Van Evera, 1997: 22), which brings us to the discussion of the methodological tools used for the present study, as well as its contributions and limitations.

## **1.2. Methodology, Contributions, Limitations**

This is a qualitative study based on a multiple causality comparative historical analysis approach (Mahoney and Rueschemeyer, 2003) and an actor-centred explanatory model. Commonalities and differences are explained through historical developments and the positions of actors/organizations in the social assistance field.

In particular, the actor-centred approach pursued by this study is rooted in the work of Stein Rokkan, which explores the actions of organizations and institutions to explain social phenomena (Rokkan, 2000: 366-385). Complementing this approach is the model of actor-centred institutionalism, in which actors pursue strategies to attain a particular target (Scharpf, 1997; Van Lieshout, 2008). The analysis moreover combines temporal and spatial dimensions to answer the research questions posed (Gerring, 2007: 28 and 153).

The main method used is process tracing, which requires the collection of large amounts of data, ideally from a wide range of sources. Process tracing helps to identify steps of the causal chain and the mechanisms linking the independent and dependent variable(s) (George and Bennett, 2005: 6 and 223; Gerring, 2007: 173 and 178; Tansey, 2007: 766).

The data has been collected from secondary sources, archival material drawn largely from the parliamentary archives of the four countries, and semi-structured interviews. Interviewees were selected based on their known involvement with the

policies under examination, thus on a non-probability sampling approach (Tansey, 2007: 765-767). After identifying an initial subset of interviewees, a chain-referral process was initiated, with respondents asked to provide lists of people they considered reliable sources of information (Farquharson, 2005).

The 46 individuals interviewed included national and local politicians, members of religious organizations, union representatives, policy experts, and administrative staff<sup>12</sup>. Secondary sources and archival material provided an overview of the research topic. Interviews were then used to corroborate the findings and shed light on factors still unclear after the secondary sources and archival material had been examined.

As will be argued in Chapter 7, the proposed variables can be woven into a causal narrative applicable to countries outside southern Europe. The main ambition of this study, however, is to provide explanations that account for the developmental paths taken by social assistance in southern Europe, and chiefly for the variation in the GMI experiences of these countries. For the period before the 1990s and the beginning of wider debate on the introduction of a GMI in the region, the question of why universalism never became an option must be left for another time.

The present study will contribute to five areas of scholarly discussion. First, it will add to the broader literature on social assistance and redistribution, particularly in relation to political and cultural variables. The theories which put political variables at the centre of their analysis point to the importance of factors such as the extension of voting rights, voter turnout, the role of working-class actors alone, and partisanship (see, for example, respectively: Lindert, 2004; Iversen, 2001; Myles, 1989; Kwon and

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<sup>12</sup> The *References* section at the end of the study contains a list of the interviewees and of the other sources used for the study. An accompanying note details how interviews were conducted and explains how quotes have been rendered herein.

Pontusson, 2005). Theories that emphasize cultural variables tend to underscore the significance of factors like familism or religion (see, for instance, respectively: Jurado and Naldini, 1996; Manow and Van Kersbergen, 2009).

This study stresses the link between political and cultural variables such as central governments and religious organizations (the latter are here considered cultural since such groups are formed on faith-based criteria and are assumed to serve religious principles). This partnership partially explains the evolution of social assistance in southern Europe.

Second, the study will contribute to the literature on path dependence and convergence. Studies of path dependence have hypothesized that the welfare state has a relatively small potential for change (Esping-Andersen, 1996: 24; Hinrichs, 2000). The literature on convergence, on the other hand, focuses on changes in the welfare state through which a degree of standardization is expected (Leibfried, 1992; Adnett and Hardy, 2005).

The commonalities in the developmental paths social assistance has taken in southern European countries show that the initial design or neglect of policies is a determinant in consolidating specific policy outcomes. The increasing differences among these paths in the course of time, however, especially the different GMI experiences of the four countries, indicate that a potential for change always exists. In fact, the road towards maturity seems to encourage dissimilarities more than similarities, a conclusion that justifies the arguments formulated decades ago by scholars such as Rimlinger (1971) and Flora and Alber (1981: 48).

Third, the present study will augment the literature on the so-called ‘southern European welfare model’. Leibfried (1992) and especially Ferrera’s seminal 1996 article in the *Journal of European Social Policy* triggered a discussion on the

existence of such a ‘model’, and opened the road for comparativists to probe into the commonalities and differences amongst the social policies of southern European countries.

The relevant literature divides into two general tendencies. One considers these countries as rudimentary versions of the more developed types of welfare state found in continental Europe (see, for instance, Esping-Andersen, 1990; Castles, 1995; Katrougalos, 1996; Andreotti *et al.*, 2001; Hall and Gingerich, 2004). The other regards the south as comprising a separate welfare model and regime (see, for instance, Leibfried, 1992; Ferrera, 1996; Boyer, 2005; Molina and Rhodes, 2005 and 2007).

In the 2000s, the influential ‘varieties of capitalism’ literature even endeavoured to link the existence of a ‘southern European welfare model’ to that of a ‘Mediterranean’ or ‘state’ type of capitalism, which differs substantially from both the ‘liberal/market’ and the ‘coordinated/managed’ types of capitalism (see, for example, Hall and Soskice, 2001; Schmidt, 2002). In the same line of argumentation, Amable (2003) considered the common features of the Greek, Italian, Portuguese and Spanish welfare states as empirical evidence of a distinctive ‘southern European’ ideal type of capitalism, based on a specific pattern of institutional complementarities.

Against this backdrop, one of the points made by this study is that ‘clusterization’ is a useful and fascinating tool for social policy analysis. However, scholars should never forget its limits: any kind of clustering rests on reducing complexity at the expense of truth.

Fourth, the present study will contribute to actor-centred approaches to welfare policies. From neo-Marxism to power resources and institutionalism, such approaches build on the idea that policy is generated by actors possessing the capacity

and the power to act and to impose their preferences (see, for example, Poulantzas, 1973; Stephens, 1979; Orloff and Skocpol, 1984; Hall, 1993). This study pays particular attention to the stance on social assistance taken by central governments, but acknowledges that the interests, subjective perceptions of fairness, ideological preferences, and thus the behaviour of other actors/organizations vis-à-vis social assistance can affect policy-making and determine policy outcomes.

Central governments, religious organizations, secular organizations, and territorial actors are intertwined in two ways. All are linked to one another implicitly through the struggle to promote their own resource and policy interests in a common public sphere. Moreover, all are directly interconnected. Each is aware that the attitude of every other actor/organization towards social assistance has implications for shaping and determining the final policy outcome and consequently for their own interests, since an increase of benefits and services for one actor/organization may result in decreased benefits and services for another.

Fifth and finally, the study will stress the significance of history in the development of social assistance. This may appear self-evident, but social scientists tend to forget that earlier processes are relevant to the understanding of current outcomes (Pierson, 2000a, 2000b and 2004).

This work is historical in that it views the evolution of social assistance, the GMI experience of each country included, as a process that unfolds over time. It belongs to the category of chronological studies, whose structure is dictated by a historical sequence (Dunleavy, 2003: 66). The time span, multiple countries, and the scarcity of data in the seriously under-researched policy field of social assistance made the work challenging and rewarding.

This said, the limitations of this study need to be acknowledged from the outset: quantitative data on social assistance is deficient. As already mentioned in the first section of this chapter, accurate national estimates of the total expenditures for such policies, as well as of the number of beneficiaries, are difficult or impossible to get. The abundance of qualitative detail for the evolution of social assistance in the countries under examination, above all for their GMI experiences, will, it is hoped, compensate for this gap.

The boundaries between social assistance benefits and other forms of welfare are also often indiscernible, making it hard to distinguish provisions directed at low-income groups from those for other categories of vulnerable individuals. The definition of social assistance adopted here is neither too limited nor excessively broad, so as to alleviate such difficulties and to allow comparisons of cases. A more comprehensive future approach to social assistance would incorporate in-kind benefits related to education and health<sup>13</sup>, as well as minimum wages and indicators regarding tax policies, but including such data (which is, once again, scant) here would over-complicate the already complex analysis of an under-researched topic.

Finally, no one can determine whether destabilizing forces, governmental decisions or the actions of other actors/organizations have the greater impact on the evolution of social assistance in a given country. This problem is common in both qualitative and quantitative research, with often contrasting findings from these two methodological strands even when analyzing the same case.

This study accordingly acknowledges the existence of limits to both qualitative and (still more) quantitative comparative research. As Steinmo (2010: 8)

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<sup>13</sup> It should be noted, however, that the evidence shows that even if these benefits were quantified and included in the study, southern Europe's low performance in social assistance might be still more pronounced (Dafermos, 2010: 5).

recently argued, ‘Quite simply, we (*sc.* comparative political scientists) increasingly have tried to understand the world as if it was made up of discrete, stable and independent units (or variables) when in reality we know that human history is the product of complex, dynamic, and interdependent processes’.

As discussed in detail in Chapter 2, the present study argues that the interactive and, more importantly, cumulative impact of destabilizing forces, central governments, religious organizations, secular organizations and territorial actors offer an explanation, for the evolution of social assistance in southern Europe, and, primarily, the variation in the GMI experiences of the four southern European countries. The analytical model used does not suggest any deterministic causation, however.

By contrast, given the complexity of social phenomena, this model should be treated in probabilistic terms. Furthermore, as said, the time span covered and the four case studies, combined with the limits imposed by a doctoral thesis, determine the boundaries and intellectual ambitions of the result.

All that being said, now it is time to survey the literature on the evolution of social assistance, the core variables, and the principal lines of argument under discussion.

**CHAPTER 2:**  
***THEORETICAL BACKGROUND AND PRESENTATION OF ARGUMENTS***

From the 1960s and Theodore Lowi (in Amenta, 2003: 107) to the 1980s (Quadagno, 1987; Weir, Orloff and Skocpol, 1988: 431) and the present day (Gilens, 2012), the literature on the evolution of social assistance has been dominated by theoretical explanations focused on the existing differences between the USA and Western Europe, especially with respect to the lack of generosity of social assistance provisions in the former compared to the latter. The arguments formulated have stressed the importance of a wide range of factors<sup>1</sup>: the existence or absence of strong industrial labour unions and labour-based political parties; the dispersed or centralized political power of different state structures and the resulting weakness or strength respectively of national bureaucracies; the values or ideologies held by the citizens of different countries (for example, the prominence of liberal individualism in a country's political culture is assumed to hinder the institutionalization of social assistance programmes).

Scholars such as Taylor-Gooby (2001), Armingeon and Bonoli (2006), and Bonoli (2007) have discussed social assistance as a residual component of the welfare state that was particularly affected by the emergence of the new risks and needs that influenced welfare policies in their entirety in the post-industrial period. Such risks and needs were seen in the processes of de-industrialization and the augmentation of the services sector, the increased female participation in the labour market, the ageing of the population, and the instability of the nuclear family.

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<sup>1</sup> See Quadagno, 1987: 120-124; Gilens, 1999: 24 and Alesina and Glaeser, 2004. Generally speaking, 'social assistance' is discussed in this literature as 'anti-poverty measures'.

Social assistance in southern Europe, however, has rarely been a subject of study, in the same way that the ‘southern European’ welfare state was not ‘discovered’ by social scientists before the post-1990s period. Only one of the two 1996 collective volumes on social assistance in OECD countries and two of Gough’s influential articles included an overview of such policies in that region (Eardley *et al.*, 1996b, 1996c, 1996d, and 1996e; Gough, 1996 and 2001). More recently, the most prominent contributions to this topic have been a book edited by Saraceno (2002a), a jointly-written article on anti-poverty policies in Greece, Italy, Portugal, and Spain (Matsaganis *et al.*, 2003; this article also appeared as a book chapter in a 2004 book edited by Taylor-Gooby), and a volume edited by Ferrera (2005) on welfare state reform in southern Europe.

It should not come as a surprise that systematic descriptions of the embryonic theories concerning the evolution of social assistance in the region are scarce. They very much focus on the relatively rudimentary character of publicly provided social assistance in southern Europe, including aborted efforts to adopt or the belated adoption of GMI schemes. Certain questions receive very little consideration, such as what accounts for the different roles played by religious organizations or other actors in the region’s prevailing social assistance field ‘mix’, i.e. the co-existence of public and non-public actors and institutions in the field (see, for instance, Ferrera, 1996; Guillén and Petmesidou, 2008; Petmesidou and Polyzoidis, forthcoming). The possible relationship between the underdevelopment of public social assistance provisions and the presence of religious organizations in the social assistance field is not investigated.

The few methodical presentations of the theories concerning the evolution of social assistance in southern Europe may be found in the works of Gough (1996),

Ferrera (2005), and Madama (2006). Gough (1996: 13-17) distinguished social-structural (level of economic development, family-household structures, labour market features, and migration) from political-institutional causes (the interest groups fostered by the southern European regime type, its distinctive political processes, and the historical pattern of development of categorical assistance in the region). After a cursory examination of these factors, however, this eminent social scientist admitted that ‘more historically-grounded research is necessary to isolate the weight of these factors, and others, in influencing policy development in these countries’ (Gough, 1996: 17).

Ferrera (2005: 7-11) and Madama (2006: 251-252) on the other hand underscored the importance of hypotheses based on demand or supply rationales. The demand rationale related to the requests emerging from the social environment for the creation and development of a social assistance system. The supply rationale concerned the state’s capacity to provide and manage such policies effectively. The hypotheses pointing towards the former invoked familism and the existence of an informal economy. The supply side hypothesis stressed the absence of administrative capacity and professionalization in the southern European bureaucracies – the weakness of the state apparatus in supporting an effective social assistance system. Both scholars excellently described the strengths of these theories. Neither paid attention to the weaknesses.

Notable studies on the GMI per se focused almost exclusively on the scheme at the national level<sup>2</sup>, together with its implementation and practical aspects. Where the causal factors behind each country’s experience with the GMI have been

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<sup>2</sup> Spain: Aguilar, Laparra and Gaviria, 1995; Arriba, 1999a and b, 2001 and 2005; Moreno, 2003; Laparra, 2004; Italy: Benassi and Mingione, 2003; Ranci Ortigosa, 2007a; Sacchi, 2007; Greece: Matsaganis, 2004; Portugal: Adão, 2009.

investigated, authors have emphasized diverse parameters: the weak power resources of low-income groups in Greece (Matsaganis, 2004); the initiatives of the meso-governments and the relationship between these governments, the central government and other organizations in the Spanish context (Arriba, 1999a and b, 2001 and 2005; a similar hint is also made in Matsaganis *et al.*, 2004: 112); and the interaction of electoral strategies with other domestic variables in Portugal (Branco, 2001; Adão, 2009).

Against this backdrop, as already mentioned in Chapter 1, the present study does not reject the explanatory weight of variables such as the low capacity of the administrative machinery of the state, or labour market fragmentation, or the others treated below. By contrast, the author acknowledges the role such variables may have played in shaping the interests, perceptions of fairness, preferences, and, thus, the attitudes of key policy actors/organizations towards social assistance. Nonetheless, as discussed below, the acceptance of the explanatory ‘omnipotence’ of any of these variables is an oversimplification that should be avoided.

Thus, the following section of this chapter is devoted mostly to examining the weaknesses of the major hypotheses outlined in the relevant literature. Labour market fragmentation as a possible explanation for the particularities of social assistance in southern Europe will then be discussed.

## **2.1. Getting to Know the Usual Suspects (Plus a Less Usual One)**

**The level of economic development.** The developmental explanation regards the particularities of social assistance in southern Europe, above all the rudimentary character of the relevant provisions including the aborted effort to adopt or the belated establishment of GMI schemes, as the result of late industrialization. This

hypothesis is based on the assumption that industrial progress is a prerequisite for a mature welfare state. It is articulated in Rimlinger's seminal *Welfare Policy and Industrialization in Europe, America and Russia* (1971), as well as in Skocpol and Amenta (1986), who review the pertinent arguments that emerged mainly from US-centred and comparative quantitative research (see also Polanyi, 1944; Flora and Alber, 1981).

Increases in nations' industrial activity were undeniably accompanied by extensive socio-economic changes that paved the road for the introduction of welfare measures. This evolution was due largely to government attempts to avoid social disorder, and to the pressure put on governments by incipient labour unions and the classes closely involved in the process of industrialization (Pierson, 2004).

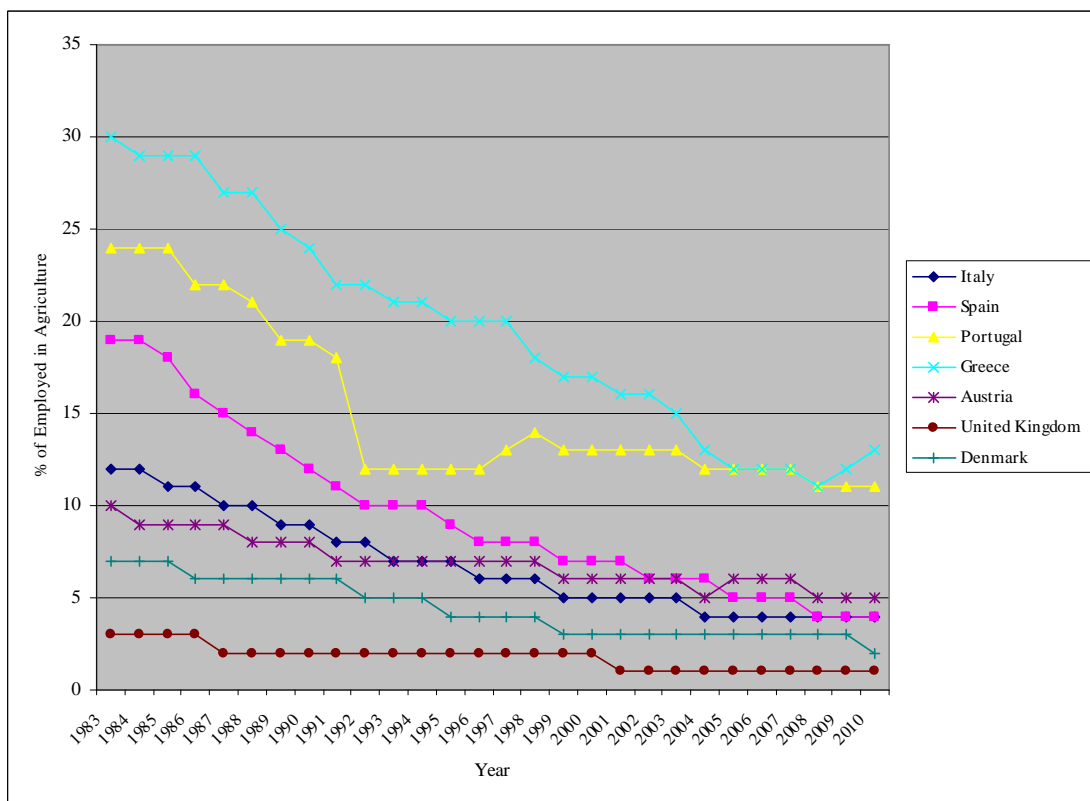
Certainly, southern European countries did not exhibit the early industrial rigour of the United Kingdom or Germany. In the development economics literature of the 1970s and 1980s, Spain, Portugal, and Greece were cited as 'semi-peripheral' or 'newly industrializing' countries (Wallerstein, 1975; Arrighi, 1985; Holman, 1987). Such terms encapsulated the upgrading of industrial organization and the expansion of manufactured exports as indices of improving industrial performance, especially since the early 1960s (Karamessini, 2008: 512). These countries' economies were moreover distinguished by the high number of agricultural sector workers as a proportion of total employment, extremely high rates of self-employment, and the predominance of small and medium-size enterprises (Mattick, 1987).

Nonetheless, if indicators such as the rates of employment in the agricultural and industrial sectors reflect (to a certain extent) the level of a country's industrialization, then variation within southern Europe is significant, and there is not

necessarily a positive correlation between low industrialization and inadequate social assistance performance (or the opposite).

Graphs<sup>3</sup> 2.1 and 2.2 depict the evolution of employment in agriculture and industry respectively as percentages of total employment in southern Europe and selected<sup>4</sup> EU-15 countries:

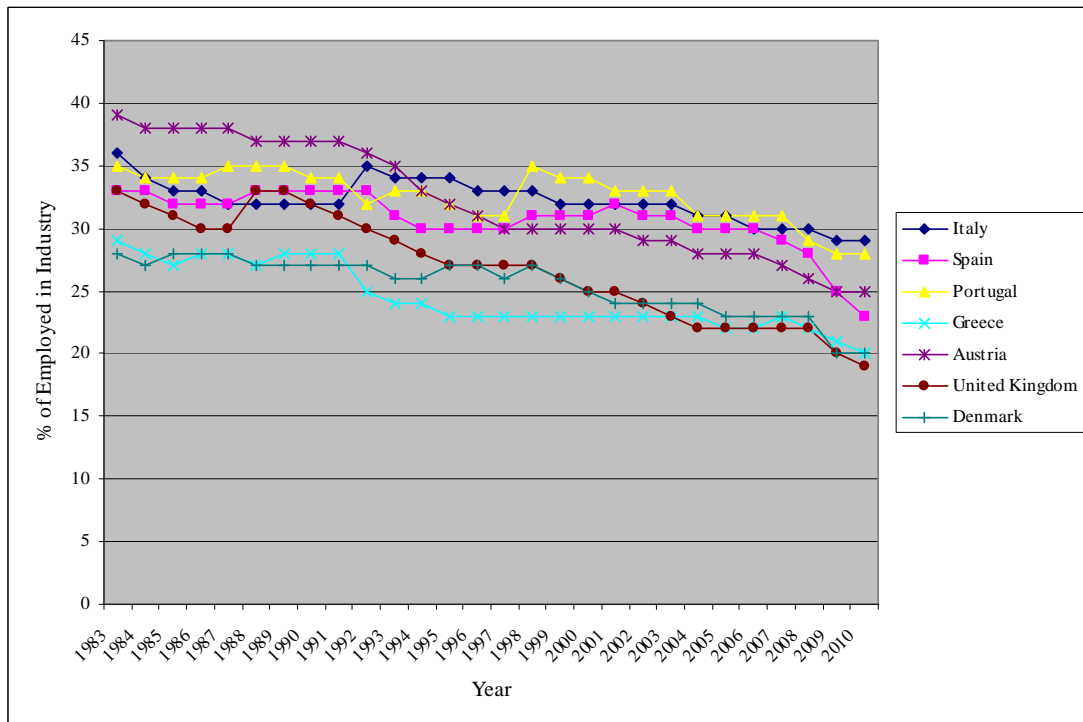
**Graph 2.1. Employment in Agriculture as Percentage of Total Employment (Southern Europe and Selected EU-15 Countries, 1983-2010)**



<sup>3</sup> The data relates to the years 1983-2010 and is from the World Bank database.

<sup>4</sup> Data on Austria, Denmark, and the United Kingdom is provided to represent the conservative, Scandinavian, and liberal welfare models respectively.

**Graph 2.2. Employment in Industry as Percentage of Total Employment  
(Southern Europe and Selected EU-15 Countries, 1983-2010)**



Although the decrease in employment within the agricultural sector is a characteristic of all countries, Greece and Portugal continue to exhibit relatively high levels of employment in this sector even today. In contrast, the relevant percentages in Italy and Spain are comparable to those in Austria. Greece is southern Europe’s outlier in terms of its industrial sector level of employment. It is moreover surprising that for many years this level was higher in southern European countries than in Denmark or the United Kingdom.

The most telling examples of variation in relation to industrialization, however, are those from Italy. In parts of the north – mainly Piedmont, Liguria, and Lombardy – industrialization was relatively early and intensive (Duggan, 1994: 23 and 151-152). The inveterate and increasing developmental gap between the north and south of Italy has led scholars to speak of the coexistence of two divergent paths of development (Garofoli, 1991): intensive industrialization based on the mass

production of consumer goods (Fordism) in the north, and weak industrialization and the growth of construction and services in the south (Karamessini, 2008: 512).

Economic historians have attributed the disparities in development between Italy's north and south to diverse factors<sup>5</sup> such as the importance of natural resources, which are readily available in the north (Rapp, 1975; Fenoaltea, 1999); the north's geographical proximity to the European core (Malanima, 2002); and the protection of agriculture, resulting in an incentive for the south to specialize further in the primary sector. This incentive was harmful in the long run, and contrasted with the large amount of human capital stock in the north that encouraged early industrialization (Gagliardi and Percoco, 2011).

Leaving aside the various possible explanations for the gap between north and south, though, the bottom line is that as early as the period 1891-1911, the increase in the industrialization index<sup>6</sup> in the north was accompanied by a contraction of that index in the south (Fenoaltea, 2006; Gagliardi and Percoco, 2011: 82-84). Southern regions as late as 1951 moreover still had the same average percentage of workers in agriculture as in 1891 or 1911. In fact, the proportion of industrial workers in the south remained below the national average throughout the twentieth century (Felice, 2011: 939). Bagnasco (1977) was the first to suggest that a third developmental pattern existed in the centre and north-east of the country.

Northern Spain, especially the Basque Country and Catalonia, appears likewise to have followed a distinct developmental trajectory (Naldini, 2003: 44-45) compared with the poorer south (Andalusia, Murcia), which was dominated by rural production (Romero Salvadó, 1999; Alderman, 2010).

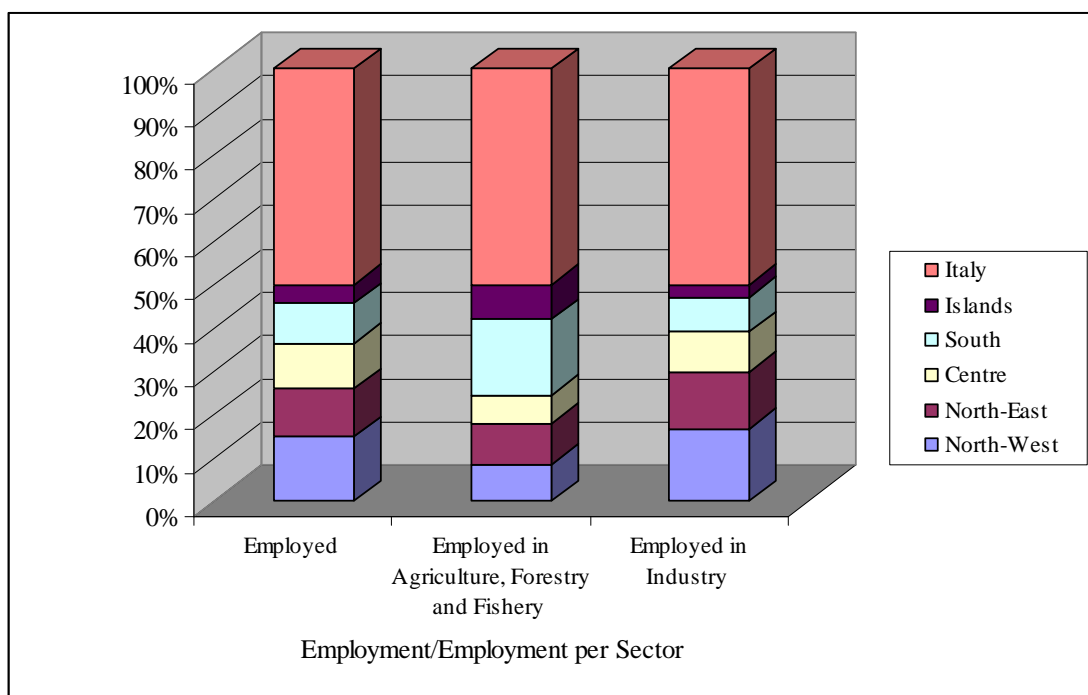
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<sup>5</sup> See Felice, 2011: 930-932 and 946 for their review.

<sup>6</sup> The ratio between the regional share of industrial value added and the regional share of male population older than 15 years.

Graphs 2.3 and 2.4 provide visualizations of the differences occurring at the level of industrialization, mainly between the north and the south of Italy and Spain. The first graph is based on employment data<sup>7</sup> in the agricultural and industrial sectors per geographical area in Italy<sup>8</sup>. The second shows disparities in employment in the high-technology sector as a percentage of total employment at the regional level in southern Europe<sup>9</sup>:

**Graph 2.3. Employment Data in the Agricultural and Industrial Sectors per Geographical Area in Italy (2007)**



As Graph 2.3 illustrates, the number of people employed in agriculture, forestry and fishery in the south is more than twice the number of those employed in this sector in the north-west of the country. The gap is even more striking if we take into account that the number of employees in all sectors of the economy is higher in

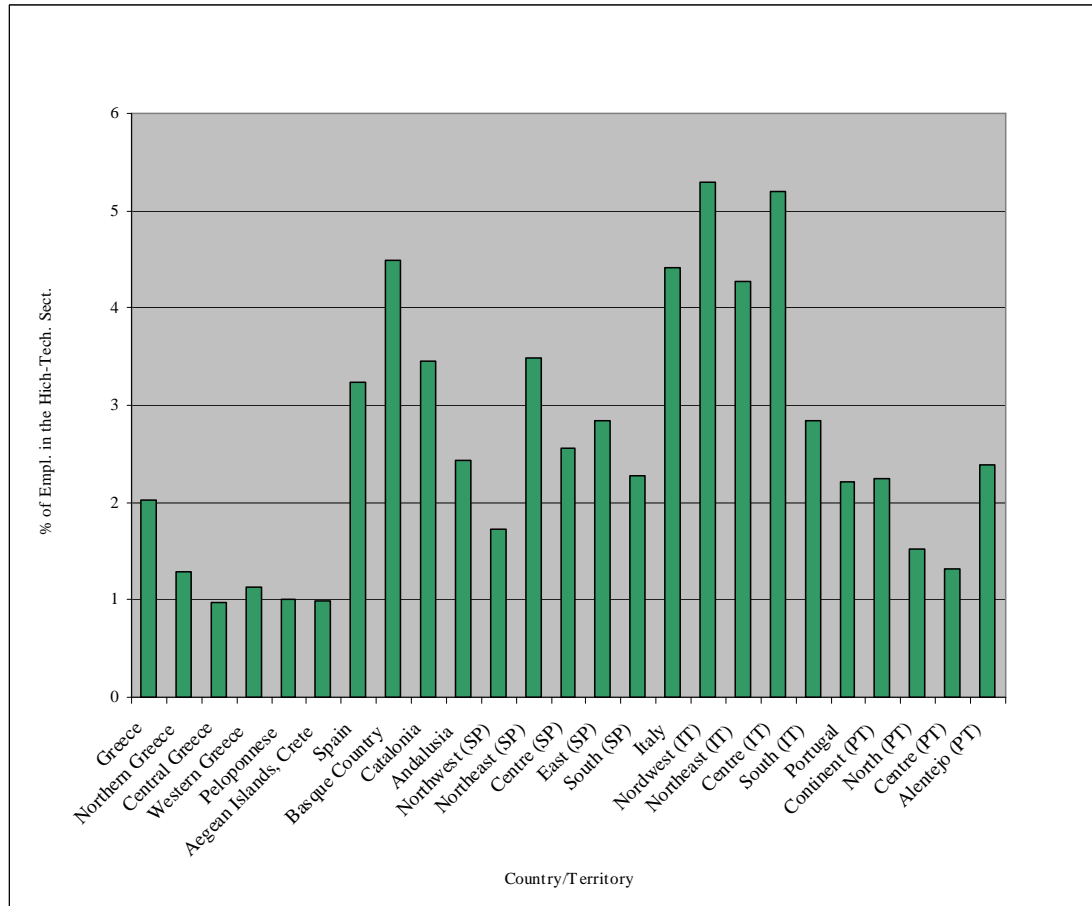
<sup>7</sup> Annual averages in thousands.

<sup>8</sup> The data is for the year 2007 and is from the National Institute of Statistics (*Istituto Nazionale di Statistica*, ISTAT).

<sup>9</sup> The data pertains to 2008 and is from EUROSTAT.

the north-west than in the rest of Italy. Moreover, at least twice as many people in the north-west are employed in industry as in the south and the islands.

**Graph 2.4. Employment in the High-Technology Sector as a Percentage of Total Employment at the Regional Level in Southern Europe (2008)**



Finally, according to Graph 2.4, Greece and Italy are at opposite ends of the spectrum with regard to employment in the high-technology sector as a percentage of total employment. Variation within Spain and Portugal is also high. Whereas in the Basque Country employment in this sector in 2008 equalled 4.50 percent of total employment, in Andalusia it amounted to only 2.43 percent. Similarly, in the Italian north-west and centre, the 5.29 and 5.20 percent respectively of those employed in the high-technology sector is almost twice the number of people employed in that sector in the south. Variations are significantly smaller in Greece and Portugal.

In short, despite the prominence of the developmental hypothesis in explanations of the particularities and especially of the marginality of social assistance in southern Europe, full acceptance of a simple ‘stages of development’ argument for the outcomes examined should be avoided. Indicative of the weakness of this theory is, for instance, that the two countries that achieve the lowest and the highest scores in employment in the high-technology sector as a percentage of total employment, i.e. Greece and Italy respectively, both lack a national GMI. In a similar vein, Greece and Portugal are the two southern European countries that continue to exhibit relatively high levels of employment in the agricultural sector even today, but are also those whose GMI performances are at the two extremes of the spectrum: Greece lacks a GMI and Portugal has established (and maintained) the only permanent, national GMI scheme in southern Europe.

**The role of the family.** The familistic explanation is based on the assumption that the family in southern Europe functioned historically as an effective safety net, thereby decreasing pressure to strengthen the social protection system through the provision of social assistance and the establishment of a GMI. The familistic orientation of southern European societies supposedly reduced the demand for welfare state intervention in an area perceived as the family’s responsibility. The notion that social assistance falls into that area fills out this hypothesis.

This explanation rests on Esping-Andersen’s (1999) division of welfare regimes into familistic<sup>10</sup> and non-familistic. Following the same line of reasoning, Goodin and Gough associated the ‘extended’ type of family in southern Europe with the relative underdevelopment of social assistance in that region. They theorized that if the provision of such benefits and services typically presumed small, stable

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<sup>10</sup> See also Banfield, 1958 for one of the first uses of ‘familism’ in the discussion of a backward southern European society.

households, southern European family structure posed organizational problems for the extension of means-testing (Goodin, 1992: 203; Gough, 1996: 14-15).

The family in southern Europe has indisputably operated as a social shock absorber across a whole range of policy areas (Millar and Warman, 1996; Naldini, 2003). Nonetheless, the link between familism and inferior social assistance, as the latter is reflected in the aborted or belated adoption of a GMI, is problematic, making the explanation reductive. Whether (and how) these variables are connected in a cause and effect relationship is unclear. As Saraceno (2006b: 98) argues, the role of family solidarity may be perceived not so much as a cause, but as an effect of the lack of other forms of solidarity.

Santos (1994), Hespanha (1995), and Nunes (1995) also stressed that the existence of a strong welfare society in southern Europe, based on personal connections, affective links, and networks of exchange, is less a sign of strong social (including family) ties, and more a result of the inadequacies of state welfare policies. Similarly, Addis (1998) and Lynch (2006: 48) argued that in the case of Italy the tendency for social legislation to focus on the family as primary caregiver and source of income support is a rather recent phenomenon resulting from increasing demand and decreasing welfare resources rather than from the impact of familistic culture.

Instead of assuming that meagre (or non-existent) publicly provided social assistance policies are produced by a region's dominant familistic culture, we can just as reasonably hypothesize the following: welfare regime attitudes towards social assistance are shaped at least partially by a region's prevailing ideology of how far the state's responsibilities should extend. This ideology varies in different parts of Europe. In the Nordic countries and parts of continental Europe, where non-familistic regimes are the norm, Protestantism is thought to have led to the creation of a

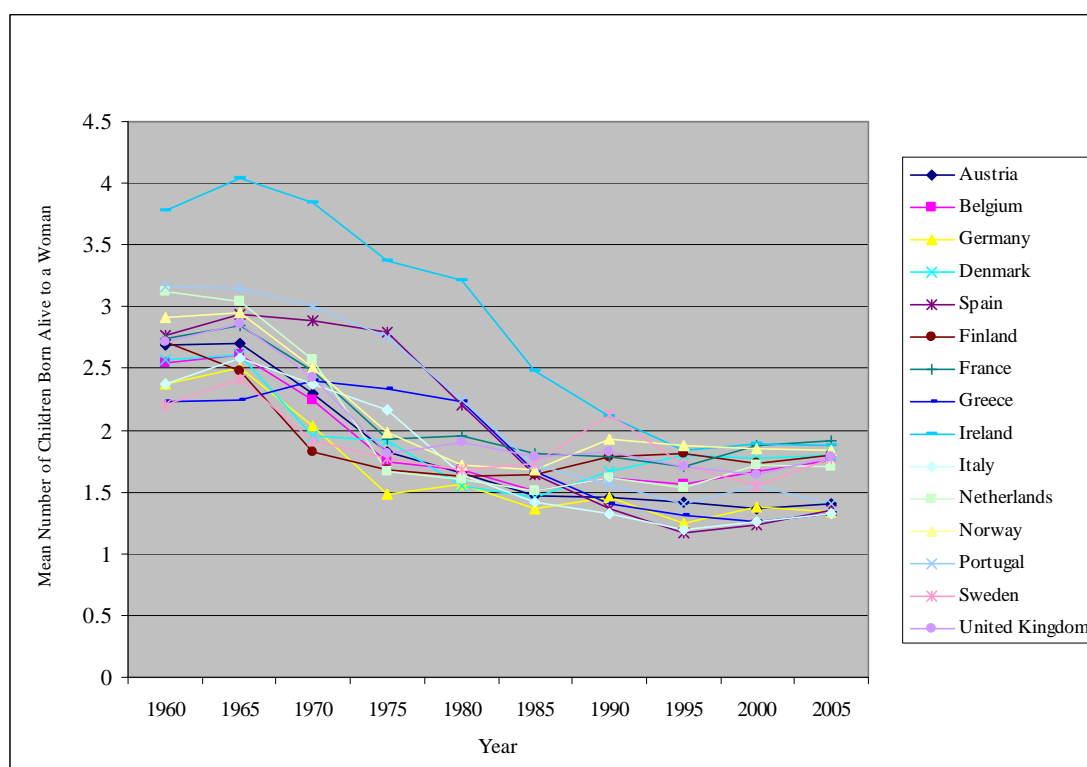
Weberian state, organized and omnipresent. That state assumed public responsibility for the poor at an early stage, gradually diminishing the family's role as a welfare provider (see Battilani, 2000, where the author discusses the emergence of a 'doctrine of the state' in German-speaking areas that led to the development of the notion of 'social democracy' by Lorenz Von Stein, and to state interventionism as a tool to fight poverty and maintain the existing political order; also Kahl, 2009).

Broadly speaking, caution is advised when tracing connections between the family and public policy outcomes, especially outcomes concerning vertical redistribution such as that performed by social assistance. The family may be a social structure anterior to the government of a nation, state, or community, but political authorities can affect redistribution far more profoundly (Kazepov, 2008: 260). This argument builds on Polanyi's assertion that the family can be redistributive only at an inter-generational level. Polanyi (1944: 47-49) in fact referred to this function of the family as 'reciprocity', classifying redistribution as outside the family sphere. According to this reasoning, the family is essentially incapable of acting as a substitute for government policies that target vertical redistribution.

Returning now to Goodin and Gough's claim about the relationship between the extended family type in southern Europe and the relative underdevelopment of social assistance, the presumption is that social assistance typically posits the existence of small, stable households that make it easier for authorities to locate beneficiaries and provide benefits. At least in recent history, however, we may doubt whether the southern European family was ever more 'extended' than in other parts of Europe that are characterized by more developed social assistance policies compared with southern Europe.

If the fertility rate is among the demographic indicators with the greatest effect on family size (see, for example, Becker, 1960; Kent and Larson, 1982), then the total fertility rate in Greece and Italy in 1960, as illustrated in Graph 2.5<sup>11</sup>, was actually lower than in countries such as Austria, Belgium or France. Portugal had one of the highest fertility rates in Europe, but it was still comparable to that of the Netherlands. Similarly, the 1960 fertility rate for Spain was only slightly higher than that for the United Kingdom, France, or Finland.

**Graph 2.5. Total Fertility Rates in the EU-15 (1960-2005)**



Furthermore, contrasting with the situation in countries such as Belgium or Sweden, the continuous decline in fertility rates has led to southern European countries, along with Austria and Germany, becoming the current EU outliers in terms of fertility rates. That decline may partly explain why, for the year 2007, family

<sup>11</sup> The data is from the Max Planck Institute for Demographic Research. The indicator concerns the mean number of children born alive to a woman if she conformed throughout her childbearing years to the fertility rates by age for a given year.

size in southern Europe was indeed among the lowest in the EU-15: the 4 percent of households with three or more children in Italy, Spain, and Portugal, and the 5 percent of households with three or more children in Greece, are comparable to the 4 percent of German households and the 5 percent of Austrian households with the same number of children. These percentages are also much smaller compared to the seven percent of French households with three or more children and the eight percent of households with the same number of children in Belgium, Ireland, or Luxembourg<sup>12</sup>. In fact, southern European family structures appear increasingly similar to structures in the rest of Europe (Beier *et al.*, 2010: 10).

Suppose, nonetheless, that Goodin and Gough wanted to spotlight the existence of multi-generational or extended family cohabitation in southern Europe as an explanation for underdeveloped social assistance, e.g. as manifest in the aborted or belated adoption of GMI schemes. Contrary to popular opinion, such cohabitation was not widespread in the preindustrial period; either because the lifespan was relatively short or the low-productivity agrarian economy could not sustain more than one nuclear family<sup>13</sup>. Multi-generational cohabitation became common in the context of industrial transition in the nineteenth century. Given that industrialization occurred later in most parts of southern Europe than in the rest of the continent, the idea that this familial form was a long-term structural element of the local culture should however be disputed.

Even for more recent decades, research has shown that the long permanence of adult children in the parental home is caused by peculiarities of regional housing and labour markets rather than by socio-cultural features (Jurado, 2002). Studies of public attitudes towards welfare policies in Italy have moreover revealed that

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<sup>12</sup> The data is from the OECD database.

<sup>13</sup> This paragraph is based on Barbagli, 1990 and Mingione, 2001: 14.

individuals who strongly agree with traditional family values are also more supportive of strong state intervention on behalf of family values (Palomba, 1995; Lynch, 2006: 48).

Overall, we cannot assume that multi-generational cohabitation would work against governmental ability to implement social assistance policies. Additionally, means-tested benefits and services in most cases are by definition allocated after taking the individual, not the household, into account (Alcock, Erskine and May, 2002: 145-146; Monacelli, 2007: 185). The existence of smaller or more stable households in no way constitutes a prerequisite for social assistance provision. The data reveals that, in practice, social assistance beneficiaries in Italy are relatively large households (Monti and Pelizzari, 2007: 11).

Finally, even if Goodin and Gough's argument may account to some extent for the relative underdevelopment of means-testing in the region, it cannot explain why southern Europe (with the recent exception of Portugal) did not opt for a more universalistic welfare model. The familistic explanation is thus marked by serious flaws that should make us more cautious about using it.

**High tax evasion and an extended shadow economy.** The argument that a positive correlation exists between high tax evasion and the large size of the shadow economy on the one hand and rudimentary or non-existent publicly provided social assistance policies on the other is based on two premises. First, that taxes finance these policies and so widespread tax evasion results in less money being available for them. Second, that the large size of the shadow economy lessens demand for social assistance. The underlying idea is that individuals would be less in need of governmental assistance if they could find employment in the shadow economy (Madama, 2006: 252). The coexistence of traditional participation in the labour

market (e.g. agriculture, small business) and of a strong shadow economy is presumed to offset the need for social assistance (Ferrera, 2005: 9).

Extensive informal sources of income are also thought to invalidate the use of income earned in the formal economy as a measure of overall resources and so make means-testing more difficult (Goodin, 1992; Gough, 1994). Finally, problems in under-reporting taxable income render any government initiative in this direction unlikely, as it would result in subsidizing many individuals with income from other sources (Amitsis, 1994: 13).

Both tax evasion and the shadow economy are certainly widespread in southern Europe. The Italian authorities miss out on an estimated 100 billion euros annually in uncollected taxes. Greece loses 15 billion euros. Along with Greece (the OECD champion), Italy, Portugal, and Spain are also believed to have some of the largest shadow economies in the OECD (Feld and Schneider, 2010). These shadow economies range from 20 percent of the GDP in Portugal and Spain to 25 percent of GDP in Greece, whilst the relevant percentages for Britain and France are slightly over 10 percent of GDP (*The Economist*, 2010). The outcome of large shadow economies is fewer financial resources for programmes that require state spending from tax revenues.

Why extensive tax evasion and the shadow economy in southern Europe failed to hamper the development of other, far more costly tax-funded welfare policies in the region nonetheless remains unexplained. The national health systems in the four countries studied offer an example. These systems are partly (in Greece) or almost entirely (in Italy, Spain, and Portugal) funded by taxes (Schubert, Hegelich, and Bazant, 2009: 175-178, 230, 283-284, and 407-409). Despite imbalances and inefficiencies, they are also relatively generous. In 2007, Greece's health

expenditures were 9.6 percent of its GDP, Italy's 8.7 percent, Portugal's 10 percent, and Spain's 8.5 percent<sup>14</sup>, i.e. comparable to the EU-15 average of 9.19 for that year.

The same conclusion can be reached if public health expenditures as a percentage of total health expenditures are taken into consideration. Here the variation within southern Europe is larger: in 2007, the percentages were 60.3 for Greece, 76.5 for Italy, 70.6 for Portugal, and 71.8 for Spain. With the exception of Greece, however, the figures are similar to those for countries such as Belgium (74.1 percent). Finally, it should be noted that, according to EUROSTAT, the percentages of social protection expenditures that come from taxation in two southern European countries, i.e. Italy and Portugal, are very close to the respective EU-15 average of 42.8 for the year 2008: 42.2 percent for Italy and 44.9 percent for Portugal, as opposed to 36.2 percent for Spain and 34.6 percent for Greece.

Hence, the aborted effort to adopt or the belated adoption of GMI schemes in southern Europe cannot be convincingly ascribed to limited tax revenues. The origins lie in political priorities that, for a variety of reasons, regard, for instance, the financial support of the national health system as more important than the funding of social assistance. Lastly, even if a positive correlation between tax evasion, the large scale of the shadow economy, and the marginality of social assistance in southern Europe exists, we still have no explanation for why Italy, Spain, and Portugal undertook reforms in the social assistance sector after the 1990s more easily than did Greece.

All the contentions discussed above ignore the impact of political factors on the design and implementation of social assistance, thus seriously weakening the tax evasion-shadow economy hypothesis.

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<sup>14</sup> Unless otherwise stated, the data in this and the next paragraph is from the World Bank database.

**The low administrative capacity of the state.** The argument associating the low administrative capacity of southern European states with the relatively rudimentary character of social assistance in the region is premised on one assumption: that professionalization of the civil service and autonomy of the relevant administrative structures are necessary for managing the resources associated with policies such as the GMI effectively through standardized procedures (Madama, 2006: 252). In other words, the delivery of targeted provisions requires a degree of administrative capability presumed unavailable in southern Europe.

Ferrera (1996: 29) argued that welfare rights in the region, particularly in Greece and Italy, are not embedded in a solid Weberian state that impartially enforces its own regulations. The organs of administration in the region, it has been asserted, suffer from a low capacity for implementation, caused partly by the inadequate resources available to front-line staff<sup>15</sup>. The low degree of political autonomy within the administrative system can also make it difficult for the officials responsible for benefit delivery to withstand external pressures. Finally, if administrative ability to assess need accurately is an absolute requirement for means-testing, administrators in southern Europe may be unable to judge the material circumstances of applicants and determine their actual eligibility for benefits.

Low administrative capacity can undeniably intensify the imbalances of the welfare state, but it cannot be proven to be the main reason for the relative underdevelopment of social assistance, including the aborted or belated adoption of GMI schemes. Supporting this hypothesis requires taking the inadequacy of the administrative systems of the four countries for granted. Are these systems equally ineffective though? By contrast, examination of selected indicators for state capacity

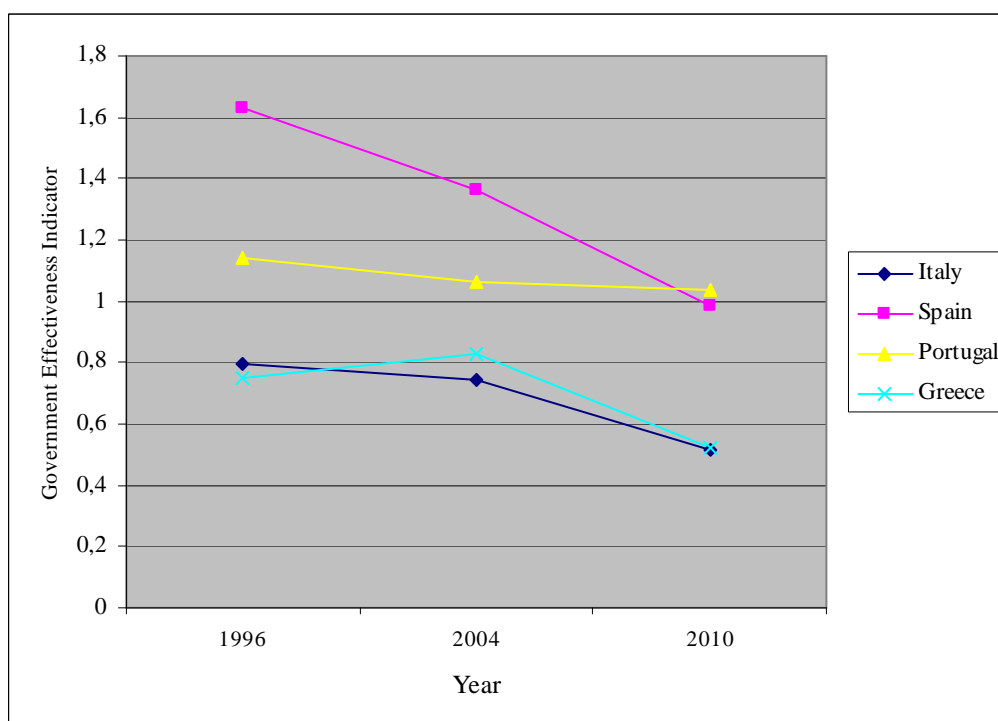
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<sup>15</sup> This paragraph utilizes Atkinson, 1998 and Ferrera, 2005: 10.

indicates that variations exist within the region, both from one country to another and over time (see also Sotiropoulos, 2004b for a detailed discussion of administrative reforms and the state in Greece, Italy, Portugal and Greece).

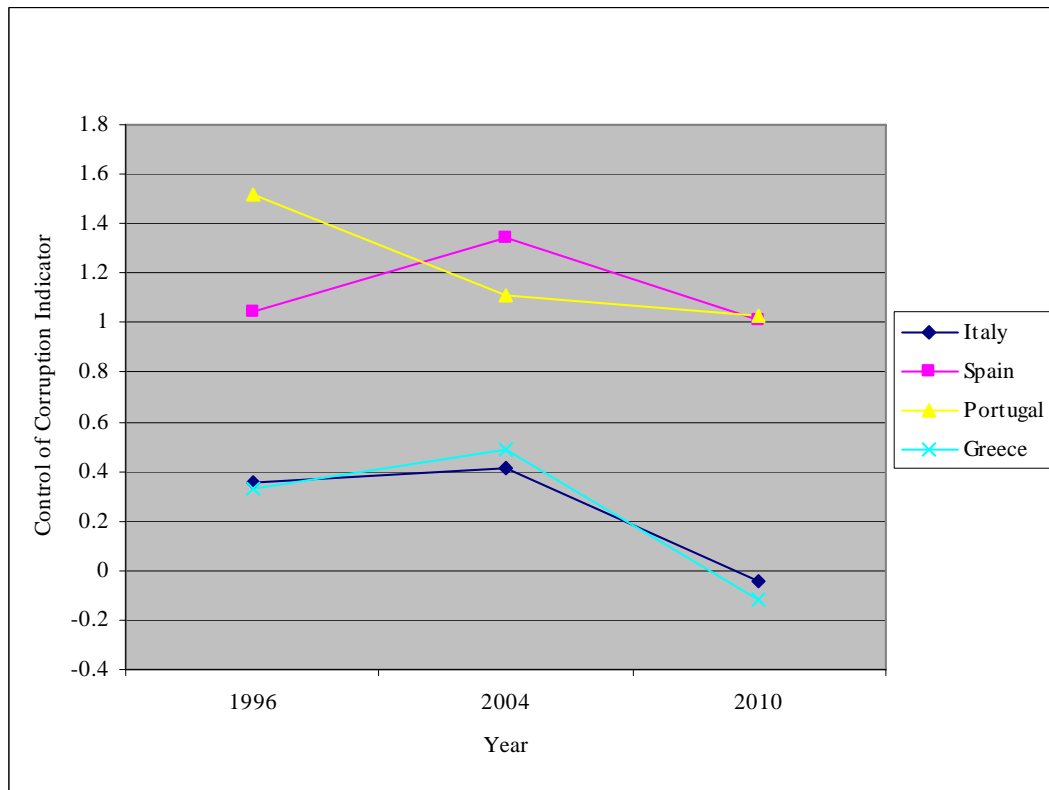
Graphs 2.6 and 2.7 provide visual representations of government effectiveness and the control of corruption in southern European countries for the years 1996, 2004, and 2010<sup>16</sup>. Government effectiveness reflects perceptions of the quality of the civil service, its degree of independence from political pressure, the quality of policy formation and implementation, and the credibility of the government's commitment to policies. Control of corruption reflects perceptions of the extent to which public power is exercised for private gain, as well as the capture of the state by elites and private interests. The estimates range from approximately -2.5 (weak performance) to +2.5 (strong performance).

**Graph 2.6. Government Effectiveness in Southern Europe (1996, 2004, 2010)**



<sup>16</sup> The data is from the Worldwide Governance Indicators Project of the World Bank.

**Graph 2.7. Control of Corruption in Southern Europe (1996, 2004, 2010)**



The data shows Portugal to be the government effectiveness champion for 2010. Italy reflects the other extreme. The performance of all countries deteriorated after 1996. Greece's best performance was in 2004 (the year of the Athens Olympic Games). In terms of control of corruption, Portugal was once again the best-performing country in 2010, when Greece performed worst and Italian and Spanish results also declined.

Is the Portuguese state's higher administrative capacity, compared to the other southern European countries, a reason for the GMI success story in Portugal? The answer is that it may have helped in surpassing implementation problems, and perhaps this was taken into account by actors in their decision to support the scheme. Nevertheless, the establishment of the measure required a political decision, which places policy actors and their interests, perceptions and preferences in the social

assistance field at the centre of the analysis, once again. The same holds true for the other southern European countries.

Similarly, labour market fragmentation (discussed below) has significant weaknesses as an explanation for the outcomes under examination.

**Labour market fragmentation as a possible variable.** Gough (1996: 4 and 19) was the first to suggest that a dual labour market ‘exhausts public finances’, making the development of publicly provided social assistance, the institutionalization of a GMI scheme included, ‘harder to attain’. He did not, however, analyze the causal mechanisms between labour market fragmentation and the rudimentary character of social assistance.

More recently, the segmentation of the labour market in southern European countries into various dichotomies – public versus private sector, large versus small firms, formal versus underground economy, and divisions by age, gender, and ethnicity (Karamessini, 2008: 510) – has been assumed to explain the fragmented social protection system in these countries and their low redistributive performance. Once again, the suggestion is that scholars should pay more attention to labour market fragmentation as a possible explanation for the particularities of social assistance in southern Europe (Ferrera, 2005: 5; Ferrera, 2007: 93 and 108; Croci Angelini and Farina, 2006: 88). This hypothesis rests mainly on the assumption that labour market fragmentation reinforces inequality amongst employees working in different sectors of the labour market and enhances dualism between insiders and outsiders, leading to unequal rights and provisions for these groups.

Unequal rights and welfare provisions are nevertheless likely to occur within an already segmented and rudimentary welfare system designed to associate employment status with such provisions (Häusermann and Schwander, 2010: 13 and

20). Indeed, welfare provisions in southern Europe are proportional to contributions, rather than being means-tested or universal. They consequently lead to incomplete and insufficient social rights for outsiders and reproduce market inequalities instead of resolving them (Bradley *et al.*, 2003). The provision of welfare benefits and services such as social assistance thus affects and sometimes magnifies labour market fragmentation, not the other way around (Häusermann and Schwander, 2010: 5).

In southern Europe, moreover, the welfare state appears to have evolved concurrently with a fragmented labour market, thereby acquiring its own degree of internal polarization (Ferrera, 2007: 93). In these circumstances, a causal relationship between labour market fragmentation and the underdevelopment of welfare policies in general, social assistance included, is difficult (if not impossible) to prove.

Furthermore, even if a cause-effect relationship between labour market fragmentation and the rudimentary character of social assistance in southern Europe existed, fragmentation in the four countries' labour markets differs in respect to both the labour market structure and actors, and regulatory processes and regimes. Differences include the size of firms, the existence of collective agreements, and the tenure, skill, and educational level of workers (Ioannou, 2009).

For instance, Spain has made more progress than Italy in terms of labour market de-segmentation: labour laws were changed in 1997 and 2001 to improve the social security rights of irregular and temporary workers and their opportunities to access the formal labour market (Ferrera, 2007: 107). In terms of labour market actors, Portugal appears to be the least fragmented, Italy the most (Ioannou and Kjellberg, 2005: 346 and 354-355). The ability to build social pacts between important social actors such as employers and workers consequently varies from country to country. Häusermann and Schwander (2010: 27), moreover, recently

argued that southern European labour markets are less dualized than markets in continental Europe in terms both of gaps in the gross wage and of training and promotion prospects.

Finally, more importantly, labour market fragmentation does not necessarily result in social protection dualism, which structurally disadvantages outsiders in terms of social rights and welfare benefits. Countries can counterbalance their segmented labour markets by ensuring the rights of workers in temporary jobs and in the informal market; or by providing targeted, effective welfare provision to extreme outsiders (Häusermann and Schwander, 2010: 6-7, 17 and 25).

Against this backdrop, whether labour market fragmentation leads to dualism and weak social assistance policies, including failed or delayed attempts to establish GMI schemes, depends on the decisions and attitudes of key actors/organizations, such as the ones discussed below.

Before proceeding with the description of my chain of argumentation in the final chapter section (2.3), I discuss the core variables used in the analytical model of this study, and locate them briefly in the relevant literature. Although this is an exploratory study that derives its analytical model inductively by investigating social assistance in southern Europe, in particular the GMI experiences of these countries, each of the variables proposed here already exists as an independent focus of scholarly research and debate.

## 2.2. Core Variables

### *a. The Independent Variables*

#### CENTRAL GOVERNMENT

The central government is the executive policy-making body of a state, responsible *inter alia* for political decision-making, legislating, arbitrating conflicts, and so on. Ever since the recognition of social policy as a distinct policy area, a large body of literature has acknowledged and attempted to determine the factors which shape the substantial impact of central governments on social policy outcomes<sup>17</sup>. A range of theories, from liberalism to Marxism, their neo-versions and beyond, focus on the role of central governments as protagonists in the field of social policy and the effect of government characteristics, partisanship in particular, on the above outcomes<sup>18</sup>.

#### RELIGIOUS ORGANIZATIONS

This term comprises ecclesiastical organizations such as the Catholic and Orthodox Churches, along with other smaller associations acknowledged to represent believers and governed or influenced by religious beliefs, such as grassroots Catholic and Orthodox organizations. The present study does not regard political parties usually classified under the rubric of 'religious party' (confessional, cross-confessional, denominational, clerical, and church-interest parties) as religious organizations (Madeley, 2009: 15). For the more recent past, the study also largely differentiates between the stance of the ecclesiastical hierarchy and organizational

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<sup>17</sup> See, for example, Macbeath, 1957; Marshall, 1965: 7; Abel-Smith and Titmuss, 1974: 23-32.

<sup>18</sup> See the contributions of Lipset, 1960 and Rueda, 2007 to the research strand on partisanship and social policy, together with the overviews of such theories by Alcock, Erskine and May, 2002, and Lavalette and Pratt, 2006.

elites on social assistance and that of grassroots organizations (especially in the Italian case, due to the particularities of the Catholic Church in that country; above all the geographical proximity with the Holy See and the virtually absolute control exercised by the Vatican over the Church in Italy, see Chapter 3).

Since Weber's *The Protestant Ethic and the Spirit of Capitalism* (1904/1905), religion has been recognized as a determinant of public policy outcomes. Religion may affect public policies in several ways: for example, individuals with a particular set of religious beliefs may behave differently from those without them, or interest groups and parties may be formed to promote certain beliefs (Castles, 1994a; Van Kersbergen, 1995; Manow and Van Kersbergen, 2009).

The debate started in the social policy literature with Heidenheimer's pioneering article on secularization patterns and the westward spread of the welfare state (Heidenheimer, 1983). The discussion recommenced in 1994 when Castles (1994a and b) and Therborn (1994) disagreed over the relationship between religion and public policy in the pages of the *European Journal of Political Research*.

The recent increase in the acknowledgment of religion's role in public policy has been driven mainly by an ideational approach that probes the influence of religious doctrines on social policy principles. In an article invoking modernization theory, Scheve and Stasavage (2006) argued, for instance, that religion and welfare state spending are substitute mechanisms that insure individuals against adverse life events. Other scholars have discussed the religious roots of modern poverty policy (Kahl, 2009) and the theoretical context of the relationship between religion and the western welfare state (Manow and Van Kersbergen, 2009). For the most part, however, religion remained long ignored in the public policy literature.

Likewise, the role of religious organizations in shaping social assistance and, more importantly, in shaping the GMI experiences of the four southern European countries, has been generally disregarded. Exceptions may be found in the works of Moreno and Sarasa (1992) and Esping-Andersen (1999), wherein the authors mention that the Catholic Church impeded the development of the welfare state in southern Europe, frequently acting in alliance with conservative political forces.

Saraceno (2006b) argues moreover that Catholic religious organizations fill the holes both of the welfare state and of family solidarity. In Greece, the logic of subsidiarity between the central government and religious organizations in the social assistance policy area is considered to be less dominant (Adão, 2009: 199). The reasons for this difference between Roman Catholic southern Europe and Greece are discussed in detail in the country-based chapters. These chapters also provide data on the financial wealth of the Catholic and the Orthodox Greek churches, as well as on the size of the endowments tied up in Catholic and Orthodox welfare charities<sup>19</sup>.

#### SECULAR ORGANIZATIONS

Secular organizations include political parties and unions, together with other interest groups such as employers' associations. This study nevertheless focuses on political parties and unions because of all the groups considered, they have the greatest powers of mobilization and the strongest interest in social assistance. Their impact on policies is most pertinent here.

The bibliography on secular organizations and public policy outcomes is particularly rich. It forms part of the broader literature on interest groups and public

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<sup>19</sup> The reader should keep in mind though that coming up with a hard number for ecclesiastical assets is difficult, if not impossible.

policy, with pluralism (Dahl, 1961; Lindblom, 1977) and neo-corporatism (Thomas, 1993) the most influential theories. More recent theoretical debates consider, *inter alia*, whether globalization has limited the impact of secular organizations on public policy (Baccaro and Simoni, 2008).

#### TERRITORIAL ACTORS

Territorial actors include political elites and secular organizations representing regions, municipalities, sub-states, or other geographical units. Examples of such actors are Italy's regional and sub-regional governments, and Spain's elites and organizations representing the 17 Autonomous Communities. These entities may exert decisive influence on social assistance, for instance by promoting their own agendas in that policy field.

At this juncture, it should be said that this study does not discuss decentralization versus centralization as a dependent variable. This choice was made to avoid further complicating the multifaceted examination of the evolution of social assistance in four countries. Attention is paid to territorial actors simply to understand their role in shaping social assistance, especially in the GMI experiences of Italy and Spain.

In Italy and Spain, decentralization led to territorial actors becoming relatively autonomous and powerful in the sector, both symbolically and in reality, as opposed to the more centralized Portuguese and Greek social assistance models, where these actors' responsibilities are limited mostly to the administration and implementation of the relevant measures (see, for example, Hölsch and Kraus, 2004). In that sense, the present study provides a useful illustration of territorial actors as political actors

capable of having a significant impact on policy change, but also of the complications for equity and citizenship brought by regionalization in Italy and Spain.

Territorial actors are the subject of a large strand of the literature, featuring in discussions of federalism and other territorial models and their consequences for public policy. Hine (1996) offers an exemplary analysis of regional pressures in historical perspective, while other papers and studies examine the territorial politics of welfare<sup>20</sup>.

### *b. The Condition Variable*<sup>21</sup>

#### DESTABILIZING FORCES

‘Destabilizing forces’ is an umbrella term used to designate a wide range of ‘forces’ endogenous or exogenous to the political and social system. These internal or external forces are essentially factors and events that act as challenges for the existing policy equilibria in the social assistance field and are thus capable of triggering a process of policy change. Such forces are large-scale socio-economic changes such as fiscal crises; fundamental changes in the state’s power and organizational structures caused by war, revolution, or regime change (fascism to democracy and the like); and significant policy initiatives by influential international organizations such as the European Union.

Destabilizing forces may activate a process of policy change in two ways: first, by increasing the incentive for influential policy actors to act, they break through policy sclerosis (Rhodes, 2011: 2). Second, less often, they function as enabling conditions so that a particular set of institutional actors take action.

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<sup>20</sup> Moreno and McEwen, 2005; Gallego, Gomà and Subirats, 2005; Béland and Lecours, 2005 and 2006; Kazepov, 2008 and 2010.

<sup>21</sup> The condition variable frames a condition whose presence activates or magnifies the action of a causal law or hypothesis (Van Evera, 1997: 10).

To weigh such forces and the critical periods they precipitate is problematic (Weber, 1949: 183). Not all possess the same degree of intensity and/or disequilibrating capacity (Capoccia and Kelemen, 2007: 360-363); they could threaten the system with very serious imbalance unless a new equilibrium is attained (Gilboa and Matsui, 1991), or might be milder, but still capable of disturbing the existing equilibria in the social assistance field.

The influx of immigrants from Asia Minor to Greece in 1922 provides a good example of a very strong force that in addition also threatened the status quo and the very existence of the central government and other state organizations. In response to this crisis, for the first time in modern Greek history, the government introduced publicly provided social assistance policies in a relatively systematic way. In the absence of this force, the government might have chosen not to act, promoting stagnation instead of change.

The EEC policy shift towards selective universalism in social assistance in the 1990s is an example of a milder force. In the absence of any formal procedure to compel member states to implement it, a soft law, in the form of an EEC Recommendation, does not usually exert the same pressure on actors/organizations as a war or a revolution, but is perfectly capable of triggering a policy change. It can, for instance, affect the debate on the proper ways of promoting and implementing social assistance policies, especially in southern Europe, where conforming to EU policies has often been synonymous with economic development and social progress. Europeanization processes largely determined what sort of choices were made about the policies discussed here (Ferrera and Gualmini, 2004; Fargion, 2009: 187).

Beyond their effect on central governments, destabilizing forces may also have an impact on other organizations capable of influencing social assistance, such

as religious or secular organizations. An example can be found in the fiscal restraints of the 1980s. They encouraged secular organizations to become more amenable towards means-testing and towards the expansion of a pluralistic model of social assistance.

As already observed, destabilizing forces can occasionally create the conditions for a particular set of actors to act. For instance, the creation of regions in Italy in the 1970s provided the political elites and secular organizations representing territorial units with the authority and autonomy they needed to develop their own policies in the social assistance field.

Finally, as already mentioned in Chapter 1, destabilizing forces are very closely associated with what historical institutionalists call ‘critical junctures’, periods which open up opportunities for historic agents to alter the trajectory of development (Katznelson, 2003). During such periods, the decisions taken not only reflect major digressions from previous policies but also have lasting impact upon subsequent decisions and structures (Gal and Bargal, 2002: 432). A destabilizing force may be the catalyst for such a ‘critical juncture’ or, if we prefer the term Polanyi used in his classic study on the rise of the modern market economy, the trigger point for a critical period (Polanyi, 1944: 4; see also Gerschenkron, 1962).

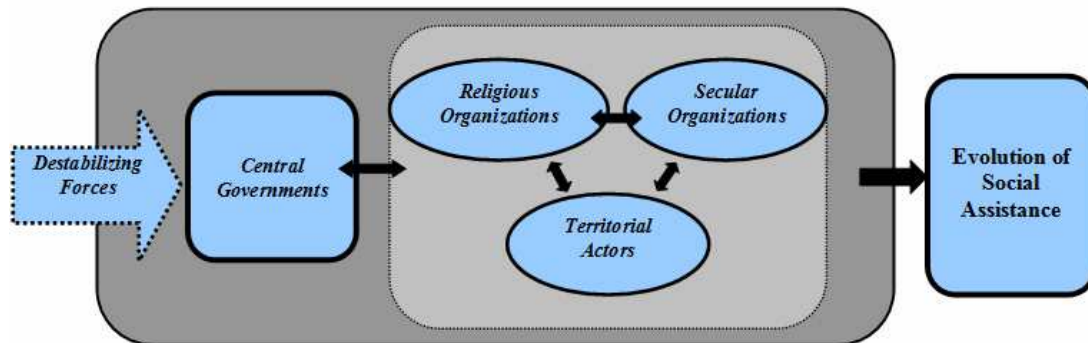
The following section discusses, among other matters, how destabilizing forces interrelate with the other core variables.

### **2.3. The Chain of Argumentation**

The present study’s argumentation rests on a series of assumptions. The following diagram presents the simplest possible distillation of these assumptions concerning the relationships among destabilizing forces, central governments,

religious organizations, secular organizations, territorial actors, and the evolution of social assistance:

**Diagram 2.1. How Destabilizing Forces, Central Governments, Religious Organizations, Secular Organizations, Territorial Actors, and the Evolution of Social Assistance Interrelate**



Here are the assumptions, indicated by italics so as to distinguish them from the discussion:

*i. Central governments, religious organizations, secular organizations and territorial actors are all able to affect the evolution of social assistance. They have an interactive and above all cumulative impact on this policy field. As Korpi and Palme (2000: 2) argue, ‘the relative capabilities of different actors and interest groups to make and, if necessary, to enforce claims are seen as a fruitful starting-point for analyses of distributive outcomes’.*

*At the same time, from the viewpoint of political economy, the beneficiaries of social assistance policies must rely mainly on the actors/organizations capable of shaping and determining such policies (see, for example, Taylor-Gooby, 2004b: 9). This is because social assistance targets extreme outsiders with, at best, limited and*

dispersed political representation in society<sup>22</sup>. Huber and Stephens (2001: 18) pointed to the existence of an ‘underclass’ that, ‘precisely because it lacks skills and connection to the process of production, [...] also lacks organization and power and thus is acted upon rather than being an actor in shaping the welfare state’.

*As a social assistance policy measure, the GMI cuts across categorically-defined forms of social assistance. Its institutionalization is often linked with the restructuring of the welfare system as a whole, and therefore with the reduction or abolition of well-established benefits, triggering a possible reaction from actors not among the GMI beneficiaries (Vanderborght, 2006: 16-17). For these reasons, the existence of strong pro-GMI coalitions of actors/organizations capable of shaping and determining such policies becomes a sine qua non for the establishment of a GMI, and, even more, its maintenance against any government change. The broader the range of actors/organizations participating in a pro-GMI coalition, the more powerful and influential the coalition will appear to be (see, for example, Tattersall, 2010; Tarrow, 2011).*

*ii. At every moment in time, the attitudes of central governments, religious organizations, secular organizations, and territorial actors towards social assistance are driven by their interests, subjective perceptions of fairness, and preferences with regard to this policy field. These interests, perceptions and preferences provide each actor/organization with incentives to adopt a particular stance towards social assistance (see, for example, Stjernø, 2008, for a discussion of the relationship between values and policy goals and instruments).*

*iii. The interests, subjective perceptions of fairness and preferences, thus the incentives, and, finally, the attitudes, of all these actors/organizations towards social*

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<sup>22</sup> The relationship between social and political exclusion is well-established: Macedo *et al.*, 2005: 37; Anderson and Beramendi, 2005; Bartels, 2008; Long Jusko, 2008: 5.

*assistance may change through space and time (see, for instance, Epstein et al., 1998).*

*iv. Destabilizing forces may increase the incentives for actors/organizations to change their stance towards social assistance. Or these forces may function as enabling conditions that make it possible for these actors/organizations to act. In every case, destabilizing forces make policy change more likely than stagnation.*

These are the building blocks of the argument already outlined in Chapter 1. The following four chapters discuss specifics for each country in a series of case studies. Chapter 3 begins with an examination of the evolution of social assistance in Italy.

**CHAPTER 3:**  
**SOCIAL ASSISTANCE IN ITALY.**  
**FROM FASCISM'S 'VERBA NON ACTA'<sup>1</sup> TO THE GMI ALL' ITALIANA**

The evolution of social assistance in Italy has not been devoid of periods of expansion and reform. As will be *inter alia* argued in this chapter, such periods were largely connected with the co-occurrence of destabilizing forces and centre-left governments.

Still, the available body of information on publicly provided social assistance paints a rather grim picture of the provisions made by the state in the field. A national GMI has never been fully established, a reflection mostly of the relatively weak consensus and meagre pro-GMI coalition in the country. Only some regional and (mainly) sub-regional GMI schemes exist. The pioneering case of Turin in particular once again reveals how, while the existence of institutionally powerful territorial actors is a prerequisite to the emergence of local GMI programmes, destabilizing forces and strong local pro-GMI coalitions increase the possibility of establishing and maintaining these programmes.

Furthermore, as seen in Table 3.1 (below), in 2009 only 18,513 million euros were allocated to the two major, national social assistance benefits: 14,543 million euros to the civil disability pension (*pensione di invalidità civile*) and 3,970 million euros to the social pension (*pensione sociale*). These figures correspond to approximately 3.36 percent and 0.92 percent of total spending on social protection, respectively. For all years spending on these benefits was persistently around 3 to 4 percent of total social spending:

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<sup>1</sup> An inversion of the Latin phrase *acta non verba*.

**Table 3.1. Data<sup>2</sup> on Expenditures  
on the Two Major Social Assistance Benefits  
at the National Level in Italy (1990-2009)  
(in Million of Euros)**

<b>Year</b>	<b>Social Pension</b>	<b>Civil Disability Pension</b>	<b>Total Spending on Social Protection</b>	<b>Social Pension (as a Percentage of Social Spending)</b>	<b>Civil Disability Pension (as a Percentage of Social Spending)</b>
1990	1,639	5,022	161,249	1.02	3.11
1991	1,662	5,055	178,681	0.93	2.83
1992	1,816	5,615	196,035	0.93	2.86
1993	1,738	6,818	203,189	0.85	3.35
1994	1,750	7,367	212,321	0.82	3.47
1995	1,760	7,479	221,243	0.79	3.38
1996	1,772	7,492	235,594	0.75	3.18
1997	1,862	7,375	253,311	0.73	2.91
1998	1,921	7,356	259,925	0.74	2.83
1999	2,169	7,440	271,127	0.80	2.74
2000	2,407	7,750	282,617	0.85	2.74
2001	2,520	7,748	298,949	0.84	2.59
2002	3,113	9,683	315,885	0.98	3.06
2003	3,195	10,554	331,997	0.96	3.18
2004	3,429	11,014	349,196	0.98	3.15
2005	3,468	11,558	362,793	0.95	3.18
2006	3,576	12,222	380,252	0.94	3.21
2007	3,655	13,083	394,227	0.93	3.32
2008	3,787	13,866	415,397	0.91	3.34
2009	3,970	14,543	432,357	0.92	3.36

Meanwhile, at the territorial level, regions and municipalities define recipients and criteria for access to social assistance on the basis of their own varying standards. As Table 3.2 shows, the national average for expenditures for individuals in economic hardship in 2008 was 25.76 euros per capita. Most of the poor southern regions performed worse than those in the richer north and centre.

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<sup>2</sup> The data is from the Bank of Italy.

**Table 3.2. Data<sup>3</sup> on Social Expenditures  
in Italian Regions (2008)  
(in Euros per Capita)**

<b>Region</b>	<b>Total Social Expenditures</b>	<b>Expenditures for Individuals in Economic Hardship</b>
Piedmont	140.74	40.80
Aosta Valley	262.98	14.16
Lombardy	120.19	34.96
Trentino-Alto Adige	280.52	20.20
Veneto	110.90	33.51
Friuli-Venezia Giulia	211.15	44.94
Liguria	137.95	33.17
Emilia-Romagna	167.98	27.71
Tuscany	130.38	28.94
Umbria	95.44	21.29
Marche	106.63	19.30
Lazio	134.24	19.63
Abruzzo	64.81	8.22
Molise	41.32	9.51
Campania	53.69	10.53
Apulia	55.16	13.94
Basilicata	57.77	9.43
Calabria	30.33	4.74
Sicily	70.33	20.74
Sardinia	168.40	51.04
<b>Italy</b>	<b>111.35</b>	<b>25.76</b>

The redistributive impact of publicly provided social assistance in Italy is not negligible. Although scholars agree that a number of contributory benefits perform better than social assistance provisions in reducing poverty and inequality in the country, all acknowledge that the social pension in particular has acted as a limit to poverty intensity, consistently taking more than 25 percent of recipients out of poverty (O'Donoghue *et al.*, 2002; O'Donoghue, Baldini and Mantovani, 2004; Monacelli, 2007).

Levels of poverty and inequality nevertheless remain high. Table 3.3 presents data<sup>4</sup> on the percentage of population at risk of poverty, as well as on the ratio of total income received by the 20 percent of the population with the highest income to that

<sup>3</sup> The data is from the ISTAT.

<sup>4</sup> The data is based on EUROSTAT.

received by the 20 percent of the population with the lowest income. For all years between 2004 and 2010, Italy scored below the respective EU-15 averages.

**Table 3.3. Percentage of Population at Risk of Poverty & Income Quintile Share Ratio (S80/S20) in Italy and the EU-15 (2004-2010)**

Year	Percentage of Population at Risk of Poverty		Income Quintile Share Ratio (S80/S20)	
	Italy	EU-15	Italy	EU-15
2004	19.1	17	5.7	4.8
2005	18.9	15.7	5.6	4.8
2006	19.6	15.9	5.5	4.7
2007	19.8	16.0	5.5	4.9
2008	18.7	16.2	5.1	4.9
2009	18.4	16.1	5.2	4.9
2010	18.2	16.2	5.2	5.0

Nonetheless, Italians appear to be only moderately interested in governments coping with poverty and inequality. The data from the Integrated European Value Survey (EVS) and the World Value Survey (WVS)<sup>5</sup> is telling: with a scale from 1 to 10, where 1 is ‘incomes should be made more equal’ and 10 is ‘we need larger income differences as incentives’, 59 percent of the respondents chose an answer over 5.

At the same time, the Catholic Church and a large network of organizations affiliated with the Church, such as Caritas Italiana, play a central role in the provision of social assistance (with the blessings of the vast majority of Italian governments, and, for the most part, as will be argued, regardless of their political orientation). This role<sup>6</sup> is manifest, for instance, in the fact that in 2008 one million individuals contacted Caritas requesting assistance. That number increased by another 25 percent

<sup>5</sup> All data is from the Section E of the Survey, i.e. ‘Politics and Society’ and regards the year 2005.

<sup>6</sup> Unless otherwise stated, this and the next paragraph draw on the interviews with Pierluigi Dovi, in charge of the regional Commission of Caritas, Turin, and Francesco Marsico Vice-Director, Caritas Italiana. See also Caritas Italiana-Fondazione Zancan, 2010: part 2.

during 2009-2010. As regards Caritas Italiana, the provision of assistance takes place mainly through 195 centres, which are located in 15 regions. The distribution of food to those in need comprises a large part of the activities of Catholic religious organizations, along with parishes and Institutes of Consecrated Life/Societies of Apostolic Life (*Istituti di Vita Consacrata/Società di Vita Apostolica*).

A 2002 survey on the social assistance provisions linked to the Catholic Church in Italy revealed that approximately two-thirds of these provisions were not in the lists compiled by territorial actors, e.g. the local administration, for the programming of social assistance services. This is indicative of the autonomistic tradition of charity intervention by religious organizations in the country (Mingione, 2000: 107 and Sarpellon, 2002: 222, cited in Frisina, 2004: 272).

Overall, it is nearly impossible to define how much these organizations devote to social assistance activities in Italy. At least 30,000 religious organizations, directly or indirectly linked to the Catholic Church, are currently involved in the field<sup>7</sup>. A comprehensive examination of the resources, financial and other, devoted to the provision of social assistance by these organizations in the country should take into consideration organizations such as the ‘national’ and the ‘diocesan’ Caritas; the Pontifical Relief (*La Pontificia Opera Assistenziale*, POA) that was replaced by Caritas in 1971; figures from religious orders such as the Franciscans, Dominicans and Jesuits; the social assistance activities developed by the Apostolic Charity (*Elemosineria Apostolica*), an organization directly linked to the Holy See<sup>8</sup>; and the patrimony administered by the Administration of the Patrimony of the Apostolic See (*Amministrazione del Patrimonio della Sede Apostolica*).

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<sup>7</sup> Unless otherwise stated Professor Emeritus, Università Cattolica del Sacro Cuore, this and the next paragraph benefit from communication between the author and Alberto Cova.

<sup>8</sup> The information regarding the Apostolic Charity and the Administration of the Patrimony of the Apostolic See draws on the site of *La Curia Romana*, i.e. the administrative apparatus of the Holy See.

Another possibility would be to look for the amount of the Peter's Pence Collection (*L'Obolo di San Pietro*), that is, the money raised among the faithful all around the world and sent directly to the Pope for charity (see also Lo Bello, 1968: 23-24; Manhattan, 1972: 207-208). This revenue, collected through the income tax and allocated to the social activities of religious organizations at the discretion of Italian citizens currently amounts to approximately 500 million euros per year.

Finally, it should be noted that every diocese and parish acts individually as far as both the development of charitable activities and the management of financial resources for these activities is concerned (Eunjung Cha, 2012). When the cases in need of social assistance are numerous or complex, the parishes spread awareness of the issue of social assistance to other local welfare agents, predominantly the local Caritas or Diaconia. The latter is under the same authority as Caritas and can therefore be considered as part of the organization (Frisina, 2006: 186).

To understand the nature and the degree of involvement by the Catholic Church and its associated organizations in providing social assistance, five main factors need to be considered. Some of them pertain exclusively to the Italian case, whereas others pertain to the Catholic Church in general. First and foremost, as argued by John Pollard (1985: 4), one of the top historians studying the relationship between the Catholic Church and the Italian state,

'The role of the Catholic Church in Italy was, and still is, conditioned by a factor which is still missing in every other Catholic country, the physical presence of the Holy See. In consequence, the Catholic Church in Italy speaks with a greater and more direct authority than elsewhere... Relations between the Church and the State in Italy, therefore, have never been and can never be like those in any other country, either in Europe or anywhere else... Moreover, given the virtually absolute control exercised by the Vatican over the bishops and clergy in Italy, to all intents and purposes the Vatican was the Church in Italy...'

Second, the role of Catholic religious organizations in the social assistance field is deeply rooted in history. For instance, the Catholic Church developed an

interest for the lower classes before the Italian city-states and kingdoms did. Even in the post-Unification period, and at least up to 1919, state intervention in the welfare field in general was limited and highly discretionary (see, for example, Cova, 1997: 33; Battilani, 2000).

Third, in Catholicism, centuries before classical sociologists discussed the concepts of ‘social integration’ and ‘solidarity’, Thomas Aquinas had formulated relevant principles that would be further developed in papal writings: helping the needy was a duty of the individual, if he wanted to earn a place in heaven (see Van Kersbergen, 1995: 201-204; Stjerno, 2004: 63-75; Bressan, 2007; Manow and Van Kersbergen, 2009: 2).

Fourth, this duty was gradually transformed into a source of social and political patronage, as well as a lucrative policy field to which the Church held exclusive rights (Pace, 1982: 695-696; Cova, 1997: 31-33). The Catholic Church in Italy administers, for instance, innumerable *Opere Pie/IPAB (Istituti Pubblici di Assistenza e Beneficenza, Public Institutions of Assistance and Beneficence)*<sup>9</sup>, which are public in name only.

These institutions receive numerous donations from Catholics, who are taught that via Church-managed contributions to the poor they will ensure that their souls will go to heaven. The assets of the IPAB were estimated in 2000 at approximately 140 thousand billion lire (over 72 billion euros), which included large real estate holdings, especially in northern and central Italy (*Prospettive Assistenziali*, 2000). Vicenza’s IPAB, for example, the most important in the Veneto region, owns more than the local authorities own in the area: 200 apartments in the town centre and 1200

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<sup>9</sup> Since the 1890 Crispi law, the ‘Opere Pie’, i.e. institutions with a strong religious character aimed to meet basic social needs mainly by ‘bringing assistance to the poor and destitute’ (Martinelli *et al.*, 2003: 69), would be named IPAB. Despite their putative public legal status, the IPAB in fact operated as private bodies well into the twentieth and twentieth-first century (Fargion, 1997: 138).

farming estates, in addition to shops, churches, monuments and works of art (Frisina, 2006: 189).

Fifth, according to Pierluigi DAVIS, in charge of the regional Commission of Caritas in Turin (Interview), ‘The provision of social assistance by organizations such as Caritas Italiana is largely based on private donations’. Many more resources would have to be mobilized by the state if it were to substitute taxpayer resources for Catholic charitable ones (see, for example, Zaninelli, 1996). In fact, Cardinal Angelo Bagnasco, who heads the council of bishops in Italy, has recently stressed the ‘social value’ of church activities, in order to defend the Church against the intention of the Italian government to reduce its financial privileges in the midst of the financial crisis (Eunjung Cha, 2012; see also Frisina, 2006: 187, for a discussion of how the state implicitly asks religious organizations to take care of those segments of society which, because of certain political choices, are not part of its agenda).

The role played by the Catholic Church and its affiliated organizations in the evolution of social assistance in Italy is, nonetheless, only one of the themes to be discussed in this chapter. As already mentioned in Chapter 1, in the first part of each country case chapter herein, I shall furnish the reader with a very broad historical overview of the developmental paths followed by social assistance in the country. In Italy’s case, the periods under consideration run from the era of fascism to the end of the 1970s, corresponding to the end of the so-called ‘golden era’ of the welfare state in industrialized countries, and from the 1980s to the late 2000s. In the second part of this chapter, as in each country case chapter, I shall discuss in detail the country’s GMI experiences.

### 3.1. SOCIAL ASSISTANCE IN ITALY: AN HISTORICAL OVERVIEW

#### 3.1.1. From Fascism to the End of the 1970s

##### *a. Mussolini's 'Verba Non Acta', the Silencing of Key Secular Organizations and the Alliance with the 'Enemy'*

Driven by a combination of ideological preferences, perceptions of fairness and interests, and in a context also characterized by fascism's silencing of secular organizations such as parties and trade unions, the regime took minimal ad hoc steps towards establishing publicly provided social assistance. Neither did it seek to curb the Church's influence on social assistance (see also Zaninelli, 1996: 139-142).

To begin with, *il Duce* himself (Mussolini, 1928: ch. 10) and fascist commentators such as *Lo Monaco Aprile* (1931: 306) pointed out that rising rates of poverty would have a long-lasting dysgenic effect on the race. Nevertheless, at the same time, the individual was regarded as responsible for her own welfare, which was deemed a duty to society (Manunta, 1939: 7). Fascism had 'to be liberated from an understanding of assistance as a concept closely associated with philanthropy' (PNF, 1935/6: 8).

Against this ideological backdrop, although the era was marked by high rates of unemployment, low wages and huge variations in the price of basic foodstuffs (Ebenstein, 1939: 173-174), the leadership of the National Fascist Party (*Partito Nazionale Fascista*, PNF) established no allowance or comprehensive public scheme aimed specifically at low-income groups, particularly those unable to work. Pignatari's 1936 guide to fascist welfare policies mentions the poor only in connection with the *Opere Pie*. The term IPAB is moreover completely absent from the guide (Pignatari, 1936: 5, 12-13 and 16-17).

Fascism's public policies generally targeted low-income groups only to the degree that they overlapped with those 'vulnerable' groups prioritized by the regime: infants, youth, and the family as a nation-propagating institution (Fargion, 1983: 53). For instance, when the Fascists established the National Institute for the Protection of Maternity and Infancy (*Opera Nazionale per la Protezione della Maternità e dell'Infanzia*, ONMI) in 1925, the objective was to provide for a particular subset of the poor – unwed mothers and illegitimate children – and to improve women's chances of becoming pregnant and breastfeeding their babies successfully (Law 2277/1925).

Instead of developing a coherent policy for low-income groups, the Fascists preferred selective piecemeal acts that could not be called public (Arena, 1936). For example, starting in October 1930 PNF provincial party leaders in depressed northern towns launched a winter relief programme, an initiative which however was financed privately. Likewise, the PNF in several provinces gave special hardship grants to unemployed Fascists with many children, raising the money through private donations (see Fargion, 1983: 52, Morgan, 1991: 2-8 and Quine, 2002: 118).

The fascist regime's sole relatively well-planned social assistance measure was essentially administrative and hardly innovative. In 1937 (Law 843), Mussolini institutionalized the obligation of municipalities to support the destitute by founding the Municipal Aid Authorities (*Enti Comunali di Assistenza*, ECA). Their establishment was driven by the need to exercise social control over unwanted groups in the population rather than by any altruism or solidarity on the Fascists' part, or by territorial actors staking any claims to autonomy (see also David, 1984: 189).

The regime's stance on social assistance should be viewed together with fascism's silencing of secular organizations such as parties and trade unions. In

October 1926, all opposition parties were banned. Furthermore, Mussolini set up a corporative state in which the needs of labour were subordinate to the central government's interests (Colombo and Zaninelli, 1998: 25-26). In these circumstances, any interventions in the social assistance field came only from the state bureaucracy (Cherubini, 1977: ch. 6; Zaninelli, 1996: 135 and 137).

Meanwhile, the regime enjoyed a *sui generis* partnership with the Catholic Church, reflected in the regime's concessions to the Church on social assistance. The Federzoni law (1187/1926) made explicit the absence of restrictions on clerical involvement in the administration of the *Opere Pie*. As Salvatore De Martino, who presented the report for the introduction of the 1926 Federzoni law commented, 'the *Opere Pie* are the richest source of social assistance', so that a law which protected these institutions was a law that 'conforms with the duty of patriotic harmony and restoring respect for religious values' (Camera dei Deputati, 1925: 2).

Additionally, on 11 February 1929, Articles 29, 30 and 31 of the Concordat between the Holy See and Mussolini's Italy reconfirmed the role of the Church as the main provider of social assistance (Williamson, 1929: 42-66). As *L'Assistenza Fascista* (1935: 256) stated, 'To all those who are poor and in need of assistance, the fascist state admits the necessity of public help in the form of private initiative'.

The Church would openly express its support for the regime in response to such concessions (see also Lo Bello, 1968: 66; Van Kersbergen, 1995: 66). Indicative of that support is the Vatican's order that all priests pray for the salvation of 'the King and the Leader' (*pro Rege et Duce*) at the end of their daily Masses (Manhattan, 1949: 83). This mutual exchange of favours opened the way for Pope Pius XI, in his 1931 encyclical *Quadragesimo Anno*, to reaffirm the hegemonic role of Catholic religious organizations in social assistance (Pio XI, 1991).

Mussolini quickly realized that in a Catholic nation like Italy, securing an alliance with the Church was preferable to taking actions that would provoke its hostility, and also that this would help him increase his popularity among the Catholics of the north (Manhattan, 1949: 79; Lo Bello, 1968: 64-65; Gollin, 1971: 444). The Fascists' belief that the Church should be their ally was strengthened after the PNF's dramatic internal crisis in the late 1920s, when their regime looked for strong allies that would offer support and prestige (Russo, 1974: 40).

Mussolini's acknowledgement of the Church's dominance in the social assistance policy field was, however, also a realistic move. As late as 1926, many institutions run by parishes and religious organizations remained unregulated by the government although they were officially registered as social assistance institutions providing a public service (D'Ormeo, 1928: 30-34).

As discussed in the next subsection, the situation in the social assistance field, characterized by the rudimentary ad hoc policies established by the fascist regime and the maintenance of the hegemonic role of religious organizations, would not be disrupted substantially by the advent of democracy.

*b. A Post-War Tale of Unfulfilled Potential: The Christian Democrats and the Influential Others*

The need for a clear break with the ruined fascist state and the gravity of the economic and social situation in the first post-war years led Italian politicians to make reconstruction their motto. Although the task included policies aimed at improving the living conditions of citizens, governments of the immediate post-war period (dominated by the Christian Democrats) remained largely uninterested in changing the status quo in the social assistance field, and continued the pre-war 'tortured'

partnership with religious organizations. At the same time, overall, secular organizations, meaning both political parties and trade union confederations, remained largely indifferent, hostile, or at best expressed divergent positions on social assistance (Cabibbo, 1944: 17; Assemblea Costituente, 1947a: 3237-3434). The result was, by and large, the disappointment of hopes that democratization would bring about a radical change in the Italian social assistance field; the inertia continued.

Despite the devastation of World War II and the subsequent intensive economic reconstruction and aid (see, for example, Egan, 1988: 105-154), the 1947 Constitution (Article 38) did not explicitly define publicly provided social assistance as a concept, allowing governments the discretion to act (see also Albanese, 2007: ch. 1). The public agencies that allocated benefits and services to low-income groups were remnants of the fascist period found mostly at the local level (i.e. the ECA; Bassanini *et al.*, 1977: 15).

Private assistance, largely provided by the Catholic Church and its associated religious organizations, was defined as a benefit to be provided freely. Constitutional provisions that assigned territorial actors an implicit role in designing and managing social assistance (Article 117: *Costituzione della Repubblica Italiana*, 1947; Assemblea Costituente, 1947b: 5311-6041), closely related to those regulating the foundation of a regional state, were not, however, implemented.

What explains the post-democratization persistence of inertia in the social assistance field? As already mentioned, several factors contributed to this outcome. The first is the Christian Democratic Party's (*Democrazia Cristiana*, DC) hegemony in the post-war period, which translated into stagnation for social assistance because of the party's alliance with the Catholic Church, and also because of the Christian

Democrats' ideological stance on social assistance. The second can be found in the positions taken by other significant secular organizations.

In the parliamentary debates on the articles of the new Constitution, the Christian Democrats, who, led by Giovanni Gronchi, dominated the Constituent Assembly, were for their part convinced that social assistance needed to be acknowledged as a social right. However, this acknowledgement was couched in a framework that respected the Catholic Church's social assistance network (Assemblea Costituente, 1947a: 3237-3434).

The DC is broadly acknowledged to have counted on the Church's help to consolidate its supremacy in Italian politics (see, for example, Einaudi and Goguel, 1952: 28; Lipset and Rokkan, 1967; Kalyvas, 1996: 215-221; Van Kersbergen, 1995: 65). The Christian Democrats consequently had an interest in defending the plethora of religious institutions active in social assistance and favoured the survival of those institutions, including the IPAB, which were public in name only (Cherubini, 1977: 372-390).

The IPAB, aside from being centres for providing social assistance, had another very important task to accomplish: along with the Catholic Action (*Azione Cattolica*), which was also largely involved in charitable enterprises, they spread political propaganda (Mazzolari, 1953: 282; Lo Bello, 1968: 150-151; Miccoli, 1973: 1534 and 1542). The objective was to rescue Italy from the Communist threat, a fear shared by the DC and the ecclesiastical hierarchy (Partito della Democrazia Cristiana, 1964). The provision of social assistance through the IPAB, managed largely by Catholic organizations, may have been a way of buying the loyalty of those who might theoretically have voted for the Communists.

After the September 1943 unconditional surrender of Italy to the Allied Forces, organizations founded by the Catholic Church for social assistance purposes had multiplied (an example is the setting up by the Vatican of the Pontifical Commission of Social Assistance [*Pontificia Commissione di Assistenza*]; Egan, 1988: 108 and 116). The number of such organizations would further increase after the Christian Democrats' sweeping victory in the 18 April 1948 elections (Russo, 1974: 47-72). Only after 1958 did a new generation of more progressive DC cadres emerge, leading to the party's slow disengagement from the Catholic Church (Ferrera, 1988: 451; Pollard, 2008: 130-151).

Aside from their alliance with the Church, however, the Christian Democrats' ideology did not favour expanded governmental involvement in social assistance (see Stjerno, 2011: 167-169 for a discussion highly relevant to this issue, of the concept of solidarity in Christian Democracy). In the words of Amintore Fanfani, a future prime minister and first Minister of Labour and Social Welfare in the first De Gasperi government, 'The state should provide social assistance to citizens... to the extent, though, that such assistance does not hinder these citizens from finding their place in the world of employment' (Camera dei Deputati, 1948: 466 and 469).

DC party officials such as Fabio Fiorentino and Senator Ludovico Montini expressed similar views in journals such as *Civitas*, *Questitalia*, and *Humanitas* (Fiorentino, 1954: 51; Montini, 1956: 429). As Romero (1994: 231-289) has pointed out, American influence on the birth and consolidation of republican Italy and post-war economic policies aimed at the stabilization of the lira and the Reconstruction take-off, 'even at the expense of the population'.

It should be emphasized that poverty at that time was broadly understood as a consequence of unemployment. Boosting employment, especially in the south, was

considered a way of alleviating poverty (Camera dei Deputati, 1953). The impact of the European Economic Community (EEC) on the stance of the DC coalition governments on social assistance should also be considered; the purpose of the founding treaties was market-oriented. At least until the 1992 Maastricht Treaty, financially weak citizens were not a major EEC concern (Hantrais, 2000: 167).

In a similar vein, the Christian Democrats' interests were responsible for the failure to implement constitutional provisions assigning territorial actors an implicit role in the social assistance field. Taking full advantage of their absolute majority after the 1948 elections, the DC wanted to prevent the 'Red Belt' regions of Emilia Romagna, Tuscany, and Umbria from falling into the hands of the Communists (De Gasperi, 1969; Fargion, 2005: 129-130). The debate about territorial actors as key actors in the social assistance policy field would find fertile ground in Italy again in the 1970s and then in the 2000s.

As mentioned above, the positions of other significant secular organizations also helped perpetuate inertia. The Italian Communist Party (*Partito Comunista Italiano*, PCI) – increasingly distanced from Marxist principles with their assertion that social assistance 'destroys the class conscience of the proletariat in an incurable way' (Rühle, 1939) – stressed the need for the state to secure the right of employment for all, but left the right to social assistance undefined (Assemblea Costituente, 1947a: 3283 and 3285; *Previdenza Sociale*, 1960: 1581).

The PCI considered social assistance a matter for its women's organizations and the Catholic Church to deal with (Ufficio di Segreteria del PCI, 1947; Terranova, 1975: 9; David, 1984: 190). The Communists moreover believed that the problems of low-income groups could be solved by strengthening the productive mechanism of the state (Assemblea Costituente, 1947a: 3283 and 3285; Longo, 1950: 449-452), or,

alternatively, by socializing the means of production (*L'Unità*, 1968: 4). Driven by these beliefs, the PCI pursued a policy of defending the interests of core industrial workers in the short term, while neglecting other policy areas (Cabbibo, 1944: 17).

On the other hand, Lelio Basso, the general secretary of the Italian Socialist Party (*Partito Socialista Italiano*, PSI), argued along with party senators such as Mario Merighi that assistance should be provided to all citizens (Assemblea Costituente, 1947a: 3278, 3300 and 3307; *Previdenza Sociale*, 1960: 1579 and 1600). Although the PSI appeared to be more open to a 'universal' provision of social assistance, there were still party officials, such as the left-wing socialist Fernando Santi, who underscored that 'social assistance was a rather incomplete solution to the problem' (*Mondo Operaio*, 1951: 9).

Similarly, the policy initiatives of the biggest trade union confederations in the country, the Italian General Confederation of Labour (*Confederazione Generale Italiana del Lavoro*, CGIL) and the Italian Confederation of Trade Unions (*Confederazione Italiana Sindacati Lavoratori*, CISL), focused on salaries and on modernizing collective bargaining<sup>10</sup>. Demands for changes in social assistance policy remained distant. The unions' limited social base at that time (mainly industrial workers) and their lack of a strong political voice, especially within the left, to advocate for changes to social assistance policy, offer a possible explanation for such an attitude. The increasing dependence of union confederations on political parties, which had little interest in changes to social assistance, also worked against labour confederations developing a concern for policy initiatives in that field.

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<sup>10</sup> This paragraph draws on CGIL, 1947; CISL, 1957, 1958 and 1959; CGIL, Archivio Storico-Fondo Renato Bitossi, 1958 and 1960; Cherubini, 1977: 351-417; Primo Cella and Negrelli, 1982: 615, 623-625, and 667-669.

To sum up, during the immediate post-war period the attitudes of the DC and other secular organizations towards social assistance favoured the furtherance of the status quo in the field. The 1960s, however, would bring the first signs of change.

*c. The 1960s: Harbingers of Change*

In the 1960s, the experience of the first recession after the post-war economic miracle made central governments and the other organizations capable of influencing the evolution of social assistance gradually acknowledge the need for change in the status quo<sup>11</sup>. This experience constituted a destabilizing force that triggered a debate on the adequacy of existing (mainly private/religious) social assistance structures, on the need for an expansion of the role of the public sector in the field, and on whether harmonizing private and (minimal) public provision of social assistance benefits and services was necessary (see, for example, the conclusions of the 37th Social Week of Italian Catholics [*Conclusioni della 37a Settimana Sociale dei Cattolici Italiani*] that took place in Udine, 8-12 September 1965, quoted in Colombo and Zaninelli, 1998: 33-39).

On the one side, people such as the DC's Vice Secretary Giovanni Battista Scaglia stated that the social assistance activities of religious organizations (and the nominally public IPAB) should not be touched (*Il Popolo*, 1963). On the other side, voices such as those of the prominent Christian Democrat economist Pasquale Saraceno stressed that 'emerging new social needs' required the party to distance itself from 'the old forms of social assistance' and to 'accept the need for a new governmental role in that field' (Ministero del Bilancio, 1964a: 149).

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<sup>11</sup> This paragraph is based on the interview with Emanuele Ranci Ortigosa, Scientific Director and President Emeritus of the Institute for Social Research (*Istituto per la Ricerca Sociale*, IRS), responsible for evaluating the GMI experiment in Italy; see also Bassanini *et al.*, 1977: 183-184; Zamagni, 1993: 338; Zaninelli, 1996: 145; Kazepov, 2008: 249; Kazepov, 2010: 35.

It was Saraceno's recommendation that found acceptance by an increasing number of DC cadres, as well as within religious organizations. This outcome was closely connected to the impact of the Second Vatican Council<sup>12</sup>. The Council (1962-1965) signalled the beginning of a new era in the relationship between the Vatican and the state. At least in theory, the ecclesiastical hierarchy was *inter alia* ready to acknowledge that governments had to be given more room for participation in activities traditionally under the jurisdiction of religious organizations. Social assistance provisions would no longer be perceived as the Church's exclusive and fundamental right, but more as a policy area in which governments were obligated to intervene in order to help the poor (see, for instance, Cardinal Giacomo Lercaro's statement on the matter in *Civiltà Cattolica*, 1963: 285; Ugo Poletti's statement in Poletti, 1974: 167; Tavazza, 1974: 160-161).

The foundation for this change had been laid at the end of the previous decade with the election of Pope John XXIII, under whose leadership the Council began (see, for example, the encyclical *Mater et Magistra* (15 May 1961) in John XXIII, 1961: 36; the encyclical *Pacem in Terris* (11 April 1963) in John XXIII, 1977: 4). Pope John XXIII's policy regarding social assistance would be continued by Pope Paul VI (elected June 1963) for much of his reign and was reconfirmed by the statements of the Italian Episcopal Conference (*Conferenza Episcopale Italiana*, CEI; see, for instance, Paul VI's declaration in the encyclical *Populorum Progressio* in Paul VI, 1967: 31-32).

Aside from the growing acceptance of the need for change in the social assistance field among DC and ecclesiastical circles, the Socialists increasingly discussed publicly provided social assistance as an instrument for raising the living

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<sup>12</sup> This paragraph draws on Miccoli, 1973: 1542-1548.

standards of the populace (PSI, 1963; *Avanti!*, 1963). According to Lelio Basso (1966: 28-29), ‘As the left won bigger and bigger victories at the polls... the idea gradually grew in many people’s minds that the democratic road to socialism, which began to be talked about again after 1956, was in fact the traditional parliamentary road advocated by the old reformists’.

The PSI participation in the 1963-1972<sup>13</sup> cabinets thus contributed to the opening of debate on the social assistance policy situation. The Socialists held several important portfolios in the centre-left coalition governments of this period. Under the leadership of Pietro Nenni, the PSI’s stance on social assistance was reflected, for example, in the criticism of existing forms of social assistance voiced in June 1964 by Antonio Giolitti, the Moro government’s first Minister of the Economy, as well as by Giolitti’s stated interest in reform (Ministero del Bilancio, 1964b: 24). In January 1965, the government’s economic programme for the years 1965-1969, as announced by the Socialist Minister of Finance Gaetano Pieraccini, included a proposal for the establishment of a social pension (*pensione sociale*; see, *La Programmazione Economica*, 1965: 1 and 117).

The measure’s salience (Articles 1 and 2, Law 903/1965) derives from the fact that a few years later it would serve as the basis for establishing the first allowance in modern Italian history intended for citizens in financial need. Indeed, in 1969, Law 153 would extend access to social pensions to all Italian citizens over the age of 65 who had no income and insurance (Article 26, see, Camera dei Deputati, 1969a: 6075).

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<sup>13</sup> From 1966 to 1969 merged with the Italian Social Democratic Party (*Partito Socialista Democratico Italiano*, PSDI).

Within the centre-left governing coalition headed by Mariano Rumor, the PSI, the PSDI<sup>14</sup> and the Italian Republican Party (*Partito Repubblicano Italiano*, PRI) all expressed support for the expansion of social pensions<sup>15</sup>. Christian Democrats were divided between those who considered the measure useful for reducing contemporary social tensions and those who opposed the concept of social assistance per se and believed it might create budgetary problems. The PCI would abstain from voting, expressing its disapproval of the amendments to the period of the law's validity made by a majority in the Senate.

Though they exerted no pressure on the government for that particular measure, all major union confederations, which had joined forces in November 1968 and February 1969 to demand pension reform, applauded the extension of the social pension (see Flavio Orlandi in *Camera dei Deputati*, 1969b: 6553-6554). The unions' stance made scholars such as the economist and PCI member Ada Becchi Collidà assert that the labour movement's attitude was self-contradictory, especially since the introduction of publicly provided social assistance policies would increase the demand for precarious jobs (Becchi Collidà, 1979: 69). In reality, though, little contradiction existed. The measure was only a small part of what Law 153/1969 represented for the unions: a victory for the vast mass of pensioners through the significant rise in pension rates.

The social pension remains the first effort an Italian government made to institutionalize a GMI scheme. The allowance, however, was notably low. In 1970 the average social pension amounted to 154 lire, or 9.4 percent of the average wage for all sectors in 1970. The relevant expenditures amounted to just 0.88 percent of total

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<sup>14</sup> See note 13.

<sup>15</sup> This and the next paragraph are based on *Camera dei Deputati*, 1969b: 6231-6591.

social expenditures and the number of benefit recipients was 766,000 (Ministero del Tesoro, 1981).

In conclusion, a major destabilizing force, i.e. the experience of the first recession after the Italian *miracolo economico* (economic miracle) prompted the rise of debate on the status quo in the social assistance field and brought an acknowledgement that some change was needed. As the next decade would show, however, for the Pope and other Church officials to admit that the old system was inadequate and an increased governmental role in social assistance policy necessary was by no means an invitation to the government to intervene more drastically in what had for centuries been the Church's jurisdiction.

*d. The 1970s: Destabilizing Forces, New Policy Actors and A 'Religious War'*

During the coalition government headed by Christian Democrat Emilio Colombo, DC deputies saw the 1971 recession as an impetus to the establishment of another means-tested benefit, this time for disabled citizens, the civil disability pension (*pensione di invalidità civile*, Law 118/1971, see, Camera dei Deputati, 1971: 26792-26901). Furthermore, in 1973, the government decided social pensions would be automatically indexed to the cost of living. In 1976, however, social pensions were excluded from indexation to wages in an effort to avoid additional costs, in striking contrast to the automatic re-evaluation system for most pension schemes (Monacelli, 2007: 185-186).

Nonetheless, the 1970s did lead to the creation of the conditions required to empower territorial actors institutionally in the social assistance policy field, and thus paved the road for the enforcement of a pluralistic model of social assistance, as well

as for the establishment of local GMI schemes. Additionally, the old war between the state and the Catholic Church over the IPAB was revived.

The mounting pressure for a degree of power-sharing led to the 1970 government decision to proceed with the implementation of regional autonomy as provided by the 1947 Constitution (*Costituzione della Repubblica Italiana*, 1947; Bassanini *et al.*, 1977: 188). Regional autonomy in itself proved to be a large-scale destabilizing force, however, because it opened the way for territorial actors to acquire a measure of explicit institutional authority and autonomy over social assistance.

According to Francesco Motta, a member of the working group that eventually introduced the GMI in Turin and former Director of Social Services (Interview), 'Immediately after the central government acknowledged their institutional role in 1970, territorial actors started a fight to force the transfer of functions as provided in the Constitution'. For example, several regions circulated a proposal entitled 'Ideas for a Legal Framework for the Reform of Social Assistance', requesting an increase in their competences in this policy field in March 1971. The objective was to reinforce their autonomy vis-à-vis the central government (Bassanini *et al.*, 1977: 189). Under pressure from territorial actors, the Ministry of the Interior drafted a proposal that would become the basis of a decree on the enforcement of territorial actors in social assistance policy in 1972 (Decree 9/1972), followed by Law 382/1975 and a 1977 presidential decree (Decree 616/1977).

Despite the interest in decentralization shared by a broad range of secular organizations, only a fraction of social assistance activities would be transferred to the regions. This outcome was largely because the prospect of liquidating social assistance agencies and funds, as stated in the 1972 and 1977 decrees, rekindled the

old conflict between governments and religious organizations over control of the social assistance field (Bassanini *et. al.*, 1977: 213; Ferrera, 1988: 391). After years of feeling secure as the key player in the field, the Catholic Church sought to defend the autonomy of ecclesiastical and para-ecclesiastical institutions dispensing social assistance (De Sandre, 1981: 299-305; Pace, 1982: 688).

The reactions came from groups under the influence of ecclesiastical circles and from hard-core Catholic DC cadres, and peaked in the mid-1970s. The CEI's declaration, published in *L'Osservatore Romano* 15 July 1972, denounced 'the dreadful dangers of the reform of social assistance' (*Il Regno*, 1972: 534). In 1973, 1975 and 1976, the bishops of Emilia-Romagna complained that the region was behaving in a more and more monopolistic and totalitarian way in respect to social assistance (see *Testimonianze*, 1974: 503-512; *Il Regno*, 1975 and 1976: 216-217 and 276-277 respectively).

In 1977, Archbishop of Florence Giovanni Benelli reiterated the view the CEI had already voiced: 'In order to fulfil their humanistic duty, it is necessary for religious organizations to maintain control of the IPAB. Rejecting this means the death of religion' (*Adista*, 1977: 5). The Archbishop of Palermo and the episcopates of Liguria and Tuscany would express similar criticisms in the mid-1970s (Pace, 1982: 750 and 753). Even Catholic lay organizations such as the Union of Catholic Italian Lawyers stressed the unconstitutionality of suppressing the IPAB (*Quaderni di Iustitia*, 1978).

Against this background of conflict, the government, led by Christian Democrat Giulio Andreotti, took at least one step backward, issuing a new decree (113/1979) that revoked the 1977 order. Those IPAB that performed a religious

(and/or educational) function were shielded from transfer to the regions and municipalities.

This policy event, however, signalled the beginning of the end of the fight between the government and the Catholic Church over control of the IPAB and social assistance overall (Rescigno, 1980). Invoking the 1979 decree, three Opere Pie took their case against the region of Lombardy and two of its municipalities to the Constitutional Court in 1981. The Court declared the inter-regional dissolution of all IPAB illegal (David, 1984: 199-201). According to Yuri Kazepov, coordinator of anti-poverty programmes and member of the co-ordinating team of the Italian GMI (Interview), 'Given the wealth that the IPAB held and the interests concentrated around their management, for IPAB administrators, supporters, and associated religious organizations not to oppose the transfer of their properties would have been illogical'.

As ISTAT representatives and regional committees created to audit the IPAB reported, neither the exact number of IPAB nor the wealth they administered was known. Nonetheless, the findings of a 1977 survey carried out in the Lazio region revealed the magnitude of the financial interests concentrated around these institutions. The 57 Rome-based IPAB owned 36 buildings used for social assistance activities, 38 mansions and smaller houses used as residences, 550 apartments used as residences and offices, 218 stores and garages, five churches, three cinemas, three hotels, one day hotel, two schools, and 12 parcels of urban land (Di Giacomo, 1978). Approximately two-thirds of these properties were controlled by just 19 IPAB of great size (David, 1984: 200). Finally, a survey conducted by Caritas Italiana that same year estimated the number of social assistance institutions linked to the Catholic Church in Italy at 4,096 (Caritas Italiana, 1979; Zaninelli, 1996: 144).

Nevertheless, the conflict between the government and the Church over the control of the IPAB and the government's retreat, along with the institutionalization of territorial actors, served to pave the road for the further consolidation of a pluralistic model of social assistance in Italy in the post-1970s period.

### **3.1.2. From the 1980s to Berlusconi**

#### *a. The 1980s: Social Assistance as a Tool for Efficiency and a Multi-Player Game*

In response to the concerns arising from the decline in economic growth and the increase in the state's overall deficit and debt in the early 1980s, the 1983 election campaign was dominated by discussion of the need for stringent welfare austerity<sup>16</sup>. In light of the financial crisis, even the parties of the traditional left eventually acknowledged that some kind of welfare austerity was needed. Bettino Craxi, the PSI's head in particular, had made his intention to promote 'reform on a grand scale' clear in an article published in *Avanti!*, 27 September 1979. The political rationale underlying his reformist profile was that governing a changing society required the transformation of institutions to improve their effectiveness (*Avanti!*, 1979).

The governing coalition that emerged from the 1983 elections was a renewed centre-left five-party alliance of DC, PSI, PSDI, PRI, and the Italian Liberal Party (*Partito Liberale Italiano*, PLI) (Vassalo, 1994: 236-237). In his quest for efficiency, Craxi as coalition head made restoring the state's fiscal health one of his top priorities (Battistini, 1984). Consistent with this principle, the government proceeded to expand means-testing. With the 1984 budget law (Law 730/1983), income ceilings were

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<sup>16</sup> This paragraph draws upon the 1983 electoral programmes of the DC, PCI, PSI, PRI, PSDI, and PLI, as presented in *Il Popolo*, 1983; PCI, 1983 and Berlinguer, 1983; PSI, 1983; PRI, 1983; *L'Umanità-Supplement*, 1983; PLI, 1983 respectively.

established for multiple benefits such as old age and disability pensions, and for family allowances.

This government strategy met resistance, mainly from the PCI, but also from some DC members, on the grounds that it would erode long-established benefits and demolish the welfare state (Camera dei Deputati, 1983: 5399-6045). The unions moreover claimed that the turn to means-testing harmed their interests (Pasti, 1985; Sivo, 1988). Despite opposition, Craxi would manage to pass all measures.

The later experience of making means-testing for family allowances even stricter (in 1986) was revealing. The government had to call two confidence votes in the Chamber of Deputies within eight days to compel dissenting legislators to follow their leaders in approving Article 23 (concerning means-testing) of an austerity finance bill (Ricci, 1986). Craxi's government easily survived both confidence votes (Camera dei Deputati, 1986a: 36435-36461; Camera dei Deputati, 1986b: 37451-37486).

Other policy initiatives by Craxi's governing coalition in the social assistance field included a substantial increase in the allowance for the nuclear family (*assegno al nucleo familiare*) in 1983 for low-income recipients with many children; the establishment of an additional means-tested disability allowance in 1984; the ordinary disability allowance (*assegno ordinario di invalidità*) (Law 222/1984); and, in the later 1980s, an increase in the amount of the non-contributory disability benefit (originally established in 1971).

The same destabilizing forces that, along with the new ideological profile of the Socialists under Craxi, encouraged the expansion of means-testing, also contributed to the enforcement of a pluralistic model in the provision of social assistance. According to Motta (Interview), 'These forces triggered a resurgence of

rhetoric stressing the inadequacy of existing policy structures to meet the demands of new social care’.

The impact of destabilizing forces on the social assistance field should be viewed together with the launch of EEC anti-poverty programmes after the mid-1980s. These programmes encouraged local partnerships between public agencies and non-profit organizations, including those closely related to the Catholic Church (Fargion, 2001: 197). According to Chiara Saraceno, former head of the Commission for Research on Poverty Issues/Social Exclusion<sup>17</sup> and advisor to Livia Turco, Minister of Social Solidarity in the first Prodi government (Interview), ‘Such events might be argued to represent the institutionalization of a pluralist situation which already existed informally, mainly because public policies were ‘lacking’.

Pluralism essentially meant greater reliance on religious and other organizations to conserve limited state funds. Additionally, prolonging the often conflictual relationship between the state and other organizations involved in the social assistance field entailed high costs, not entirely financial, that were unreasonable for everyone to continue paying.

This renewed confirmation and consolidation of pluralism also made both long-standing and newer religious organizations ‘more secure in their institutional role in social assistance policy. Aside from the IPAB, a whole world of third-sector enterprises and associations developed, linked more or less institutionally to the Catholic Church or to religious associations such as Caritas Italiana’ (Saraceno Interview). ‘Caritas di Torino’, for instance, ‘was founded in 1982’ (Dovis, Interview). In Saraceno’s words, ‘The public policy void had room for such

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<sup>17</sup> Law 328/2000 changed the name of the Commission for Research on Poverty Issues (*Commissione di Indagine sui Temi della Povertà*) to Commission for Research on Social Exclusion (*Commissione di Indagine sull’Esclusione Sociale*).

initiatives. The Catholic world was more culturally and organizationally equipped to fill that void than the lay world, including the left' (Interview).

In the late 1980s, a quite unforeseen event further reinforced the turn towards pluralism in the social assistance field. On the autonomous initiative of the Opera Pia Sant'Anna, an IPAB located in Bologna, the Constitutional Court in 1988 declared that the IPAB were entitled to request to become private and thenceforth continue their activities autonomously. This decision was indicative of the continuing general tendency of public authorities to accommodate the Catholic Church's interests, and strengthened the principle of subsidiarity (Fargion, 1997: 153; *Prospettive Assistenziali*, 2000). Indeed, social assistance services connected to the Catholic Church increased from 4,089 in 1988 to 10,938 in 1999, a yearly growth rate of more than 15 percent (Sarpellon, 2002: 18, quoted in Frisina, 2004: 277).

In short, the 1980s in Italy were characterized by a shift towards means-testing and a more pluralistic model in the provision of social assistance. Major destabilizing forces reinforced the incentives of governing coalitions and other actors included in this study's analytical model to proceed to (and accept) such a turn. The 1990s, however, would be the golden era for social assistance in the country, largely because, but not exclusively, of the attempt to establish a national GMI.

*b. The 1990s: Social Assistance on the Fast Track –Destabilizing Forces and the Centre-Left's Pioneering Role*

The early 1990s were marked by a combined series of endogenous and exogenous destabilizing forces that produced a critical juncture for the evolution of social assistance in Italy. Such a force was, first and foremost, the deep political crisis. In fact, the 'Bribe town' (*Tangentopoli*) scandal also included people directly

involved in the social assistance field, such as Mario Chiesa, president of the IPAB Pio Albergo di Trivulzio (Colaprico and Fazzo, 1992). Overall, the scandals made the need for policy reform evident.

An upsurge in political regionalism in conjunction with Europeanization processes contributed to the alarming circumstances shaped by the political crisis. The loudest voice of regionalism was the secessionist Northern League (*Lega Nord*, LN). This upsurge of regionalism would prove essential in paving the way for decisions to reinforce decentralization and thus the powers of territorial actors in social assistance policy.

Finally, Europeanization processes were associated with both the EEC policy shift towards furthering convergence in member states' social assistance policies and the broader need to conform with EEC-imposed macroeconomic standards. On the one hand, the move to convergence, as exemplified in the 1992 policy recommendations 92/441/EEC and 92/442/EEC, exerted pressure to adapt on the Italian governments, which were traditionally committed to attaining EEC objectives (Hine, 2004: 302).

On the other hand, 'respecting the Maastricht criteria required efforts at macroeconomic adjustment which necessitated the rationalization of state finances, including those of the Italian welfare state' (Paolo Onofri, Head of the Onofri Commission, Interview). The aim of rationalization conformed, in Prodi's words, with a plan for 'putting public finances back onto a stable footing in order to meet the Maastricht criteria' (Camera dei Deputati, 1997a: 14751-14760; see also Hine and Vassallo, 2000: 35).

In this context, the Prodi centre-left coalition that came to power in May 1996 raised hopes of policy change, in a way that would both integrate the weakest socio-

economic strata and strengthen the country's potential for a stable European future. The change of scenery in social assistance policy was one factor in meeting these targets, also helping Prodi to raise his coalition's profile as a modernizing government (see also *L'Ulivo*, 1995).

Such were the circumstances when Prodi appointed a committee of experts in January 1997 called the Onofri Commission after its chairman. The Commission's main task was to draft a wide-ranging plan to restructure the welfare system and 'test whether the ambitious goal of reforming that system was compatible with the macroeconomic adjustment underway in anticipation of the EMU' (Onofri, Interview).

In order to rationalize social assistance and reduce tax evasion by the self-employed, the Onofri Commission proposed a consistent strategy for reform that included the following measures<sup>18</sup>: gradual unification of the means-tested cash benefits administered by the central government; institutionalization of a national GMI; and creation of a new legislative framework to establish uniform, equitable criteria for means-testing. The foundation would be a national means-tested system that specified standardized criteria for measuring and verifying the income of all residents who claimed means-tested provisions. The system was expected to be drawn up in cooperation with territorial actors, i.e. regional and municipal governments.

According to Onofri (Interview),

'The municipalities failed to obtain the requisite information from the tax returns of citizens because of lax controls. Furthermore, the coefficient of less than one that was proposed for use in weighting each child in a household to determine total household income came under attack by pro-family rights organizations. Within two years, however, the [means-tested] system would be finalized. Only real property assets would be assessed and the national database would be managed by the National Institute of Welfare [*Istituto Nazionale della*

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<sup>18</sup> This paragraph is based on the interviews with Onofri and Ranci Ortigosa.

*Previdenza Sociale*, INPS]. This rationalization of means-testing was a prerequisite for the GMI'.

Onofri (Interview) cites two reasons for choosing selective universalism rather than a more universalistic model of social assistance: 'Beyond budget constraints', he points out, 'Italian public opinion does not attribute much value to citizenship rights. The allocation of benefits on the sole criterion of financial need does not seem to be acceptable'.

The Commission's proposals found very limited support among secular organizations on the left or the right of the political spectrum, mostly on the ground that these proposals<sup>19</sup>, only partially concerned with social assistance, would cause restructuring of the welfare system. Reactions to the Onofri Commission proposals culminated in the parliamentary debates on the 1998 and 1999 Finance Laws (Camera dei Deputati, 1997c: 1-160 and Camera dei Deputati, 1998: 1-189).

The major union confederations were also reluctant to accept reform. Unions, particularly the CGIL, feared that the rationalization of social assistance might pave the way for the erosion of benefits such as that for unemployment<sup>20</sup>. The stance of the unions on the prospect of reform resulted in the removal of social insurance benefit figures from the newly created 'economic situation indicator' (*indicatore de situazione economica*, ISE), which defined an individual's economic condition in terms of wealth.

The ecclesiastical hierarchy, 'safe after the 1988 triumph of the principle of subsidiarity and the consolidation of the role of Catholic religious organizations in the social assistance field' (Saraceno, Interview), in contrast avoided adopting a clear

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<sup>19</sup> This conclusion is based on the interviews with Onofri, Ranci Ortigosa and Saraceno, as well as on Commissione Parlamentare di Controllo, 1997: 1-32, and Camera dei Deputati, 1997b: 15142-15252.

<sup>20</sup> This paragraph draws on the interviews with Vera Lamonica, Secretary of the CGIL, responsible for Social Assistance, Welfare and Health, Ranci Ortigosa and Saraceno, as well as on Grion, 1997a and 1997b, and Camera dei Deputati, 1997b: 15176-15177.

public stance on governmental interventions in that field. Their attitude contrasts with the Vatican's in areas where the Catholic Church felt more threatened, for instance family policy (see also Chianura, 1999).

The attitude of the ecclesiastical hierarchy may also be an expression of the position of non-alignment taken by the Catholic Church, which sought to neutralize movement towards supporting the left (Magister, 2001: 67). That position largely reflected the growing percentage of practising Catholics identifying with the nascent centre-left Olive Tree coalition (Garelli, 1996: 890; Diamanti, 1997: 348).

Eventually, based on the proposals of the Onofri Commission, the government legislated the separation of the anti-poverty function of cash transfers from support for family responsibilities (Law 449/1997). Above all, it introduced the ISE, which made means-testing more consistent, and the GMI.

Using the same policy rationale, the D'Alema government that succeeded Prodi in October 1998 established two new means-tested benefits: a family allowance for households with at least three children (*assegno per i nuclei familiari con almeno tre figli minori*) and a maternity allowance (*assegno di maternità*) for women not covered by compulsory maternity insurance. A fund to support access to rental housing (*fondo per il sostegno all'accesso alle abitazioni in locazione*) was also created to subsidize the cost of rent for low-income families (Madama, 2006: 270).

Since these policies always took up a very small proportion of the Italian welfare system, however, the progress was more qualitative than quantitative. As seen in Table 3.1, in 2000 expenditure on the two most important social assistance measures in terms of population coverage, the social pension and the civil disability pension, amounted to only 0.85 and 2.74 percent (2,407 and 7,750 million euros respectively) out of the 282,617 million euros total spending on social protection.

Nevertheless, undeniably, in an environment shaped by the combined action of destabilizing forces, the centre-left had proceeded to rationalize the social assistance field. As argued by Ranci Ortigosa and Saraceno (Interviews), the centre-left put low-income groups on the political agenda both symbolically and pragmatically. From this aspect, the GMI experiment was a key initiative. In the 2000s, the stance of the centre-left on social assistance would become ideologically incoherent, however.

*c. The 2000s: An Inconsistent Centre-Left... a Centre-Right Minimally Interested in Publicly Provided Social Assistance... the Divided Others... and the Omnipresent Religious Organizations...*

In 2000, the Amato government voted to establish the general principles and standards for the reform of social assistance policy and to devolve administrative power from the national to the regional, provincial, and local levels (Law 328/2000). According to Kazepov (Interview), ‘The LN’s electoral gains in the 1996 general elections enabled that party to force the issue of federalism, making it a priority of the centre-left government’. Given the north-south cleavage the centre-left did not push the devolution process too far (*La Stampa*, 2000). The Socialists emphasized national standards for identifying minimum service levels to be provided across the country<sup>21</sup>.

Berlusconi’s Forward Italy (*Forza Italia*, FI), together with the National Alliance (*Alleanza Nazionale*, AN) of Gianfranco Fini did not participate in the voting. The LN and the Communist Refoundation Party (*Partito Rifondazione Comunista*, PRC) voted against the reform. FI was composed of former DC and PSI members, making its ideology on the territorial element highly flexible. AN strongly

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<sup>21</sup> Unless otherwise stated, this and the next paragraph are based on *La Repubblica*, 2000: 30; Camera dei Deputati, 2000a: 1-98; Senato della Repubblica, 2000: 1-40.

rejected federalism, regarding it as a ploy to undercut financial support to the southern regions where it maintained a strong voter base (Carioti, 1996). The PRC viewed the reform as a threat to the central government's role in directing economic planning (Bertolino, 2004). Finally, the LN was uninterested in a law that among its chief objectives was intended to manage territorial disparities in Italy, particularly those between the country's north and south.

At the same time, although major union confederations appeared to welcome the legislation (*Conquiste del Lavoro*, 2000), social policy experts attacked unions for disregarding the needs of the poor, chiefly because devolution was considered harmful to the interests of the poorer south (*Prospettive Assistenziali*, 2000). Continuing its policy of non-alignment, the Vatican adopted no clear public position on the reform<sup>22</sup>, whereas grassroots religious organizations openly favoured it. They believed it fit the citizenship model they envisioned, which would establish and protect the institutional rights of the destitute. This stance is manifest in the positive comments on the reform published in magazines, such as the *New Proposal* (*Nuova Proposta*, cited in Fossi Fiaschetti, 2000), *Life* (*La Vita*, 2000) and *Events* (*Avvenimenti*, 2000).

A few years before, Prodi had made it clear that his government was counting on the cooperation of religious organizations in the social assistance policy field. He stated that his government 'acknowledges the importance of such a collaboration for the sake of the country and its citizens' (*La Repubblica*, 1997b). In fact, the last decree (207/2001) issued by the 'Olive Tree' coalition before its defeat in the 2001 elections offered the IPAB the chance to become either private foundations and

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<sup>22</sup> This paragraph is largely based on interviews with Dovis, Kazepov, Marsico and Saraceno.

associations, or else personal service agencies integrated into the regional framework of social services.

Why? According to Saraceno (Interview),

‘First of all, one faction of the Olive Tree coalition was partly composed of ex-Christian Democrats, making it politically important to obtain the support of both the Catholic hierarchy and Catholic civil society. For the same reason, the Olive Tree government would also accommodate the Church’s interests in other policy fields. For example, private schools [*scuole paritarie*], mostly Catholic, were argued to be semi-public institutions under certain conditions, given that they performed a public function and therefore might receive funding (contrary to the Constitution). That subsidiarity was the prevailing discourse at the time concerning social assistance should moreover be taken into account. The role model was Germany, where the churches are among the government’s official partners in providing care’.

Leaving aside, however, the reinforcement of the partnership between the government and religious organizations in the social assistance field, a constitutional reform on the eve of the 2001 national elections once again changed the social assistance policy landscape. After being defeated in the regional elections of 2000, the Olive Tree had a strong motive to adopt a more accommodating election strategy in order to compete with the LN and undermine the centre-right coalition<sup>23</sup>.

The reform deprived the central government of the power to issue planning instruments in the social assistance field, as the 2000 law had provided. Policy implementation depended on the voluntary compliance of territorial actors. Moreover, constitutional reform theoretically paved the way for terminating the GMI experiment (Sacchi and Bastagli, 2005: 85). Since the central government had the authority only to define the essential levels for provisions (*Livelli Essenziali delle Prestazioni, Liveas*) guaranteed for the entire country, a national GMI could exist if included in the *Liveas* (Sacchi, 2006: 876). This decision reflected the negligible interest in the

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<sup>23</sup> This conclusion draws on the interviews with Kazepov and Ranci Ortigosa. See also Giannini, 2001; Rosso, 2001; Bull and Pasquino, 2007.

scheme even on the part of the coalition that had established it more than two years earlier<sup>24</sup>.

This development did not, however, diminish the responsibility of the centre-right coalition that held power after June 2001 for both the GMI's final abolition and the move towards an even more segmented selectivity in social assistance policy. Roberto Maroni, prominent LN cadre and minister of Labour and Welfare in the Berlusconi governing coalition, denounced the previous government's practice of fostering welfare dependency in the press (Maroni, 2002).

The White Book on Welfare (February 2003) and the second National Action Plan for Social Inclusion (July 2003) also made clear that the government no longer prioritized a coherent, explicit strategy for ameliorating the living conditions of low-income groups<sup>25</sup>. Furthermore, 'the Commission for Research on Social Exclusion chaired by Saraceno was suspended and its offices closed. When I [Saraceno] managed to reactivate the Commission some months later, after threatening to go public, in order to complete the annual poverty report, the files on its computers, including those for the GMI, had been erased' (Saraceno, Interview).

In place of the GMI, the centre-right proposed the introduction of the Income of Last Resort (*Reddito di Ultima Istanza*, RUI), a local minimum income scheme (Law 350/2003). Mindful that the LN was a crucial partner in the centre-right coalition, the Berlusconi cabinet on several occasions underscored the value of regional autonomy in social assistance policy (Fargion, 2009: 184). Additionally, 'in place of the former Commission for Research on Social Exclusion, a new Commission with a stronger Catholic presence had been nominated' (Saraceno,

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<sup>24</sup> This conclusion is based on the interviews with Ranci Ortigosa and Saraceno.

<sup>25</sup> This conclusion draws on the interviews with Lamonica, Ranci Ortigosa and Saraceno. See also Ministero del Lavoro e delle Politiche Sociali, 2003a and b.

Interview). As Ranci Ortigosa (Interview) argues, ‘The centre-right was not interested in investing in social policies, especially in the GMI, but in increasing the role of private charitable organizations in the social assistance field’.

After all, Camillo Ruini, the president of the CEI, identified the victorious centre-right as the natural home of Catholics (Garelli, 1996; Donovan, 2003: 106). Claiming a close relationship with Catholicism helped Berlusconi to woo Catholic voters and to divide the centre-left’s highly heterogeneous coalitions (*The Economist*, 2007).

Meanwhile, Berlusconi imposed his policy agenda on the unions (Paparella, 2001). This stance minimized the potential effect of unions on policies related to social assistance, which were not their primary concern in any case. In 2005, only 2.2 percent of Italy’s GDP, equalling approximately 30 billion euros, was spent on means-tested provisions, with just one third of benefits determined on the basis of the ISE introduced by Prodi’s centre-left (Ministero della Solidarietà Sociale, 2006; Madama, 2010: 131).

The fall of the centre-right government in May 2006 was followed by a centre-left interlude. Prodi’s governing coalition, under the name ‘the Union’ (*L’Unione*), again had an ambitious social assistance agenda. Among its goals were reintroducing a national GMI (*L’Unione*, 2006: 159-194).

The government’s fall in May 2008 only partially explains why just two measures from its agenda – the establishment of a one-off bonus of 150 euros for the non-taxpaying working poor and their dependents (which would cost 1,900 million euros) and the creation of a fund for non-self-sufficient individuals (*fondo per le non-autosufficienze*) – were implemented (Law 296/2006). The issue that monopolized social policy debate during Prodi’s second cabinet, to the detriment of discussion on

all other social policy areas, was the raising of the age threshold for pensions (*La Repubblica*, 2006: 10).

The new Berlusconi government that took power in May 2008 signalled an abrupt break with all reforms initiated by the centre-left in the social assistance field. This change was complemented by ‘a preference for privatization that reinforced the presence of religious organizations in social assistance policy’ (Ranci Ortigosa, Interview; see also *Il Popolo della Libertà*, 2008).

The centre-right’s most significant social assistance measure was the Social Card (*Carta Acquisti*), a debit card refilled every two months and meant to be used mainly for buying basic food items and paying utility bills. The laws that established it cite the reasons why: ‘the extraordinary tensions imposed by the prices of foodstuffs and the cost of energy bills’ (Laws 112/2008 and 133/2008). According to Saraceno (Interview), ‘After eliminating significant centre-left policy initiatives in the field of social assistance, the government opted for the Social Card, which might be interpreted as an indirect incentive for religious associations to be further involved in that field’.

The estimated number of recipients was approximately 1.3 million citizens. The number of cards actually activated, however, was slightly less than 424,000 (ANOSS, 2009: 5 and 12). Private entities, including religious organizations, were, once again, entrusted with managing that initiative (Caritas Italiana-Fondazione Zancan, 2010: part 2).

The centre-right’s relatively low interest in publicly provided social assistance is further illustrated by a decree proposed in July 2008 to reduce the number of social

pension beneficiaries significantly<sup>26</sup>. The idea was to stop providing the allowance to individuals who had worked less than ten consecutive years in Italy. By drastically reducing recipients, the government meant to save 3.5 billion euros. Budget Commission chairman and FI senator Antonio Azzollini commented that the measure would affect only immigrants. Estimates of the proposal's impact showed though that in 2008 foreigners receiving the allowance amounted to just over 23 thousand, 2.87 percent of the total.

The proposal triggered a reaction from the Christian Associations of Italian Workers (*Associazioni Cristiane Lavoratori Italiani*, ACLI), a long-established religious organization, among whose aims was the promotion of a fair welfare state (*Azione Sociale*, 2011). The opposition saw it as a 'surprise attack'. Such reactions eventually caused the decree to be withdrawn (Troja, 2008: 2).

Lastly, neither the July 2008 Green Book on the Future of the Social Model nor the May 2009 White Book on the Future of the Social Model contained any mention of the *Liveas* (Ministero del Lavoro e delle Politiche Sociali, 2008 and 2009). 'The White Book', moreover, 'envisaged a substantial reduction of public responsibility in the social assistance field and the further privatization of the Italian social model' (Ranci Ortigosa, Interview). In 2010, social assistance policies were among the main targets of budget cuts. The Fund for the Non-Self-Sufficient was eliminated altogether.<sup>27</sup>

Despite its inconsistencies, and although the centre-left was almost equivalent to the centre-right in its enforcement of the governmental partnership with religious organizations in the social assistance field, the centre-left stands out as more interested in vertical redistribution and state interventionism in the field than the

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<sup>26</sup> This and the next paragraph are based on Parola, 2008.

<sup>27</sup> The data is from the General Accounting Office, Ministry of Economy and Finance.

centre-right. Amongst its interventions, the establishment of a national GMI constitutes a milestone and is the subject of the rest of this chapter.

## **3.2. THE GMI ALL' ITALIANA: FROM EXPERIMENTAL IMPLEMENTATION TO ABOLITION AND FRAGMENTATION**

### ***3.2.1. Against All Odds***

#### *a. The Very Beginning*

As discussed above, the early and mid-1990s in Italy were marked by a series of destabilizing forces whose combined action made that period and the years immediately after a critical juncture for social assistance. In this context, the Onofri Commission integrated the GMI proposal of the 1995 Commission for Research on Poverty Issues (Commissione di Indagine sui Temi della Povertà, 1996) into a proposal for reforming the so-called social shock absorbers (*ammortizzatori sociali*) (Commissione per l'Analisi delle Compatibilità Macroeconomiche della Spesa Sociale, 1997). The GMI scheme was advertised as facilitating the integration of outsiders into the labour market (Carpo, 1997), as well as 'reducing the high rate of child poverty in Italy, given that anti-poverty policies were essentially absent' (Livia Turco, former Minister in both Prodi governments, Interview).

According to Onofri (Interview), 'The GMI was intended to be a kind of amalgamation of unemployment insurance and social assistance for people of working age who were either long-term unemployed and had therefore lost their unemployment benefits or were seeking their first job. In both cases recipients were expected to fulfil the means-test requirements'. The institution of the measure would be accompanied by the 'gradual unification of the fragmented and categorical means-tested benefits administered at the national level' (Saraceno, Interview).

Furthermore, ‘the GMI was expected to even out territorial disparities in social assistance provisions by regional and municipal authorities, which caused most of the south to be well behind the northern and central regions’ (Ranci Ortigosa, Interview). Indeed, on the eve of the GMI’s establishment, the accessibility, generosity, and scales of equivalence<sup>28</sup> of existing social assistance provisions at the territorial level differed from municipality to municipality without the variations being based on real inter-regional differences in the cost of living.

The amount of support provided to citizens in financial need was usually defined at the discretion of social workers in an environment of high legal uncertainty where recipients could not claim support in a court of law (Kazepov, 2011: 129). The national GMI was expected to change this situation. Table 3.4<sup>29</sup> offers an overview of the amounts of social assistance provided (often labelled *Minimo Vitale*, ‘Minimum Subsistence’) in some of the municipalities that would participate in the first phase of the GMI experiment (discussed below).

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<sup>28</sup> Equivalence scales calculate the relative amount of income needed by members of two different nuclear families (of different sizes) to attain the same living standards.

<sup>29</sup> The data is from IRS, Fondazione Zancan and CLES, 2001, Kazepov, 2011: 129, and own calculations.

**Table 3.4. *Minimo Vitale* and Scales of Equivalence (1999-2000)**

Municipality	Province	Monthly Amount In Euros	Number of Family Members				
			1	2	3	4	5
Nichelino	TO <sup>30</sup>	353.77	353.77	601.40	742.91	778.29	813.67
Limbate	MB	240.15	240.15	324.20	417.86	499.51	581.16
Cologno Monzese	MI	265.46	265.46	456.59	647.72	838.85	1,027.33
Rovigo	RO	360.49	360.49	540.73	648.88	757.02	865.17
Genova	GE	232.41	232.41	406.71	511.30	557.78	581.02
Massa	MS	309.87	309.87	402.83	464.80	526.77	588.75
C. Castellana	VT	149.77	149.77				470.27
Caserta	CE	103.29	103.29	129.11	154.93	180.75	206.58
Napoli	NA	258.23	258.23	405.42	526.78	635.24	735.95
Leonforte	EN	204.03	204.03				
Catenanuova	EN	360.49	270.36				
Catania	CT	274.84	274.84	365.53	491.96	549.68	
Sassari	SS	274.24	274.24	392.16	510.08	628.00	723.99

The numbers in the columns on the right side of Table 3.4 show the monthly amount of the allowance depending on the number of family members. The variation in the provision of social assistance at the territorial level is manifest, once again (see also Table 3.2).

Despite the publicized benefits of establishing a permanent, national GMI scheme, the responses of parliamentary and extra-parliamentary secular organizations to the GMI ranged from approval to scepticism and complete rejection (Camera dei Deputati, 1997e: 1-160 and Camera dei Deputati, 1998: 1-189). Members of the moderate centre and leftist parties in the Olive Tree coalition such as Alberta de Simone and Franco Chiusoli from the Democrats of the Left (*Democratici di Sinistra*, DS) welcomed the scheme as a significant contribution to the Italian welfare state (Camera dei Deputati, 1997d: 34, 96 and 129-130).

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<sup>30</sup> TO stands for Turin, MB for Monza and Brianza, MI for Milano, RO for Rovigo, GE for Genoa, MS for Massa, VT for Viterbo, CE for Caserta, NA for Naples, EN for Enna, CA for Catania and SS for Sassari.

On behalf of the Pole for Freedoms (*Polo per le Libertà*) centre-right coalition, Luca Danese stressed that in order to be efficient a GMI should connect recipients with productive activities more clearly than the centre-left's proposed scheme; otherwise, it was doomed to uselessness (Camera dei Deputati, 1997c: 34). The youth organizations of the Democratic Party of the Left (*Partito Democratico della Sinistra*, PDS) also stood against the charitable nature of the GMI and instead favoured policies targeted at job creation. Coordinated by Giulio Calvisi and supported by Alfiero Grandi, who was responsible for the employment section of the PDS, these organizations took a step further, formulating a proposal that underscored the need for a stronger social insertion component in the scheme proposed by the Onofri Commission (*La Repubblica*, 1997a: 27).

The most prominent representative of the opposition to the GMI, however, was inside the Prodi government. Minister of Labour and former Christian Democrat Tiziano Treu declared 'making such a provision to the young would be like giving them methadone... madness!' (Lupoli, 1997). Likewise, the PRC rejected all the Onofri Commission's proposals as an 'attempt to mask a politically reactionary choice with the cold rationality of numbers' (*La Repubblica*, 1997b: 25).

According to Paolo Ferrero, former Minister of Social Solidarity in the second Prodi government and general secretary of the PRC (Interview),

'The PRC was overall against the proposals of the Onofri Commission, because, at the time, it was thought that accepting them meant retreat, making a step backwards from defending the rights of the workers. Moreover, in order to establish a GMI, the government intended to abolish the Redundancy Fund (*Cassa Integrazione Guadagni*, CIG). The defence of the CIG was regarded though by the PRC as a key issue. Defending the CIG was symbolic for the protection of the workers' rights in general'.

In Fausto Bertinotti's words, then leader of the PRC, 'Establishing a GMI in the place of the CIG leaves workers completely unprotected in the case of layoffs...

this strikes me as very irresponsible on behalf of the government... we (the PRC) cannot, thus, support the institutionalization of such a scheme.’<sup>31</sup>

The unions were hostile, or, in the best-case scenario, sceptical about the GMI initiative. Whereas the CGIL’s ex-leader Bruno Trentin and other prominent CGIL members explicitly rejected the scheme (*La Repubblica*, 1997a: 27), the CISL’s General Secretary Raffaele Morese commented:

‘The GMI being a social assistance scheme which does not promote job creation does not make it the best policy we (the unions) could imagine... an experimental phase will definitely help, though, in the sense of mitigating the risks of making the GMI permanent... we will see whether it helps beneficiaries to get a job... instead of ending up as another sort of social assistance programme’ (Esposito, 1998: 6).

CISL president Sergio D’Antoni, however, definitely opposed indiscriminate access by youth to GMI-related measures (*La Repubblica*, 1997a: 27).

According to Lamonica (Interview), ‘Union confederations feared that the GMI might trigger an attack on unemployment benefits as well as be used as a minimum wage threshold and therefore a replacement for active labour market policies’. With Marxist influences fading, fiscal restraint was what now arguably shaped the behaviour of the secular organizations representing the labour movement: if a GMI typically targeted outsiders, the share of the pie for insiders would decrease. In a similar vein, Innocenzo Cipolletta, the general director of Confindustria, the employers’ federation, claimed the scheme ‘would function as a disincentive against labour’ (*Il Sole 24 Ore*, 1997: 11).

Off the record, however, objections to the establishment of a GMI had largely to do with fear of the potential implications of restructuring of the welfare system, given that, as mentioned several times above, the proposal to institutionalize a

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<sup>31</sup> This information draws on communication with Vittore Luccio, Office of the General Secretary of the PRC, 4 February 2013. The citation dates from 28 February 1997.

national GMI was predicated on the gradual abolition of a number of categorical social assistance measures<sup>32</sup>. In a situation where the poor were not represented (Ranci Ortigosa, 2007b), this prospect induced a range of secular organizations that benefited from the pre-existing social assistance system to advocate its continuation.

For instance, according to Saraceno (Interview),

‘Organizations representing individuals with disabilities initially opposed the very principle of a minimum income for the poor, on the strength of Article 38 of the Italian Constitution, which affirmed the right of every citizen unable to work and without the necessary means of subsistence to support but made no explicit reference to financial resources. Later on, however, the objections of such groups would be limited as it became evident that the physically disabled poor would constitute a significant GMI target group’ (see also Ministero della Solidarietà Sociale, 2007: 33).

The behaviour of religious organizations was clear-cut. On the one hand, the ecclesiastical hierarchy followed the non-alignment policy the Vatican had embraced through part of the 1990s, taking no public stance for or against the GMI<sup>33</sup>. On the other, for organizations like Caritas and ACLI the scheme conformed to the ideological principles these organizations served, for they perceived the GMI as a significant step towards acknowledging social citizenship for those at the margins of society. Furthermore, such Catholic grassroots organizations were expected to play some role, if not always overtly, in the measures to implement the GMI.

According to Francesco Marsico, Vice-Director of Caritas Italiana (Interview),

‘Together with Fondazione Zancan, Caritas had moreover produced a proposal to reform social assistance in the early 1990s that included a GMI and was very close to the centre-left’s Law 328/2000. Caritas’ particular support of the Prodi government’s GMI proposal did not translate into more formal advocacy of the scheme articulated explicitly in the public record, though, due to the charity’s identity as the pastoral organization of the Catholic Church’.

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<sup>32</sup> This conclusion draws on the interviews with Ranci Ortigosa, Onofri and Saraceno.

<sup>33</sup> This paragraph draws on the interviews with Dovis, Kazepov, Francesco Marsico (Vice-Director, Caritas Italiana), and Saraceno.

In a similar vein, according to a highly ranked member of ACLI, who wished to keep his anonymity, ‘the close links between the Vatican and Catholic religious organizations in Italy make the cadres of these organizations more careful in stating their positions on policy issues than they are in other parts of Roman Catholic Europe, e.g. in Portugal’ (Anonymous 1, Interview).

The initial debate on the institutionalization of a national GMI was thus shaped by the governing coalition’s divided stance on the scheme, the scepticism (or hostility) of a wide range of secular organizations, the absence of the Catholic Church from the debate, and the unofficial support of Catholic grass-roots religious organizations. In Saraceno’s words (Interview), ‘The lack of any strong constituency, let alone a coalition, supporting the GMI explains why Prodi decided to go ahead with a small experiment. It was a way to demonstrate that poverty was on the agenda while postponing the actual financial and policy decisions until the experiment ended’.

#### *b. The Experiment*

Law 449/1997 introduced a GMI at the national level in Italy entitled ‘Minimum Income for Integration’ (*Reddito Minimo di Inserimento*, RMI). In referring overtly to the French ‘Minimum Income for Integration’ (*Revenue Minimum d’Insertion*, RMI), it asserted the need for activation measures accompanying the GMI. Its extremely low cost (about 284 million euros) left the government free to introduce additional social policy measures (*La Repubblica*, 1998: 2).

The RMI’s recipients were defined as low-income individuals whose income could not exceed 500 thousand lire (258.23 euros) monthly for a person living alone, the poverty line in 1998 (Article 6, Legislative Decree 237/1998). Recipients were

expected to receive a monetary allowance that in 1998 would equal the difference between the amount just mentioned and their actual incomes (Article 8, Legislative Decree 237/1998). The scheme's monetary component was set at the national level, but 'once again without taking regional cost of living differences into consideration' (Ranci Ortigosa, Interview). Beneficiaries were moreover supposed to participate in customized plans for social integration<sup>34</sup> to be devised locally.

Territorial actors (local governments) would be the main agents for implementing the scheme and were expected to contribute modestly to the RMI's financing at a level set at 10 percent of total funding<sup>35</sup>. The RMI provided them with an opportunity to confront extreme poverty in their territory, assess the quality of the services provided by local managers in the fight against poverty, and increase their popularity at low financial cost.

The scope of the GMI was rather limited. The evaluation reports later revealed that the share of families who benefited from the RMI in 2000 was about 3.1 percent of all families in the municipalities participating (Ministero della Solidarietà Sociale, 2006). On 31 December 2000, the number of RMI recipients totalled approximately 86,000 and the amount spent for the experiment's first two years was around 220 million euros (IRS, Fondazione Zancan and CLES, 2001; Sacchi and Bastagli, 2005: 117-118), when the Italian state's overall social expenditure amounted to 282,617 million euros. The amount spent on the RMI was thus less than one thousandth of total expenditure<sup>36</sup>.

Prodi presented the RMI 'as a scheme necessary for the Italian state to act in accordance with EEC recommendations' (Onofri Interview; see also Camera dei

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<sup>34</sup> The objective was to reintroduce the recipient into the labour market through attendance at training courses, involvement in care services, and so on (see also Sacchi, 2006: 874-875).

<sup>35</sup> This paragraph draws on the interviews with Motta and Ranci Ortigosa.

<sup>36</sup> The data is from the Bank of Italy.

Deputati, 1997a: 14751 and 14760). Furthermore, the main official reason for setting up the experiment was to identify the operational difficulties territorial actors had in providing the benefit and managing insertion programmes, thereby testing the scheme's effectiveness in overcoming economic need and marginality in different contexts (Article 2, Legislative Decree 237/1998). The plan was to evaluate the experiment, then 'decide whether to convert it into a permanent national programme at the end of 2000 after the end of the legislative session' (Saraceno, Interview). A change of government could thus threaten the survival of this politically fragile initiative.

The term 'experiment' was ambiguous, however. According to Saraceno (Interview), 'The RMI did not follow the rules of experimental design proper to scientific projects, for example, by including both control and treatment groups. Additionally, the RMI was criticized for the manner of selecting the municipalities to participate in the experiment's first phase, as well as for the expected obligations of these actors within the scheme's framework'.

As regards the former, Saraceno (Interview) points out that,

'The RMI would be piloted in 39 municipalities chosen according to a set of socio-economic criteria: poverty levels; variations in economic, demographic, and social conditions; the range of each municipality's existing social assistance measures; an adequate territorial distribution of municipalities participating in the experiment; and the municipality's willingness to participate in the programme. The municipalities were consequently not absolute volunteers, nor were they selected on the basis of political affiliation, so that the experiment cannot be criticized for being clientelistic. The aforementioned indicators nevertheless functioned better provincially than at the municipal level, so that the poorest municipality in a province was not always chosen'.

Moreover,

'Only three large cities (Catania, Naples, and Genoa) were involved, and the funds allocated were inadequate to cover potential need, nor were efforts made to establish conditions for comparing different demographic, economic, and institutional contexts. Finally, fault-finders targeted the fact that participating municipalities were not bound to follow systematic criteria in providing data.

For instance, the scheme could not be suspended in a municipality that deviated from the implementation criteria except when a clear misuse of money occurred' (Saraceno, Interview)

Given the higher incidence of poverty in southern Italy, the vast majority of the 39 municipalities selected for the experiment (93 percent of all beneficiaries) were unsurprisingly in the south (IRS, Fondazione Zancan and CLES, 2001; Sacchi and Bastagli, 2005: 112). This geographical particularity of the scheme's allocation would make the RMI even more vulnerable to harsh criticism, though, and was key to its future abolition, as we will subsequently see.

*c. Extending a 'Stillborn' Experiment*

The notorious instability of the Italian political system again became evident in 1998, when the PRC withdrew its support from Prodi's coalition and the government collapsed. With only 285 seats in the Chamber from the 1996 general election, the Olive Tree had relied on the PRC's 35 seats to form a parliamentary majority<sup>37</sup>. The fall of the Prodi government was followed by the formation of a new centre-left coalition led by D'Alema until April 2000, then by Amato.

The next important stop in the RMI's journey through the Italian welfare state was the passage of Law 388/2000 by the Amato government, whose Article 80, instead of making the RMI permanent, as expected under Article 23 of Law 328/2000, only signalled its two-year extension until 31 December 2002. The experiment's second phase, it was decided, would comprise 306 municipalities participating in territorial pacts with the 39 municipalities of the RMI's first phase. The pacts resulted in the majority of the municipalities in this second phase again being in the south.

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<sup>37</sup> The data is from the Ministry of Interior.

The government had introduced these pacts, which went well beyond the traditional tripartite structure, as new policies for local development (Baccaro, Carrieri and Damiano, 2002: 9-10). The enactment of the RMI through networks (the pacts) was deemed a unique opportunity for territorial actors to participate in an exercise of institutional collaboration (Ministero della Solidarietà Sociale, 2007: 19 and 122).

For instance, territorial actors collaborated with religious organizations, ‘mainly in devising and implementing the accompanying measures and services that complemented the monetary benefits such as training, education, and parental counselling’ (Saraceno, Interview). The collaboration took place both in contractual relationships and on a voluntary basis, for example using the structures of Caritas Italiana (Kazepov and Sabatinelli, 2002: 117).

Based on information collected from the interviews with Saraceno, criticism of the way in which the RMI scheme was extended emphasized that whereas the experiment’s first phase had been prepared and accompanied by a monitoring and support group, its extension was not. On the contrary, after the government and the minister in charge of the RMI changed, the monitoring group was disbanded.

The question remains why the Amato centre-left government decided to extend the experiment instead of making the RMI a permanent scheme. This may initially seem a mystery, but a harder look at the political situation of the time helps to answer the question. When this decision was made, the political environment closely resembled that of the first Prodi government and the launch of the experiment’s first phase. Many centre-left cadres wanted to ‘prioritize alternative policies’, particularly an increase in minimum pensions, ‘rather than to use the same

resources to establish a permanent GMI for outsiders' (Ranci Ortigosa, Interview; see also Camera dei Deputati, 2000b: 1-249).

Trade union confederations also exerted similar pressures. Despite their involvement in designing associated RMI measures, top social policy experts such as Emanuele Ranci Ortigosa, head of the research teams that evaluated the RMI, saw the CGIL and CISL as 'reluctant to accept a dilution of the Italian welfare system's contributory character. That character secured a direct interventionist role in that system for the union confederations, a role that a less contributory system based on schemes like the GMI would diminish' (Ranci Ortigosa, Interview).

Meanwhile, the Italian media frequently publicized the gap between the needs and the implementation capabilities of territorial actors in the north-central and southern regions (Magni and Sala, 2000; Sala, 2000; Arachi, 2002). This gap should be viewed in conjunction with the broader fracture between the centre-north and the south of Italy, a long-standing historical phenomenon that widened further during the first phase of industrial development in the early twentieth century (see, for example, Putnam, Leonardi and Nanetti, 1993; Battilani, 2000; Fargion, 2005: 138).

While the government could not easily ignore these factors and make the scheme permanent, it should also be taken into account that the decision to extend the RMI experiment occurred a few months before the May 2001 general elections. Under pressure from southern territorial actors, some cadres of the centre-left governing coalition, mainly from the south and connected with Catholic third sector organizations, supported the extension of the RMI in their electoral districts without waiting for the evaluators' report and against the advice of the Commission for

Research on Social Exclusion<sup>38</sup>. This dissension reflected yet again how fragmented support for the scheme was.

Given these considerations, the second RMI phase was arguably driven in part by regard for possible electoral gain. The official reasons for extending the RMI experiment were nevertheless its limited cost and, once again, the perception that the scheme conformed with EEC recommendations for the convergence of member states' social assistance policies and with the 2001-2003 National Plan on Social Inclusion (Article 80, Law 388/2000; Camera dei Deputati, 2000b: 1-249).

Considering the centre-left's divided support for the RMI from the very beginning and the sceptical or even hostile stance of other secular organizations, any change in the political orientation of future governments would make it impossible for the scheme's few supporters, found mainly among the centre-left and Catholic grassroots organizations, to ensure its survival.

### ***3.2.2. Chronicle of a Death Foretold<sup>39</sup>***

#### *a. The Road to Abolition*

On 13 May 2001, the centre-left lost the election to the House of Freedoms (*Casa delle Libertà*, CdL) centre-right coalition. Although the CdL's unquestioned leader was Berlusconi, the LN was a powerful veto player, key to winning the election and maintaining the coalition (Hine and Hanretty, 2006: 106).

The centre-right's return to power after a nine-month interlude in 1994 coincided with the assessment of the RMI's first experimental phase by a trio of

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<sup>38</sup> This conclusion draws on the interviews with Ranci Ortigosa and Saraceno.

<sup>39</sup> The title is borrowed from Gabriel García Márquez's 1981 novella.

independent research centres<sup>40</sup> (IRS, Fondazione Zancan and CLES, 2001). FI and LN party cadres soon manifested their disapproval of the RMI scheme. Antonio Cuomo, FI's provincial coordinator, and Francesco Bianco, head of FI in the Regional Council of Naples, one of the municipalities that benefited greatly from the RMI, for example rejected the scheme as pure welfare dependency (Fuccillo, 2004). Of the two parties, though, the increasingly eurosceptic LN (Hine, 2004: 30) opposed the RMI most strongly.

During the League's election campaign, cadres argued that tax money should be used for policy initiatives against unemployment instead of being channelled into state handouts<sup>41</sup>. Handouts, they asserted, should be reduced because they hindered economic development. Echoing libertarian views, LN generally favoured the government redirecting public funding from welfare benefits to employment initiatives, and claimed that the free market could offer effective protection to citizens.

Among *Lega* members, the RMI struck a very sensitive chord, recalling 1993, when a new minimum tax was imposed that they believed would drain northern resources to support a dependent south, provoking protests around northern Italy (Gold, 2003: 94). The party had long accused southern Italy of developing 'a welfare-dependent culture that was addicted to the guarantees of the Italian bureaucracy' (Bossi and Vimercati, 1993: 42).

League supporters thought this addiction had tied up federal resources that might otherwise have been invested in the private sector to foster economic development. Granting welfare benefits to unworthy recipients in southern Italy

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<sup>40</sup> The Milan-based *Istituto Per La Ricerca Sociale*, the *Centro Studi e Formazione Sociale Fondazione Emanuela Zancan* in Padua, and the Rome-based *Centro di Ricerche e Studi sui Problemi del Lavoro, dell'Economia e dello Sviluppo*.

<sup>41</sup> This paragraph draws on Greene, 2003: 199.

would cause the further deterioration of a country already operating at two speeds, ‘that of the producer... and that of the parasites’ (Bossi and Vimercati, 1993: 20).

In this environment, the government muted the evaluators’ positive remarks on the first RMI phase. The evaluators had found that the scheme mobilized territorial actors and encouraged inter-institutional cooperation and mutual learning within the public sector, as well as between the public and non-profit sectors (Saraceno, 2006a: 105). Maroni himself instead publicized and exaggerated the experiment’s negative aspects, as will be discussed below.

The debate was mainly about how much the developed, effective, productive north differed in terms of performance from the underdeveloped, ineffective and ‘idle’ south<sup>42</sup>. For example, while the vast majority of RMI recipients resided in the southern municipalities, only a quarter of the southern recipients participated in the programmes comprising the scheme’s social inclusion component even two years after the RMI was introduced. In contrast, almost two-thirds of the recipients living in northern municipalities and more than half of those in central Italy were recorded as taking part in such programmes.

Indeed, Saraceno argues (Interview), ‘That the RMI was in many municipalities, especially in the south, the first experience of modern income support founded on the concept of citizenship as a right rather than a privilege (as had been the norm) should be taken into account’. Nevertheless, ‘it should be also considered that despite problems and lack of publicity about the positive aspects of the evaluators’ report, the RMI scheme was a success’ (Turco, Interview), or at least ‘the overall outcome was not discouraging’ (Ranci Ortigosa, Interview).

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<sup>42</sup> This paragraph is based on IRS, Fondazione Zancan and CLES, 2001; Sacchi and Bastagli 2005: 120.

The 2001 National Action Plan for Social Inclusion, officially presented by the centre-right government in June (but prepared by the previous centre-left government) further corroborated Turco and Ranci Ortigosa's views. The plan referred to the experiment as one of the best practical implementations of an anti-poverty programme in the country (Ministero del Lavoro e delle Politiche Sociali, 2001: 58).

The next act of the RMI play took place in July 2002, when the government and only two of the main Italian trade union associations, CISL and the Italian Labour Union (*Unione Italiana del Lavoro*, UIL) signed the Pact for Italy (*Patto per l'Italia*). The CGIL did not sign the pact, regarding it chiefly as another government attempt to escape direct confrontation with the major union confederations. This was a period during which the centre-right sought to distance itself from consultation (*concertazione*), moving to a *sui generis* social dialogue that required no agreement between the government and other social actors (Pulignano, 2003: 6).

According to the Pact for Italy (Point 2.7), the RMI experiment proved 'the unfeasibility of legally identifying persons with the right to enter this social safety net', so that it was necessary to create 'a new instrument' called the 'Income of Last Resort' (*Reddito di Ultima Istanza*, RUI; see, Ministero del Lavoro e delle Politiche Sociali, 2002; Strati, 2009: 5). The government thus intended that a GMI type of provision exist as a voluntary undertaking by territorial actors, leaving only the most financially powerful actors, concentrated in the north, room to develop such schemes.

Despite the positive conclusions of the first report on the RMI, repeated in the 2001 National Action Plan for Social Inclusion, Minister of Labour and Social Affairs

Roberto Maroni, a prominent LN member and chief architect of the RUI<sup>43</sup>, claimed that the RMI was a failure and blamed the south. In Maroni's words, 'The objectives of the RMI were not accomplished... and dangerous distortions occurred, especially in the south, along with a return to practices that have nothing to do with combating irregular work, fighting social exclusion, and promoting reintegration into the labour market' (Maroni, 2002). The RMI was another example of the 'southernization' of the Italian state, meaning the imposition of deviant 'southern' practices as opposed to 'northern' ones (Bull, 1994: 75).

While Maroni was making allegations, 'poverty disappeared as a policy issue even from his Ministry's website. As well, nearly a year after the first RMI evaluation report appeared and despite continuing information leaks to the media on the south's problematic performance, the report was not publicized or discussed in Parliament as the law required' (Saraceno, Interview).

As argued in the first part of this chapter, the 2001 constitutional reform and the limited interest in the RMI on the centre-left paved the way for the centre-right to abolish the scheme. The centre-right's decision to do so was not a one-way choice, however. Turco in fact claims (Interview) that,

'The 2001 constitutional reform, specifically Article 117, did not expedite the RMI's abolition. On the contrary, it transformed the RMI into a constitutional right, enabling the central government to guarantee a permanent national RMI through the establishment of the *Liveas*. If the law was never applied as it should, had the *Liveas* never been established nor the funding cut, is another story'.

Two specific factors thus made the scheme's abolition predictable: on the one hand, the rather weak support for its continuation, even within the centre-left that

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<sup>43</sup> Indicative of the Lega's key role in the design of the RUI is that the LN website has a link to the RUI pilot project in the community of Rovigo (Veneto) as one of the social policy initiatives promoted by the party in northern Italy ([http://www.padaniaoffice.org/pdf/politiche\\_sociali/normative/VEN-DGR1678-06.pdf](http://www.padaniaoffice.org/pdf/politiche_sociali/normative/VEN-DGR1678-06.pdf)).

introduced the RMI experimentally in 1998, which is also reflected in the decision for and implications of the 2001 constitutional reform; on the other, the political dominance of northern interests at the Ministry of Labour and Social Affairs. This dominance is manifest in the fact that when asked about the LN's official position on the RMI, Fabrizio Spinnato, in charge of social affairs at the Padania Office of the Northern League, very kindly pointed to official documents such as the Pact for Italy and the White Book on Welfare (point 2.7 and pp. 37-38 respectively). These are public documents expressing the government's official views on the subject (those of Maroni, Minister of Labour and Social Affairs, and his party).

Maroni's attitude may be understood in the light of the League's ideological stance. In Ranci Ortigosa's words (Interview), 'Poverty is mainly present in the south, and the resources allocated to the RMI were largely paid to southern municipalities. This contrasted with the priorities of the LN, as a party that represents northern interests'. In a similar vein, according to Turco, 'Criticism on the RMI was rooted solely in ideological and political reasons. The strong opposition of the LN towards the scheme in particular was key for its future abolition'. For the LN, 'the basis for solidarity is... only a part of the national territory. Their idea of solidarity is restricted, and directed against those who they consider to be strangers' (Stjerno, 2011: 175).

Likewise, Saraceno claims (Interview) that

'The LN played a crucial role because the Minister who had the responsibility for the matter, Maroni, belonged to that party and was contrary to the introduction of a measure which would benefit mostly the south, where poverty is concentrated... In fact, some of the official documentation regarding the GMI disappeared. This disappearance resulted from decisions made not only by Maroni, but also by the department head, who now served a different minister, and by the functionaries monitoring the GMI, who very likely wanted to please Maroni'.

At a time when political regionalism was at its height, LN was the Berlusconi government's indispensable ally and represented the most powerful of the secular

organizations promoting the interests of northern Italy's regions and exploiting the growing discontent with the huge share of public expenditure fruitlessly earmarked for the south. The combination of the anti-southern LN's control of the ministry responsible for the RMI with the south's relative poverty and underdevelopment weakened the social and cultural basis for consensus and hampered development of a national constituency for a GMI for all Italians (Saraceno, 2006a: 98 and 103).

*b. Alea Iacta Est; Allegations and Truths*

In these circumstances, Law 289/2002 allocated no further resources to the RMI. The White Book on Welfare (February 2003) moreover reiterated the negative assessment of the scheme (Ministero del Lavoro e delle Politiche Sociali, 2003a: 37). Instead, as mentioned, the White Book proposed the introduction of the RUI, identifying it as a social assistance instrument that would, however, include no social inclusion component and be implemented by territorial actors.

In the second National Action Plan for Social Inclusion (July 2003), drafted and presented exclusively by the centre-right, reference was again made to the problems in implementing the second RMI phase, attributed to the incapacity of territorial actors, i.e. local governments, to design and execute the scheme's social inclusion component, and to the deficiencies of the Italian welfare system (Ministero del Lavoro e delle Politiche Sociali, 2003b: 27-28). In September 2003, Maroni made a new allegation, asserting the RMI was 'an expensive and inefficient mechanism' (*La Repubblica*, 2003). The measure's putative high cost and ineffectiveness would become the official reasons for the centre-right to abolish the RMI.

Yet both reasons were not justified by the facts. The first estimates for the implementation of a national RMI put the annual amount needed at two or three

billion euros (Guerra and Toso, 2004: 2, and Sestito and Nigro, 2004 respectively). In the second, more expensive version, the sum required was equal to just 0.23 percent of national GDP in 2003. To put this into context, the cost of civil disability pensions in the same year amounted to 10.5 billion euros, approximately 0.8 percent of Italy's GDP (Ministero dell'Economia e delle Finanze, 2004).

Additionally, the undeniable difficulties in managing the demand for the associated services of the RMI in many southern municipalities, which in some cases triggered clientelism and fraud, were extreme incidences (see, for example, Benassi and Mingione, 2003: 43, for a description and evaluation of such difficulties in several Calabrian and Sicilian municipalities). Local variability in policy outcomes is moreover manifest even in institutional systems believed superior to Italy's, for instance the French system (Mingione, Oberti and Pereirinha, 2002: 61-77). In the French case, nonetheless, this variability was not used as an excuse for the abolition of the national GMI scheme.

Finally, 'determining how to weight the comparatively low performance of southern territorial actors relative to the role of the centre-right (or centre-left) governing coalitions in the RMI's abolition is undoubtedly difficult... That performance, though, cannot in itself be claimed as an adequate reason for the government to abolish the scheme' (Ranci Ortigosa, Interview).

To begin with, a clear contradiction exists between requiring an experimental phase and its evaluation and deciding not to turn the RMI into a permanent national measure on the grounds of unequal institutional performance by the actors involved. According to Saraceno (Interview), 'The Prodi government had set up the experiment to test the scheme's feasibility and reveal its weaknesses, then identify the measures to repair them'. Ranci Ortigosa (Interview) furthermore asserts that 'The experiment

helped to articulate a clear set of guidelines for addressing the difficulties that arose within an appropriate time span’.

More importantly, as mentioned earlier, ‘the experiment’s results were far from discouraging’ (Ranci Ortigosa, Interview). For instance, while journalists and the government proclaimed that outcomes such as the relatively high percentage of families exiting the RMI were evidence of the scheme’s failure, they tended not to publicize the fact that this exit was actually a consequence of transcending the initial state of need (Sacchi, 2006: 876). Indeed, as the second RMI evaluation report<sup>44</sup> showed, the highest exit percentages were reported in municipalities exhibiting the lowest rates of unemployment, which effectively belied claims to the contrary: the RMI experience was successful (Ministero della Solidarietà Sociale, 2007: 102-104).

For the vast majority of municipalities, the RMI also opened the way for rationalizing municipal services and integrating them into wider regional administrative schemes. Additionally, ‘it brought about an overall improvement in the institutional and administrative capacity of territorial actors’ (Ranci Ortigosa, Interview). Faced with zero or suspiciously low declared income, for example, several municipal governments assessed the living standards of RMI beneficiaries by visiting claimants’ homes to scrutinize their lifestyle, or requiring recipients to participate in a social integration programme at strategic times during the working day so as to prevent them from having another job in the informal economy (Sacchi and Bastagli, 2005: 121-125).

For a topic always at the centre of a limited political debate, the evidence collected here, particularly the material based on interviews with key policy actors/organizations of that period, points to a lack of interest in the RMI among

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<sup>44</sup> The evaluation was conducted by the *Istituto per la Ricerca Sociale, Fondazione Labos, CENCIS, and CLES* (Ministero della Solidarietà Sociale, 2007).

many of the actors/organizations capable of affecting the evolution of social assistance. Parts of the centre-left and the centre-right were reluctant to continue implementing the scheme. Maroni (2002) denounced existing safety net arrangements as ‘unfair and inefficient... children of the previous government’, which he described as ‘a prisoner of extreme views fostering a culture of dependency’. No powerful constituency supportive of the scheme existed in Italian society.

The situation was reflected in the almost complete absence of protests against the RMI’s abolition. Mixed reactions came from the large union confederations, including the CGIL, which had not signed the Pact for Italy. Furthermore, according to Marsico (Interview) ‘on 20 February 2003, when the White Book was presented to social policy actors by Maroni and the Secretary of Social Affairs, FI deputy Grazia Sestini, a few Catholic grassroots organizations involved in activation measures for the RMI, including Caritas, expressed opposition to the scheme’s abolition’. That opposition never took the form of more overt protest, though (see also Kahl, 2009: 287).

The southern-dominated leadership of the National Association of Italian Communities (*Associazione Nazionale Comuni Italiani*, ANCI) was one of the very few representatives of territorial actors to organize a protest against the RMI’s abolition. At that time the head of the ANCI National Council was Paolo Agostinacchio, mayor of Foggia (Apulia), in southern Italy, who accused FI members Antonio Azzollini, chairman of the Permanent Parliamentary Committee on the Budget, and the Committee’s secretary Alberto Zorzoli of acting to abolish the scheme (Petrini, 2002).

The divided stance of the centre-left and the centre-right’s open hostility to the RMI, together with a weak domestic coalition supporting such a scheme at the

national level, left the RMI with no chance of survival. As Ferrera (2003: 635) put it, however, GMI measures represent ‘a sphere of asymmetrical solidarity, in other words public support based purely on considerations of need, which presupposes strong ties of we-ness’. These ties were fatally lacking.

### **3.2.3. *The Post-RMI Situation***

#### *a. The RUI Story and the Context Practically Guaranteeing No Chance For a New, National GMI*

Maroni had advertised the RUI as an ‘alternative’ to the RMI ‘failure’ (Maroni, 2002) aimed at households at risk of social exclusion that did not receive shock-absorbing (unemployment) benefits. Ultimately the RUI was also not implemented.

According to Article 3 of Law 350/2003 and the 2003-2005 Italian National Action Plan Against Poverty and Social Exclusion (July 2003; Ministero del Lavoro e delle Politiche Sociali, 2003b), if a region decided to adopt the RUI, the central government would co-fund it. The RUI would cover up to 2.7 percent of Italian households with an average of 2,925 euros per household. The funding needed was approximately 1.67 million euros (Sestito, 2004: 3-4).

The Ministry of Labour and Social Affairs, however, avoided having the 2003 law state explicitly that the RUI would be part of the *Liveas* that the central government was supposed to ensure, or that it was exclusively regional (Strati, 2009: 5). In the absence of these definitions, as mentioned above, the RUI paved the way for central government funding to the territorial actors most able to implement the measures, in other words the wealthier regions of the centre and north. According to Turco (Interview), ‘The centre-right’s negligible interest in policies targeted at low-

income groups overall is evident in the fact that even the regulation expected to delineate the details of the relationship between the central government and regional authorities regarding the RUI was never issued’.

The final attack on the RUI, another example of the relatively new impact of territorial actors on the field, came in late 2004<sup>45</sup>. Acting on a request from several territorial actors who perceived the government’s initiative as an attempt to contest their autonomy in social assistance policy, the Constitutional Court decided that the central government had no authority to co-finance RUI schemes. The court claimed that the 2001 constitutional reform gave the government authority only to define the *Liveas*.

The provision in Law 350/2003 on central government co-financing of the RUI was consequently annulled. The centre-right established no special fund to finance the measure and the 2005 budget law (Law 311/2004) made no reference to the RUI. Additionally, the only territorial actor that had activated the measure, i.e. the local authority of the Rovigo municipality in the Veneto region, imposed specific rules controlling accessibility linked to the number of children in a family, the absence of one parent, whether a family included elderly or disabled members, and the like (Strati, 2009: 5). Large sections of the population in financial need thus had no access to the RUI, creating doubt whether the measure could ever have constituted a real alternative to the RMI.

No national GMI scheme in Italy exists at present. The 2007-2011 Planning Document for Economics and Finance confirmed the intentions of the Prodi governing coalition to re-examine establishing the RMI. As the document put it, however, this could not be done ‘before evaluating the effectiveness of the measure in

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<sup>45</sup> This paragraph draws on Sacchi, 2006: 876-877.

relation to the financial costs that its implementation might impose collectively’ (Ministero dell’Economia e delle Finanze, 2006: 140).

The study on the feasibility of a permanent national GMI that Monti and Pelizzari published soon after nonetheless indicated that a reasonably generous version of the scheme was financially viable<sup>46</sup>. For 8 percent of Italian households to participate in the programme, the annual total cost was estimated at about 7.1 billion euros. This calculation was based on an income threshold for a single person equal to 400 euros per month and amounted to approximately 0.5 percent of Italian GDP for 2007.

They contended that viability would be guaranteed, especially if the monetary transfer’s nominal value was allowed to vary according to differences in the cost of living around the country. Most GMI recipients did live in the south, where costs are typically lower than in the rest of the country. Finally, ‘the evidence available from both the 1998 RMI experiment and more recent local experiences shows that a GMI can be designed fairly easily to minimize fraud and disincentives to work’ (Ranci Ortigosa, Interview).

Leaving aside these hints at the scheme’s putative (unknown) financial cost, therefore, the painstakingly worded 2007-2011 Planning Document for Economics and Finance bespeaks the ‘essential lack of will on the part of the centre-left to re-introduce the RMI’ (Ranci Ortigosa, Interview). Whereas the inclusion of the RMI in this document put the poor back on the agenda on a symbolic level, no strong faction supporting the scheme existed within the centre-left coalition.

Another explanation for this attitude may be that the Minister of Social Solidarity in the second Prodi government was Paolo Ferrero, a PRC member.

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<sup>46</sup> Unless otherwise stated, this and the next paragraph draw on Monti and Pelizzari, 2007: 9.

According to Turco (Interview), ‘During Ferrero’s time at the Ministry of Social Solidarity, the Prodi government’s social policy agenda paid more attention overall to policies benefiting precarious workers, which Ferrero considered to be the solution to poverty’.

The new Minister of Social Solidarity (Ferrero, Interview) was ‘not in principle against the establishment of a social income (*reddito sociale*)’, as he termed it, and believed the funding for it should be obtained by taxing large estates<sup>47</sup>. He envisioned a scheme quite different from the RMI, however: a monetary measure aimed mainly at the unemployed. In these circumstances, it should come as no surprise that the laws for the financial year 2008 (Laws 222/2007 and 244/2007) allocated no funding to the RMI and the government did not re-introduce the scheme. Both Ferrero and Onofri (Interviews) also point to the early fall of the Prodi coalition government as a reason for the non re-establishment of the national GMI scheme by the centre-left.

Meanwhile, major trade union confederations, especially the CGIL, appeared to have adopted a more positive attitude towards the RMI<sup>48</sup>. On 4 June 2007, the CGIL held a conference in Rome on the scheme in which the CISL and the UIL also participated. Achille Passoni, confederal secretary of the CGIL, began his intervention by asking, ‘Who is representing the poor?’ (Ranci Ortigosa, 2007b: 1).

The reason for the unions’ rather recent change of stance seems to have been that poverty had come to threaten more and more of the workers they represented. In 2009, the working poor in Italy were 10 percent of the population, against the EU-15 average of 7.5 percent (EUROSTAT, 2010). Establishment of the RMI thus became

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<sup>47</sup> This information draws on communication with Vittore Luccio, Office of the General Secretary of the PRC, 31 January 2012.

<sup>48</sup> This information is based on the interviews with Lamonica and Saraceno.

an increasingly attractive device for improving the income and living conditions of individuals who constituted the traditional base of the union movement. Social scientists such as Ranci Ortigosa (Interview), involved in the design and evaluation of social assistance measures in Italy and interacting with unions on these issues, still argue that ‘unions (many of whose members are pensioners) are not in practice ready to support a re-balancing of social expenditures to make room for the RMI, despite appearances to the contrary’.

In reality, discussions on the need for a permanent national GMI were limited to a very small audience, mainly of academics and extra-parliamentary secular organizations, before the financial crisis deepened in 2011. These interested parties, for example the recently formed (2008) Basic Income Association-Italia, were comparatively weak in terms of membership and influence.

Among religious organizations, according to both Dosis and Marsico (Interviews), Caritas has shown the most interest in this subject. Indicative of such an interest is that the regional branch of Caritas in Lombardy, together with the Catholic University of the Sacred Heart in Milan, recently prepared a study on ‘Independence Income’ (*Reddito di Autonomia*).

Among parliamentary secular organizations, however, the RMI has rarely been a subject of discussion even by the centre-left. The centre-right is still further away from supporting such a scheme: ‘Re-establishment of the RMI would mean transferring resources from the richer northern regions to the poorer southern ones. The LN would never allow that’ (Saraceno, Interview).

In Saraceno’s words (Interview),

‘The meagre interest of a large portion of political actors/organizations in a level of social rights shared by all Italian citizens was again reflected in the 2005 constitutional reform, which further strengthened regional autonomy, giving both fragmentation and local federalism a solid base in the Constitution

(Legislative Decree 2544/2005). Such a base works against the development of a national shared framework in the social assistance policy field, including a GMI'.

The situation leaves little room for optimism about the establishment of a national GMI in Italy.

*b. A Regional 'Guaranteed' Minimum Income Schemes 'Consolation'*

After the RMI's abolition, GMI schemes in Italy are found mainly at the municipal level. Several territorial actors enforced minimum income mechanisms before the nationwide RMI experiment. Examples are Turin (1978), Piacenza (1980), Ancona (1981), and Catania (1983) (Commissione di Indagine sui Temi della Povertà, 1996: 21). As mentioned above, lack of national legislation for such schemes (often called *minimi vitali*) has meant that they lack the features that would permit coherent development (see Table 3.4).

Variations among GMI schemes at the local level in Italy could be the subject of another study in themselves. Nevertheless, even the present cursory examination of the topic in a wider context can offer some intriguing details, particularly about schemes established before the RMI experiment and the institutionalized empowerment of territorial actors in social assistance policy in the early 2000s.

Turin, for instance, was the very first municipality in Italy to introduce a GMI. The establishment of the *Minimo Vitale* in Turin became possible after the institutionalization of regions and the partial transfer of social assistance activities from the central government to territorial actors in the 1970s. As discussed in the first part of this chapter, 'this transfer empowered actors representing the interests of territorial units in social assistance policy, and in 1977-1978 paved the way for municipalities to establish their own social assistance schemes' (Motta, Interview).

In this institutional context, specific reasons nonetheless explain why Turin became the pioneer in using the powers the central government granted to territorial actors. This municipality's history is inextricably linked to a process of early and intensive industrialization, with an employment model dependent on heavy industry and large factories of a Fordist type<sup>49</sup>.

In the 1970s that model began to experience an acute crisis, resulting in qualitative and quantitative changes in working conditions, and concomitant increases in unemployment and poverty that created an explosive mixture in Turin's large working class. This crisis (discussed below) would be the main destabilizing force bolstering local government incentives to promote the establishment of a GMI in the late 1970s.

At the peak of the crisis, after more than twenty years of DC-dominated governing coalitions in Turin, the PCI managed to regain power in June 1975. Diego Novelli, the PCI's candidate, won the election with an absolute majority and became the new mayor. His electoral programme, which 'explicitly mentioned the crisis of labour conditions in Turin and was driven by an ambition to promote social cohesion in the municipality, prioritized welfare policies overall' (Motta, Interview; also see Castagnoli, 1998, 132-133). As Novelli himself stated in 1976, 'the city's society is like a broken jigsaw puzzle, the social fabric has become unstuck, our values have been destroyed', articulating the need to reinforce that fabric for the city's sake (*Newsweek*, 1976: 47).

One of the first incidents that Novelli's mayoralty had to handle was the occupation of the city hall by homeless citizens demonstrating for their right to housing. Responding to that situation, 'Novelli quickly acknowledged the social

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<sup>49</sup> This paragraph draws on Biolcati Rinaldi, 2006: 94.

needs of the poorest members of Turin's society' (Motta, Interview), expressed in the newly founded neighbourhood councils (Associazione *CCTR*, 2001: 151). This was also the period when the PCI moved further away from hard-core Marxist principles, becoming increasingly amenable to the idea that the state should play a key role in providing social assistance (see, for example, Berlinguer, 1975a and b).

In this environment, one of the measures proposed by Novelli and Turin's left-wing Municipal Council in 1976 (Resolution no. 1398) was a GMI under the name *Minimo Vitale*, intended 'to meet the needs of citizens for social assistance... and reduce the causes that produce such requests' (*Prospettive Assistenziali*, 1979). According to Motta, 'Rosalba Molineri, the municipal councillor responsible for health and social services, a PCI member as well, played a crucial role in the design of the proposed GMI'<sup>50</sup>.

In order to increase the basis for consensus on the measure, Molineri sought to form a coalition to support it, enlisting members of trade unions and religious organizations to help formulate the *Minimo Vitale*. Some would term her strategy an early expression of the model of postmodern corporatism, expanded to include bargaining partners beyond the traditional social partners of labour and capital and policy arenas beyond the economy (Cohen and Rogers, 1995: 237 cited in Baccaro, 2005: 11).

Molineri assembled a working group of approximately 15 people, charged with defining the technical details of some sort of GMI policy and reaching an agreement with Turin's unions and local religious organizations on the form of the measure to be recommended. Whereas the unions were a traditional social partner and their support was deemed invaluable in a time of acute political agitation, the long-

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<sup>50</sup> Unless otherwise stated, this and the next six paragraphs largely draw on the interview with Motta.

standing expertise of religious organizations in social assistance policy gave the Municipal Council an incentive also to request and utilise their aid.

This expression of synergy and partnership between local authorities and the municipality's religious organizations should be added to the long tradition of enforced proximity between Turinese citizens generally and religious organizations (Negri and Saraceno, 1999). That proximity is indicated by the fact that Turin was one of the first Italian cities to host the controversial experiment of industrial 'worker-priests'<sup>51</sup> in the 1950s (Mingione, Oberti and Pereirinha, 2002: 39-40 and 65).

Novelli's relationship with Cardinal Michele Pellegrino, the archbishop of Turin, also contributed to the successful partnership between municipal authorities and religious organizations fostered by Molineri. Pellegrino was one of the most open-minded bishops in Italy at the time and advocated collaboration between the state and the Catholic Church on welfare services (Filo della Torre, Mortimer and Story, 1979: 85).

While this rapprochement may not have been an initiative of these organizations (in contrast to the case of Spain, discussed in Chapter 4), all expressed their satisfaction (in varying degrees) with a measure that targeted Turin's poorest citizens and brought their own input to the *Minimo Vitale*. Unions, the CGIL in particular, insisted on an income threshold for the measure that would not exceed the national social pension to prevent it from becoming a disincentive to employment.

A distinction should, however, be made between confederal unions such as the CGIL-Torino and the unions representing municipality staff working in social assistance policy. Whereas both generally favoured the new measure, the

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<sup>51</sup> The experiment of priests being employed in factories was based on the idea that the Catholic Church should try to become closer to people and their problems.

municipality staff unions would be involved in extensive negotiations with Molineri. They had concerns about workplace and scheduling changes, since the establishment of the *Minimo Vitale* would create 23 social service offices, one for each of Turin's neighbourhoods (*Prospettive Assistenziali*, 1979).

Nonetheless, unions in Turin have commonly been considered to be particularly responsive to the grievances of those with the least power both inside and outside the factories, and more open to policy innovations that address the interests of the most disadvantaged groups in society compared to unions elsewhere in Italy. To quote Perlmutter (1991: 2, 7 and 26-27): 'Turinese unions... were far more likely than those in other cities to represent radical social demands or to attempt to mediate disputes between industrial workers and other lower class social groups. Their motives were to prevent conflict between different sectors of the working class and to avoid letting their militant base get too far ahead of them'.

Furthermore, as noted above, the 1970s crisis had hit the vibrant working-class population of the municipality dramatically, increasing unemployment and poverty. As Novelli commented on the situation, 'In those days Turin lived two parallel lives: the life of workers, the trade union and the comrades, and the other life, that of the bourgeoisie, which seemed impervious to the hardships of the proletariat' (Papuzzi, 2002: 130). Turin's unions thus had particularly strong incentives to back Novelli and policy innovations such as the *Minimo Vitale*, and formed part of the broader base of support for the measure secured by Molineri in the late 1970s.

With municipal resolution 7802443/19 of 21 July 1978, which also set the value of the measure at 135 thousand lire, at a time when a worker's average salary was more than twice that amount, the *Minimo Vitale* came into force. In Motta's words, 'Turin's version of the GMI differed significantly from other GMI measures

that other municipalities would develop in the near future in at least two ways: the municipality provided economic assistance to eligible citizens indefinitely, without time limits; the measure included the provision of emergency financial and other assistance, for example in case an individual with children was evicted from her apartment’.

In order to have access to the assistance associated with the measure, the recipient’s monthly income could not exceed the amount of the social pension, a rule consistent with the CGIL-Torino proposal. The amount of the *Minimo Vitale* was defined as the difference between that pension and a family’s income. Potential contributions by relatives had to be included in the calculation of the amount (see also Biolcati Rinaldi, 2006: 96-97).

The measure would survive every local government (mostly leftist) that succeeded Novelli’s mayoralty and constitutes Italy’s longest-lasting GMI experience. According to Uberto Moreggia, Manager of Social Services and Support for Adults in Need of the City of Turin (Interview),

‘In the late 1970s the city of Turin adopted a system of measures to support household incomes that would be revisited and updated several times in the 2000s. The resolution of the City Council of 12 February 2001 in particular, under the title “Guidelines on Economic Assistance”, along with the subsequent amendments of that resolution, defined the provision of financial assistance to families with low incomes as a tool to fight poverty through three basic forms of contribution based on the needs of beneficiaries: the “income of maintenance for people unable to work” [i.e. the former *Minimo Vitale*, renamed as *Reddito di Mantenimento per le Persone non Abili al Lavoro*]; the “income of social insertion for people able to work” [*Reddito di Inserimento Sociale per Persone Abili al Lavoro*]; and “contributions for specific needs” [*Contributi per Esigenze Specifiche*]. Furthermore, more recently [in 2012], the age limit for access to the “income of maintenance for people unable to work” increased from 60 to 65’.

The former *Minimo Vitale* is thus an integral part of the broader system of income support for low-income families in Turin outlined above. This system is based on networks of municipal collaboration with secular and religious organizations

that have become deeply entrenched in the local culture. In Moreggia's words (Interview),

'The Turinese GMI scheme, along with the broader system of income support in the city, was one of the subjects of the planning made by the local government of Turin, in its effort to define its own Area Plan for the years 2003-2006 (*Piano di Zona*, 2003-2006). This planning paid particular attention to the participation of other actors/organizations in the social assistance policy field. As a result, the city of Turin has produced a permanent table [*un tavolo permanente*] that provides information on the key actors/organizations involved in the fight against poverty in Turin (such as religious and secular organizations), and describes the initiatives taken by these actors/organizations in the relevant field. The objective is to enforce and consolidate partnerships between territorial actors and other actors/organizations active in the social assistance field, and to avoid any duplication of effort'.

According to Moreggia (Interview),

'The strengthening of a pluralistic model in the provision of social assistance in Turin is due to the constant growth in terms of needs, the retrenchment of the financial resources available for publicly provided social assistance, but also the acknowledgement of the need to identify new interventions and approaches and overcome the limitations of the old system of welfare. The construction of the table mentioned above is part of a broader vision of the local government in Turin to reinforce the collaboration between government agencies and other organizations in the social assistance field. The aim of the local government is to identify priorities in that field that it shares with other organizations, re-examine the policy measures implemented, strengthen the cooperation with traditional partners, build relationships with new actors, and design a new model of social assistance in which other actors/organizations are responsible for the relevant provisions as much as territorial actors are' (see also Gaeta *et al.*, 2012).

In 2012 approximately 3,000 families in Turin benefited from the 'income of maintenance' and the 'income of social insertion'. The budget for both was almost 4 million euros<sup>52</sup>. This amount equalled approximately 75 percent of the total budget allocated by the city of Turin for social assistance activities (i.e. roughly 5.3 million euros per year, benefiting more than 6,000 families). Overall, as Moreggia asserts (Interview), 'over the years, the city of Turin continued to support spending on

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<sup>52</sup> The data is from the Directorate of Social Services of the city of Turin.

economic assistance, with an annual increase of more than 400-500 thousand euros for the relevant policies’.

While Turin established its own GMI scheme before the national RMI experiment, several territorial actors ratified laws on GMI schemes after the RMI’s abolition. According to Sandro Gobetti, member of the Basic Income Network-Italia, and Ranci Ortigosa (Interviews), territorial actors wanted to counteract government inertia and improve the living conditions of their populations.

As discussed above, after the 2001 constitutional reform municipalities were expected to organize and implement their own social assistance systems, following guidelines meant to be defined by the state (the *Liveas*) or the regions (regional social plans). With the *Liveas* still undefined, however, these emerging GMI schemes were again largely experimental, varying widely among territorial actors in both design and duration, even within a single region.

In the late 2000s nine local GMI schemes were created in Basilicata, Campania, Friuli-Venezia Giulia, the autonomous province of Bolzano, the autonomous province of Trento, Sardinia, the Aosta Valley, Lazio and Apulia (Strati, 2009: 12-16). The Veneto should be added to these regions since it financed the continuation of the RUI trial in one municipality, as noted earlier.

Nevertheless, only the first three regions developed schemes that resembled the RMI (Kazepov, 2011: 134). Basilicata experimented with an ‘inclusive citizenship’ (*cittadinanza solidale*) programme from 2005 to 2009. Campania allocated 277 million euros to establish a ‘citizenship income’ (*reddito di cittadinanza*) in 2004, for which Rosa Russo Iervolino, the leftist mayor of Naples, remarked ‘the central government, in spite of the promises made to mayors to open negotiations on the minimum income for integration, has so far not taken any

initiative' (Fuccillo, 2004). That experiment was extended until the 2010 regional budget, which cancelled the GMI scheme (Capua, 2011).

Friuli-Venezia Giulia passed legislation in 2006 establishing a 'basic citizenship income' (*reddito di base della cittadinanza*) that was repealed in 2008 (Report *CSLARE-R*, 2010). Other regions developed schemes aimed at smaller sections of the population, for instance Lazio, which approved a 'minimum citizenship income' (*reddito minimo di cittadinanza*) in 2009, to be discussed below (Kazepov, 2011: 134).

At first sight, the ideological preferences of territorial actors regarding such schemes appear to explain their establishment. Undeniably, 'all the regional and provincial schemes established in the 2000s were instituted by centre-left governments, for instance in Campania, Basilicata, Friuli-Venezia Giulia, and the Autonomous Province of Bolzano. By contrast, some schemes did in fact end when centre-right governments took office, as in Friuli-Venezia Giulia' (Ranci Ortigosa, Interview). A revival of the left in local governments after the late 1990s may arguably be associated with the institutionalization of these schemes by territorial actors (Levy, 2002: 15-16).

The Lazio region (Rome) offers a recent example of how a combination of destabilizing forces and a centre-left government, with the additional support of other organizations, can increase the prospects for a local GMI scheme<sup>53</sup>. Responding to the worsening economic crisis, which he said was taking people 'back to the oil crisis almost thirty years ago' and would 'result in 50,000 people in Lazio losing their jobs in 2009', Piero Marazzo, Democratic Party (*Partito Democratico*, PD) member and the region's president, managed to pass legislation in March 2009 establishing a

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<sup>53</sup> The information in this and the next paragraph is from *La Repubblica*, 2009 and Paolini, 2009.

minimum citizenship income. This measure would provide a monthly GMI of 530 euros to citizens with annual incomes under 7,000 euros. The measure was estimated to benefit 20,000 citizens and cost Lazio 40 million euros over three years.

Marazzo's 2009 law received 32 votes from his own centre-left party and the Party of Italian Communists (*Partito dei Comunisti Italiani*, PDCI), while the AN and the Socialist Reformists of the People of Freedom (*Socialisti Reformisti del PdL*) voted against it (4 votes). The FI and the Union of Christian and Centre Democrats (*Unione dei Democratici Cristiani e di Centro*, UDC) (2 votes) abstained. The AN argued that the proposed measure was a political-ideological flag rather than a useful device for coping with the crisis. Massimiliano Maselli of FI denounced it as 'creating more illusions than providing concrete answers to problems'.

According to Gobetti (Interview),

'Representatives from trade unions and social movements participated in the debate and drafting of the Lazio GMI law. The trade unions advocated a GMI scheme similar to the unemployment benefit. For their part, social movements, i.e. large informal groupings of organizations representing various societal groups, though mainly spontaneous and unorganized, pressed for legislation that would provide a universal GMI and include a range of features that relieved precarious workers, such as free transport'.

In a nutshell, centre-left parties in local governments stand out as more positively inclined towards a GMI than parties of centre-right orientation. The case of Turin in particular shows how the co-occurrence of destabilizing forces and strong pro-GMI domestic coalitions increase the possibility of establishing and maintaining a local GMI scheme. As already mentioned, however, a systematic mapping of local GMI experiences in Italy is per se a viable direction in which future research should go from where this work leaves off.

## **Conclusions**

At least up to the 1970s, central governments were reluctant to confront the Catholic Church over the control of the social assistance field and assume the high cost of policies for which the Catholic Church already bore responsibility. An additional factor shaping government behaviour was the acknowledgment that governments needed the support of religious organizations to consolidate their hegemony, as happened under Mussolini and the governments led by the dominant party of the post-war era, the DC.

For its part, the Catholic Church desired to hold on to a power of social and political patronage as the institution associated with Catholic welfare charities. Another factor contributing to stagnation in the social assistance field in Italy was the divided and sometimes indifferent stance of secular organizations to the issue of publicly provided social assistance and the need to change the policy status quo. Changes in the attitude towards social assistance of governments, secular and religious organizations should be viewed together with the effect of destabilizing forces, such as intensifying socioeconomic changes, as well as with changes in these organizations' interests, ideological preferences and perceptions of fairness.

During the 1970s, the evolution of social assistance in Italy was largely determined by two phenomena: the conflict between the state and religious organizations, and the institutionalization of territorial actors. The former ended with the reconciliation between Italian governments and the Catholic Church over the control of the IPAB. Both events paved the road for the strengthening of a pluralistic model in social assistance policy that would take place in the post-1970s period and made the Church and its affiliated organizations safer in their institutional role.

In the shadow of fiscal restraint, the 1980s were characterized by an extension of means-testing. Furthermore, that decade reconfirmed the dominance of traditional actors in the social assistance policy field but also saw the growing importance of other actors, such as newly created religious organizations and territorial actors. Not until the mid-1990s and the election of the Prodi centre-left coalition, however, did the establishment of new publicly provided social assistance benefits and services and the sector's most significant reform since the late nineteenth century take place.

Affected by a series of destabilizing forces, such as the deep crisis of Italy's political system and Europeanization processes, in a context where other secular and religious organizations took diverse stances on the rationalization of the social assistance system, the Prodi, D'Alema, and Amato governments accomplished several policy interventions in the field. These interventions also conformed to the centre-left's own interests, perceptions of fairness and ideological preferences. Even the centre-left accommodated the social assistance policy interests of the Catholic Church and its associated religious organizations, however.

In the 2000s, the centre-left reinforced decentralization in social assistance policy, further empowering territorial actors in the field. That initiative may be attributed partly to the increasing prominence of regionalist secular organizations, such as the LN, which could influence the government agenda. In the end, Berlusconi's rise to power marked a return to a more fragmented selectivity in regard to social assistance, ensured the obligatory presence of Catholics in anti-poverty policy actions, and brought spasmodic initiatives with respect to the presence of territorial actors in the social assistance field.

The twisted path followed by the RMI highlights a lack of political will within the centre-left and especially the centre-right, as well as the absence of a strong,

coherent domestic coalition to promote the full establishment and maintenance of the scheme at the national level. To paraphrase Monti and Pelizzari (2007: 20-21), a redistributive policy like the GMI depends on majority support built upon a high degree of inequality aversion.

Even the centre-left, which initially introduced the RMI, was divided about it; this division may also be reflected in the 2001 constitutional reform. The centre-right was hostile, largely because a national GMI was regarded as benefiting the poorer south at the expense of the richer north. The unions were unprepared to accept a restructuring of the entire welfare system for the sake of a permanent national GMI.

The ecclesiastical hierarchy, secure in their institutional role in the social assistance field and at that time loyal to a policy of non-alignment, adopted no public stance in favour or against the GMI. Catholic grassroots organizations were among the very few groups to support the scheme, because it fit the citizenship model they envisioned. This support did not translate into more formal advocacy of the scheme articulated explicitly in the public record, due to the ‘pastoral’ role of these organizations and their close links with the Vatican, which in the Italian case is quasi-synonymous with the Catholic Church in Italy.

In such circumstances, the RMI was extremely vulnerable to any change of government. That was what finally brought its demise, leaving only a few GMI schemes in place at the local level. Of these schemes, Turin’s experience in particular illustrates the salience of institutionally powerful territorial actors in establishing a GMI locally, albeit in a context characterized by destabilizing forces and by a domestic coalition supportive of the scheme.

Because of its GMI experience(s), Italy can be said to occupy an intermediate position in the southern European spectrum as regards the progress of citizenship-

based rights. Whereas Portugal and Greece are at the two extremes of the spectrum, Italy arguably shares the middle of the spectrum with Spain. While Spain has no GMI at the national level, it has developed local GMI schemes. By contrast to the small number of such schemes in Italy, all 17 Autonomous Communities in Spain have established their own GMI. Chapter 4 is devoted to the Spanish case.



**CHAPTER 4:**  
**THE SUI GENERIS CASE OF SPAIN:**  
**FROM FRANCO'S 'CATHOLIC SOCIAL STATE'**  
**TO 'TERRITORIAL' SOCIAL ASSISTANCE**

Although local GMI schemes (*rentas mínimas de inserción*) in Spain take the form of a subjective right only in the Basque Country, Navarre, Madrid and Asturias, since 1989 all of the country's 17 Autonomous Communities (as the regional governments are known) have developed their own GMI programmes, making the Spanish case a success story. As will be argued in the second part of this chapter, primarily via discussion of the Basque Country but also via references to its emulation by the other Autonomous Communities, this successful institutionalization of regional GMIs is attributable to the co-occurrence of destabilizing forces and potent domestic pro-GMI coalitions. Much like the Italian case, moreover, the existence of institutionally powerful territorial actors was a prerequisite to the emergence of these programmes.

As will also be argued, the schemes vary significantly in terms of monetary components, activation criteria, and populations covered, largely due to the mixed inputs of diverse actors/organizations. In 2007, the average monetary component of local GMI schemes in Spain equalled 375.68 euros for single persons and 593.86 euros for a family (Bahle, Hubl and Pfeifer, 2011:139), i.e. approximately 20 percent of per capita GDP (Ayala, 2011: 274).

These local schemes co-exist with 'national' social assistance provisions that are financed through general taxation, and with provisions made by religious organizations that play a pivotal role in the field. Among the main themes discussed in the first part of this chapter are the ways in which destabilizing forces, such as the rise of unemployment in the 1980s, increased the incentives of influential

actors/organizations (above all the Socialists) to support an expansionary phase in publicly provided social assistance, as well as a further consolidation of the central role of religious organizations in an increasingly pluralistic model of social assistance in Spain.

To continue the outline of publicly provided social assistance in the country, it should be noted that the central government has the ultimate authority over ‘national’ social assistance provisions as well as the responsibility for funding them. Territorial actors, i.e. regional governments, nevertheless play a crucial role in the management of these provisions (Rodríguez-Cabrero, 2009; Topraakkiran, 2012).

In the absence of a GMI at the national level, the most significant example of a ‘national’ social assistance benefit in the country, at least in terms of population coverage, is the non-contributory pension for individuals who have reached the age of 65 or have a disability of at least 65 percent (*pensiones no contributivas de jubilación y invalidez*). In 2010, the monthly amount of this pension was 339.7 euros, with approximately 458,000 recipients (Bahle, Hubl and Pfeifer, 2011: 138). For that year, the expenditure on these pensions was slightly less than 0.2 percent of the country’s GDP (Chuliá, 2011: 287 and 289).

The combination of GMI schemes at the territorial level with categorical social assistance benefits nationwide make publicly provided social assistance in Spain a ‘hybrid’, somewhere between ‘selectivity’ and ‘selective universalism’. As implied in Chapter 3, this arguably holds true more than it does in Italy, where given the small number of local GMI schemes, ‘selectivity’ overshadows ‘selective universalism’.

Table 4.1 offers a picture of the number of beneficiaries of the main social assistance provisions allocated at the national and territorial level in Spain:

**Table 4.1. Social Assistance Beneficiaries in Spain<sup>1</sup>**

<b>Year</b>	<b>Non-Contributory Pensions for Individuals Over 65 (Pensiones no contributivas: Jubilación)</b>	<b>Non-Contributory Pensions for Invalidity (Pensiones no contributivas: Invalidez)</b>	<b>Social Assistance Pensions for Old Age (Pensiones asistenciales: Vejez)</b>	<b>Social Assistance Pensions for Sick (or Disabled) Persons (Pensiones asistenciales: Enfermedad)</b>	<b>GMI schemes (Rentas mínimas de Inserción)</b>
1992	58,904	21,170	m	m	69,510
1995	176,063	147,872	m	m	139,047
1998	216,967	220,561	m	m	232,491
2000	228,859	242,416	21,460	46,599	243,964
2001	276,488	205,098	17,045	40,750	268,118
2002	278,256	207,540	13,541	35,892	267,239
2003	281,154	207,193	10,871	31,794	294,057
2004	281,448	207,025	8,488	28,273	281,976
2005	279,189	205,319	7,425	25,676	274,271
2006	276,920	204,844	5,572	22,285	359,286
2007	270,980	203,401	4,430	19,852	298,133
2008	265,314	199,410	3,589	17,487	m
2009	260,908	197,126	2,940	15,480	m

Table 4.1 depicts, *inter alia*, the expansion of publicly provided social assistance under the Socialists in the early 1990s, including the gradual replacement of the social assistance pensions for old age and for sick or disabled individuals by the non-contributory pensions for individuals over the age of 65 and invalid persons. In fact, in the early 1990s, improvements in the coverage of benefits for individuals older than 65 reduced the poverty rate for this group to a level well below the average for Spain, from 23.45 percent in 1980/1981 to 15.38 percent in 1990/1991 for males, and from 20.95 percent to 13.83 percent for females for the same set of years (Ayala, 2011: 264-265).

<sup>1</sup> The data is based on EuMin database 2011, preliminary data. Information provided by Vanessa Hubl and Thomas Bahle, accessed at [ww.mzes.uni-mannheim.de](http://ww.mzes.uni-mannheim.de). The figures are for numbers of beneficiaries and 'm' for 'missing value'.

Similarly, scholars such as Pazos and Salas (1996) showed in their studies that means-tested benefits in the country are clearly progressive. Ayala and Martínez (2005), on the other hand, demonstrated that such benefits did not result in significant decreases in inequality in the country, although they improved the purchasing power of beneficiaries. Moreover, means-tested benefits alleviated severe as opposed to moderate poverty, with the latter remaining relatively stable. The inequality between the different regional GMI programmes acted, however, as a limit to poverty reduction and reduction of unemployment (Ayala and Rodríguez, 2010; Ayala, 2011: 273).

Despite the progress made, as mentioned in Chapter 1, in the mid-2000s means-tested benefits in Spain amounted to only 9.2 percent of the composition of disposable income for the bottom decile of Spaniards, well below the EU-15 average of 21.25 percent for the same point of reference (Paulus *et al.*, 2009: 16). Levels of poverty and inequality also remain particularly high.

Table 4.2 presents data on the percentage of population at risk of poverty, as well as on the ratio of income received by the 20 percent of the Spanish population with the highest income to that received by the 20 percent of the population with the lowest income:

**Table 4.2. Percentage of Population at Risk of Poverty & Income Quintile Share Ratio (S80/S20) in Spain and the EU-15 (2003-2011)**

Year	Percentage of Population at Risk of Poverty <sup>2</sup>		Income Quintile Share Ratio (S80/S20) <sup>3</sup>	
	Spain	EU-15	Spain	EU-15
2003	19	15	5.1	4.6
2004	19.9	17	5.1	4.8
2005	19.7	15.7	5.5	4.8
2006	19.9	15.9	5.3	4.7
2007	19.7	16.0	5.3	4.9
2008	19.6	16.2	5.4	4.9
2009	19.5	16.1	6.0	4.9
2010	20.7	16.2	6.9	5.0
2011	21.8	16.7	6.8	5.1

Aside from the persistently higher levels of poverty and inequality in Spain in comparison to the EU-15 averages, the data reflects the impact of the 2009 economic crisis on Spanish citizens: the percentage of those at risk of poverty and the income quintile share ratio increased approximately by 11 and 13 percent, respectively. At the same time, according to a 2012 study published by Cáritas Española and the Institute for the Promotion of Social Sciences and Applied Sociology (FOESSA Foundation), poverty rates vary substantially at the territorial level. In Navarre the poverty rate is 7 percent, whilst in Extremadura 38 percent (Hidalgo, 2012). Overall, rather unsurprisingly, the richest regions demonstrate substantially lower indicators of poverty (Ayala, 2011: 267).

Against this background, based on integrated data<sup>4</sup> of the European Value Survey (EVS) and the World Value Survey (WVS), Spaniards believe that taxing the rich and subsidizing the poor is an essential characteristic of democracy. Using a scale from 1 to 10, wherein 1 means that ‘taxing the rich and subsidizing the poor is

<sup>2</sup> The data is based on EUROSTAT. Cut-off point: 60 percent of median equivalized income after social transfers.

<sup>3</sup> The data is based on EUROSTAT. Income must be understood as equivalized disposable income.

<sup>4</sup> The data concerns the year 2007.

not an essential characteristic of democracy' and 10 the opposite, only 33.2 percent of the respondents chose an answer below 5. In a similar vein, when the respondents were asked to choose between two alternatives<sup>5</sup>, that is 'an egalitarian society where the gap between rich and poor is small, regardless of achievement' versus 'a competitive society, where wealth is distributed according to one's achievement', the percentage of those who preferred the first statement to a higher or lesser degree amounted to 61.4, as opposed to the 27.6 percent of those who preferred the second statement. Furthermore, the 36.7 percent of those clearly opting for 'an egalitarian society' was much higher than the 8.4 percent of those overtly preferring a 'competitive society'.

It becomes more difficult, however, to reach a clear conclusion<sup>6</sup> about the possible preferences of Spanish citizens towards publicly provided social assistance when we consider the answers given to whether 'a society with extensive welfare, but high taxes' is preferable to 'a society where taxes are low and individuals take responsibility for themselves'. 41.2 percent of the respondents prefer the first alternative, as opposed to the 37.8 percent of those who prefer the second one.

By contrast, more recent data from the European Social Survey (ESS)<sup>7</sup> shows that the shares of Spaniards who agree or strongly agree with the statements that 'many with very low incomes get less benefits than they are legally entitled to' and 'benefits in this country are insufficient to help people in real need' are 64 and 72 percent, respectively. As viewed in Table 4.3 (below), these figures are much higher than the same ones for countries like Germany, France, the United Kingdom, Norway and Sweden:

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<sup>5</sup> This conclusion draws on the integrated data of the EVS and the WVS, once again. The data concerns the year 2000.

<sup>6</sup> See note 5.

<sup>7</sup> Round 4.

**Table 4.3. ESS Data on Citizens' Attitudes Towards Welfare  
(Selected Countries, 2008)**

<b>Country</b>	<b>Statement 1</b> 'Many with very low incomes get less benefits than they are legally entitled to'	<b>Statement 2</b> 'Benefits in this country are insufficient to help people in real need'
<b>Spain</b>	<b>64</b>	<b>72</b>
Germany	48	52
France	50	59
United Kingdom	52	57
Norway	24	51
Sweden	23	33

Estivill (1993: 261-262), a prominent Spanish sociologist and social policy analyst, was among the very first to stress that 'Citizens feel annoyed about it [poverty] and tend to blame... individual uselessness. This concept leads, at best, to charity and perhaps to some philanthropic action... this [poverty] is handled as something extremely residual, something that one must accept as a fact of life'. However, the data presented above suggests that, despite the relative underdevelopment of publicly provided social assistance, the lack of a national GMI, and the belated establishment of local GMI schemes, there is not a corresponding low level of popular support for such policy measures.

At the same time, according to data from the Episcopal Conference of Spain (*Conferencia Episcopal Española*)<sup>8</sup>, a vast network of charitable activities and institutions is directly linked to the Catholic Church of Spain, which is also one of the largest landowners in the country (see also Eunjung Cha, 2012). The most visible expression of the key role played by the Church in the social assistance field in Spain are the 5,675 centres that in 2010 provided financial and other assistance to a total of

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<sup>8</sup> Unless otherwise stated, this and the next paragraph are based on information collected from the *Conferencia Episcopal Española*.

2,857,621 people. Cáritas Española and Manos Unidas are the organizations linked to the Catholic Church of Spain that provide the most generous support to the weakest socioeconomic strata.

In addition, a great many of the 12,465 Catholic religious organizations in the Ministry of Interior's Register of Religious Entities implement their own social assistance projects. Indeed, the dominance of a 'Catholic charitable ethos' in Spain is such that even today the term 'asistencialismo' ('welfarism') is used to refer to the central role of religious organizations in the social assistance field, as opposed to the more limited state-supervised provisions (see also Mangen, 2001: 9).

Data provided to the author of this study by Francisco Lorenzo, the director of the Research and Institutional Relations Department of Cáritas Española, show that religious organizations such as Cáritas fill in the gaps of social assistance provision left by the central government and territorial actors. In 2010, Cáritas Española provided social assistance to approximately 1.6 million individuals in Spain. The highest demand was for food, transport and housing. The majority of people seeking assistance were single women with dependents, unemployed men, mostly from the construction sector, young families with children, and for the first time, elderly women, recipients of the minimum pension. In 2010, the resources spent by Cáritas Española on relevant activities surpassed 35 million euros. 88.74 percent of that budget came from private funds, and only 11.26 from public administrations at the central, regional, provincial and local levels. In Lorenzo's words, 'Less than 35 percent of the Cáritas Española budget for anti-poverty projects nationally and internationally is covered by the central government or local administrations. The rest is covered by private funds'.

Similarly, data provided to the author by Mikel Ruiz, Director of Cáritas in the Basque Country (Interview) show that religious organizations play a crucial role in the social assistance field in Spain, providing services that would be too costly for the state to provide. In 2011, Cáritas in the Basque Country alone spent approximately 1.85 million euros to help people suffering from the consequences of the financial crisis. That year, the social assistance activities of the organization also benefited from the use of 2,352 volunteers. Recently, Cardinal Antonio Maria Rouco, who heads the Council of Bishops in the country, invoked the pivotal role of the Catholic Church in Spain as a social assistance provider as an argument against the further taxation of the Church by the Spanish government (Eunjung Cha, 2012).

Hence, as in the Italian case, religious organizations in Spain complement or even (to a great extent) substitute for social assistance provisions by the central government and territorial actors. They arguably save substantial financial and other resources that governments and territorial actors would otherwise need to mobilize, if religious organizations were not extensively involved in the field.

As in Chapter 3, however, the role of religious organizations in the evolution of social assistance, and more importantly in the institutionalization of local GMI schemes, is only one of the topics discussed in the present chapter. Once again, the analysis begins with a very broad historical overview of the developmental paths followed by social assistance, from the interwar years up to the end of the 1970s, and from the 1980s to the late 2000s. The second part of the chapter then details the Spanish GMI experience.

## **4.1. SOCIAL ASSISTANCE IN SPAIN: AN HISTORICAL OVERVIEW**

### ***4.1.1. Pivotal Actors and Attitudes from Franco to the End of the 1970s***

#### *a. Francoism and the 'Catholic Social State'*

Up to the fall of the Francoist regime and the transition to democracy in the mid-1970s, the evolution of social assistance in Spain was characterized mostly by a late, rudimentary institutionalization of social assistance policy measures (in the 1950s and 1960s), and by Franco's strategic alliance with religious organizations. As will be discussed in this subsection, the interests, perceptions of fairness and preferences of the Spanish Fascists with regard to social assistance, and changes therein over time, were the main determinants of the field's evolution. Throughout this period, Catholic religious organizations played a key part in the provision of social assistance.

Until the early twentieth century, the most prominent expression of intent by a Spanish government to establish publicly provided social assistance was the acknowledgement in the 1931 Constitution of the right of all Spanish citizens to a minimum level of welfare (Article 46, *Constitución de la República Española*, 1931). This policy innovation should be viewed together with the extension of civil rights during the radical period following the municipal elections of 28 June 1931. The Republic was captured politically by reformists, including social democrats (Lannon, 1995).

Despite the good intentions reflected in the Constitution, the government took no particular action to introduce a social assistance scheme. The programmes of parties such as the Spanish Socialist Workers' Party (*Partido Socialista Obrero Español*, PSOE), which during the Second Republic became the strongest political formation in

the country and entered the coalition government of 1931-1936, were not concerned with the idea of solidarity (Stjerno, 2004: 152).

By contrast, driven by the principles and interests that guided the activity of Catholic religious organizations (as also described for the Italian case in Chapter 3), the Church's dominance in the social assistance field was such that it depressed any role that might have been played by other organizations or civil society in general<sup>9</sup>. In the early twentieth century, a survey conducted by the Spanish Ministry of Interior on the extent of involvement of Catholic religious organizations in social assistance indicated that approximately two-thirds of the institutions active in the provision of help to those in need were directly operated by such organizations. The rest were associated with rich benefactors. The outbreak of the Civil War in July 1936, moreover, meant the end of any hope for innovations in social assistance and left the policy makers of the Franco regime facing an essentially nonexistent system of publicly provided social assistance after the war ended in April 1939.

Under Franco and until the late 1950s, the government's share in that policy field was confined to discretionary handouts in situations of extreme and evident need through the Social-Charitable Protection Fund (*Fondo de Protección Benéfico-Social*) created on 29 December 1936<sup>10</sup>. The Fund was intended for children and the elderly and depended on assorted private sources and irregular financial aid from the state. Its operations were further regulated by a decree of 15 December 1940 (A B C, 1944: 8), at a time when Spain suffered (and would still suffer until at least the late 1950s) from sluggish growth and high poverty (Prados de la Escosura, 2006: 3).

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<sup>9</sup> This paragraph is based on Giner and Sevilla, 1984; Alvarez, 1985, cited in Mangen, 2001: 12.

<sup>10</sup> The Fund was the precursor of the National Fund for Social Assistance (*Fondo Nacional de Asistencia Social*, FONAS) discussed below.

In contrast, a rhetoric which stressed the salience of Catholicism encouraged traditional forms of social assistance inextricably linked to the activities of religious organizations. ‘Our state must be Catholic in the social and spiritual sense’, Franco himself declared in 1937 (quoted from Hughey, 1955: 138). The regime entrusted the Catholic Church with so many tasks in the field that for most of Franco’s time in power, social assistance was effectively a monopolistic activity of the Church and its affiliated organizations. In this connection, transfers to the Church in 1950 equalled spending on health (Carreras, 1989; Esping-Andersen, 1994: 121).

Several reasons account for the government’s attitude towards social assistance, i.e., its insistence on keeping state presence rudimentary and maintaining the traditional forms of social assistance, including the pivotal role of Catholic religious organizations. First, the corporatist dictatorial model favoured a supporting role for the government in the field (Martinez-Alier and Roca, 1986). Second, the official ideology of early Francoism (from 1940 to the late 1950s) reflected a kind of clerical fascism, within which secularization was perceived as a threat not only to Catholic religious organizations but also to the nation.

The collaboration between the Fascists and the Church was an ideological cornerstone of the regime (Sturzo and Lograsso, 1945: 309). This partnership was among the effects of the anticlerical political climate of the tumultuous Second Republic (1931-1939; Preston, 2006: 26 and 53). After the Republicans in 1932 confiscated the Catholic Church’s vast holdings, which at that time were worth more than 6,000 million pesetas (one billion dollars), the Catholic Church in Spain sided with General Franco, who in 1936 revolted against the Spanish government. On 27 January 1940, Franco signed a decree that restored the Church’s property (Manhattan, 1972: 128-129 and 132).

Third, the Axis defeat in World War II contributed to the prolongation of Catholic influence on policy fields in which the Church and its associated organizations had traditionally been involved (see, for example, Linz, 1991: 161-164). Finally, Francoism could not have promoted social policies based more on public than on private involvement, for the dictatorship's totalitarian principles put the legitimation of the regime above any social activity it undertook. This attitude kept the idea of public-sector involvement from taking root in Spanish society (Carasa, 2007: 148 and 163-164). Instead, a deeply entrenched culture associated the provision of social assistance with the most ancient of religious beliefs, opposing reformist, socialist, and liberal views, along with major social reforms generally (Esping-Andersen, 1994: 123-124).

Complementing this picture of relative inertia was the configuration of political institutions. Decisions on social policy in general were controlled by the political and bureaucratic elites, who preferred an occupational/Bismarckian welfare model that reflected their priorities: maintaining the operational capacity of the structures of production (Guillén, 1997: 170; Guillén, 1999: 8 and 15-16). By contrast, according to Manuel Aguilar, a social policy expert on the Spanish GMI (Interview), 'The take-up of social assistance benefits was perceived as a humiliating act'.

The situation started to change only in the late 1950s and early 1960s, a period of economic development promotion, when Catholic intellectuals (Opus Dei members) in ministerial posts laid the foundations for the establishment of a first level of publicly provided social assistance. The core of the Opus Dei doctrine contributes to understanding the turn towards the introduction of such policy measures: 'the real focus of the spiritual life is... the stuff of daily living that, seen from the point of view of eternity, takes on transcendent significance... it [Opus Dei]

was regarded as a liberalizing force in both secular politics and the Church' (Allen, 2005: 5 and 7; see also pp. 56-61, on the relationship between Franco and Josemaría Escrivá, the Spanish priest who founded Opus Dei). As in Italy, the enthronement of John XXIII, and the convening of the Second Vatican Council also encouraged policy change in the social assistance field (Story and Pollack, 1991).

In Aguilar's words (Interview), 'This turn may be attributed to the regime's desire to avoid social unrest directed at the decades-old dictatorship, and to decrease the gap between Spain and more developed European welfare states' (see also Rodríguez-Cabrero, 1989; Arriba and Moreno, 2002: 6-7). In these circumstances, in July 1960 Franco's regime created the FONAS (Law 45/1960)<sup>11</sup>.

One of its purposes was to support charitable institutions managed by the Catholic Church and administer pensions for old age and disability (*pensiones asistenciales de vejez y enfermedad*) established in December 1961 (Article 27, Law 85/1961, regulated by Decree 1315/1962). These pensions were means-tested benefits for the elderly over the age of 75 and for disabled persons without contributory insurance coverage.

The 1962 decree characterized these pensions as a major advance in realizing social justice in the Spanish state and a great step in the social history of the (fascist) movement, consistent with the purest spirit of Christianity (Decree 1315/1962: 8227). Although the establishment of these benefits was an innovation, given the state's essential absence from social assistance policy until then, they were meagre and, still worse, often allocated in an arbitrary manner (Arriba and Guinea, 2009: 328). The monthly benefit amount was 320 pesetas, 80 percent of which went to pay for residence costs if the individual was in residential care, at a time (1962) when a

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<sup>11</sup> See note 10.

construction worker received 50.75 pesetas for a day's work (Statistical Yearbook, 1963: 284). These pensions were the only state social assistance benefits to be established until the fall of the dictatorship; eventually the monthly benefit amount was raised to 1,000 pesetas (in 1972) and the age threshold was lowered to 70 (in 1974).

In contrast to the newly institutionalized rudimentary government role in social assistance, religious organizations such as *Cáritas Española* were significant players in that field under Franco, especially in the regime's last years. *Cáritas* promoted an understanding of social assistance that went beyond the traditional concept of charity. The social assistance activities of the organization paved the road for the enforcement and consolidation of the role played by religious organizations in the relevant field in the post-democracy period (see also Montagut, 2011: 121).

The 1960s and early 1970s coincide with increasing criticism of Francoism and social injustice from significant cadres of the ecclesiastical hierarchy, but mostly from parish priests (Cooper, 1976, cited in Mangen, 2001: 52). In a similar vein, Aguilar (Interview) argues that 'there was no competition between the Church and the government over the control of social assistance, since in practice Catholic priests and nuns were in charge of the allocation of such provisions'.

Finally, as Matilde Fernández, former Minister of Social Affairs in the 1988-1993 González government asserts (Interview),

'Catholic religious organizations were the only non-governmental entities to receive funding under fascism for the development of social assistance activities. They thus found themselves well-equipped to provide significant services in that area in the post-Franco democratic period, a period that diverged from the relative inertia in social assistance policy under Franco and raised expectations for a clear break with that past'.

Indeed, as discussed in the next subsection, democratization was one of the destabilizing forces that in the 1970s created a context for change in the social

assistance field, by encouraging *inter alia* the strengthening of a pluralistic model in that field. This included the emergence of powerful new policy actors, such as the elites and organizations representing the 17 Autonomous Communities; but also the enforcement of the role played in social assistance by religious organizations. As mentioned below, the Spanish Catholic Church's participation proved essential in the fall of Francoism and the advent of democracy. Lastly, as we also saw in the Italian case study, this event should be viewed in conjunction with the Vatican being at that time an actor that largely advocated democracy.

*b. Attitudes of Old and New Actors in the Context of Democratization and Crisis as Drivers of Change*

The expectations for policy change linked with democratization rested largely on the assumption that democracy creates social rights (see, for instance, the statements by the president of the Federation of Social Workers in *El Pais*, 1978a). The political transition in Spain was also concurrent with a severe economic crisis and consequent stagflation, partly associated with a rise in oil prices (Villota and Vázquez, 2009: 179). Inequality was twice that of northern countries, with the poorest 10 percent of the Spanish population possessing less than 2 percent of the total disposable income (Mangen, 2001: 170).

In these circumstances, most political parties reached an agreement in the 1977 Moncloa Pacts on the need to reorganize the social security system and expand the welfare state, in which particular attention was paid to the needs of the financially weakest citizens (Pactos de la Moncloa, 1977). The Moncloa Pacts had only partial support from other secular organizations such as the trade unions, however, which at least initially emerged during the transition to democracy as ideologically divided

over proposals for the restructuring and reform of the Spanish economy (examples in Gomez, 1977; Quinta, 1977).

The post-Franco labour movement was largely an attenuated duopoly of two large national confederations, the General Union of Workers (*Unión General de Trabajadores*, UGT) and the Workers' Commissions (*Comisiones Obreras*, CCOO) that did not participate in social pact processes until 1979. That year, the Inter-Confederation Framework Agreement signalled a return to democratic normality and stressed the salience of unions for policy design (Villota and Vázquez, 2009: 186).

Nonetheless, because unions considered exclusion from employment as synonymous with poverty (and the converse), the Spanish labour movement's main objectives even after the 1970s would always be full employment and the protection of salaried workers (Parrilla *et al.*, 1997: 172). Furthermore, in the words of Hector Maravall, a representative of the CCOO (Interview), 'All social benefits must have the character of subjective right benefits and be universal, even if they are conditional upon the fulfilment of certain requirements. Therefore, we [union representatives] were not in favour of welfare benefits that are discretionary due to budgetary reasons, as publicly provided social assistance in principle is'.

Against this backdrop, the centre-right government of the Union of the Democratic Centre (*Unión de Centro Democrático*, UCD) that emerged from the June 1977 elections under Adolfo Suárez prioritized increasing old-age pensions and augmenting the coverage and duration of unemployment benefits, and took few initiatives in social assistance policy (*El País*, 1977b). One of the few initiatives was organizational: the government argued that the creation of the General Directorate for Social Action and Social Services within the Ministry of Health and Social Security in 1977 would reduce bureaucratic burdens and contribute to greater ministerial

flexibility (*El País*, 1977a). Another initiative was to modernize by updating the regulations for the social assistance pensions established in the early 1960s, lowering the age threshold to 69 years, and improving the relevant procedures (Royal Decree 2620/1981).

Both actions conformed to the pragmatic politics of Adolfo Suárez, the UCD leader, who was sometimes characterized as hostile to ideology and interested solely in making policies more efficient (*El País*, 1981a). The 1981 decree explicitly cites rationalizing and simplifying the provision of these pensions as the reason for the update (Royal Decree 2620/1981: 26110).

The main social assistance policy change during the period of centre-right governance was to lay the foundations of a territorial model of social assistance by empowering territorial actors. This development proved particularly relevant to the later creation of local GMI schemes and the consolidation of a pluralistic system of social assistance.

The empowerment of territorial actors enjoyed broad parliamentary and extra-parliamentary consensus and was deemed to serve several purposes: ‘reducing the bureaucratic burden on the central government and facilitating redistributive policies’ (Aguilar, Interview); mitigating long-standing tensions between political centre and peripheral separatists (Gallego and Subirats, 2011: 97); and promoting a symbolic break with the Francoist past and its aggressive attempts at coerced centralization of the Spanish state (Moreno, 2002: 400; Cuenca, 2008). Lastly, ‘it was a way to transfer part of the government’s welfare policy responsibilities, especially those connected with shameful poverty, to other actors at a relatively low political cost. We should keep in mind that the provision of social assistance is often linked to clientelist

practices. The Spanish government wanted to stay out of this, as much as possible' (Aguilar, Interview).

The first step towards the empowerment of territorial actors in the social assistance field was taken in the 1978 Constitution, which flexibly defined the duty of public authorities to maintain for all citizens a public social security system that guaranteed adequate assistance in situations of hardship (Article 149.3, Constitución Española, 1978). As Pedro Sánchez, in charge of the GMI in the Basque Country and Director of the Department of Employment and Social Affairs of the Basque Government asserts (Interview), 'This constitutional provision, along with Article 25 of the Basic Law on Local Government, paved the way for all autonomous communities to claim a large number of social assistance functions in their statutes of autonomy, including a GMI'.

Nevertheless, the 1978 Constitution (Articles 6 and 41) also signalled a clear rejection of a laicist state. The Constitution recognized the special position of Catholicism in Spanish society, allowing cooperation between the government and the Catholic Church, and the provision of private complementary assistance such as the kind offered by Catholic religious organizations. The involvement of people in the Catholic Church and its associated organizations in the opposition to Franco late in his regime, which lessened the Church's identification with it, and the government's care to avoid tensions like those arising from the 1931 Constitution were decisive factors (Linz, 1991: 171-174).

Under these circumstances, the Catholic Church in Spain was seemingly safe in its institutional role in the social assistance field. Furthermore, organizations such as *Cáritas* were encouraged to continue taking responsibility for social assistance

policy. Their actions would shortly be instrumental in triggering national debates on poverty and in establishing local GMI schemes.

In short, destabilizing forces, meaning mainly the political transition in Spain, left the legacy both of empowering territorial actors and maintaining the key role of Catholic religious organizations in the social assistance field; in other words creating acceptance for the need for a pluralistic model of social assistance. Both territorial actors and religious organizations would subsequently play key roles in Spain's GMI experience.

#### ***4.1.2. Social Assistance in Spain from the 1980s to the Late 2000s***

##### *a. The 1980s and Early 1990s: Understanding the PSOE and Trade Union Confederations as Pivotal Catalysts for Social Assistance Policy*

After the centre-right's years in power, a rather barren time for publicly provided social assistance, the triumphant victory of the Socialists in the October 1982 general election initiated a long reign for the PSOE (until May 1996) and a period of impressive expansion for publicly provided social assistance. Means-tested benefits increased from 2.1 percent of total social security expenditure in 1980 to 8.4 percent in 1992 (Gilbert, 2001: 215). To understand this policy change, we need, first and foremost, to consider the ideological preferences, perceptions of fairness and interests of the Socialists under Felipe González, along with the impact of a series of destabilizing forces that marked the 1980s.

After 1979 the PSOE distanced itself from Marxism and moved towards more social-democratic ideas<sup>12</sup>. The party's 1979 Congress had declared that the PSOE was a Marxist party, prompting González to resign in protest. He was reinstated at another

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<sup>12</sup> This paragraph is based on PSOE, 1979; *Revista del Departamento del Derecho Político*, 1980.

party congress that same year. His opinion was that socialism should be an alternative to Marxism, since the former gives greater respect to people's individual beliefs. The 1979 PSOE programme also enshrined the building of a just and egalitarian society among the party's fundamental principles. This move was part of González's strategy for differentiating the political language of his party explicitly from that of the conservatives, whom González had frequently attacked while in opposition for not being socially progressive enough.

It was also a strategy for winning the upcoming elections (Stjerno, 2004: 158). To consolidate its majority among Spanish political parties, the PSOE reoriented its policy agenda toward new socioeconomic strata, including those at the margins of society (Gomez, 1986). Such ideological transformation allowed the Socialists to take more interest in policies often rejected by Marxists, such as publicly provided social assistance (Estefanía, 1987a).

The rise of unemployment during the early 1980s, and the peak in poverty levels in 1980 acted as major destabilizing forces in bolstering the Socialists' incentives for expanding the public share in social assistance policy. Unemployment had increased steadily since the 1973 oil crisis and by 1982 Spain had the highest level of unemployment in the OECD, i.e. 16 percent of the workforce<sup>13</sup>.

Furthermore, 26.6 percent of total households in 1980 had incomes below 60 percent of median income, a number that was much higher than the 13.5, 10.3 and 17.9 percent recorded for Belgium, Sweden and Germany, respectively, for the same year<sup>14</sup>. According to prominent sociologists such as Casado (1971) and Estivill (1993: 260), only in the 1980s did poverty in Spain become a subject of serious discussion, opening the way for the expansion of publicly provided social assistance under the

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<sup>13</sup> The data draws upon the OECD database (see also Catalan, 1999, cited in Stjerno, 2004: 157).

<sup>14</sup> The data is from the LIS (Luxembourg Income Study) project.

Socialists and the subsequent development of local GMI schemes by the 17 Autonomous Communities.

In this context, in the 1981 election campaign, González proclaimed his intention to pursue a bold economic and social policy, signalling a clear break with the conservative past and attacking unemployment and poverty (*El País*, 1981b). The party manifesto for the 1982 elections emphasized solidarity much more strongly than earlier programmes, reflecting the PSOE's new modern social democratic identity, no longer as a workers' party but as a people's movement. That identity was likewise stressed in 1986 and 1989 (PSOE, 1982, 1986 and 1989).

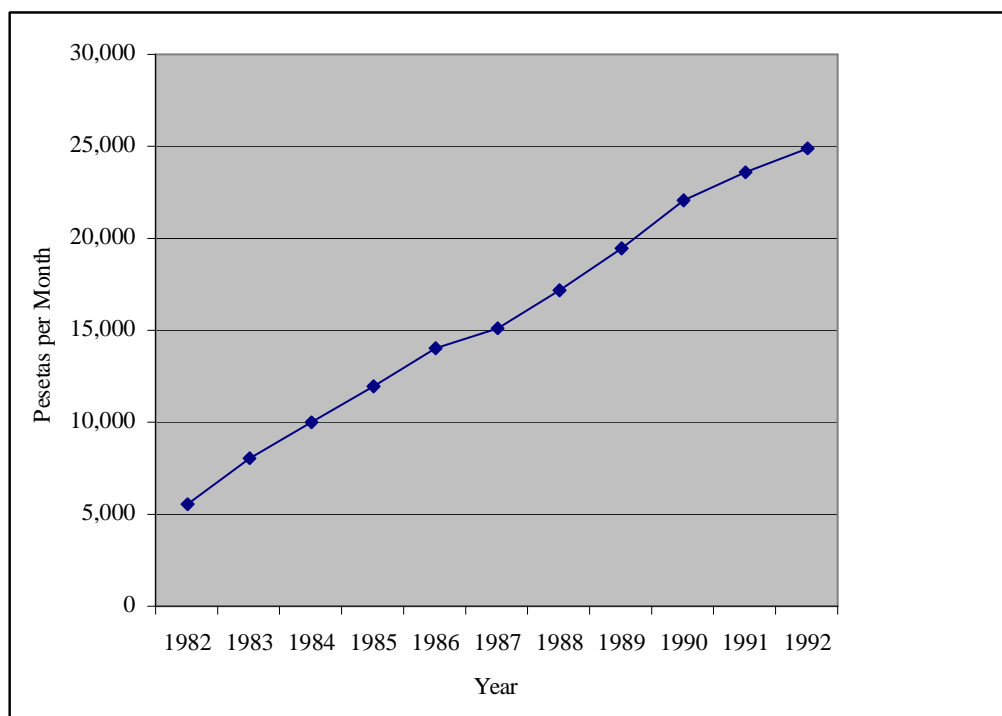
Finally, we should note that the early years of PSOE government coincided with Spain's accession to the EEC (1986), which brought González closer to fulfilling his vision of Spain as a modern European country with a mixed economy that could strike a balance between strong public and private sectors (*El País*, 1978b). Although the requirements articulated in Spain's Act of Accession regarding the social policy field were limited in scope (Guillén and Álvarez, 2004: 287), the EEC and its policy initiatives had a twofold impact on the evolution of social assistance, just as in Italy.

According to Sánchez (Interview), 'On the one hand, their effect on the domestic situation was fairly mild, influencing perceptions of poverty and sparking debate. On the other, the resources emanating from EEC structural and cohesion funds were what enabled social assistance growth. From the latter standpoint, the EEC was a considerable exogenous force that contributed to disrupting the existing social assistance policy equilibrium in Spain'.

Against this background, the González governments' social assistance policy initiatives aimed to improve the existing minimal social assistance provisions in one respect. Social assistance pensions, ridiculously small until 1982, began to rise to a

low but more acceptable level. Between 1982 and 1992, the amount of the social assistance pension doubled in real terms (nominally almost five times larger). Graph 4.1 illustrates that increase<sup>15</sup>:

**Graph 4.1. Amount of Social Assistance Pension in Spain (1982-1992)**



The Socialists furthermore introduced a series of new social assistance measures which included a minimum income benefit for the handicapped (Law 13/1982), a benefit for unemployed individuals without unemployment insurance (Law 30/1984), and a means-tested supplement to low contributory pensions (*complementos a mínimos*; Royal Decree 1194/1985).

The strengthening and expansion of social assistance provisions had become a major subject of discussion in the PSOE ranks and a flagship of party ideology. The Socialists' turn towards means-testing was an alternative way of guaranteeing income and boosting redistribution that resolved the putative contradiction between the

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<sup>15</sup> The data is from the Ministry of Employment and Social Security, and communication with Aguilar. The amounts correspond to pesetas per month.

social-democratic desire to extend social welfare coverage and the need to contain public spending (see also Rodríguez-Cabrero, 2004; Ayala, 2011: 267-268).

In 1987, a debate initiated under the title 'Programme 2000' focused on several concerns, including the need to reorient the welfare state to the needs of the poor through a new social pact (Estefanía, 1987b). Likewise, the 31st PSOE Congress (January 1988) proposed a socio-economic model in which the welfare state would find ways to combine policies pursuing solidarity and social justice with policies that could achieve economic growth sufficient to forestall conflict between them. In the words of Txiki Benegas, PSOE's organizational secretary, 'Fighting against exclusion and avoiding the dualization of Spanish society is an irrevocable objective of socialism' (Díez, 1987).

Whilst the PSOE had already come to acknowledge the salience of consensus among social actors for redistribution, other secular organizations would nonetheless be instrumental in expanding social assistance further at the end of the decade: after the mid-1980s and especially after the 14 December 1988 general strike, the Communist CCOO and the Socialist UGT had a great effect on how publicly provided social assistance evolved in Spain, in terms both of provisions at the national level and of GMI regional schemes.

This new attention to social assistance on the part of the country's two major trade union confederations was a choice determined by their growing incapacity to shape the labour and economic policies closer to their core interests (see also Parrilla, 2009: 6, 8 and 13). The decision to defend policies for low-income groups, though not a union priority, enabled the secular organizations representing the labour movement to expand the scope of their activities to embrace a new clientele and to show themselves as something other than promoters of narrow professional interests.

According to Aguilar (Interview), ‘The unions viewed the establishment of a GMI as an indirect way to expand unemployment benefits’.

In Maravall’s view (Interview),

‘The problems stemming from changes occurring in the labour market, along with the fear that the government’s intention to tighten eligibility rules for unemployment benefits opened the way for more cuts, prompted the major union confederations to increase pressure on the government. That pressure culminated in the 1988 strike, the success of which gave unions more power to negotiate with the government, enabling them to demand the introduction of new measures’.

In fact, as Fernández asserts (Interview), ‘The unions presented two proposals to the Ministries of Labour and of Social Affairs, jointly responsible for managing the organization and provision of social security. The first recommended a GMI (*renta mínima*), which the CCOO called a guaranteed social salary (*salario social garantizado*); the second urged the institution of a non-contributory pension (*pensión no contributiva*)’. Union representatives nevertheless stressed that ‘the former should not be exclusively or primarily monetary, and that the monetary component of the GMI scheme should be complemented by a strong social integration component of limited duration. Exceptions would be made for severely marginalized citizens with integration difficulties’ (Maravall, Interview). According to Maravall,

‘The unions’ persistence in prioritizing active programmes of social integration can be explained by their fear that the monetary component of the GMI scheme might create a poverty trap. After the central government’s refusal to establish a national GMI, on the ground that the institutionalization of a GMI was a competence of the autonomous communities, the unions proceeded to negotiate with the governments of the Autonomous Communities for the introduction of the scheme at the territorial level’.

The PSOE government nonetheless adopted the union proposal for establishing a non-contributory pension. Fernández, a feminist, later an important cadre of the Socialist International Women, opted for the non-contributory pension because she ‘estimated that it would have a high redistributive utility, favouring

around 600 thousand people, mainly women, otherwise ineligible for contributory pensions' (Fernández, Interview). Union demands for renewed government cooperation and the latter's desire to avoid antagonizing leftists were additional factors (Chuliá, 2011: 294; Molina, 2011: 85).

The negotiations between the government and the unions, and the government's positive response on the establishment of the non-contributory pension led to the issuing of Law 26/1990, which launched a system of social assistance pensions for the elderly and handicapped in proven need without access to social security. These non-contributory old age and disability pensions (*pensiones no contributivas de jubilación y invalidez*) were meant to replace the social assistance provisions for these groups that had been run by FONAS.

Whilst the minimum monthly amount of the new pension was set at 30,000 pesetas, at a time when the monthly minimum wage for citizens over the age of 18 was 50,010 pesetas (Statistical Yearbook, 1991: 203), 'the FONAS social assistance pensions were frozen to encourage their recipients to move to the new pensions' (Aguilar, Interview). The first non-contributory pensions were paid in summer 1991 and represented approximately 57 percent of the minimum retirement contributory pension for a 65-year-old recipient with dependent spouse (Chuliá, 2011: 294). In 1992, the number of pensions allocated was approximately 717,000<sup>16</sup> (Moreno, 1997: 8).

The González government's last intervention in social assistance policy occurred in 1991, when it transformed child benefits, previously linked to employment status, into universal benefits to which all children in households with incomes below a given equalized threshold were entitled irrespective of their parents'

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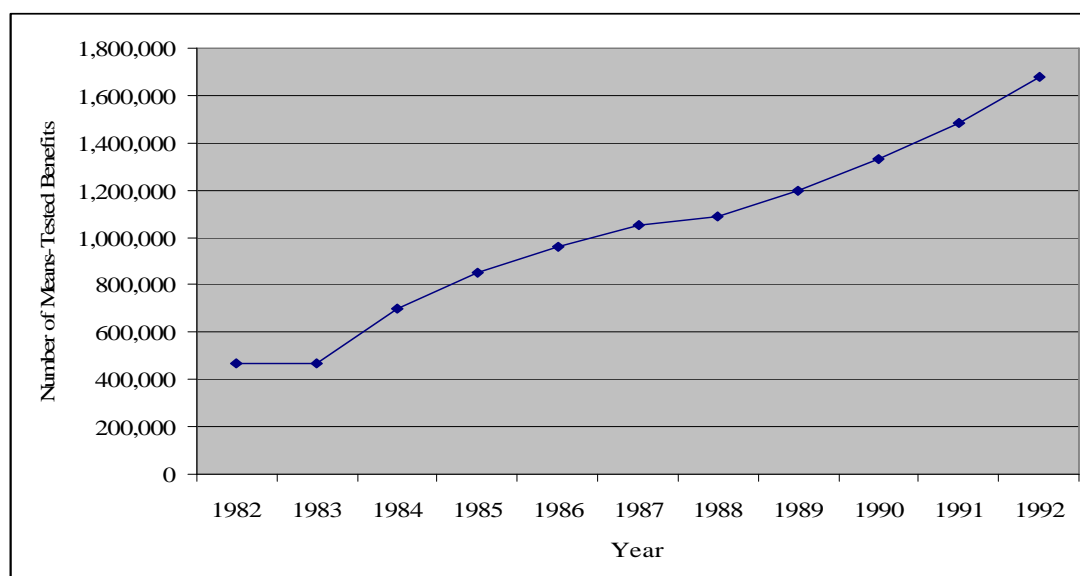
<sup>16</sup> Assuming that the number of pensions corresponds to the number of recipients, the latter equalled approximately 1.8 percent of the total population (Statistical Yearbook, 1992: 77).

labour market position (Saraceno, 2006b: 87). For parents with annual incomes below one million pesetas, the monthly allowance was 3,000 pesetas (Estivill, 1993: 255). In sum, the improvement of old social assistance provisions, the establishment of new measures, and the use of stricter means-testing meant that internal redistribution within the social security system intensified. In Aguilar's words (Interview),

'On one hand, the Socialists expanded the internal social assistance zone of the social security system, mainly by creating means-tested pension supplements and a social assistance level unemployment benefit, also means-tested, intended to improve the insufficient contributive protection of the welfare state. On the other, they established a completely assistential level of protection formed mostly by the non-contributory pensions and the Autonomous Communities' GMI schemes, which were oriented towards individuals without access to contributory protection'.

Graph 4.2 presents data<sup>17</sup> on the evolution of means-tested benefits from 1982 to 1992, the year of the currency crisis and the signing of the Maastricht Treaty, signalling the start of a new period distinguished by the continuation of the existing social assistance system and the absence of new measures at the national level:

**Graph 4.2. Means-Tested Benefits in Spain (1982-1992)**



<sup>17</sup> Once again, the number of benefits allocated is assumed to correspond to the number of beneficiaries. The data is from the Spanish Ministry of Employment and Social Security and Laparra and Ayala, 2009: 269.

As the graph shows, the number of benefits doubled during the early 1980s. In the five-year period starting in 1986, the lower unemployment rate and tighter eligibility requirements are thought to have slowed down benefit growth, in contrast to the early 1990s, when the newly established non-contributory pensions and the emergence of local GMI schemes drove the increase in the number of benefits allocated. For this last period, Ayala estimates the number of recipients at approximately 5 percent of Spain's total population (Ayala, 2011: 270).

Meanwhile, the González governments reinforced the key role of religious organizations in social assistance and, thus, increased pluralism in the relevant field. One indication of that effort is the 1988 Budget Law (see Royal Legislative Decree 1091/1988 for the revised text). It provided that a fixed share of income tax collected from each tax return, equal to 0.52 percent of personal income, would be allocated to the Catholic Church or other social interests (non-profit organizations such as *Cáritas*), depending on which option the taxpayer selected. The Ministry of Social Affairs would be responsible for distributing 80 percent of the total resources collected for the purpose to these entities<sup>18</sup>.

According to data from the Ministry of Employment and Social Affairs (2008) the proportions of taxpayers who chose to donate 0.52 percent of their tax to the Catholic Church ranged from 36.6 percent in 1995 to 22.1 percent in 2004. The shares of those who opted for donations to other social interests ranged from 21.1 to 33.5 percent in the same years. Starting in 2000, taxpayers were also allowed to contribute to both options at the same time, in which case 0.52 was assigned to each option. The share of those who chose to donate their tax to both the Catholic Church and other social interests ranged from 11.7 in 2000 to 11.5 percent in 2004.

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<sup>18</sup> Unless otherwise stated, this and the next paragraph draw upon Montagut, 2011: 124-125.

Why did the PSOE government strengthen the pivotal role of religious organizations in the social assistance field? The Socialists depended on religious organizations to provide the social assistance activities that improved the quality of life for citizens overall, especially the most disadvantaged (Ministerio de Asuntos Sociales, 1990: 5).

Moreover, according to Fernández (Interview), ‘Acknowledging the salience of religious organizations in the sector was part of an attempt to incorporate the German welfare model’s principles into the Spanish welfare model. In effect, it promoted a pluralistic model of social assistance that would build on and benefit from the long experience of religious organizations in the field’. As mentioned above,

‘Catholic religious organizations were the only ones to receive support under Franco. For this reason, after the establishment of democracy in Spain, such organizations were very strong and believed (correctly) that they were in the position to manage more resources. Increasing the amount of resources directed to Catholic religious organizations helped the government consolidate a movement that was interested in social purposes, and thus worked in favour of democracy. The entrenchment of a pluralism that served welfare purposes took place via public dialogue and the consensus of religious organizations such as *Cáritas Española*’ (Fernández, Interview).

The need for a pluralistic model of social assistance would be mentioned again in the 1996 PSOE electoral programme (PSOE, 1996) and was a principle the conservative People’s Party (*Partido Popular*, PP) would also respect.

Notwithstanding the continued vital role of religious organizations in social assistance, the years between 1982 and 1992 were undeniably a period of significant expansion for publicly provided social assistance that owed much to the cumulative impact of destabilizing forces and the actions of the PSOE and the unions, driven by their preferences, perceptions of fairness and interest in policy change. The next years would be quite different.

*b. The Post-1992 Period: Key Actors Devoted to the Rationalization and Maintenance of the Existing System*

After the rapid extension of publicly provided social assistance in the 1980s and early 1990s, most of the subsequent period would be characterized by relative inertia on the part of the government. Whereas ideological differences regarding these policies between the PSOE and the PP (which was dominant during much of this period) should not be disregarded, as we will see below the collaboration of both parties with actors influential in the social assistance field, such as trade union confederations, would serve to maintain the status quo in the social assistance field.

In the post-1992 years, as in Italy, the problem was once again how to rationalize expenditures and increase efficiency in circumstances shaped by the 1992 Maastricht Treaty, and the deteriorating economic situation after the 1992 currency crisis. For Spain, austerity also brought more acute challenges, since the Universal Exhibition of Seville and the Olympic Games in Barcelona still had to be financed (Guillén, 2010: 192).

In these circumstances, the only initiative the Socialists took in social assistance policy after the expansionary wave of the 1980s and early 1990s resulted from another collaboration between the government and the trade unions that enjoyed the support of all parliamentary parties: on 15 February 1994, the Congress of Deputies approved the proposal of the Catalan Convergence and Union (*Convergència i Unió*, CiU) party, which united deputies of neoliberal, centre-right, and Christian Democratic orientation, to include the social security system's structural problems and the reform needed to guarantee the system's viability among the issues discussed by the Congress's Budget Committee (Cousins, 2005: 145; Molina, 2011: 85). Over a year later, this inter-parliamentary committee reached

agreement on that reform, in a text known as the Toledo Pact (Pacto de Toledo: 6 April 1995, Boletín Oficial de las Cortes Generales no. 134).

Although the Pact's main purpose was to reform the pension system gradually, it had implications for social assistance, since it anticipated a division between contributory social insurance and non-contributory benefits, which social assistance allowances usually are. The unions saw the pact as essential to preserve the occupational and public character of the income maintenance system. The possibility that the centre-right PP under José María Aznar might win the impending elections after the PSOE lost its absolute majority in June 1993 raised fears of privatization (Guillén, 2010: 192).

For the PSOE and PP, the agreement on reform was imposed by the combination of declining contributions and increasing costs which together called the pension system's stability into question. The 1995 Toledo Pact has in fact been thought to symbolize the reluctance of secular organizations to suppress contributory benefits, the main pillar of the Spanish welfare state (Guillén and León, 2011: 12-13). From this perspective, the division between contributory social insurance and non-contributory benefits was an effort to rationalize the existing system at the lowest possible cost to insiders rather than a sign of interest in social assistance. By ensuring that contributions would exclusively finance benefits such as pensions, parties and unions safeguarded the system's contributory aspect.

After Parliament approved the Pact in April 1995, the new conservative government under Aznar in May 1996 signed an agreement with the UGT and CCOO on 9 October 1996 to consolidate and rationalize the social security system, realizing the Pact's provision that social assistance be financed by transfers from general tax revenues (Law 24/1997). Although Aznar was not 'bound to a strong ideological

welfare line', he wished to project himself and his party as moderate and therefore strong on consensus policies (Mangen, 2001: 108-109). UGT and CCOO leaders Cándido Méndez and Antonio Gutiérrez, on the other hand, welcomed the agreement. Méndez hailed it for putting an end to the dreams of would-be predators seeking to do business with the pension system, while Gutiérrez praised it as an example of how the country might cope with challenges, however complex, in a way that safeguarded equity (Parra, 1996).

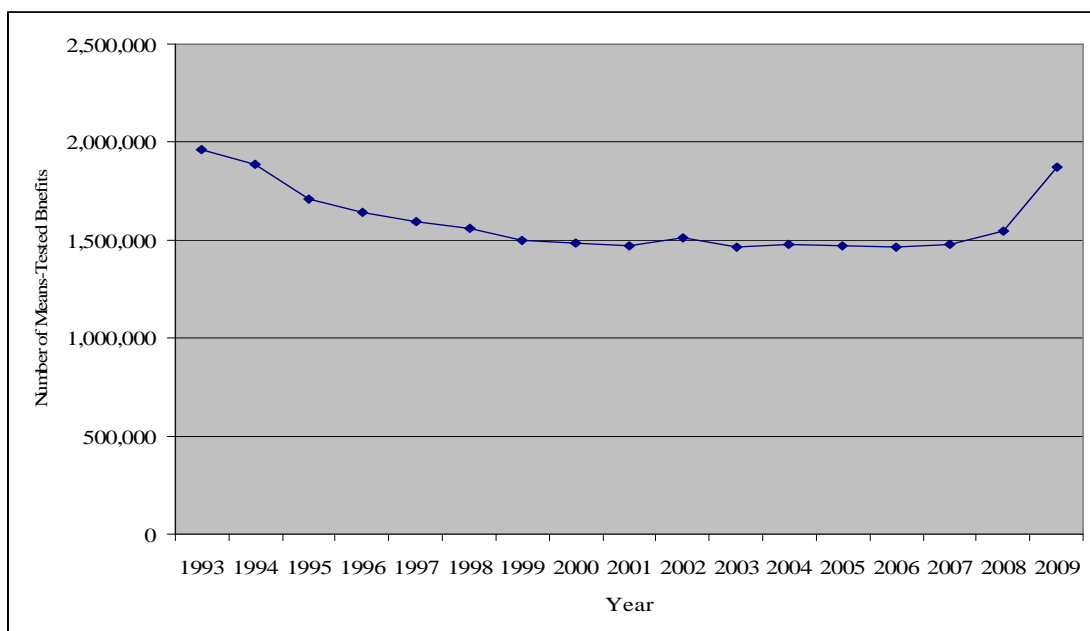
Aside from being instrumental in introducing this financing rule, the main 'contribution' of the centre-right to the field was organizational. In the name of bureaucratic efficiency, the Ministry of Social Affairs was downgraded and its responsibilities reassigned to the lower-ranking Directorate-General for Social Affairs of the Ministry of Labour and Social Affairs (*El País*, 1996). One account of successive governments' minimal initiatives in social assistance policy during most of the 1990s and part of the 2000s pinpoints economic recovery, marked by low interest rates and the 1996-2007 building boom, triggering a period of growth (Ayala, 2011; 270; Rodríguez-Cabrero, 2011: 23). Another explanation, however, cites the centre-right's scepticism towards the welfare state generally, exemplified by the words of Rodrigo Rato, Minister of the Economy from 1996 to 2004: 'the best social policy is employment policy' (Villota and Vásquez, 2009: 173).

Meantime, the centre-right would also safeguard the central role of Catholic religious organizations in the social assistance field and the principle of pluralism adopted by previous governments. After the Catholic Church had pressed for it, the Aznar government agreed in 2000 to guarantee that a minimum of 123.6 million euros would be allocated to the Church annually. In case the taxpayers' contributions

did not reach the aforementioned amount of money, the Spanish government would be obliged to pay the difference to the Church (Montagut, 2011: 125).

In the 2000s, the most significant policy initiative in the social assistance field once again came from the Socialists, who returned to power with José Luis Zapatero in April 2004, and resulted from another social pact, the Agreement on the Protection of Dependent Persons, which became law in late 2006 (Law 39/2006). This law provided for coverage of all individuals in need of care, financed from public funds and the user's out-of-pocket payments, with the latter dependent on income. Spurring the central government and other secular organizations to support the agreement was the high and ever-increasing number of dependent and especially elderly people in Spain, a country with one of the lowest fertility rates in the EU-15 (*El País*, 2006). Overall, after the expansionary phase of publicly provided social assistance in the 1980s and early 1990s, most of the subsequent period was characterized, as Graph 4.3 (see note 17 for the source) illustrates, by a stable (in some years even decreasing) number of benefit recipients.

**Graph 4.3. Means-Tested Benefits in Spain (1993-2009)**



Graph 4.3 also shows a significant increase in the number of means-tested benefits after 2008, arguably in response to the first symptoms of severe recession. This growth was paralleled by an abrupt increase in the number of individuals contacting religious organizations such as Cáritas for assistance.

Strikingly, according to Lorenzo (Interview),

‘The number of those contacting Cáritas for some kind of financial or other assistance increased by 104.3 percent between 2007 and 2010. The trend is firm proof of the survival of these organizations as principal actors in Spain’s increasingly pluralistic social assistance system and argues for the utility of mixed welfare in the country. There is no doubt, moreover, that such organizations would be, along with a broad range of other actors, part of the broader coalitions that helped establish the local GMI schemes’.

The Spanish GMI experience is the subject of the second part of this chapter.

## **4.2. 17 NEW ACTORS & A BRAND NEW ACHIEVEMENT: THE SPANISH GMI**

### ***4.2.1. Powerful Territorial Actors, Destabilizing Forces, and Pro-GMI Coalitions: A Recipe for Success***

If the combination of high poverty rates in the Italian south and the dominance of the anti-southern Lega Nord in the ministry responsible for social policies is thought to have contributed to the failure to institutionalize a permanent, national GMI in Italy (Saraceno, 2006a: 98 and 103), in theory the establishment of a national GMI in Spain should have been easier thanks to the less pronounced monetary and other economic divides between the Spanish north and south (see, for example, Hopkin, 2010). Nevertheless, for reasons mentioned above and for others that will be discussed below, the PSOE central government opted to institute a non-contributory pension.

By contrast, the northern Basque Country would become the first Autonomous Community to establish a GMI scheme. The co-occurrence of a powerful territorial actor and destabilizing forces accounts for this pioneering policy initiative, whilst a broad level of consensus facilitated the scheme's establishment.

As discussed in the first part of this chapter, by paving the way for institutionally powerful territorial actors to emerge in the social assistance field, democratization and the 1978 Constitution enabled these actors to introduce their own policies and opened the road for the institutionalization of local GMI schemes. Decentralization was *inter alia* regarded as a tool that would facilitate redistribution, largely because of the proximity of territorial actors to citizens, but also due to the expectation that devolution would reduce the administrative cost accompanying the design and implementation of publicly provided social assistance.

According to Aguilar (Interview),

'The newly acquired autonomy of territorial actors would first find expression in the 1978-1987 period via the establishment of regional systems of social services. In the context of the complex institutional framework shaped by the Constitution and the laws governing the aforementioned systems, the governments of the 17 Autonomous Communities regarded the idea of a GMI scheme as being outside the competences of the Spanish government'.

Against this backdrop, once territorial actors were institutionally empowered in the realm of social assistance, a combination of major destabilizing forces shaped the debate on the GMI within the Basque Country. These forces included a high unemployment rate (around 20 percent at that time), the processes and instruments associated with the challenges of the European Single Market, and the need to conform to EEC standards on minimum acceptable levels of social assistance<sup>19</sup>.

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<sup>19</sup> This conclusion draws on the interviews with Garbiñe Sáez, MP of the Nationalist Basque Party (*Partido Nacionalista Vasco*, PNV), and Sánchez.

As well, the industrial crisis experienced by the Basque Country and particularly the province of Vizcaya (Biscay) resulted in family incomes that were below the Spanish average after the mid-1980s (González, 2001: 289). Regarding this point, statements by the then head of the Department of Employment and Security of the Basque Government and of the General Director of Health and Welfare of the Provincial Council of Guipúzcoa stressed that a large segment of the Basque population (in 1987 equal to 38.3 percent) suffered from poverty and marginalization, due in some measure to the partial destruction of the Autonomous Community's industrial base (Vitoria, 1987).

There were additional reasons why the Basque Country's local government became a particularly powerful territorial actor, thus enabling it to innovate in social assistance matters. In Sánchez's words (Interview), 'As an Autonomous Community, the Basque Country is characterized by a number of particularities: to begin with, along with Catalonia and Galicia, the Basque Country achieved the highest level of competence in welfare and other policies during the first years of democracy, compared to the other Communities, which had to wait even until 2001 to reach the same levels'.

Indeed, the Basque Country, Catalonia and Galicia followed a 'fast track' trajectory to autonomy with extensive powers. The 1978 Constitution (see Articles 151 and 143) had acknowledged these three Communities, which felt uncomfortable with the central government regime, as historic nationalities, granting them special status. Actually, Moreno (1998) discusses this outcome as an example of the *de jure* asymmetry of the Spanish political system.

Furthermore, as Sánchez asserts (Interview),

'The Basque Country, along with Navarre, is the only Autonomous Community that belongs to a special financial regime that offers fiscal independence. This

independence allows local governments to collect their own taxes and therefore to enjoy a relatively high degree of autonomy in managing public expenditure, as well as financial flexibility for policy innovation. Viewed in conjunction with the high level of competences in policy design and implementation achieved in the early post-democracy period, fiscal autonomy permitted the Basque Country to demonstrate, compared to other Autonomous Communities, an innovative policy profile. This includes policy areas such as professional training, health, and, of course, the GMI' (see also Moreno, 1997 and Moreno, 2002: 401).

Finally, according to Aguilar (Interview), 'The Basque Country's largely industrialized labour market, relatively small informal economy, and prosperous formal economy led to the understanding that citizens in need of assistance were not wilfully idle and the problem was clear-cut: the indigent would work if they could'.

In these circumstances, the idea of a safety net for the weakest enjoyed the support of local religious organizations and secular organizations such as unions. In Lorenzo's words (Interview), 'A survey on poverty and marginalization conducted by the local *Cáritas* branch in the traditionally Catholic Basque Country and the local UGT campaign after 1986 for the establishment of new benefits for those without resources did much to shape the public debate on the need for a GMI that had extensive media coverage'.

According to Ruiz (Interview), '*Cáritas*, under its then-director Manuel Merino, was also responsible for forming a working group on the establishment of a GMI in the Basque Country and presented the outputs of its work to the local government'. At this juncture, we should recall that the Catholic Church in the Basque Country has been traditionally 'progressive' (see, for example, Millington, 2004: 52-55). The incentives of religious and other organizations to exert pressure on governments for such schemes will be discussed later on.

Given all these parameters, the coalition government formed by the Nationalist Basque Party (*Partido Nacionalista Vasco*, PNV) and the Socialist Party

of the Basque Country (*Partido Socialista de Euskadi*, PSE-PSOE) after the November 1986<sup>20</sup> elections charged the Basque government's Department of Employment, Health and Social Security to study the dimensions of poverty in the Community (Departamento de Trabajo, Sanidad y Seguridad Social, 1987). The study underscored the emergence of a new class of neo-poor in the Basque society and named unemployment, inadequate social protection, the lack of solidarity, and above all the economic crisis as the causes behind its creation. The publicity that the study<sup>21</sup> received in the Spanish press (see, for example, Vitoria, 1987) moved all Basque parties to pay more attention to poverty and take a public stance on the issue.

On 8 May 1987, Julen Guimón Ugartechea, the leader of the Popular Coalition (*Coalición Popular*), presented a non-legislative proposal on poverty to the Parliament. Although it was rejected, the proposal prepared the way for majority approval of the amendments to the Popular Coalition's proposal, presented the same day by the PNV and PSE-PSOE<sup>22</sup> coalition<sup>23</sup>.

One result was the creation of an inter-parliamentary committee on poverty. Eduardo Vallejo de Olejua, a PNV deputy, stated that the committee would produce a synthesis of the different parties' positions and create a serious programme to fight poverty. The committee would prepare this programme after considering the data from the Basque government's recently published study on poverty (SIIS, 2008: 79).

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<sup>20</sup> The elections held in the Basque Country on November 30, 1986 resulted in 17 seats for the PNV, 19 for the PSE-PSOE, 13 for Popular Unity (*Unidad Popular*, HB), 13 for Basque Solidarity (*Solidaridad Vasca*, EA), 9 for the Basque Country Left (*Izquierda del País Vasco*, EE), 2 for the Popular Coalition (*Coalición Popular*) comprising the Popular Alliance (*Alianza Popular*, AP), the Popular Democratic Party (*Partido Demócrata Popular*, PDP), and the Liberal Union (*Unión Liberal*, UL) plus other smaller centre-right parties, and 2 for the Democratic and Social Centre (*Centro Democrático y Social*, CDS).

<sup>21</sup> Using studies to determine the number of those who would benefit from the local GMI schemes was a practice that would be followed by several other Autonomous Communities in the design of their own schemes (see Arriba, 1999b: 8).

<sup>22</sup> After 1993 the party merged with the EE to become PSE-EE.

<sup>23</sup> Unless otherwise stated, this and the next four paragraphs are based on Parlamento Vasco, 1987: 95-112.

The parliamentary debate on that day reveals the interest of all parties in the subject, even as they highlighted different aspects of the problem. Guimón, who headed a centre-right coalition<sup>24</sup> distinguished by strong Christian Democratic values, justified the need for the government to legislate measures targeting poverty by explicit reference to the results of the 1987 study and to religious principles. He moreover stressed that the increasing poverty in Basque society had caused that society to lose hope, and that the government must not restrict its actions to registering the misery of the people (Parlamento Vasco, 1987: 96-98).

Pablo Ruiz de Gordejuela Urquijo and Augusto Borderas Gaztambide speaking for the Socialists, María Jesús Aguirre Uribe for Basque Solidarity (*Solidaridad Vasca*, EA), and Vallejo de Olejua for the PNV all acknowledged that government initiatives were necessary to cope with the high incidence of poverty in the Basque Country recorded in the study prepared by the Department of Employment, Health and Social Security. The Socialists underscored the need for a multi-dimensional understanding of poverty, whilst the Popular Coalition held unemployment mainly responsible for the phenomenon and the EA proposed the creation of an Inter-Institutional Committee on Employment.

Lastly, the Nationalists emphasized that the government study was in itself a strong indication of interest in the subject and a first step towards mitigating poverty. Vallejo de Olejua thus maintained that the proposal was in reality a government proposal, not a Popular Coalition initiative, and accused the Popular Coalition of confusing poverty with unemployment.

Almost a year after the vote on the PNV and PSE-PSOE coalition amendments and the decision to create the inter-party parliamentary committee on

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<sup>24</sup> Parts of which would later be integrated in the PP.

poverty, the committee approved the programme (*Programa sobre la Pobreza en la Comunidad Autónoma del País Vasco*, on 21 April 1988). It urged the government to support all the actions proposed, including schemes that facilitated access to non-contributory provisions by individuals in economic hardship (Aguirre, 1990: 18).

This programme formed the basis on which the Basque Country's President, José Antonio Ardanza Garro, promised in September 1988 to launch a comprehensive plan for fighting poverty in the Basque Country (*Plan Integral de Lucha contra la Pobreza para Euskadi en la Europa del 93*). By using a budget of 5,500 million pesetas (in 1989), the plan would target those without any income and pay attention to emergency situations. Indeed, included was the establishment of a GMI initially called the 'Minimum Family Income' (*Ingreso Mínimo Familiar*) (Decree 39/1989; Gobierno Vasco, 1990). According to Decree 39/1989, in order to be eligible to participate in the GMI programme, beneficiaries should have resided in the Basque Country for at least three years.

Ignacio Arrieta (1990: 321-327), Head of the Ministry of Employment and Social Security of the government of the Basque Country at the time, underscored that the institutionalization of the plan against poverty and of the GMI in particular were primarily due to the fact that 8,000 families, i.e. approximately 30,000 people, were not covered by any kind of social protection mechanism in the Basque Country and had inadequate resources to secure their survival. Furthermore, the establishment of a GMI was only part of the broader government programme to enhance social justice and allow further economic development and competitiveness. Repeating the words of Ardanza at the Basque Parliament on 30 September 1988, Arrieta claimed that economic progress makes sense only if it is accompanied by a redistribution of

resources, equal opportunities for the entirety of the Basque population, and social cohesion.

After being evaluated, the GMI was modified and renamed the ‘Minimum Income for Integration’ (*Ingreso Mínimo de Inserción*). Aimed at people lacking the means to supply their basic needs, it provided a basic monthly monetary payment of 30,000 pesetas, plus 5,000 pesetas for each additional family member (Law 2/1990). Its provision was contingent on recipients fulfilling the obligations in Article 5 of the 1990 law, which required their participation in training and occupational activities.

Arrieta (1990: 325) made clear though that the institution of the ‘social integration’ component of the scheme in no way meant that the government of the Basque Country planned to abandon investment in other employment and training policies. By contrast, he pledged that expenditures in such policies would continue to be almost twice the ones made by the central government at the national level.

Meantime, members of the Basque government’s Department of Labour and Social Security, which was to oversee the scheme, publicized the newly established local GMI through press conferences and interviews. This effort was aimed at showing the importance of the scheme and opposing the criticism of the central government.

According to Sánchez (Interview),

‘The main arguments used to support the necessity for a local GMI in the Basque Country underscored the need to overcome the increasing marginalization of parts of the Basque population, to take advantage of the GMI experiences of neighbouring countries such as France, and to promote the initiatives taken by the EEC in the social assistance policy field. Government officials in the Basque Country moreover underscored the existence of a high degree of political consensus around the scheme among political parties and union confederations of different colouring. In my opinion, the successful Basque GMI experience owed a lot to this high level of consensus. Key political actors and organizations in the Autonomous Community agreed that the GMI would increase social cohesion in the Basque society. The existence of a pro-GMI domestic coalition in the Basque Country also allowed the survival

of the scheme over time and its continuous improvement through legislation' (see also Arriba, 1999b: 10).

Sánchez's view is in agreement with respected Spanish newspapers, such as *El País*, that welcomed the Basque GMI as an initiative of the governing coalition headed by Ardanza, although it also owed much to the consensus of the other parliamentary parties (Arrieta, 1989). That consensus – the positions of the four largest parties in the Basque Parliament on the scheme – merits closer attention.

Why the PNV, initially founded as a Catholic conservative party, supported the GMI has largely to do with the Nationalists' commitment to the defence of Basque self-government<sup>25</sup>, for which policy innovation was indispensable, as well as with their proximity to social Catholicism (Estivill, 1993: 266-267). Indeed, Garbiñe Sáez, MP of the PNV (Interview), argues that the GMI was a policy initiative of her party, which at that point was in charge of the Ministry of Employment of the Basque government and part of the 1985-1989 coalition government with the PSOE.

In her own words, 'I can also say that the PNV was the political party that first promoted such policy initiatives in the Basque Country. The objective was the establishment and consolidation of a social model, in which people would be at the centre. The institutionalization of a GMI in particular complied with one of the pillars of the PNV ideology, i.e. humanism and social cohesion'. Sáez (Interview) also acknowledges, nevertheless, the importance of consensus both for the establishment and the survival of the scheme across time.

For the left-wing EA, a PNV splinter party that included solidarity in its name, support for the GMI was grounded in Article 1 of its statute, which defines EA as a social democratic party committed to achieving justice and solidarity (EA, 2009). The

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<sup>25</sup> See also Arriba, 1999b: 32 for a similar conclusion reached about the position of the Democratic Union of Catalonia (*Unión Democrática de Cataluña*, UDC) on the GMI in Catalonia. Similarly to the PNV, the party supported the need for self-governance in the Autonomous Community of Catalonia.

radical patriotic left Popular Unity (*Unidad Popular*, HB) was in fact the only parliamentary party to oppose every social assistance policy ‘that is used to silence collective conscience and to deter popular struggle’<sup>26</sup>. Cadres nonetheless affirmed that they agreed to the economic benefits developed by the Plan and encouraged all families to benefit from them.

Finally, as regards PSE-PSOE support of the scheme<sup>27</sup>, prominent party members asserted that the explanation lay ‘in the party’s long commitment to redistributive policies’ (Teresa Laespada, MP of the PSE-EE, Interview; see also Ruiz de Gordejuela Urquijo in *Parlamento Vasco*, 1987: 103). Given the PSOE central government’s objection to the introduction of a national GMI, however, PSE-PSOE support of the GMI seems partially to confirm the contention that centre-left governments may be challenged by territorial actors urging redistribution along lines of identity and territory rather than of class (Hopkin, 2010: 1).

As official PSOE spokesman on the GMI, Minister of Social Affairs Fernández indeed claimed that the Basque initiative would lead to the entrenchment of marginalization (Arrieta, 1989) and violate the constitutional right to equal treatment for all citizens (Ministerio de Asuntos Sociales, 1989). Articles 138 and 139 of Spain’s Constitution specify that the state is to guarantee the principles of solidarity and equality so that all citizens have the same rights and obligations wherever they may live (*Constitución Española*, 1978).

The Ministry of Social Affairs was generally against the establishment of a GMI, arguing that citizens ‘should learn how to fish, not simply receive fish to eat’

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<sup>26</sup> This and the following statement derive from Estivill, 1993: 269.

<sup>27</sup> Estivill (1993: 267) also points to the relationship between the party and immigrant collectives as a reason behind the PSE-PSOE’s support to the scheme. Furthermore, in his own words ‘the new coalition government put a stop to the former social and political polarization and smoothed the way towards an institutional consensus that was essential to undertake an overall strategy to fight poverty’.

(Olaverri, 1988). The Ministry moreover expressed concerns about the connection between the GMI, welfare dependency and labour disincentives, as well as about the political ability of territorial actors, i.e. regional governments, to set up their own policies and enter into relevant negotiations with the trade unions (Ministerio de Asuntos Sociales, 1989).

Fernández's stance on the Basque GMI scheme in particular was indicative of the government's concern that the establishment of GMI local schemes might end up being a 'game' that only the wealthiest autonomous communities would be allowed to play. Instead, the minister praised a Scandinavian, universalistic model of publicly provided social assistance, which would include the spread of social services and facilitate the access of an increasingly bigger part of the Spanish population to these services<sup>28</sup>.

In a similar vein, Florián Ramírez Izquierdo<sup>29</sup>, PSOE representative in one of the roundtables organized in 1990 by Cáritas on the GMI, argued that (the Socialists) wanted to change the social context in Spain, by attacking not only the effects but also the causes of marginalization. He claimed that measures that targeted solely the repercussions of social exclusion, however popular they were, would lead to a 'static society' (i.e. a society that allowed no upward social mobility), especially as far as the weakest of the weak were concerned.

Hence, according to the official party line of the Socialists, priority should be given to furnishing the Spanish society with those policy measures that would be accessible by the entire population, and that would gradually enable marginalized groups to overcome the status of marginalization. In other words, for the socialist government, the fight against poverty was more extensive and complex than the

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<sup>28</sup> This paragraph is based on the interview with Fernández, as well as Estivill, 1993: 270.

<sup>29</sup> This and the next paragraph draw on Ramírez Izquierdo, 1990: 329-332.

establishment of a GMI. The provision of in-kind benefits often appeared to be higher on the agenda.

Members of the PSOE central government moreover claimed that the solution to extreme poverty was the increase in economic growth and the creation of work positions; not the marginalization that could accompany the institutionalization of GMI schemes at the national or at the territorial level (Diario de Sesiones del Congreso de los Diputados, 1989: 10193-10194). Interestingly enough, however, when in the course of the present study Fernández was asked if the PSOE was against the establishment of local GMI schemes and why, she replied diplomatically that ‘the national government did not put obstacles to the negotiations between the unions and the regional governments over the establishment of such schemes’ (Fernández, Interview).

Likewise, Laespada (Interview) referred to the allegation that the Socialists were against the institutionalization of a national GMI as ‘outrageous’, given their ‘long-term commitment to solidarity and social justice’. Instead, she pointed to the decentralization of a large number of welfare policies to explain why ‘the establishment of a GMI was (and is) a competence of the Autonomous Communities and not a responsibility of the central government’.

Indeed, as mentioned several times throughout this chapter, the Basque Country’s pioneering effort to establish its own GMI scheme was based on constitutional provisions safeguarding regional self-government. This weakened any objections the Socialists might have had to the institutionalization of the scheme (also see Arriba and Moreno, 2005; Topraakkiran, 2012: 15).

According to Maravall (Interview), ‘On the eve of the 1989 general elections, Fernández seems to have opted to institutionalize non-contributory pensions in place

of a national GMI because she supposed that they would reach a larger number of welfare clients than the GMI'. Finally, Aguilar (Interview) points to the 'unwillingness of the central government to admit that poverty was a widespread phenomenon in the Spanish society that necessitated the introduction of permanent (especially national) GMI schemes'.

In these circumstances, despite rhetoric, the central government raised no obstacles to the launch of the Basque GMI (or any similar schemes in future). In Maravall's view (Interview), 'By stressing its own lack of authority in the matter, the Ministry of Social Affairs had in fact indirectly encouraged the development of local GMI schemes'.

In short order, the 'success' of the Basque GMI scheme made arguments against GMI schemes at the territorial level easier to confront. According to Arrieta (1990: 326), 'Only ten months after the establishment of the GMI in the Basque Country, more than 11 percent of the people who participated in the programme had no reason to go on doing this. This was largely due to the fact that, thanks to the GMI social integration component, these people had managed to get a work position'. Arrieta moreover names the 'success' of the Basque experience as a key reason behind the continuation of the scheme across time, but also behind the sustainment of the consensus attained among major policy actors/organizations in the Basque Country over the GMI.

The cumulative impact of destabilizing forces and the attitudes of all actors/organizations in this study's analytical model thus led to the launch of the first GMI scheme in the country, opening the way for other Communities to follow.

#### ***4.2.2. Do It the Basque Way: ‘Policy Emulation’ as the Cumulative Outcome of the Initiatives of Principal Actors/Organizations***

The Basque experience triggered a process of mimesis in the other Autonomous Communities (see also Moreno and Trelles, 2004: 2 and 5). The government of the Autonomous Community of Cantabria was the first to announce its intention to establish a local GMI scheme. Madrid and other Autonomous Communities followed, making the process of institutionalization of such schemes irreversible (Arriba, 1999b: 10 and 13). By the end of 1991, 14 out of 17 Autonomous Communities had announced a certain kind of minimum income. By 1995 all of them had established their own GMI schemes (Topraakiran, 2012: 15).

This process aligned with the will of the government of the Basque Country to constitute an example for other autonomous communities in the fight against poverty and social exclusion. In the words of Arrieta (from *El País*, 1989a, quoted in Estivill, 1993: 274), ‘Being the pioneers in Spain, we, the Basque people, would like to help other Autonomous Communities... to adopt similar measures and correct the mistakes that we will probably make’.

The initiative of territorial actors, i.e. the governments of the Autonomous Communities, was absolutely essential for the establishment of local GMI schemes. According to Aguilar (Interview),

‘Although often lacking the financial resources to support the design and implementation of a GMI, Communities wished to emulate<sup>30</sup> the Basque Country’s scheme. They saw it as another opportunity to legitimate their autonomous status vis-à-vis the central government, frequently invoking the principle of decentralization. Moreno and Trelles’ (2004) discussion of the case of Andalusia offers an excellent example of an Autonomous Community that, despite its economic backwardness compared to others, proceeded to the

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<sup>30</sup> See Leibfried and Pierson, 1995: 23 on the definition of ‘policy emulation’ and the ways in which a successful reform is diffused to an entire system.

institutionalization of a local GMI scheme, in order to gain a similar status and degree of autonomy as those achieved by the historical nationalities’.

In a similar vein, Sánchez asserts (Interview) that ‘The process of implementation of the local GMI schemes was key in confirming the institutional leadership of the governments of the 17 Autonomous Communities’. This was largely due to the fact that these governments had to develop different patterns of collaboration with ‘lower’ local authorities within their territories (Topraakkiran, 2012: 25).

Additional reasons for territorial actors’ interest in the scheme can be found. Some, at least in theory, had expectations for equalizing social policy, especially in the less innovative communities that lagged behind (Arriba and Moreno, 2005: 190). According to Aguilar (Interview), ‘The GMI was perceived as a politically profitable scheme that could help local governments gain in popularity at a relatively limited cost’.

Finally, as was the case for the Basque Country, destabilizing forces strengthened the incentives of these actors to establish a GMI. The economic crisis was so acute, particularly because of high unemployment<sup>31</sup>, that the Autonomous Communities had to increase social expenditures to prevent social conflict (*El País*, 1994; Rodríguez-Cabrero, 2011: 22).

Beyond local government incentives and the preferences, perceptions of fairness and interests that guided them, secular organizations such as unions and religious organizations like *Cáritas Española* played a major role in establishing the schemes, once again. According to Maravall (Interview), ‘After their successful mobilization in late 1988 and the government’s refusal to extend unemployment

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<sup>31</sup> Unemployment peaked at 24 percent nationally in 1994.

benefits, unions resolved to obtain some sort of minimum income guarantee. Indicative of such a request was, for instance, that on 4 and 5 May 1989 the UGT's Institute for Research organized a conference on non-contributory provisions and poverty reduction'.

UGT and CCOO articulated their demands in October 1989. These included the institutionalization of a GMI for socially excluded people living in poverty who were not covered by other provisions. The unions added them to a 'Priority Union Proposal', the negotiation process for which was expected to continue in early 1990 (*El País*, 1989b).

Furthermore, the unions asked the central government to acknowledge the existing local GMI schemes in the country, as well as to agree not to block their implementation<sup>32</sup>. Given the policy emulation process that followed the establishment of the GMI in the Basque Country and the involvement of key policy actors in the relevant debate, the central government had an obligation to accept the development of GMI programmes by all Autonomous Communities, as well as that there was a need for some kind of harmonization of the existing programmes. The objective was to hinder the enlargement of territorial inequalities.

Additionally, in 1990, at one of the roundtables organized by *Cáritas Española* on the GMI, José María Zufiaur and Jaime Frades, speaking on behalf of the UGT, stressed the need for the central government to intervene and enforce the 'social integration' component of the local GMI schemes, and to coordinate the allocation of the unemployment benefit, the non-contributory pension, the family allowance and the monetary component of the GMI. In this way, the UGT representatives claimed, the labour market integration of GMI recipients would be facilitated, and overlaps

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<sup>32</sup> This paragraph largely draws on Arriba, 1999b: 14.

and conflicts between social assistance and other benefits would be avoided (Zufiaur and Frades, 1990: 355-372).

The explosive aspects of unemployment and the increasing trend towards temporary contract work are crucial to understanding the institutional interests and priorities of the major trade unions in Spain, which gradually relinquished their conflicts to pursue common objectives after the late 1980s (see also Richards, 2008: 14-16 and 20). In Maravall's words (Interview), 'Unions disagreed with the contention of government officials that the establishment of a GMI was not the Spanish government's responsibility. The confrontational situation existing between them and the government, however, resulted in the transfer of negotiations to the regional level', and the consolidation of a particular model of twofold consensus that emphasized the complementary nature of national and territorial-level policy design (Parrilla, 2009: 4).

This turn by the unions to the territorial level was a deliberate strategy adopted in the hope that success at that level would induce the central government to change its attitude to the GMI and institute a similar scheme nationally (CCOO, 1992: 66). Unions moreover thought that it would enable them to become interlocutors with the Autonomous Communities in a broader range of public policies (Parrilla, 2009: 16).

Territorial actors, for their part, were eager to get the union confederations more involved in the design and implementation of social assistance in their territories and to use them as a counteracting force to the actions of the central government (Arriba, 2005: 140). This was a win-win situation. Hence, 'in the late 1980s and the early 1990s, all pacts between the governments of the Autonomous Communities and the local branches of the major trade unions included the

establishment of a GMI. In that sense, the CCOO and the UGT were instrumental in the launch of these schemes' (Maravall Interview).

Nonetheless, Maravall continues (Interview),

'This did not prevent union confederations from considering the GMI schemes adopted by the majority of Autonomous Communities largely inadequate to cover citizens' needs. Significant differences existed amongst the schemes implemented by the Communities. Furthermore, severe budgetary constraints meant that the GMI was accessible only to a very small part of the population in need. Above all, however, the unions sought a stronger GMI social integration component'.

Access to employment might no longer be considered the guarantee against poverty it was before the 1970s, but it continued to be the main objective of the Spanish trade unions (see also Parrilla *et al.*, 1997: 171-174).

Religious organizations such as Cáritas were similarly influential in establishing these schemes. Indeed, 'Cáritas often participated in the negotiations for and design of the measures linked to the GMI' (Ruiz Interview). According to Lorenzo (Interview), 'This participation was the culmination of the organization's broader contribution to the GMI debate in 1980s Spain. A start was made early in that decade when diocesan commissions were created to combat unemployment and show solidarity with the unemployed, eventually becoming social policy think-tanks'.

In Lorenzo's words (Interview),

'In the mid-1980s, a study on poverty and marginalization prepared at Cáritas' request provoked wide debate on the issue of poverty and policies for confronting it, allowing Cáritas to initiate a campaign for government authorities to respond to related demands. The study indicated that 28 percent of Spanish citizens were poor (based on an index of 50 percent of net average income). In January 1986, Cáritas organized a symposium on unemployment in which it stressed the need for a minimum income support programme. In October 1986, Cáritas organized another seminar on the GMI on behalf of the EEC, followed in November 1988 by a series of seminars on the topic. These activities peaked in a symposium that Cáritas organized on minimum income and wages in March 1990. Over 500 people participated, including representatives from many government agencies. At the opening of the symposium, the General Secretary of Cáritas Española, Cruz Roldan Campos, spoke of the need for a minimum income for the poor as an economic and

social right, not an excuse for dismissing the need for structural changes to an unjust socio-economic system. Throughout the symposium, Cáritas distributed publicity materials on the GMI to private and public bodies to build support for the scheme’.

As Lorenzo (Interview) asserts, ‘These actions were driven by ideological principles such as the pursuit of solidarity and the wish to improve the living conditions of those in need by insisting that local governments acknowledge citizens’ access to a GMI as a civil right’. In Ruiz’s words (Interview), ‘Our incentive was and still is to be instruments for bringing the Love of God to all people, especially those who are most in need’. Similarly, José María Ibañez, in his capacity as delegate of the Episcopate of the Cáritas Diocesana of Madrid, explained from a theological perspective how the establishment of a GMI conforms with the concept of a just God who takes cares of impoverished and marginalized individuals<sup>33</sup>.

Víctor Renes and Esperanza Linares, experts of Cáritas Española on the issue of poverty, stressed a number of challenges as the main reasons necessitating an institutionalization of GMI at the national level in Spain: persistent poverty as a phenomenon resistant to economic growth and modernization; the end of full employment in the post-1970s period; the emergence of new risks that threatened the cohesion of the existent (inadequate and mostly contributory) system of social protection in the country; and finally, the changes occurring in the field of employment, technology and production with the consequent need for a different orientation in the training of the labour force compared to the past.

For their part, the governments of the Autonomous Communities, the Basque Country’s PNV and PSE-PSOE coalition government among them, embraced the

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<sup>33</sup> Unless otherwise stated, this and the next paragraph are based on the proceedings of the 1990 symposium, organized by Cáritas. These proceedings were published in no. 78 of the *Documentación Social* (Revista de Estudios Sociales y de Sociología Aplicada), 1990. In this paragraph, the information is excerpted from pp. 275-293 of the journal. In the next paragraph, the information is excerpted from pp. 93-109 of the journal.

initiatives of secular and religious organizations (see also Arriba and Moreno, 2002: 32-33). Territorial actors were expecting the expertise of these organizations (especially religious bodies) to optimize programme design and implementation and provide the schemes with a broadly consolidated consensus among social actors/organizations that would facilitate their eventual implementation<sup>34</sup>.

According to Sánchez (Interview), ‘This is why actors like the Basque Country’s governments still subsidize many Catholic grassroots organizations that provide their services, particularly for the social inclusion component of the GMI scheme’. Finally, partisanship is thought to have had an impact on the positions of territorial actors towards the extent of privatization of social assistance, as the latter was, for instance, expressed through the extent of *Cáritas*’s interventions in the schemes (Arriba, 2005: 140).

Thus, given destabilizing forces, the empowerment of territorial actors in social assistance policy, and pro-GMI coalitions (and in the absence of central government response), the local governments of the Autonomous Communities designed and began implementing their own minimum integration incomes. These were GMI programmes for low-income families that also aimed to help them rejoin society.

Table 4.4 (below) offers a picture of the ‘benefit levels’<sup>35</sup> of the local GMI schemes in the 17 Autonomous Communities for selected years (1993, 2000, 2007). In 1993, the variation among these Communities was not significant: the benefit levels of the local GMI schemes, as these were defined by the governments of the 17

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<sup>34</sup> This conclusion draws on the interviews with Laespada, Sáez and Sánchez.

<sup>35</sup> The data is based on Aguilar, Laparra and Gaviria (1995); Arriba and Moreno (2005), Rodríguez-Cabrero (2009), and Topraakkiran (2012).

Communities, ranged between 180 euros per month in Aragon, Canarias, Cantabria and Castilla y Leon, and 246 euros in Castilla-La Mancha.

In contrast, by 2007, the rich Basque Country was far more generous than the rest in providing to individuals in need: the benefit level for the Basque scheme that year equalled 586 euros. Murcia, with 300 euros monthly, was at the other extreme of the spectrum:

**Table 4.4. Benefit Levels of the Local GMI Schemes  
in the 17 Autonomous Communities (in Euros per month, nominal values)**

<b>Autonomous Community</b>	<b>1993</b>	<b>2000</b>	<b>2007</b>
Andalusia	211	263	354
Aragon	180	255	366
Asturias	221	282	397
Baleares	-	282	365
Canarias	180	239	344
Cantabria	180	249	399
Castilla-La Mancha	246	298	349
Castilla y Leon	180	260	374
Catalonia	222	286	385
Valencian Community	221	298	365
Extremadura	189	319	374
Galicia	190	242	374
Madrid	225	249	340
Murcia	204	240	300
Navarre	222	319	456
Basque Country	219	305	586
Rioja	209	289	349

As discussed in the next section, the Basque GMI clearly stands out within the diversity of the existing 17 GMI schemes.

### ***4.2.3. Reality Check: The Basque Inspirational Achievement and the Lagging Others***

According to Aguilar (Interview),

‘The post-2000s period was characterized by a debate on the problems accompanying the implementation of the local GMI schemes and the need for some kind of coordination. Certainly, these schemes did not function flawlessly. Implementation problems ranged from inadequate infrastructure to difficulties in arranging agreements between various Autonomous Community government and the municipal authorities that would manage the GMI schemes. The participation of the new municipal authorities in the GMI processes further complicated the aforementioned agreements’ (see also Arriba and Moreno, 2002: 34; Laparra, 2004: 59; Topraakkitan, 2012: 24).

The emerging problems were largely connected with the different political colouring of the government of an Autonomous Community and that of the municipal authorities (Arriba, 1999b: 18). Nevertheless, the biggest problem proved to be the fragmentation and incompatibility within the very diverse set of 17 GMI schemes. In Aguilar’s view (Interview),

‘The diversity of GMI schemes in Spain overshadows the existence of a number of features shared by these schemes, as, for instance: the household is usually taken as the unit of reference; access is based on an income lower than a determined threshold; mechanisms exist to restrict the mobility of GMI recipients between Communities; access to the scheme is possible for only a certain period of time; more often than not, the allocation of the monetary component of the GMI scheme is linked to participation in specific programmes of social insertion’ (see also Aguilar, Laparra and Gaviria, 1995).

In the absence of a national framework, diversity resulted chiefly from the mixed inputs of diverse actors/organizations: territorial actors, secular and religious organizations (see also Moreno, 2010: 13-14), all of whom participated in the monitoring committees of these schemes<sup>36</sup>. Owing to the irregular development of the local GMI schemes, furthermore, no homogeneity in the role of religious organizations such as *Cáritas* exists in the implementation phase of these schemes.

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<sup>36</sup> This conclusion is based on the interviews with Maravall and Lorenzo.

In Lorenzo's words (Interview), 'That role depends on the individual Autonomous Community and the extent of its expressed need, and ranges from involvement in management, coordination, or project support activities to actual participation in the funding of projects within the scheme. Furthermore, the acknowledgement of a GMI as a civil right has occurred in a very uneven way across the country, and that only in the 2000s'. Likewise, Ruiz (Interview) underscores that 'Cáritas also provides advice on the GMI to individuals in economic hardship in collaboration with the municipal social services handling the schemes'.

Against this backdrop, a variety of GMI schemes exist. As mentioned in the very beginning of this chapter, in some Communities the authorities acknowledge the GMI as a subjective right (Basque Country, Navarre, Madrid, and Asturias). In others, such as Valencia, Castille and Leon, GMI schemes are virtually non-existent. Either the number of places for participants in the schemes is limited, or the Community grants the relevant benefits for only a short period (Bahle, Hubl and Pfeifer, 2011: 139). As Sánchez asserts (Interview), 'The Basque GMI is the only one that can be said to address the problem of extreme poverty satisfactorily in a way comparable to programmes elsewhere in Europe'.

In the shadow of a major destabilizing force, i.e. the impending financial crisis, Juan José Ibarretxe Markuartu, leading PNV member and head of the governing PNV-United Left-Greens (*Izquierda Unida-Verdes*, EB-B)-EA coalition, reinforced, on 23 December 2008, the Basque Community's GMI (Law 18/2008). The 'Basic (Integration) Income' (*Renta Mínima de Inserción/Renta Básica*) scheme was renamed 'Guarantee of Income and Social Inclusion' (*Garantía de Ingresos y para la Inclusión Social*).

According to Laespada (Interview),

‘The change was more than symbolic. The law defines access to the benefits and services associated with the GMI as a perfect subjective right. In other words, the government has the legal obligation to provide access to the scheme to eligible citizens. The scheme’s social integration component was strengthened and two new allowances associated to the GMI were established: a housing allowance and a social emergency aid. As a result, the GMI is currently only one of the three pillars of the system aimed at the financially vulnerable citizens in the Basque Country’.

Finally, Laespada (Interview) highlights ‘the key role played by the Socialists in the improvement of the law on the GMI scheme, through the amendments submitted at the Basque Parliament by my party’.

As the relevant parliamentary debate reveals, once again the law enjoyed strong support from the parliamentary majority, receiving votes from all parties (Parlamento Vasco, 2008). Only Aralar, a left-wing nationalist party founded in 2002, voted against it.

Azkarraga Rodero of the EA, Minister of Justice, Employment and Social Security, presented the draft bill to Parliament for the government. He asserted the scheme would ‘guarantee Basque citizens more effective and comprehensive protection in situations of need’ and constituted ‘a concrete and firm step toward convergence with Europe’ (Parlamento Vasco, 2008: 102-103).

All parties underscored the importance of the GMI at a time of recession, and the need to confront issues such as the increasing cost of living and number of immigrants (Parlamento Vasco, 2008: 113 and 115). The expected implications of the forthcoming crisis and Europeanization processes were thus the main destabilizing forces behind the parliamentary secular organizations’ decision to improve the previous GMI scheme.

It should be noted that even Aralar supported the GMI scheme, but did not regard the proposed law as an improvement on its predecessor<sup>37</sup>. The party's representative, Aintzane Ezenarro, stressed that the scheme's monetary component had to equal or exceed the minimum wage, and that the benefit period should be extended (Parlamento Vasco, 2008: 119-122 and 125-126).

Almost a year later, these reasons led Aralar to submit a draft amendment to Law 18/2008 to the Basque Parliament that was, however, rejected by a majority vote (Aralar, 2009: 24-25; Parlamento Vasco, 2009a; Parlamento Vasco, 2009b, 33-80). According to Alvaro Marcos, in charge of social affairs of Aralar (Interview), 'The party's social awareness, its links to civil society organizations, and the financial health of the Basque state are reasons that may help us understand the stance adopted by Aralar on the GMI'.

Aralar is not, however, the only secular organization in the Basque Country to have criticized the form of the scheme. Objections exist even from parties such as the PSE-EE, which played a central role in the GMI's initial establishment in the Basque Autonomous Community. As Laespada, for example, argues (Interview),

'The Socialists' stance on the GMI has always been one of stubborn defence. The position of a party as leftist and progressive as ours could not have been different. [The Socialists] believe in the protection of the most vulnerable, and in the right to equality of opportunities for all people. Furthermore, we believe that the GMI is a good example of social protection for the most disadvantaged individuals, as well as an exercise of collective solidarity and social equality. However, having said all this, I also want to add that we need to make the GMI scheme work in a more effective way, so that Basque citizens may be proud of it. By contrast, many Basques regard the GMI as a programme that provides public aid to people so that they can live without working. We want to detect those who are benefiting from the GMI scheme without having any intention of getting a job and without wishing to become financially autonomous and to rely on their own resources. These people hurt the public image of the scheme and decrease its effectiveness. Lastly, we believe that the best system of social protection and social inclusion is employment. For this reason, the PSE-EE has

contributed to strengthening the social insertion component of the GMI scheme. In conclusion, although my party has always defended (and will continue to do so) policy measures that promote collective solidarity, there is no doubt that the GMI can be made more efficient and transparent. In particular, we [politicians] must be very careful with the selection of those considered eligible for participation in the scheme’.

As already mentioned above, the GMI continues nevertheless to enjoy a level of overall acceptance by actors/organizations inside and outside the Basque Parliament that is high enough to ensure its future<sup>38</sup>. In Sánchez’s words (Interview),

‘The GMI is part of the political DNA of the Basque Country. In my opinion, political parties and other actors and organizations capable of having an impact on the social assistance policy field support the continuation of the GMI scheme for a number of reasons. First, the scheme was and is effective in reducing poverty, especially for children. Second, the GMI scheme had an overall positive effect on the Basque economy. It contributed to an increase in the GDP per capita of the Basque population, at a relatively low cost, as well as to the enforcement of the purchasing power of financially weak families. Third, the social insertion component of the GMI promoted the well-desired ‘flexicurity’ in the Basque Country. Last, the present form of the GMI scheme is characterized by a stronger, compared to the past, social insertion component that further distances the scheme from social assistance policy measures the allocation of which is governed by a spirit of charity’.

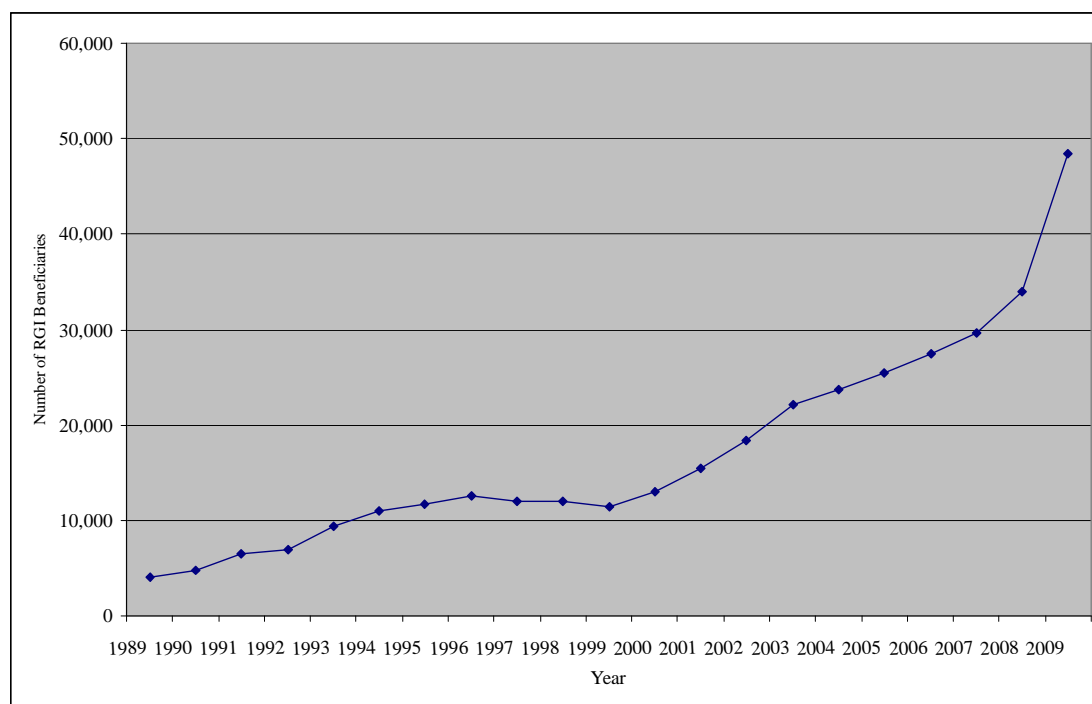
Meanwhile, similar to the unions’ participation in the Social Dialogue Table after July 2009, ‘religious organizations such as Cáritas Española now have a strong institutionalized influence on the scheme’s form and development by participating in EKAIN, a platform of the Networks of Social Organizations of the Basque Country. EKAIN places them among the interlocutors of local government at the Civil Dialogue Table after March 2010’ (Ruiz Interview). In fact, Gemma Zabaleta, the counsellor of the Basque government responsible for Employment and Social Affairs, affirmed that social rights cannot be exercised effectively without the active participation of all actors/organizations who possess or promote them (Gorospe and Azumendi, 2009; *El País*, 2010).

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<sup>38</sup> This conclusion draws on the interviews with Laespada, Ruiz and Sánchez.

Graph 4.4 offers an overview of the number of recipients of the ‘Basque Country’s Income Guarantee’ (*Renta de Garantía de Ingresos, RGI*), from 1989 to 2009<sup>39</sup>. Like Graph 4.3, Graph 4.4 (below) illustrates the increase in RGI recipients in recent years, which arguably mirrors the effects of the severe financial crisis:

**Graph 4.4. RGI Beneficiaries in the Basque Country (1989-2009)**



With the Basque scheme as Spain’s most developed and effective GMI, the Second National Plan Against Social Exclusion affirmed that all local schemes should converge (Ministerio de Trabajo y Asuntos Sociales, 2003). Based on the same rationale, the Fourth National Plan for Social Inclusion (in 2006) emphasized the necessity for an increased participation of the 17 Autonomous Communities in the design and implementation of anti-poverty policies in general<sup>40</sup>.

Meantime, the 1997 and 2002 financial reforms to the Spanish decentralized system of governance had devolved new revenue sources to ‘common regime’

<sup>39</sup> The data is from the Employment Service of the Autonomous Basque Community government, known as Lanbide.

<sup>40</sup> Unless otherwise stated, this paragraph draws on Topraakkiran, 2012: 27 and 29.

regions<sup>41</sup> such as Extremadura and Andalusia. Nonetheless, as Aguilar asserts (Interview), ‘although the cancellation of local GMI schemes was not taken as a viable option, still only Madrid (2002) and Asturias (2006) adopted the Basque GMI model’ (see also Laparra and Ayala, 2009: 30-31).

Most Autonomous Communities continue to have GMI schemes with the same features and limitations as at the very beginning. In some, such as the Autonomous Community of Valencia, the limitations concern the number of recipients (Ayala, 2011: 277-278). Additionally, most schemes are seriously underfunded<sup>42</sup>. In 2008, annual expenditures per Community on minimum income schemes ranged between 241.6 million euros in the Basque Country to 823.3 thousand euros in Rioja, whereas the total relevant expenditures for all Communities amounted to 494.2 million euros.

Almost half of that amount was therefore spent in the Basque Country. Likewise, the basic amount of the monthly monetary component of the scheme per recipient ranges from 641 euros in the Basque Country to 270 euros in Ceuta (the average for all Autonomous Communities was 404 euros).

As far as the monetary component of the GMI schemes is concerned, the visible decline in benefit generosity over time in those Communities that were the most generous in the very beginning of the schemes is striking. By contrast, there is no major change in the benefit generosity of those Autonomous Communities that were located at the other end of the spectrum. This conclusion is based on the evolution of the ratios of the local GMI benefit levels to average incomes in the

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<sup>41</sup> As opposed to the ‘chartered regime’ regions that enjoy fiscal autonomy, i.e. the Basque Country and Navarre.

<sup>42</sup> Unless otherwise stated, the information in this and the next paragraph is from the Spanish Ministry of Health, Social Policy and Equality.

Communities for the years 1993, 2000 and 2007. Table 4.5 provides a picture of the relevant ratios:

**Table 4.5. Ratios of the Local GMI Benefit Levels to Average Incomes (i.e. GMI ‘Generosity’ Benefit) in the 17 Autonomous Communities<sup>43</sup>**

<b>Autonomous Community</b>	<b>1993</b>	<b>2000</b>	<b>2007</b>
Andalusia	0.47	0.42	0.39
Aragon	0.29	0.29	0.29
Asturias	0.41	0.37	0.32
Baleares	-	0.29	0.30
Canarias	0.35	0.32	0.35
Cantabria	0.32	0.31	0.33
Castilla-La Mancha	0.51	0.44	0.37
Castilla y Leon	0.33	0.33	0.32
Catalonia	0.34	0.30	0.30
Valencian Community	0.41	0.38	0.35
Extremadura	0.46	0.54	0.41
Galicia	0.38	0.35	0.35
Madrid	0.34	0.25	0.25
Murcia	0.44	0.35	0.33
Navarre	0.32	0.31	0.31
Basque Country	0.32	0.31	0.39
Rioja	0.33	0.31	0.29

Table 4.5 shows that poor Autonomous Communities such as Andalusia were amongst those that offered GMI recipients in their territory a relatively high monetary component. In the course of time, however, such Communities did not manage to keep up with rich Communities like the Basque Country, where performance showed less fluctuations over time.

At the same time, in Maravall’s words (Interview),

‘The social integration component suffers from slow neglect or even abandonment. Priority is given to the monetary component of the schemes. Furthermore, union confederations are annoyed by the fact that, due to budgetary restraints, only a small percentage of people in poverty have access

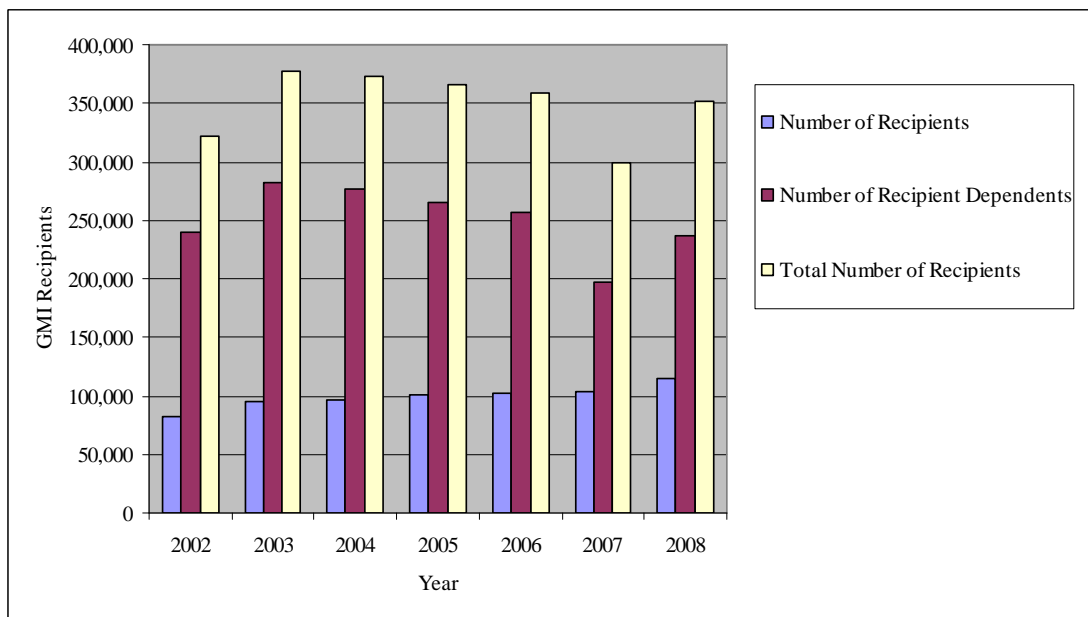
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<sup>43</sup> The data is based on Topraakkiran, 2012: 31-32 and 36-38. The author acknowledges that these ratios are largely influenced by average income differentials amongst Autonomous Communities.

to GMI schemes. These developments have made both the CCOO and the UGT increasingly critical of the Autonomous Communities' management of their GMI schemes. They now advocate reforms'.

Graphs 4.5 and 4.6<sup>44</sup> provide an overview of the schemes. Graph 4.5 visualizes changes in the number of recipients, their dependents, and the total number of recipients from 2002 to 2008:

**Graph 4.5. Recipients of Local GMI Schemes in Spain (2002-2008)**

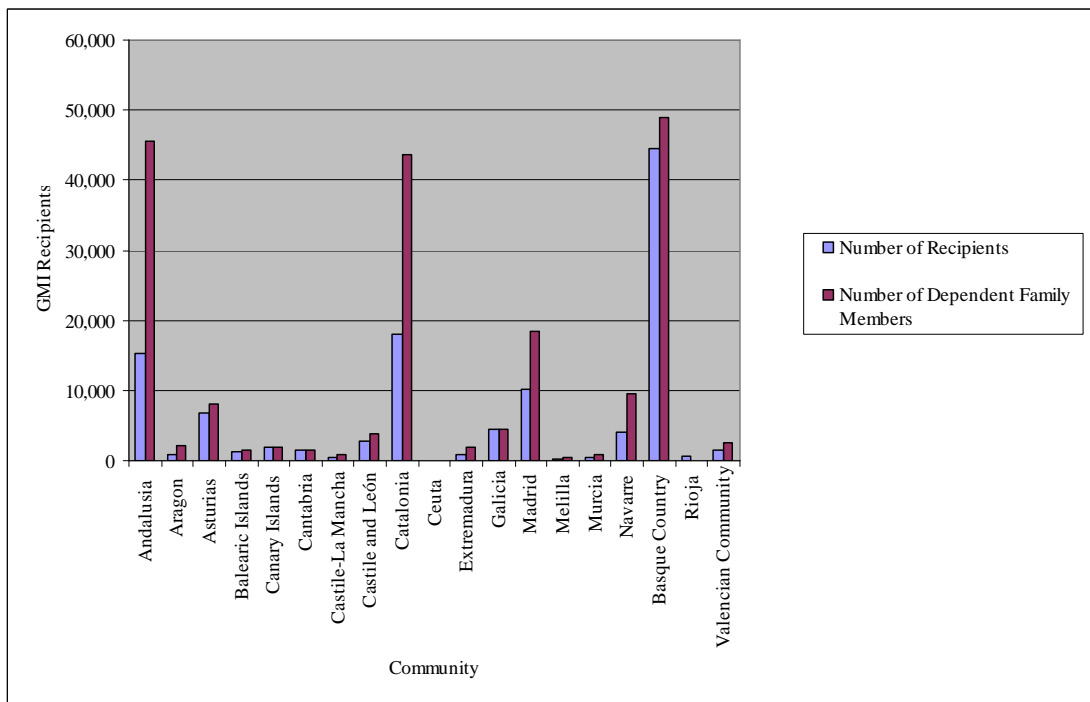


Graph 4.5 shows increases in the number of recipient dependents and the total number of recipients between 2007 and 2008. GMI recipients numbered 114,157 (plus 236,970 dependents) in 2008, a figure corresponding to 0.78 percent of Spanish citizens or nearly eight out of every thousand households.

Graph 4.6 illustrates data on the number of recipients and of their dependents in each Autonomous Community for the year 2008:

<sup>44</sup> The data is from the Spanish Ministry of Health, Social Policy and Equality.

**Graph 4.6. GMI Recipients per Community in Spain (2008)**



Graph 4.6, viewed in conjunction with Graph 4.5, helps us also conclude that approximately one of every three GMI recipients in the country in 2008 was a Basque Country resident, whilst communities like Murcia and Castile-La Mancha effectively had no GMI since their programmes aided only one one-thousandth of the population (Laparra and Ayala, 2009: 32-34).

The Autonomous Communities with the greatest financial resources have the highest rates of demographic and economic coverage, in stark contrast to those with fewer resources and lower rates of coverage (Ayala, 2011: 277). In that sense, the institutionalization of local GMI schemes encouraged the transformation of the Spanish national welfare state into a regional welfare state, i.e. primarily a social assistance state characterized by unequal social citizenship (see also Rodriguez-Cabrero, 1993; Gallego, Gomà and Subirats, 2005).

Finally, in 2010, in the midst of the intense financial crisis that has hit southern Europe in a particularly harsh way, local GMI schemes in Spain covered on

average only 43.9 percent of the households without income nationwide. Castilla-La Mancha is the ‘negative’ champion with just 6.8 percent, while the Basque scheme, once again, stands out as the ultimate success story: if needed, the budget for the existing scheme could cover more than twice (in fact closer to 3 times) those households without income in the Basque Country (Ayala, 2012: 21).

In all cases, however, these schemes, established by territorial actors, are the last resort of impoverished households, together with the religious organizations deeply rooted in the local culture. According to Lorenzo (Interview), moreover, ‘Religious organizations like Cáritas continue to pursue the institutionalization of a GMI at the national level in Spain. Thus, for example, in 2009, Cáritas Española along with the FOESSA Foundation presented a detailed study on the implementation of such a scheme’.

Overall, the local GMI schemes in Spain owe much to the cumulative impact of destabilizing forces and the attitudes of all actors/organizations in this study’s analytical model.

## **Conclusions**

This discussion of the Spanish case demonstrates that the first serious state attempt at developing social assistance policy took place after the collapse of fascism, particularly during the 1980s and early 1990s. Before that, Franco’s long-standing dictatorship was the main factor in delaying the development of publicly provided social assistance, mainly by reinforcing traditional forms of assistance and cultivating partnerships with religious organizations.

The period of expansion coincides with the Socialists’ long years in power. At the same time that the PSOE’s ideological transformation caused the party to distance

itself from Marxist views and become interested in publicly provided social assistance, the legacy of democratization, thus the need to break with the fascist past, socio-economic changes, and the processes of Europeanization were amongst the main destabilizing forces driving the PSOE's will to expand social assistance.

The advent of democracy, however, did not cause religious organizations to abandon their pivotal role in social assistance. Instead, it paved the road for the consolidation of a pluralistic model of social assistance, both via the enforcement of religious organizations such as *Cáritas Española* and the emergence of territorial actors as principals in the field.

The decision to strengthen pluralism in the social assistance field was due to a series of reasons: *inter alia*, the belief that religious organizations were often better-equipped than the central government to provide social assistance to citizens, as well as the belief that redistribution benefited from proximity with social assistance recipients. Long-standing political tensions between the centre and the periphery also explain the institutional empowerment of territorial actors in the social assistance field.

The post-Franco strengthening of these actors was vital to the development of local GMI schemes. In a context characterized by the central government's support for alternative policy measures, destabilizing forces such as rising unemployment, along with a broad consensus of secular and religious organizations in favour of such schemes, also played a major role in their introduction.

Secular organizations such as trade unions were pivotal in negotiating the establishment of GMI schemes with territorial actors. The latter viewed such schemes largely as a way to reinforce their autonomy vis-à-vis the central government. Union confederations saw the GMI *inter alia* as a way to expand unemployment benefits,

after the central government's rejection of doing this; and as a strategic move to open up opportunities of collaboration with new actors and benefit from their expertise. Finally, religious organizations were driven by their ideological preferences without having on the constraints of close links with the Vatican their Italian counterparts had.

The establishment and maintenance of local GMI schemes by the 17 Autonomous Communities once again indicates the dominance of a pluralistic model in the provision of social assistance in Spain. The activities of territorial actors in the field are complemented by those of secular organizations, and by those of religious organizations secure in their institutional role. Representatives of all these actors/organizations monitor, for instance, the design and implementation of the GMI schemes.

Chapter 5 probes into the Portuguese case, and, in particular, the country's somewhat different GMI success story.



**CHAPTER 5:**  
**THE PORTUGUESE CASE:**  
**BETWEEN SALAZAR'S SOCIAL CATHOLICISM AND THE GMI SUCCESS STORY**

In contrast to Spain and Italy, Portugal has a fully established national GMI. Indeed, as discussed in Chapter 1, precisely because of that scheme, the EUROMOD data on publicly provided social assistance presents the country as more developed than the rest of southern Europe in regard to such provisions. As will be, *inter alia*, argued in this chapter, the Portuguese GMI experience stands out as the big success story in the region with regard to publicly provided social assistance; the co-occurrence of destabilizing forces and the strongest pro-GMI coalition in southern Europe made it so.

The introduction of social assistance policy measures in Portugal is closely linked with major destabilizing forces, such as the Carnation Revolution, and with centre-left partisanship. The key role of religious organizations in the social assistance field had been sustained by both centre-left and centre-right governments, also allowing these organizations to play a key role in the establishment and maintenance of the national GMI scheme.

The latter, known as 'Minimum Guaranteed Income' (*Rendimento Mínimo Garantido*, RMG) or, since 2003, 'Income of Social Insertion' (*Rendimento Social de Inserção*, RSI), is accessible to individuals over the age of 25<sup>1</sup>. The monetary component of the scheme is allocated to beneficiaries only for a period of 12 months.

After the end of that period, GMI recipients have to prove that they are still eligible to receive the relevant benefit, which equals the difference between the claimant's income and the non-contributory social pension, set at 44.7 percent of the

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<sup>1</sup> This and the next paragraph draw on information from the 'Social Security' agency (*Segurança Social*) in Portugal, as well as on Pereirinha, Arcaño, and Nunes, 2009.

national minimum wage<sup>2</sup>. As with all the recently established GMI programmes in Europe, the Portuguese GMI moreover includes a ‘social integration’ component: i.e. the participation in programmes that are believed to facilitate the future integration (or re-integration) of GMI beneficiaries into the labour market is a prerequisite for the allocation of the monetary benefit linked to the scheme.

As will be discussed in detail in the second part of this chapter, several secular and religious organizations have accused the Portuguese GMI scheme of being ineffective; but prominent economists such as Carlos Rodrigues (2004) have shown that the establishment and implementation of the GMI at the national level has resulted in substantial improvements in measures of poverty intensity and severity. In fact, according to Rodrigues, the efficiency indicators associated with the GMI programme prove that 92 percent of the relevant transfers are awarded to poor individuals and 89 percent of the transfers effectively contribute towards reducing the poverty gap.

In a similar vein, Eduardo Rodrigues (2006: 191) underscores the contribution of the Portuguese GMI scheme in four policy areas. The first is in housing, where there has been a substantial decrease in housing costs for GMI beneficiaries. The monetary component of the scheme helped GMI recipients to cover at least part of their rent and thus improve their living conditions.

Second, in health, participation in the GMI scheme has made beneficiaries more interested in their physical well-being and given them access to better medical care. Third, in education, the participation of GMI beneficiaries in training programmes has been accompanied by significant gains, both for them and their

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<sup>2</sup> In 2012, the national minimum wage in Portugal amounted to 565.83 euros.

children. And fourth, in employment, the scheme has been successful in integrating GMI recipients into the Portuguese labour market.

In addition to a national GMI scheme, publicly provided social assistance in Portugal includes a number of other benefits: social pensions for older people (*pensão social de velhice*), for disabled people (*pensão social de invalidez*) and for survivors (*pensão social de sobrevivencia*)<sup>3</sup>. Recipients of these have not qualified for contributory pensions due to zero or insufficient contributions. Social pensions amount to 187 euros per month.

The social pension for older and disabled people is furthermore topped up by a solidarity supplementary benefit (*Complemento Extraordinário de Solidariedade*, CES) that equals approximately 17 euros per month for those under 70 and 35 euros per month for those over 70. Finally, starting in 2006, a solidarity supplement for people above pensionable age has been gradually introduced (*complemento solidario para idosos*, CSI). The CSI is 17.54 euros monthly for individuals under 70 and 35.06 euros for those over 70.

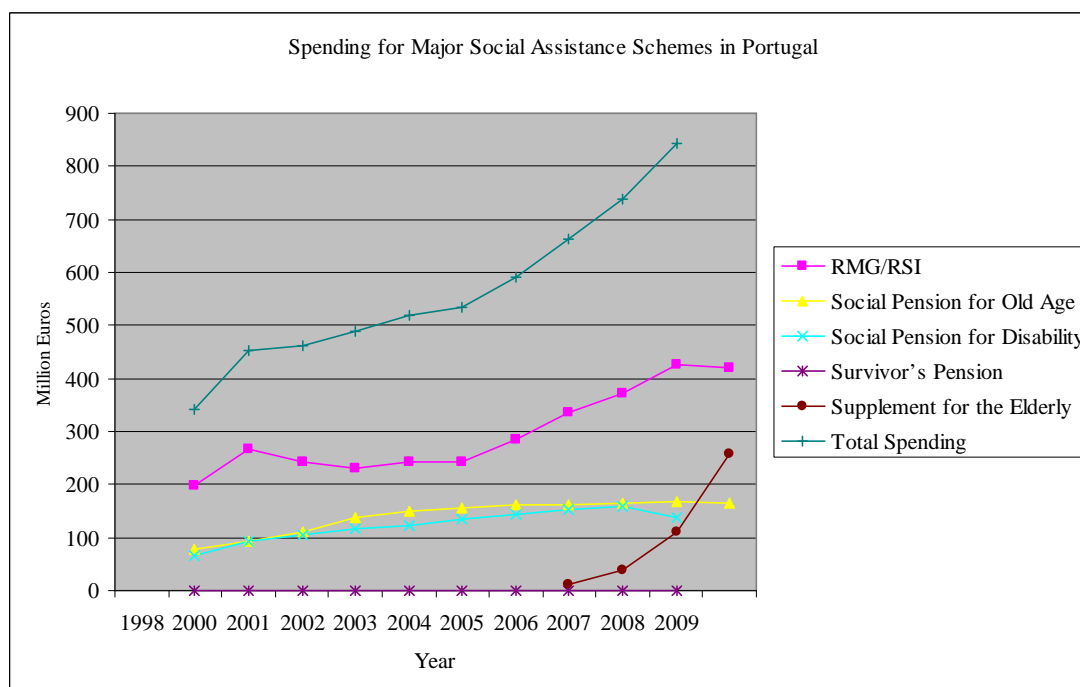
Graph 5.1 presents data<sup>4</sup> on total spending on the major social assistance provisions made by the state in Portugal, while Table 5.1 shows the number of beneficiaries:

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<sup>3</sup> See note 1, as well as Mendes, 2010; 3, 6, and 12, and Bahle, Hubl and Pfeifer, 2011: 126.

<sup>4</sup> The data for both Graph 5.1. and Table 5.1. is based on EuMin database 2011, preliminary data. Information provided by Vanessa Hubl and Thomas Bahle, accessed at [ww.mzes.uni-mannheim.de](http://ww.mzes.uni-mannheim.de).

**Graph 5.1. Spending for Major Social Assistance Schemes in Portugal (1998-2009)**



**Table 5.1. Beneficiaries of Major Social Assistance Schemes in Portugal (1992-2009)<sup>5</sup>**

Year	RMG/RSI	Social Pension for Older People	Social Pension for Disabled People	Social Pension for Survivors	CSI	Total
1992	n.a.	125,273	52,675	2,954	n.a.	180,902
1995	n.a.	84,861	47,156	3,545	n.a.	135,562
1998	337,670	69,000	50,000	4,000	n.a.	460,670
2000	418,256	56,126	46,258	4,250	n.a.	524,890
2001	354,258	53,918	47,246	3,637	n.a.	459,059
2002	320,155	52,222	46,770	3,326	n.a.	422,473
2003	350,602	47,903	48,288	2,887	n.a.	449,680
2004	309,258	44,164	48,142	2,999	n.a.	404,563
2005	312,629	40,901	48,152	2,950	n.a.	404,632
2006	303,849	38,337	48,111	2,873	18,041	411,211
2007	325,111	36,311	48,320	2,905	54,633	467,280
2008	359,300	34,587	48,791	2,830	158,953	604,461
2009	407,721	33,778	49,403	2,927	225,903	719,732

<sup>5</sup> The figures are for numbers of beneficiaries, with 'n.a.' for 'not applicable'.

As we can see from Graph 5.1, spending on the RMG/RSI receives the lion's share of the spending for major social assistance schemes, while total spending for all social assistance schemes ranged from 0.31 to 0.49 percent of GDP between 1998 and 2009<sup>6</sup>. Based on Table 5.1, the beneficiaries of publicly provided social assistance amounted to a relatively high percentage of the Portuguese population. According to World Bank data for the year 2011, the country's population was approximately 10.5 million, so that the percentage of social assistance recipients was higher than 7 percent of the population.

Furthermore, as asserted by Luisa Guimarães (Interview), the former vice-president of the board at the Institute for Social Security,

'Publicly provided social assistance in Portugal is highly centralized. The level of social assistance benefits is determined by the government. Nonetheless, in the context of the increasingly pluralistic model of social assistance that was consolidated in the post-revolutionary period, regional authorities became involved in the management of national social assistance schemes. As elsewhere in Europe, the reason was that proximity to benefit recipients was believed to facilitate the allocation of provisions to the lower socio-economic strata, especially due to the traditionally low take-up of social assistance benefits. Otherwise, cultural homogeneity and historical and political traditions in Portugal gave rise to a highly centralized state, as opposed to neighbouring Spain or even Italy'.

Hölsch and Kraus, in a highly influential article in the *Journal of European Social Policy* (2004) on poverty alleviation and the degree of centralization of different European schemes of social assistance, pointed out (p. 147) that no general system of publicly provided social assistance existed in Portugal before 1995 (the year of establishment of the national GMI). This lack of a system was compensated for by a set of categorical benefits (e.g. for invalids, elderly people and orphans), for which 'all rates are set nationally and administration is carried out by regional authorities'.

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<sup>6</sup> Own estimations based on EUROSTAT data.

Precariousness and income inequality nevertheless remain high. Portugal consistently scores worse than the EU-15 average in the share of population at risk of poverty and in the ratio of total income received by the 20 percent of citizens with the highest income compared to that received by the 20 percent with the lowest income. Table 5.2 presents the relevant data for the years 2003 to 2011:

**Table 5.2. Percentage of Population at Risk of Poverty & Income Quintile Share Ratio (S80/S20) in Portugal and the EU-15 (2003-2011)**

Year	Percentage of Population at Risk of Poverty <sup>7</sup>		Income Quintile Share Ratio (S80/S20) <sup>8</sup>	
	Portugal	EU-15	Portugal	EU-15
2003	19	15	7.4	4.6
2004	20.4	17	7.0	4.8
2005	19.4	15.7	7.0	4.8
2006	18.5	15.9	6.7	4.7
2007	18.1	16.0	6.5	4.9
2008	18.5	16.2	6.1	4.9
2009	17.9	16.1	6.0	4.9
2010	17.9	16.2	5.6	5.0
2011	18.0	16.7	5.7	5.1

In these circumstances of high poverty and inequality, the share of Portuguese citizens who agree that the central government should decrease inequality of income within the country's population is impressively high. 93 percent of Portuguese respondents asked by the International Social Survey Programme (ISSP)<sup>9</sup> desire such a reduction and regard it as a major government responsibility, which is the highest positive response to the question of state intervention to reduce inequality among all of the 17 countries in the survey.<sup>10</sup> A similar picture emerges from the European

<sup>7</sup> The data is based on EUROSTAT. Cut-off point: 60 percent of median equivalized income after social transfers.

<sup>8</sup> The data is based on EUROSTAT. Income must be understood as equivalized disposable income.

<sup>9</sup> The data regards the year 2006 and may be found under the label 'Role of Government IV'.

<sup>10</sup> New Zealand is at the other end of the spectrum: only 50.2 of the respondents in that country agreed that the government should take policy initiatives to decrease inequality of income.

Social Survey (ESS)<sup>11</sup>. A high share of the Portuguese population accepts that it is ‘important to help people and care for others’ well-being’, as well as that the ‘government should reduce differences in income levels’.

At the same time, Catholic religious organizations are key players in the social assistance field, in contrast to the mainly ‘managerial’ position of territorial actors in the implementation of the centrally-designed publicly provided social assistance programmes, including the monetary component of the GMI scheme. As Guimarães asserts (Interview), ‘Services for low-income groups are left largely in the hands of Catholic religious organizations and are regulated mainly by legal agreements/partnerships between the Portuguese government and the numerous “Private Institutions of Solidarity” (*Instituições Particulares de Solidariedade*, IPSS) within the framework of the Social Action (*Acção Social*) branch of the social security system’ (see also Adão, 2009: 72-73 and 109; Pereirinha, Arcanjo and Nunes, 2009: 401; Mendes, 2010: 4).

In Guimarães’ words,

‘Religious organizations are official partners of the government in the provision of social assistance. The Constitution acknowledges the pivotal role of these organizations in the relevant field. Given that social assistance services are quite expensive and difficult for Portuguese governments to manage, the latter benefit from the traditional involvement of Catholic religious organizations in social assistance. The principle of subsidiarity is also key to understanding the public/private welfare mix in Portugal’.

This picture arguably conforms with the situation in many European countries, where the role of welfare provider in general is ‘a renewed role that is claimed by majority churches in the context of both secularization (in terms of institutional differentiation) and increasingly challenged welfare systems’ (Fokas, 2010: 175).

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<sup>11</sup> Cumulative File Rounds 1-4; ESS Round 1-2002; ESS Round 2-2004; ESS Round 3-2006; ESS Round 4-2008. The first statement is under the label ‘Human Values Scale’, and the second under the label ‘Politics’.

In Portugal, as in Italy and Spain, organizations affiliated with the Catholic Church, such as *Cáritas Portuguesa*, are critical to the provision of social assistance and fill in (at least to a certain degree) the holes in the safety nets constructed by the Portuguese governments to protect the lowest socioeconomic strata. *Cáritas Portuguesa* is only one, although the biggest, of the extended network of religious organizations in Portugal, which are linked to the Catholic Church and have a long tradition of helping the poor.

According to Eugénio Fonseca, President of *Cáritas Portuguesa* and representative of the IPSS in the National GMI Commission (Interview),

‘Cooperation agreements between the government and the IPSS cover just a percentage of the cost of the services provided to the poor by the IPSS. Furthermore, the government offers no financial support to *Cáritas Portuguesa* for the provision of services such as housing, medication, clothing, etc. For instance, for its participation in the design and implementation of the Portuguese GMI, *Cáritas* received no financial support from the government. In the absence of state support, nonetheless, religious organizations like *Cáritas* often have to organize campaigns of solidarity and collect money to support their social work. Catholic religious organizations also have no option but to turn to private donations to cover the cost of the social assistance services they provide. Finally, it should be noted that the social assistance actions of *Cáritas* are largely based on voluntary work’.

Portuguese governments thus save a significant amount of resources, financial and otherwise. In case governments wished to expand their share in the provision of social assistance, the state would have to seek additional resources from its own budget.

Fonseca also claims (Interview) that,

‘It is quite impossible to come up with an exact number that would depict the extent of the contribution of *Cáritas Portuguesa* and other Catholic organizations in the social assistance field. This is due to the fact that, for instance, *Cáritas*’s interventions in Portugal take place through 20 dioceses (*Cáritas Diocesanas*) and 4,300 parishes. Moreover, there is no culture of keeping systematic track of data within the organization’s staff, who, as already mentioned, are practically volunteers. Even so, in 2011, data taken from 17 dioceses and 65 parishes show that *Cáritas* provided social assistance to

39,304 families or 95,342 people, largely filling in the void of state support to low-income citizens’.

Following this brief introduction to the ‘universe’ of social assistance in Portugal, the first part of Chapter 5 is, once again, devoted to a very broad historical overview of the developmental paths followed by social assistance in the country: from the interwar years and the rise of Salazar to power up to the end of the 1970s, and from the 1980s to the late 2000s. In the second part of the chapter I shall discuss in detail Portugal’s unique GMI experience.

## **5.1. SOCIAL ASSISTANCE IN PORTUGAL: AN HISTORICAL OVERVIEW**

### ***5.1.1. From Salazar to the End of the 1970s: The Triumph of ‘Subsidiarity’ and Social Assistance as a Response to Major Destabilizing Forces***

Several years before Salazar’s creation of the New State (*Estado Novo*) in 1926, the most serious attempt made by a Portuguese government to introduce an innovative means-tested system took place in 1919 (Serrão, 1963: 835; Fonseca, 1965; Neto, 1971). As in Spain, this effort was linked to the radical and strongly anticlerical ideology of the Republican regime that emerged after the revolution of 5 October 1910. The 1911 constitution for the first time recognized the right of citizens to public assistance. A National Assistance Fund was created that year, aiming mainly at the provision of in-kind benefits and at the reduction of beggary (Article 3, Section 29, *Constituição Política da República Portuguesa*, 1911).

What incentives drove the Portuguese government to take these initiatives? On the one hand, the pursuit of social equality was set forth explicitly in the constitution as one of the guiding principles of the Republican regime. On the other hand, government officials believed that the way to limit beggary was not through

repressive measures but through the establishment of a solid system of publicly provided social assistance (Rodrigues, 2006: 167).

The effort, however, seems to have contained an element of electioneering. Augusto Dias da Silva, the socialist Minister of Labour who proposed the relevant legislation, stood for election immediately after the draft was presented to the Council of Ministers (Guibentif, 1997: 221). The launch of a means-tested system without previous assessment of its economic viability, and without consultation with other secular organizations such as employers' and employees' associations, led to its premature abolition after adverse reactions from both employers and from part of the mutual aid movement, which had been forcibly integrated into the system (Cardoso and Rocha, 2003: 114-115; Capucha *et al.*, 2005: 207-208; Cardoso and Rocha, 2009: 440). Religious organizations affiliated with the Catholic Church also denounced the organized presence of the state in the field as 'cold and rigid'. They argued instead that voluntary aid, such as offered by their organizations, represented 'individual charity, passion, and love' (Ferreira, 2003: 7).

The Church's central role in the social assistance field is deeply entrenched in the Portuguese tradition (Serrão, 1963: 234; Maia, 1985: 17-18). Compared to other Roman Catholic countries, nonetheless, the Portuguese case is peculiar in that most relevant activities occurred through the so-called 'Misericórdias'. In fact, 'the Misericórdias play a key role in the provision of social assistance in Portugal up to the present day, as members of the IPSS' (Guimarães, Interview).

A combination of Catholic religious ideology and autonomy from episcopal authority put Misericórdias in an intermediate position between lay and ecclesiastical authorities and between central and local institutions. Catholic guiding principles

allow them to be understood as religious organizations (Abreu, 2003; Abreu, 2004: 67).

The rise of Salazar to power after the 1926 coup and military dictatorship signalled the reinforcement of traditional forms of social assistance and thus of the key role of religious organizations in the field (Barreto and Filomena, 1999: 221), also celebrated in the dictatorship's motto of 'God, Homeland and Authority' (Almeida, 2008: 18). As in Francoism, this reinforcement was rooted mainly in the corporatist societal vision that underpinned the regime. This vision was closely associated with social Catholicism, advocating government involvement in the orientation and coordination of economic life, but avoiding the dangers of excessive liberalism and exaggerated interventionism (Cardoso and Rocha, 2003: 118-120 and 131). Furthermore, poverty was perceived as a phenomenon to be controlled rather than prevented or remedied (Rodrigues, 1996: 72-73; Rodrigues, 1999: 158).

The lack of desire to expand social citizenship rights and assume responsibilities in the social assistance field, beyond supervising and coordinating the activities performed mainly by religious organizations, was reflected in the disappearance of the right to public assistance from the 1933 constitution (*Constituição Política da República Portuguesa*, 1933). Social assistance initiatives were left to entities such as the Misericórdias, in accordance with the subsidiarity principle expressed in Pius XI's encyclical *Quadragesimo Anno* (see also Ferreira, 2003: 8). The dictatorship's control over civil society initiatives moreover led to welfare action being reduced to mere corporatist welfarism and to social assistance being organized under ethical and religious criteria, almost wholly in the form of charity work (Hespanha *et al.*, 2000: 121).

Hence, despite GDP per capita in Salazar's Portugal in 1950 still being less than half of the per capita GDP of developed western European countries (Maddison, 2010; Bragues, 2012: 328), legislation throughout the regime's long supremacy reconfirmed and reinforced the supplementary role reserved to the central government in social assistance (Decree-Laws 30389/1940, 31666/1941, 35108/1945, 2120/1963; Law 1998/1944). With this legislation as the basis, the Misericórdias assumed the responsibility of coordinating social assistance provisions at the local level. Parish councils were responsible for registering the indigent and providing information on the poverty level of assistance claimants.

Overall, whilst Salazar's discourses tended to praise the virtues of the poor, policy responses relied on subsidiarity and were scarce, fragmented, and discriminatory (Martins and Coutinho, 1995). However, according to Guimarães (Interview),

'Although, *sensu stricto*, a national minimum wage cannot be considered as a social assistance measure, the discussion of introducing such a wage arguably paved the road for the future establishment of a GMI scheme in the post-revolutionary period. In 1965 the Ministry of Corporations and Social Welfare conducted a study on the institutionalization of a minimum wage for workers, which, in a very broad sense, may be viewed as a type of a GMI scheme, although only for those participating in the formal labour market. The relevant discussion would be repeated under the more socially progressive Marcelo Caetano, who succeeded Salazar in September 1968. The initiative may be attributed to the fear of the repercussions of social tensions and poverty on the long-standing authoritarian regime. Eventually, however, the regime would establish no such wage' (see also Ramos de Almeida, 1999; Branco, 2001: 115-116).

In reality, even towards the very end of the regime, government interventions in the social assistance field were mostly structural (Decree-Law 413/ 1971).

Contrary to the absence of any progress in publicly provided social assistance, Article 90 of Decree-Law 351/1972 further articulated the salience of faith-based social assistance institutions and their close relationship with the long-lived

dictatorship, making the government their administrative supervisor. Until the 25 April 1974 Carnation Revolution, the regime established no measure based on the criterion of low income, excepting only a few marginal activities directed at the homeless yet still meant to be managed by institutions affiliated with the Catholic Church (see also Capucha *et al.*, 2005: 212).

Thus, on the eve of the 1974 revolution, the provision of social assistance on behalf of the government was largely limited to coping with situations of urgency, in a non-systematic way, by agencies that instead prioritized compulsory insurance for limited parts of the population. As discussed in the next section, only after the 1974 revolution did Portuguese governments develop an interest in introducing some kind of systematically allocated social assistance measures to cope with the needs of those who had no relationship with the formal labour market, and with the most marginalized strata of the Portuguese society in general. Up to then publicly provided social assistance was far from being acknowledged by political actors as an objective right of the individual.

The Carnation Revolution, along with the deterioration of living conditions for the Portuguese population, functioned as the major destabilizing force that heralded the beginnings of change in social assistance policy (Branco, 2003: 162). The deterioration was linked chiefly with the country's lengthy involvement in colonial wars in Africa (Bruto da Costa *et al.*, 1985; Silva, 1984; Capucha *et al.*, 2005: 204).

According to Paulo Pedroso, former President of the National GMI Commission and former Secretary of State of Employment and Professional Training (Interview), 'The acknowledgment and expansion of social rights, including access to social assistance, appears to have been a prerequisite for legitimating post-

revolutionary governments. Nonetheless, it also aimed to meet expectations raised by the revolution that political change in general and the left's domination of the political agenda in particular would mean an improvement in living conditions'. In a similar vein, Esping-Andersen (1991: 600) claims that 'Broadly speaking, the huge gap in terms of social policy inherited from the previous authoritarian regime may help explain why the 1976 constitution and subsequent reforms gave so much emphasis on the expansion of social rights in policy areas in which Salazar and Caetano had shown no interest'. One of these areas was publicly provided social assistance.

Indeed, the first post-revolutionary years laid the foundations of publicly provided social assistance: shortly after Caetano's overthrow and in the groundswell of left-wing sentiment and demands for social rights that followed the revolution, the first provisional government under Adelino da Palma Carlos in May 1974 established old age and disability social pensions for citizens over the age of 65 and disabled individuals over the age of 14 in circumstances of economic hardship and without access to social insurance provisions (Decree-Law 217/1974). In 1974, these pensions amounted to only 25 percent of the minimum national salary for people living in urban areas and 12.5 percent of that salary for people in rural areas (Branco, 2001: 119-120; Ferreira, 2003: 9).

Undeniably, the social pension illustrated that the poor were finally on the political agenda both symbolically and pragmatically. Its institution moreover paved the road for the introduction of non-contributory provisions for those in need. It opened the way for the Portuguese government as a key provider of benefits and services allocated independently of an individual's contributory record; in other

words, for the development of publicly provided social assistance as an obligation of the post-revolutionary state to its citizens.

Via the same decree-law that established the social pension, the government also proceeded to institutionalize a national minimum wage, which as already argued may be regarded as the first step in modern Portuguese history towards the establishment of a ‘guaranteed minimum monthly pay’ (*retribuição mínima mensal garantida*). On 27 May 1974, the amount of this national minimum wage was defined as equal to 3,300 Escudos (Decree-Law 217/1974).

The 1976 constitution referred explicitly to the social security system’s obligation to protect citizens in situations wherein their means of subsistence or capacity to work was reduced or lost<sup>12</sup>. Furthermore, in accordance with the collectivist spirit of the Carnation Revolution, although social security was clearly mentioned as an area of state intervention, Article 63 acknowledged the salience of the ‘participation’ of social actors/organizations in the design and implementation of social policies, as well as of the principle of decentralization (the latter to a lesser degree, however).

At this critical juncture, the Portuguese government recognized trade union confederations, the IPSS and territorial actors as its social policy ‘partners’. According to the constitution, both the IPSS and territorial actors would, however, be subject to the legal regulation and supervision of the central government.

Especially as far as trade unions are concerned, it cannot be easily argued that the social protection and the social rights in general that were established by the 1976 Constitution were the outcome of some kind of negotiation between the post-

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<sup>12</sup> This paragraph is based on Article 63, *Constituição da República Portuguesa*, 1976.

revolutionary governments and the labour movement<sup>13</sup>. They were the indirect product of the actions of the left-wing military movement that had toppled the dictatorship and the broad wave of social activism that followed the 1974 revolution. The consultation of the government with social partners such as union confederations was a process that developed later in time. In 1984, the Permanent Council for Social Dialogue (*Conselho Permanente de Concertação Social*)<sup>14</sup> would be founded, which after 1989 was known as the Economic and Social Council (*Conselho Económico e Social*)’

Several reasons underlie the decision to respect subsidiarity and to maintain the central role of religious organizations in the social assistance field. Divisions over the Church had subsided, so that these organizations were no longer inevitably perceived as the enemy (Bermeo, 2010: 1131). Democratic parties desired to avoid any possible split between government and church, as had happened during the First Republic (Salgado de Matos, 2001: 87-88). In addition, many Catholic grassroots organizations were exposed to left-wing influence (Rodrigues, 1999: 209; Adão, 2009: 65).

Hence, the state-church relationship in Portugal was not disrupted by the Carnation Revolution; nor was the pivotal role of religious organizations in the social assistance field. In fact that role was safeguarded and enforced, paving the road for the key contribution of these organizations to the future GMI debate.

One year after passage of the constitution, Mário Soares, the Socialist Party (*Partido Socialista*, PS) winner of the April 1976 elections<sup>15</sup>, broadened eligibility for social pensions (Normative Order 59/1977). In late 1979, in the footsteps of the 1974

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<sup>13</sup> This paragraph largely draws on Rodrigues, 2006: 25 and 172.

<sup>14</sup> The council was the evolution of a committee charged mostly with solving labour disputes between workers and employers.

<sup>15</sup> Lisi (2006: 60) surveys the duration and composition of Portuguese governments.

provisional government that had established the social pension, the extremely brief Pintasilgo government took a step further and introduced a scheme providing a minimum level of social protection for all Portuguese citizens, regardless of employment status and contribution record (Decree-Law 513-L/1979).

As discussed in the second part of this chapter, this scheme, which unlike the social pension was not based on strong categorical characteristics, became the first GMI scheme in Portuguese history. Publicly provided social assistance policies began to fulfil the requirements of an autonomous policy domain (Rodrigues, 2001: 269).

Finally, loyal to the subsidiarity principle that had dominated the pre-revolutionary period, Pintasilgo, a prime minister particularly close to the Catholic Church (O'Shaughnessy, 2004), approved the first statute of the IPSS in the last days of 1979, declaring that the assistance provided by religious organizations was an inextricable part of the country's social assistance system (Decree-Law 519-G2/1979). All governments ever since on both the left and the right have confirmed the role of religious organizations in Portugal's social assistance system, as we will see. The foundations of a pluralistic social assistance system had been firmly established.

### ***5.1.2. From the 1980s to the Late 2000s: Actors In the Service of Consolidation and Expansion of Post-Revolution System***

The evolution of social assistance in the post-1970s period may be divided into two phases:

*i. The 1980s and the early 1990s, which, despite opening with the amendment of the 1979 Pintasilgo Decree-Law on a non-contributory minimum scheme of social*

*protection for all Portuguese citizens, were marked by the maintenance and consolidation of the post-revolution system.*

The only new social assistance benefits established during this time were a widows' social pension (Decree-Law 52/1981) by Francisco Balsemão's centre-right coalition government, and means-tested unemployment protection (Decree-Law 247/1985) by the governing coalition of the PS and the Social Democratic Party/Democratic People's Party (*Partido Popular Democrático/Partido Social Demócrata*, PPD/PSD, henceforth simply PSD), headed by Mário Soares.

The latter measure, associated with the traditional trade union concern of unemployment policy, was introduced as a result of negotiations between the government and the unions after the 1984 creation of the Permanent Council for Social Concertation (see also Ferreira, 2003: 14). During that year, the non-contributory part of the social security system would also be enshrined in the Basic Law of Social Security (Act no. 28/1984).

Like the constitution eight years earlier, 'the law explicitly referred to the obligation of the Portuguese government to provide protection to all Portuguese citizens, based *inter alia* on the principles of equality and solidarity. The role that the government expected from social partners such as the trade unions and the IPSS was also central. Like other European countries during that period, Portugal increasingly moved towards the institutional enforcement of a pluralistic model in the provision of social assistance. This model was a way to conform with the relevant European momentum, as well as with the fiscal restraints that characterized the early and mid-1980s' (Guimarães, Interview).

Furthermore, for almost ten years after 1986, a period when the PSD had an absolute parliamentary majority and annual real GDP growth rose above 3 percent

(Bragues, 2012: 336), ‘EEC anti-poverty programmes functioned in place of non-existent government initiatives in social assistance policy, further reinforcing the position of religious organizations in the field (Pedroso, Interview; see also ILO, 2003; Capucha *et al.*, 2005: 217 and 229-230). This last was also because the EEC (and later on the EC and the EU) paid special attention to the development of partnerships with the third sector and the strong role of religious organizations such as ‘Misericórdias’ (Bonny and Bosco, 2002; Bahle, Hubl and Pfeifer, 2011: 123).

Until the mid-1990s, the role of such organizations was regulated and safeguarded by Decree-Law 119/1983 of the Balsemão centre-right government, the Normative Orders 118/1984 of the centre-left Soares government, and Decree-Laws 30/1989 and 217/1993 of the Cavaco Silva centre-right governments.

*ii. The period after the mid-1990s, notable for the return of social pacts in social assistance policy design, such as that between the António Guterres centre-left government and the IPSS (Decree-Law 133-A/1997), and the establishment of new social assistance schemes.*

In particular, the national GMI scheme was established in 1995. Between 1995 and 2000 the social pension increased by 42 percent (Capucha *et al.*, 2005: 227), and the CSI was introduced in 2005 after the PS government deemed the level of contributory pensions insufficient. It sought to guarantee a predefined threshold of monthly income for old-age pensioners (Branco, 2003: 160-161; Bahle, Hubl and Pfeifer, 2011: 124).

The monochrome Socialist governments of Guterres and Socrates established the GMI and the CSI respectively, whereas no new social assistance measures were instituted while the centre-right coalition under José Barroso held power (March 2002-June 2004). According to Pedroso (Interview), ‘It is not coincidental that almost

all social assistance or anti-poverty measures in Portugal were established by centre-left governments. In contrast, the centre-right has always been dominated by a Bismarckian and corporatist view about the role of the welfare state, which resulted in the conservatives not prioritizing publicly provided social assistance'<sup>16</sup>.

Finally, in the shadow of the financial crisis that hit Portugal especially hard, the 2000s closed with the Socialists proceeding to another series of interventions in social assistance policy. The CSI age limit was reduced from 80 to 65 in 2007. Child benefits were made a means-tested provision (Bahle, Hubl and Pfeifer, 2011: 124-125 and 128). The entitlement period for the unemployment social benefit was extended to six months in 2009 (Decree-Law 68/2009).

The Socialists approved the 2010-2013 Stability and Growth Programme, which aimed to maintain the nominal value of all non-contributory benefits until 2013. They also redefined the allocation criteria, instituting stricter means-tested rules in 2010 after the PS-PSD agreement on the rationalization of public resources, considered essential for exiting the crisis (Ministério das Finanças e da Administração Pública, 2010: 19-25).

On the other hand, the need to save *inter alia* scarce public funds made governments continue to respect the post-revolution principle of solidarity. Acts 17/2000 and 32/2002 (under Guterres and Barroso, respectively) and Decree-Law 4/2007 (under Sócrates) further consolidated the foundation of private initiatives such as those taken by religious organizations (General Directorate for Social Security, 2009: 6-8).

In short, whereas both centre-left and centre-right governments safeguarded religious organizations' key role in social assistance and enforced a pluralistic model

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<sup>16</sup> This conclusion is also confirmed by the interview with Guimarães.

in the social assistance field in general, the relevant public provisions were introduced mainly during the first post-revolutionary years and in the periods of Socialist government from 1995-2002 and 2005-2011).

The GMI scheme was the supreme attainment of the Socialists in this field. In the process of establishing that scheme, as I will argue in the second part of this chapter, the PS would form alliances with the powerful religious organizations omnipresent in Portugal's social assistance system, as well as with other key policy actors.

## **5.2. A PORTUGUESE SUCCESS STORY<sup>17</sup>**

### ***5.2.1. Debating a GMI***

#### *a. A Foot in the Door: The 1979 and 1980 Decree-Laws on GMI*

As noted above, the beginning of Portugal's journey towards the institutionalization of guaranteed social assistance minima in the 1970s should be seen as a policy innovation triggered by two interrelated destabilizing forces: the Carnation Revolution and the deterioration of the living conditions of Portuguese citizens, largely associated with the colonial wars in Africa. Although the establishment of the social pension in 1974 was the first step, followed in 1977 by the extension of eligibility criteria for that allowance, the process culminated in the Pintasilgo government's promulgation of Decree-Law 513-L/1979 (see also Maia, 1985: 103; Rodrigues, 1999: 223; Adão, 2009: 65-66).

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<sup>17</sup> Writing on the Portuguese GMI story owes a lot to the invaluable help and generosity of Pedro Adão and Francisco Branco, who offered me inestimable advice and material on the research topic. They kindly suggested moreover names of interviewees for my case study. My work builds on their work, to which I hope to have made a useful contribution. I also owe special thanks to Paulo Pedroso and Luísa Guimarães. The interviews I conducted with them made the particularities of the social assistance field in Portugal easier to understand.

This Decree-Law was an ambitious effort to establish a system of social minima, comprising twelve different benefits, social security and health instruments included (see also Branco, 2003: 158). It declared itself an initiative to improve the quality of life of the most disadvantaged strata of Portuguese society at a time of increasing poverty, but was also linked with the government's interest in the needs of the weakest, a major 'concern... from the time it came to power' (quoted from the Decree-Law 513-L/1979). The 1979 Decree-Law thus stressed the salience of both destabilizing forces and the government's ideological preferences as the reasons for its issue.

The Sá Carneiro centre-right government that succeeded Pintasilgo modified the 1979 Decree-Law after a period of only five months, however (Decree-Law 160/1980). Did this decision reflect the instability of this period, during which successive governments subjected legal texts and decisions to review after short periods of implementation (Santos *et al.*, 1998: 61)? Or, rather, was it a decision that reflected the different preferences and perceptions of fairness of the centre-right concerning publicly provided social assistance?

Which of these scenarios contains more truth is not immediately clear. Comparing the 1979 electoral manifesto of the Democratic Alliance (*Aliança Democrática*, AD), the centre-right coalition comprising the PSD, led by Sá Carneiro, the Democratic and Social Centre (*Centro Democrático Social*, CDS), and the People's Monarchist Party (*Partido Popular Monárquico*, PPM), with the electoral programme of the PS, their biggest opponent in that year, reveals no great difference in the two sides' commitments to promoting social justice. Both mention it as an important policy aim (AD, 1979; PS, 1979).

The official rationale espoused by the 1980 Decree-Law for amending the GMI system Pintasilgo had established nonetheless reveals the legislator's different preferences regarding such a system. She had in fact raised several objections to the previous Decree-Law: that it allowed assistance to be allocated even to citizens who were not in financial need; that (unlike the 1979 Decree-Law) a scheme targeted at the most disadvantaged social strata should not include allowances linked to the individual's previous contribution record; and that social assistance should be provided according to an indicator based on the minimum national wage (Decree-Law 160/1980).

The implication was that access to the relevant benefits should be subject to stricter means-testing. The different preferences and perceptions of fairness of the centre-right compared to the previous government therefore ended up restricting publicly provided social assistance to even smaller sections of the population and moving away from the 1979 Decree-Law's more universal vision of social minima (see also Branco, 2003: 159). After the issue of the 1980 Decree-Law, guaranteed social minima involved only a negligible fraction of Portuguese citizens with strong categorical attributes (mainly the elderly and the disabled), whilst relative government policy inertia and reliance on EEC anti-poverty programmes were the norm, as outlined in the first part of this chapter.

In this context, the debate over the need for such minima in Portugal's welfare armoury would find a public forum again only after a break of over a decade.

#### *b. Explaining Contradiction: The Willing vs. the Reluctant PSD*

The 1990s opened with the PSD's electoral triumph with 50.6 percent of the vote nationwide (135 seats), compared to the second-place PS, which received only

29.1 percent of the vote (72 seats)<sup>18</sup>. This centre-right win came during a period marked by the increased salience of Europeanization processes for disturbing the existing social assistance policy equilibria in the EEC member states. In the case of Portugal, the EEC recommendation that these states introduce a GMI was nevertheless of special importance, both symbolically and pragmatically. The Recommendation on common criteria concerning social assistance (92/441/EEC) was moulded by the principles agreed on 24 June 1992, when Portugal held the EEC Presidency.

The same PSD centre-right government that presided over the Council of Ministers which approved the recommendation, however, had no intention of establishing such a scheme at the national level. The relevant parliamentary debates (discussed below) provide further confirmation.

Explanations advanced for this rather inconsistent behaviour include that the GMI was never a PSD priority, and that the scheme's dossier was inherited from earlier presidencies (Adão, 2009: 74). José Albino Silva Peneda, Minister of Employment and Social Security at the time of Portugal's EEC presidency, rationalized it by adducing the country's pre-existing compliance with EEC requirements for a national GMI through its guaranteed categorical social minima, meaning benefits related to sickness, maternity, and unemployment, along with the social pension (Branco, 2001: 131-132).

In reality, the Portuguese social security system contained no measures for poor younger citizens without ties to the formal labour market, and the social pension addressed the needs of only a small proportion of the elderly and disabled. Peneda's rationalization was thus without basis.

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<sup>18</sup> The data is from the National Elections Commission.

In a similar vein, Peneda (Interview) pointed to the following reasons for the PSD's decision not to establish a national GMI:

'In 1992, the Council of the European Economic Community adopted a recommendation (92/441/EEC) on common criteria concerning sufficient resources and social assistance in the social protection systems of the member states. Recommendations cannot be enforced as law, however. As a result, at that time the PSD decided not to establish a GMI scheme. Furthermore, on the one hand the country already faced severe budget constraints; on the other, an appropriate legal framework had to be legislated to guarantee the conditions necessary for the effective implementation of a GMI scheme nationwide. I believe that a GMI may have a positive effect, if its application is accurate, lasts as long as necessary, and reaches the population in true need and without immediate alternatives. Lastly, there must be some kind of guarantee that the GMI will not erode the motivation of individuals to rejoin the job market. We must avoid the creation of an unemployment trap, and ultimately a poverty trap'.

Nevertheless, the allegation that EEC Recommendations cannot be enforced as laws is extremely weak. It was falsified in practice only a few years later when the Socialists designed and implemented a national GMI scheme. Likewise, the claim that severe budget constraints militated against the establishment of a GMI is unfounded, especially since 'at that point no study had evaluated the scheme's potential cost' (Guimarães, Interview).

Peneda's other claims, i.e. the need for the scheme to reach solely those in poverty and not to facilitate welfare dependency, as well as the necessity to devise an appropriate legal framework for the GMI's application, sound more convincing. Once again, 'they reveal the PSD's preferences, ideas of fairness and ideological position on the scheme; especially those of the least socially conservative wing of the party, represented by Peneda' (Pedroso, Interview).

Along with new rights and social guarantees, solidarity was another key issue in the PSD's 1992 electoral programme, which however made it clear that the state should avoid the temptation to provide everything to citizens, leaving space for salutary initiatives by individuals and private entities (PSD, 1992: 16-18 and 30-31).

The PSD of the 1990s became increasingly distant from the social democratic identity its name implied (Freire, 2005 and 2010).

Peneda's dismissal in 1993<sup>19</sup> and replacement by PSD General Secretary José Bernardo Falcão e Cunha, who was indifferent to the issue, ended for a time what minimal interest the government and the minister in charge of social policy had in instituting a national GMI. Policy experts such as Adão (2009: 76) have suggested that since Peneda did not effectively oppose the scheme, its non-establishment may also have been an indirect consequence of his dismissal and of some kind of internal party disagreement about the issue. Guimarães (Interview) stresses that, 'The Ministry responsible for the design of a GMI at the time was relatively positioned to the left, but, overall, the GMI issue was not a subject of concern and discussion within the PSD'.

Pedroso (Interview), on the other hand, claims that there was an internal division within the PSD regarding the GMI issue. In his own words,

'The governing party was split over the institutionalization of a national GMI. On the one side, liberal socialists like Peneda were in favour of the scheme. On the other side, however, hard-core liberals were positioned against it. In fact, Peneda appears to have been dismissed from Minister of Employment and Social Security exactly because of his rather heretical position on the GMI issue. In any case, Peneda did not represent the official position of the PSD on the GMI, which was negative'. Whether Peneda would have institutionalized a GMI had he remained in his post cannot be ascertained, however.

The bottom line is that by not activating the process that would lead to the implementation of the 1992 EEC recommendation and the establishment of a GMI, the centre-right failed to use the significant political capital associated with the perception of EEC policy initiatives as synonymous with modernization and progress, particularly in southern Europe. At a time when crisis interrupted strong economic growth in the early 1990s and contributed to Portugal having one of the highest

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<sup>19</sup> Peneda had been in the Ministry of Employment and Social Security since 1987.

poverty rates in the EEC, the PSD's stance gave the opposition power that it might otherwise not have enjoyed (Branco, 2001: 129-130; Adão, 2009: 82).

Now the opposition had the ball and, as we will see presently, the Portuguese Communist Party (*Partido Comunista Português*, PCP) and especially the PS would take the best possible position for playing the game. Secular organizations such as trade unions, along with religious organizations, would also be willing to offer support.

*c. A New Game in Town: Counting Friends and Enemies*

The Socialists and the Communists secured themselves a central role in the GMI debate between 1993 and 1995. At a press conference on 30 April 1993, PS General Secretary António Guterres presented a proposal for launching negotiations with the PSD with the aim of creating a social safety net that would include a GMI scheme and improve mechanisms for integrating the long-term unemployed into the labour market. No negotiations would result from the initiative (*Jornal de Notícias*, 1993: 22).

Given that the institutionalization of a permanent national GMI scheme was not part of the political agenda of the PSD at that time, the outcome up to this point should not come as a surprise. The PCP, however, as a secular organization, would make the GMI a subject of debate for the members of the Portuguese Parliament, only to be followed, approximately two months later, by the PS (Bills no. 309/VI and no. 385/VI respectively, discussed the first in March 1994 and the second in May 1994; see *Diários da Assembleia da República*, 1994a and b).

Why did the two parties take these initiatives? The Communists' bill on a minimum subsistence income, like the Socialists' proposal two months later, invoked

the need to conform to the 1992 EEC Recommendation, and still more to compensate for weakening family structures and growing poverty and marginalization (Diário da Assembleia da República, 1994a: 1751). Socialist deputies justified their proposals regarding the latter by invoking Alfredo Bruto da Costa's estimate that more than 500,000 people in Portugal lived on financial resources lower than the already disgracefully low social pension in 1993, and by pointing to Portugal's particularly high poverty rate (PCP, 309/VI; PS, 385/VI; Diário da Assembleia da República, 1994a: 1747 and 1749; Diário da Assembleia da República, 1994b: 2474-2489; Branco, 2001: 129-130).

Therefore, in the view of both parties, Europeanization processes together with poverty and its dire implications were destabilizing forces that moved them to include the establishment of a national GMI in their agenda. This once again confirms the importance of such forces as trigger points for policy change in the social assistance field.

Furthermore, although the timing of the 1995 general elections (very pertinent to the GMI debates that occurred just before the vote) suggests that the need to cope with the aforementioned destabilizing forces may not have been the only factor that shaped the PCP and PS attitudes, the proposal of establishing a GMI scheme was compatible with the ideological profiles of both parties. The ideology of the PCP as reflected in the party's constitution described the Communists as following the ideas, gains, and historic achievements of the 'April Revolution' (PCP, 2010).

Against this ideological background, the GMI was considered a tool that would help secure better living conditions for all Portuguese citizens, and was thus the foremost social policy objective. This view may arguably also explain why, as discussed below, the scheme proposed by the PCP was significantly more

‘universalistic’ than that proposed by the PS shortly afterwards (PCP, 309/VI; PS, 385/VI). Finally, for the traditionally anti-European PCP, with its electoral results declining, this period coincided with attempts to gain greater legitimacy by abandoning orthodox Marxism and building bridges with the PS in order to form a majority leftist government (see also Bosco, 2001: 351; Costa Lobo, 2006: 9).

After years of exclusion from power and in an era of rising poverty, on the other hand, the PS saw the GMI as an opportunity to affirm its commitment to protecting low-income groups and to catch up with the European social model (Adão, 2009: 75 and 82). The commitment to low-income groups conformed to the PS’s ideological profile since 1986, which was marked by complete social democratization and ideological de-Marxification (Magone, 2005a: 506).

Catching up with Europe was compatible with the PS’s image as the Portuguese party most strongly linked with European institutions (Costa Lobo and Magalhães, 2001: 26; Lisi, 2006: 65). According to Guimarães (Interview), ‘Politics in Portugal are greatly affected by the country’s interest in projecting a good public image in Europe. Especially for the Socialists, the issue of convergence with other European countries was (and is) critical’.

In Pedroso’s view (Interview),

‘With the exception of the GMI scheme established by the short-term Pintasilgo government in the late 1970s, which survived only for a couple of months, the Socialists and Guterres himself were the ones who essentially revived the GMI issue in Portugal back in 1993. Under the major impact of Europeanization processes, but also driven by its commitment to redistribution, the PS found itself at the centre of an increasingly broad coalition in favour of a national, permanent GMI scheme. In contrast, the majority of the cadres of the right-wing government were not interested in the institutionalization of such a scheme or in the consolidation of safety nets in general. In that sense, the Socialists’ interest in the GMI was a key difference between the PS and its main opponent, the PSD. The GMI would become a symbol of the social policy of the Socialists and signal the transition from a traditional to a new model of social security. In the latter, social assistance as a concept would be largely synonymous with the possibility given to the individual for her integration or

re-integration into the labour market and social life' (see also Rodrigues, 2006: 66).

To promote their proposals, the two parties knew that they could count on the mobilization capacity and support of allies both traditional and more recent. To the Communists and the Socialists, these alliances also brought the potential bonus of broadening their electoral base and reaching wider audiences.

Among their traditional allies were secular organizations such as the two major union confederations, which enjoyed strong links with both parties. The Socialist General Union of Workers (*União Geral de Trabalhadores*, UGT) and the Communist General Confederation of the Portuguese Workers (*Confederação Geral dos Trabalhadores Portugueses*, CGTP) had adopted a pro-GMI position as essential to the fight against poverty after the 1992 EEC Recommendation was issued (USS/CGTP-In, 1994; CGTP-In, 1996; UGT, 1998: 9-10; see also Branco, 2001: 124). According to Pedroso (Interview), 'The unions did so because they expected the GMI to be less a neo-charity social assistance scheme and more a programme stressing social inclusion and encouraging re-integration of citizens into the labour market, in harmony with the permanent demand of the labour movement for protection of the right to employment'.

As João Proença, General Secretary of the UGT put it (Interview), 'If unions have on the one hand always strived for a society that does not need schemes of that kind, on the other they were fully aware of the Portuguese social and economic reality. The unions' support for the scheme acknowledged that the GMI was vital for mitigating conditions of extreme poverty in the short term and eventually eradicating them'. It was moreover a way to combat unemployment, another destabilizing force: 'the increase in unemployment produces insecurity and existing social security is clearly inefficient... in that sense, a minimum income scheme may be an improvement

on the existing system' (João Proença in *Diário da Assembleia da República*, 1994a: 1757).

As noted above, the CGTP had also taken a stand favouring a national GMI despite traditionally refusing to participate in tri-partisan cooperation at the central level (Gold and Weiss, 1998: 5), as happened in the Short-Term Social Concertation Agreement preceding the GMI's establishment in 1996 and the Short-Term Strategic Social Pact later that year (both of which referred to the scheme; see, Furtado Martins, 1997). The Confederation, however, made it clear that the scheme could not be an alternative to the CGTP demand for an increase in the minimum national wage. As we will see, this circumstance moreover explains why the PCP proposal for a GMI scheme specified a threshold for the monetary component of the scheme equal to the minimum wage (USS/CGTP-In, 1994; CGTP-In, 1996; CGTP-In, 1998).

The positive stance of Portuguese unions on the GMI may finally be viewed together with the less fragmented nature (in non-ideological terms) of Portugal's labour movement, especially compared to Greek or Italian unions (see, for example, Ioannou and Kjellberg, 2005: 346 and 354-355). That nature has arguably contributed to the pursuit of common policies by different confederations.

From the traditional allies of the PCP and PS, let us turn to their more recent associates. Particularly for the PS, which was less opposed to privatization, they would be found in religious organizations. The most progressive elements in the Catholic Church, such as the bishop of Setúbal, D. Manuel Martins, had long supported the establishment of a universal safety net for those in need (Branco, 2001: 124). Once again, 'the ideology of organizations such as *Cáritas Portuguesa* or the *Misericórdias* – above all, their commitment to solidarity – account for their positive attitude towards the idea of a national GMI' (Fonseca, Interview).

The two parliamentary debates on the GMI further illuminate the preferences of the Communists and the Socialists regarding the scheme, as well as those of the main opposition parties, the PSD and the Democratic and Social Centre-People's Party (*Centro Democrático e Social-Partido Popular*, CDS-PP)<sup>20</sup>. In the March 1994 debate, the PCP asked for a GMI that would be calculated in relation to the national minimum wage. The scheme's monetary component would equal the difference between the individual or family income and that wage, resulting in a provision well above the non-contributory minimum pension of the PS proposal two months later (Diário da Assembleia da República, 1994a: 1746-1768).

The centre-right PSD criticized the proposal, mainly on the grounds that an estimate of the financial cost of the scheme was missing and that Portugal already complied with the principles associated with the EEC Recommendation by having categorical minima (Diário da Assembleia da República, 1994a: 1749). In reference to the minima and consistent with the 1992 PSD electoral programme's focus on limiting state interventionism, PSD deputy Vieira de Castro and Pedro Vinha added that the institutionalization of a GMI would serve to paralyze individual initiative for development and progress (Diário da Assembleia da República, 1994a: 1752-1753).

Following a similar line, José Puig, another PSD deputy, denounced the PCP proposal as encouraging welfare dependency and upholding statism rather than paying due attention to the creation of infrastructures and the conditions necessary for boosting employment (Diário da Assembleia da República, 1994a: 1750). Rare were the party members (Filomena Bordalo was one) who distinguished themselves from the PSD's official position and spoke of the need to implement the scheme gradually,

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<sup>20</sup> Known as the CDS before 1991.

since they disagreed with the opinion that the Portuguese welfare state already had comparable measures (Diário da Assembleia da República, 1994a: 1756).

The CDS-PP kept a relatively low profile in its opposition to the proposed scheme. Led by Manuel Monteiro, the party moved further to the right, adopting an anti-EEC stance and agenda as well (Magone, 2005b: 212). Party deputies chiefly stressed the new scheme's unknown administrative and other costs to the social security system (Nogueira de Brito in Diário da Assembleia da República, 1994a: 1760).

For their part, the Socialists underlined the contradiction between Portugal's centre-right government promoting the EEC recommendation on the need for a Europe-wide means-tested universal safety net and its domestic inertia, stating their intention to introduce a GMI when in power (Diário da Assembleia da República, 1994a: 1757 and 1762). Unlike the PCP, which opposed the increasing privatization of social assistance, Guterres also stressed the need to involve civil society organizations in the scheme's design and implementation phases. The PS acknowledged that the GMI had to be accepted by a broad range of social actors/organizations, and that the government must consult and collaborate with actors/organizations already long active in the fight against poverty and social exclusion (Diário da Assembleia da República, 1994a: 1759).

The following rationale, which rests largely on the basic principles governing consensus and coalition building (see, for instance, Susskind, McKernan and Thomas-Larmer, 1999), explains the PS interest in reinforcing the existing pro-GMI coalition<sup>21</sup>. The Socialists hoped that the support and active involvement in the scheme of religious and other organizations with experience in social assistance

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<sup>21</sup> Unless otherwise stated, this paragraph draws on the interview with Pedroso.

activities could help make the GMI more efficient and entrenched in Portuguese culture. Another factor was the need to increase the legitimacy of the GMI scheme and associated government actions. As Adão argues (2009: 66), ‘Even if the central government was capable of implementing such policies without facing formal veto points, de facto it needed to involve civil society organizations to make policy change effective because of the salience of the principle of subsidiarity’.

We should furthermore recognize that negative experiences of coalitions with the centre-right and a lack of partners on the left forced Guterres to stand alone in the elections<sup>22</sup>. In these circumstances, he attempted to appeal to moderate voters and broaden the party’s support base as much as possible. Together with a proposal for social dialogue, the mobilization of new social sectors and actors linked to these sectors (for instance individuals associated with religious organizations) contrasted with what was characterized as the ‘autistic’ style of the PSD, particularly of its leader Cavaco Silva, and is thought to have been key to winning the subsequent elections.

The PCP proposal was rejected when the PSD and the CDS-PP opposed it, though the PCP, the PS, and the single representative of the Party of National Solidarity (*Partido da Solidariedade Nacional*, PSN), a movement largely committed to protecting the interests of pensioners, voted in favour (Branco, 2001: 126).

In May 1994, it was the Socialists’ turn to present draft legislation on a GMI scheme. Despite invoking the same destabilizing forces as the Communists to justify their introduction of the relevant bill, the Socialists’ proposal differed significantly from the PCP scheme. The differences made their proposal seem more feasible, since the scheme’s coverage and cost were reduced. It recommended a GMI threshold

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<sup>22</sup> This paragraph is based on Lisi, 2006: 61-62.

equivalent to the social pension, raised the age of recipients to 25 from 18, and insisted on an active role for civil society organizations (Diário da Assembleia da República, 1994b: 2474-2489). The PS held that the government should establish a GMI scheme without partisan appropriation, based on an enlarged social consensus that would contribute to the scheme's efficiency and acceptance in Portuguese society (Diário da Assembleia da República, 1994b: 2477).

Ideological differences among parties once again surfaced in the debate on the GMI. The PSD opted for a negative income tax system as a way to free social security from red tape and administrative weight. Citizens earning below a level of income as set by the government could expect to receive supplemental pay from the government instead of owing taxes<sup>23</sup> (Diário da Assembleia da República, 1994b: 2478).

Despite its similarities to the PCP and PS proposals, the PSD counterproposal had a quite different ideological background, rooted in economic liberalism and resting on the recognition of universal access to a basic income, but using fiscal (not social) policies to realize it (Alcock, 1993; Adão, 2009: 79). The PSD furthermore accused the Socialists of wanting to create a class of 'professional poor' (Rui Carp in Diário da Assembleia da República, 1994b: 2488).

The CDS-PP for its part justified its decision to vote against the PS proposal on the grounds that the scheme would result in the abolition of other social assistance benefits and increased privatization of the social security system (Nogueira de Brito in Diário da Assembleia da República, 1994b: 2486). As with the PCP proposal two months earlier, the PS proposal was rejected, with 140 PSD and CDS-PP deputies voting against it and 89 votes in favour from PS and PCP deputies, plus members of

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<sup>23</sup> By contrast, all those whose income is above the pre-determined level of income were expected to pay taxes (see also Rodrigues, 2006: 152).

the Ecologist Party-The Greens (*Partido Ecologista-Os Verdes*, PEV; on the vote, see *Diário da Assembleia da República*, 1994b: 2489).

Though the Communists and the Socialists failed to obtain a majority vote for their respective GMI proposals, the two parliamentary debates contributed dynamically to putting poverty and especially the GMI on the political agenda (see also Capucha *et al.*, 1998: 201). On the eve of the October 1995 elections, the stance of the two strongest rivals for power, the PS and the PSD, now merits closer attention.

Between 10 May and 18 October 1995, Ferro Rodrigues for the PS and Rui Rio for the PSD continued the GMI debate in the pages of the *Diário Económico* newspaper (Branco, 2001: 138). The PS responded to the PSD's assertion that Portugal already complied with the EEC Recommendation by adopting the scheme as the flagship social policy of its electoral programme.

In this context, as Pedroso (Interview) asserts,

'In all his debates with Cavaco Silva, Guterres underlined the need for a GMI. The institutionalization of a national GMI scheme became a central part of the electoral debate and the discussions of it were a top issue in the media. Members of secular organizations, such as union confederations, especially the UGT, and representatives of religious organizations like the Catholic associations expressed their support for the establishment of a GMI on television and in the press'.

Consistent with the party's insistence on collaboration with civil society organizations in the GMI scheme, the party's 1995 manifesto paid particular attention to the need to promote a joint effort of the state and civil society acting in genuine partnership (PS, 1995, Part 3: 15). To meet that objective, Guterres had mobilized civil society between 1992 and 1994 to bring about what he called a 'legislative contract', which led to an election programme of over 300 pages (Stock and Magone, 1996; Magone, 2005a: 509).

Until that point, part of the Catholic centre-left was arguably integrated into the PS, as exemplified by Guterres himself. In 1995, however, Catholic grassroots organizations were extensively represented at the convention to develop the PS electoral programme, where they took part in elaborating the chapter on social assistance (PS, 1995: Part 3: 3-41; Adão, 2009: 86-90). Like Britain's New Labour, whose 'Third Way' pragmatism he largely emulated, Guterres was building a new majority to put an end to the long reign of the centre-right (Magone, 2005a: 508-509).

Along with secular organizations such as trade unions, religious organizations would indeed play a central role in the subsequent implementation of the GMI. According to Fonseca (Interview), 'Cáritas Portuguesa had always been in favour of a GMI and supported the establishment of the scheme from the very beginning. In fact, I participated myself in the drafting of the regulations governing the GMI'.

Fonseca (Interview) does not, however, speak very enthusiastically about the stance of Portuguese governments towards the opinions of religious organizations on public policy issues in general. He attributes this stance to the effort of the former to defend secularism. Nonetheless, Fonseca admits that religious organizations played a role in the design and even more so the implementation of the GMI. At least as far as the participation of civil society organizations in the Portuguese GMI experience is concerned, the PS would keep its promise.

## ***5.2.2. From Paper to Practice no. 1***

### *a. A Promise Kept: The Establishment of a GMI and the Strengthening of a Pro-GMI Coalition*

The Socialists won the 1 October 1995 elections with 43.76 percent of the national vote and 112 seats versus the PSD's 34.12 percent and 88 seats<sup>24</sup>. A few months later, they started the process of institutionalizing a national GMI scheme. According to Pedroso (Interview), 'As Pintasilgo did in 1979, Guterres could have opted to establish the scheme by means of a Decree-Law that the Council of Ministers would approve. The government had no need to provoke parliamentary debate on the matter, but did'.

In the debate that took place in May 1996, Ferro Rodrigues, the new Minister of Employment and Solidarity, justified that choice by explicitly referring to the Socialists' aims of creating a wide consensus on the scheme that would surmount partisanship, and of reinforcing and consolidating the existing pro-GMI coalition (Diário da Assembleia da República, 1996a: 2214). This statement was far from empty words, since representatives of secular organizations such as trade unions and religious organizations participated in drafting the 1996 PS bill on the GMI (Diário da Assembleia da República, 1996a: 2214; *Expresso*, 1996; UIPSS, 1996; Caritas Diocesana de Setúbal, 1996; *A Capital*, 1996: 48; Branco, 2001: 139 and 142-143).

In these circumstances, the PS chose to draft a bill to confirm support for the scheme, increase the topic's political salience, proclaim that this was a government that kept its promises, and finally force other parliamentary parties to refresh their positions on the matter. In Pedroso's view (Interview), 'The major secular organizations that had previously resisted the scheme would in fact start to soften

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<sup>24</sup> The data is from the National Elections Commission.

their attitude, especially the CDS-PP, which would change its vote' (see also Adão, 2009: 91).

The parliamentary debate on the PS bill 25/VII that led to the institutionalization of the GMI illustrates the central role of destabilizing forces in the scheme's establishment and the different preferences and perceptions of fairness regarding the scheme shown by the parties which participated. As in May 1994, Ferro Rodrigues presented the GMI as part of an initiative to combat social exclusion in the context of growing unemployment and poverty arising from the operation of a free market economy in extremely competitive conditions, as well as to conform with the 1992 EEC Recommendation (Diário da Assembleia da República, 1996a: 2213-2215). The scheme's establishment was thus again associated with the need to respond to major destabilizing forces.

During the parliamentary debate, the PCP denounced the lack of human resources available in the state's social security services as a parameter that would jeopardize the effectiveness of the GMI's implementation. The Communists moreover had their own opinions on the scheme's reference unit, whilst as already mentioned the unit proposed by the Socialists limited the amount of the GMI's monetary component. For these reasons, they decided to abstain from the vote (Diário da Assembleia da República, 1996a: 2211 and 2221). Their positive attitude to the scheme overall would nonetheless preclude their voting against it.

Formerly critical of GMI schemes, the PSD appeared somewhat less judgemental after losing many of those who had voted for the party in the 1991 elections and seeing supporters move to the PS (Freire, 2005). Certain party deputies in fact suggested integrating the testing period for the proposed GMI scheme into the

EEC (now EC) anti-poverty projects (Diário da Assembleia da República, 1996a: 2218 and 2221).

Others insisted, though, that the government should prioritize reforming the social security system, particularly the existing social minima, to conform with society's new needs, benefiting from the work of the Social Security White Paper Commission created for that purpose in 1995 (Diário da Assembleia da República, 1996b: 2317). Despite its generally more moderate position, the PSD ultimately voted against the scheme. Given the high-profile campaign debate on the scheme and the brevity of the period since the elections, the party arguably would have been hard-put not to defend its initial position.

By contrast, the CDS-PP, which had voted against the scheme after the 1994 parliamentary debates, now made a different choice. Party deputies argued that they would not vote for the scheme because it was not reversible if the trial period did not run smoothly, or because it could end up being a monetary subsidy to poverty with a downgraded social integration component (Diário da Assembleia da República, 1996a: 2218-2219). The party nonetheless decided to abstain from voting. This represented a victory for the party's Christian-Democrat stream over the economic liberal wing, which could not tolerate anything other than abstention<sup>25</sup>. CDS-PP deputy Maria José Nogueira Pinto pointed to the influence of fellow deputy Nuno Krus Abecasis in this matter, against the views of Paulo Portas, the party's future leader and already a high-profile parliamentarian.

In these circumstances, Parliament approved the GMI (*Rendimento Mínimo Garantido*, RMG) with 112 PS deputies voting in favour, the CDS-PP and the PCP abstaining, and the PSD voting against it (Diário da Assembleia da República, 1996b:

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<sup>25</sup> This paragraph is based on Branco, 2001: 144.

2317). The GMI scheme as established was very similar to the one institutionalized in France in 1988. It provided a minimum level of subsistence to all legal residents of Portugal over the age of 18 regardless of their contribution record (Law 19A/1996), and was the first programme in the history of the Portuguese welfare state founded on the idea of a universal right not derived from a contributory rationale (see also Branco, 2001: 114 and 122; Capucha *et al.*, 2005: 236-242).

The scheme's monetary component bridged the difference between a family's income and the social pension (which at that point was 22,900 escudos, whereas the minimum salary was 58,900 escudos) and was combined with a social integration programme (professional training, rehabilitation, and the like)<sup>26</sup>. Beneficiaries were individuals whose income was lower than the value of the social pension, and households whose income was lower than the total sum of the following: the value of the social pension for each adult, for up to two adults; 70 percent of the social pension for each adult from the third adult onwards (Rodrigues, 2004: 5). Furthermore, 50 percent of the social pension was allocated to a family for each minor (Rodrigues, 2006: 179).

As in Italy, the government introduced the RMG on an experimental basis for one year at the insistence of Paulo Pedroso, then Secretary of State for Employment and Training and first president of the National GMI Commission<sup>27</sup>. Table 5.3 presents an overview of the percentage of the RMG pilot projects per region<sup>28</sup>:

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<sup>26</sup> The data is from the Ministry of Employment and Solidarity for the year 1998.

<sup>27</sup> Unless otherwise stated, this and the next paragraph draw on the interview with Pedroso.

<sup>28</sup> The data draws on Capucha *et al.*, 1998: 80, cited in Rodrigues, 2006: 183.

**Table 5.3. Regions and Pilot Projects of the Portuguese GMI (1996)**

<b>Regions</b>	<b>Percentage of RMG Projects Per Region</b>
North	24.7
Centre	27.1
Lisbon	19.8
Alentejo	11.1
Algarve	6.2
Azores	3.7
Madeira	7.4

Table 5.3 indicates how the distribution of RMG pilot-projects per region partly reflected the geography of inequality and poverty in Portugal (see, for example, the various relevant publications of the Observatory of Inequalities, *Observatório das Desigualdades*). The poorer northern and interior areas on average managed more GMI projects than the Lisbon region, which includes the country's capital.

Pedroso (Interview) opted to design the scheme as an experiment for several reasons: 'the government wished to check the effectiveness of the scheme's monetary component, based on evidence that it did not work in other countries. The current number of social workers was moreover inadequate to implement the scheme (a huge recruitment of more than 1,000 workers indeed ensued after the RMG's establishment)'.

Yet another reason again reveals the priority the Socialists gave to enforcing and consolidating the existing pro-GMI coalition by promoting partnerships with social actors, including both secular and religious organizations, within the framework of the new scheme. According to Pedroso (Interview),

‘The government reckoned that more time might be needed to involve these actors practically in building a national network of support for the scheme’s social inclusion component. That component was a government priority, since its success meant the gradual exit of GMI beneficiaries from poverty and marginalization and their integration or re-integration in the world of employment. This was the ultimate objective of the GMI programme’.

Nevertheless, as Pedroso himself acknowledged, ‘More had to be done to promote the involvement (and partnership) of groups such as trade unions, or even businesses, especially in the social integration component of the scheme at the local level’ (Melícias and Pedroso, 1997: 101, cited in Rodrigues, 2006: 184). In any case, it was not long before the Socialists received a chance to further demonstrate their commitment to partnerships with secular and religious organizations in the cause of advancing the newly established GMI scheme.

*b. United We Stand, Divided We Fall*

The experimentation period was shorter than expected, an outcome which Pedroso (Interview) attributes specifically to the ‘existence of a very broad consensus in Portuguese society on this new scheme that promised to provide some kind of relief to the weakest and most marginalized citizens’. In his own words (Interview),

‘In less than a year, more than 3,500 territorial actors (local governments), along with non-governmental organizations and local charities, submitted applications expressing their interest in participating in the RMG programme. Given the circumstances, I realized that there was no need for the three-year experimentation period I initially thought that might have been necessary for the effective implementation of the scheme. Social solidarity proved to be particularly strong, especially at the local level, as reflected for instance in the intention of territorial and other actors and organizations to participate in the programme’.

Indicative of this strong sense of solidarity is that in 146 local RMG projects, the number of social actors/organizations involved totalled 475 municipalities, 119 IPSS, 74 Misericórdias, two Mutual Aid Societies, seven business associations, two union confederations and 107 other entities aimed at the promotion of social purposes

(Melícias and Pedroso, 1997: 13, cited in Rodrigues, 2006: 184). According to Pedroso (Interview), ‘The RMG had better chances to be successful if the government secured a solid base for the scheme within civil society and territorial actors. Despite the centralized nature of the Portuguese social assistance system, a logic of territorialization in particular was essential for the effective implementation of the RMG. Local actors are more likely to know (and cope with) the problems of the RMG beneficiaries’.

Scholars such as Eduardo Rodrigues (2006: 40 and 67), an expert on the Portuguese GMI, support Pedroso’s statement: ‘The RMG assigned to territorial actors and institutions have a far more important and greater role to play than what the highly centralized social policy system in Portugal assigned to them in general... the strict logic of centralization was substituted by some kind of limited decentralization, in which territorial actors enjoyed a partnership with the central government and other organizations’.

As Pedroso admits (Interview), ‘A precedent for the participation of territorial actors, along with other organizations active in the social assistance field, may be found in the Programmes Against Poverty of the early 1990s. In the latter, regional committees representing the north and the south of the country were created, under the oversight of the Ministry of Employment and Social Security’. This statement conforms with the claim formulated in the first part of this chapter about the impact of Europeanization processes on the consolidation of a pluralistic model of social assistance in Portugal and elsewhere.

As representative of a crucial component of this model, the IPSS President had already praised the PS initiative for a national GMI as motivated by religious principles as old as love and solidarity (*Diário de Notícias*, 1996: 24). Furthermore,

he had signed an agreement of collaboration between the government and the IPSS in December 1996, as noted above. Aside from crystallizing a renewed compromise with subsidiarity, this agreement was a means of strengthening a pre-existing advocacy coalition between the Socialists and the Catholic grass-roots organizations associated with welfare provision (Adão, 2009: 90).

According to Pedroso (Interview),

‘To entrench this coalition and create linkages between it and other secular organizations such as unions and territorial actors for the sake of the new scheme, the government proceeded to create a National GMI Commission and local monitoring commissions. The latter were expected to promote at the local level the most appropriate programmes needed by RMG beneficiaries. The government believed that these decentralized entities would moreover ensure the easier integration of the scheme’s beneficiaries into the labour market. Finally, the participation of social partners, such as trade unions and the IPSS, in the RMG’s design and implementation was expected to contribute to the entrenchment of the GMI as a social right in the Portuguese society’ (see also Pedroso, 1998: 8).

Hence, although the financing of the RMG that came into force on 31 July 1997 (Decree-Law 196/1997) was a central government responsibility, organizations such as *Cáritas Portuguesa*, *CGTP*, and *UGT* were asked to collaborate with entities representing the central government and territorial actors in these commissions. They were to assess and monitor the RMG scheme and contribute to the design and implementation of its social integration component (Order 84/MSSS/1996; Adão, 2009: 99-100).

For instance, according to Proença (Interview),

‘Trade unions brought the National GMI Commission information about the connection between employment/unemployment and the poverty experienced by workers and members of their families, fostered understanding of the extent of the severe social problems afflicting Portuguese society, and proposed improvements to the RMG’s legal framework. Moreover, they carried into the commission valuable knowledge on other areas of social intervention, contributing to a better perception of the scope of the extreme social problems faced by the Portuguese society, once again’.

Likewise, Fonseca (Interview) brought the long and valuable experience of religious organizations in the social assistance field into the aforementioned National Commission. According to the President of the *Cáritas Portuguesa*, ‘*Cáritas* played a key role in the implementation of the scheme in at least three ways: by using its extended administrative structures and experienced staff at the local level, the organization facilitated the access to the scheme of those most in need, monitored its effectiveness, and participated in the programmes offered as part of the social integration component of the scheme’.

The creation of a Fund of Support and Insertion in New Activities (*Fundo de Apoio à Inserção em Novas Actividades*) in 1997 constitutes a representative example of the policy initiatives taken by the actors/organizations that participated in the local monitoring commissions of the RMG scheme<sup>29</sup>. The purpose of this fund was to locate possible RMG beneficiaries in local communities, and then to match each to the most suitable profile for training and other activities, in order to facilitate their integration or re-integration into the labour market.

Indicative of the Socialists’ faith in the centrality of consensus and coalition building for the effectiveness of the welfare state in general is that this period also coincides with the establishment of ‘social networks’ (Resolution of the Council of Ministers no. 197/1997 of 18 November). The institutionalization of these networks was based on the idea of encouraging partnerships between different actors and organizations involved in the provision of various welfare benefits and services. The resolution defined the fight against poverty as the absolute priority of a ‘social network’. The solutions proposed by network participants were expected to correspond to the needs of each household and, again, to improve labour market

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<sup>29</sup> This paragraph is based on Rodrigues, 2006: 188.

integration or re-integration. Secular organizations such as trade unions and religious ones like *Cáritas Portuguesa* would join forces with local authorities and institutions to achieve the network's aims.

Overall, the establishment of partnerships was expected to 'allow the exchange of experiences among organizations with respect to the fight against poverty, especially since some of these actors, meaning the religious organizations, were particularly experienced in providing assistance to the poor' (Guimarães, Interview; see also Rodrigues, 2006: 186 on collective responsibility and the pursuit of effectiveness). Inevitably, the social networks also often became a field for open dispute between the central government and territorial actors over the RMG, especially in cases when the latter were represented by PSD members who opposed a GMI (Rodrigues, 2006: 272).

In addition to the government's effort to consolidate and expand the pro-GMI coalition by creating formal state structures such as the National GMI Commission, and local GMI monitoring commissions (or the 'social networks'), 'increasingly decentralized entities emerged that would play a pivotal role in the RMG accompanying services. Examples were, at the parish level, the Social Commissions (*Comissões Sociais de Freguesia*), and Local Councils of Social Action (*Conselhos Locais de Acção Social*). The groups represented in these commissions and councils included territorial actors like the municipalities and religious organizations such as *Cáritas Portuguesa*' (Guimarães Interview).

Just a few months later quantitative data was already providing corroboration of the scheme's wide acceptance in Portuguese society. A poll conducted by a team evaluating the scheme's experimental phase showed that 92.8 percent of respondents

questioned<sup>30</sup> considered the RMG a measure that was needed in Portugal (Capucha *et al.*, 1998: 201-202; Adão, 2009: 91). There were other indicators of the scheme's popularity: Ferro Rodrigues became one of the most popular ministers in the Guterres government (Inácio, 2004) by assuming paternity of the scheme; meanwhile the PSD, though stressing the need for modifications, publicly admitted the utility of the RMG scheme (*Público*, 1999: 7).

Although the RMG was successful in winning support from a broad range of actors/organizations and in finding acceptance in Portuguese society, its performance turned out to be less than optimal. In early 2000 the Court of Auditors conducted a review that confirmed the existence of irregularities in the first two years of the scheme, especially fraudulent acts used to exploit it and its weak social integration component (*Expresso*, 1999: 1; Tribunal de Contas, 2000; Branco, 2001: 145; Capucha *et al.*, 2005: 247; Hespanha, 2007: 218).

According to both Guimarães and Pedroso (Interviews), that audit signalled the beginning of a new period for the GMI in Portugal, one that continues today. After the broadening and consolidation of the consensus on the scheme among a series of actors/organizations between 1993 and 2000, this phase would be marked by a debate on the need to redesign the RMG to increase its effectiveness. The debate once again revealed the different preferences and perceptions of fairness shaping the attitudes towards the scheme of the actors/organizations used in this study's analytical model.

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<sup>30</sup> Slightly more than 1,000 people.

### **5.2.3. From Paper to Practice no. 2**

#### *a. A Wave of Criticism: The Requests of Key Actors for a New, More Effective GMI Scheme*

Among the secular organizations that criticized the scheme was the CDS-PP. Under Paulo Portas, the party submitted a reform proposal (Bill no. 176/VIII), based partly on recommendations in the 2000 audit. Trade unions and religious organizations such as *Cáritas Portuguesa* also asked for changes that in their view would make the scheme more efficient. In Pedroso's words (Interview), 'This shift from consensus to criticism, even among actors broadly supportive of the scheme, should not be regarded as negative, however. Proposals for improvement are an integral part of policymaking, capable of illuminating the positions of various actors on policy change, and sometimes their motives'.

The June 2000 discussion of the CDS-PP proposal in the Parliament first of all reveals the PSD's change of stance on the scheme, mentioned in the previous section (*Diário da Assembleia da República*, 2000: 2934-2958; *Público*, 2000). The party now accepted the need for a national GMI, but on condition of stricter eligibility rules to inhibit fraud, and therefore supported the CDS-PP proposal. The PS, PCP, the Greens, and the Left Bloc (*Bloco de Esquerda*), a left-libertarian organization (Freire, 2010: 594), voted against the proposed changes as significantly impairing the scheme's universal character. The bill was defeated (*Diário da Assembleia da República*, 2000: 2934-2958).

The unions' criticisms focused mainly on the scheme's role in reinforcing privatization through the instrumentality of the IPSS and on the RMG's social integration component. The former reflected the CGTP's firm anti-capitalist ideology, contrasting with the UGT, which had been more receptive to the notion of a socialist

‘third way’ and the opening up of market institutions (see, for example, Estanque, 2009). The CGTP argued that religious and other private interest organizations had an important part to play provided they operated within a comprehensive framework of policies, coordinated to combat poverty and exclusion, and did not reduce the social security system’s resources and response capability (Cristovam, 1999: 5-6).

Both the CGTP and the UGT unsurprisingly agreed on the need to reinforce the RMG’s social integration component, since labour market integration is a traditional labour movement concern<sup>31</sup>. The CGTP used harsher language, however, attacking the government’s tendency to adopt a deterministic view of unemployment and marginalization as something remediable only by income assistance rather than by boosting employment through the RMG’s social integration component. Taking a similar line, the UGT stressed that ‘focusing on mere financial assistance undermined the initial goals of the RMG instead of improving the scheme’s employability and labour market integration elements’ (Proença, Interview).

Eugénio Fonseca, president of *Cáritas Portuguesa* and member of the National GMI Commission, on the other hand, indicated that the RMG had to be provided in accordance with looser residence criteria in order to cover more immigrants (*Público*, 2002a). Furthermore, in Fonseca’s words (Interview), ‘Although *Cáritas Portuguesa* has always been in favour of the RMG, I firmly believe that more attention should be paid by all social partners who play a role in the design and implementation of the scheme to the ‘social integration’ component of the scheme; something that does not seem to be happening at the moment. Finally, the monitoring mechanisms of the scheme should become more efficient’.

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<sup>31</sup> Unless otherwise stated, this paragraph draws upon Cristovam, 1999: 5-6, and the interview with Maria do Carmo Tavares in Branco, 2001: 163.

In a situation where the RMG was broadly accepted by Portuguese society while influential secular and religious organizations criticized it, the centre-right PSD and CDS-PP coalition government that emerged from the 17 March 2002 elections under Durão Barroso opted to modify the scheme's design (Pereirinha, Arcanjo and Nunes, 2009: 409-410). Pedroso (Interview) argues that at that time,

'The hard-core liberal branch of the PSD that opposed the GMI was a minority within the party, compared to the early 1990s. As a result, the PSD did not proceed to abolish the scheme. Last but not least, from the moment a scheme becomes a permanent part of the welfare armoury of the country, it is arguably quite difficult to abolish it or replace it with something else. In my opinion, the conservatives realized that they had no real alternative to the GMI as a way to fight extreme poverty. In this context, despite the changes that would be introduced in the scheme, the centre-right would opt for maintaining the GMI'.

In Peneda's view (Interview), however, 'The PSD never considered abolishing the RMG and demonstrated a rather responsible attitude towards the measure, aiming at assuring its appropriate application'. Given the circumstances, reform was the only alternative.

#### *b. Change, Change Again, but Also Survival*

According to Peneda (Interview), 'The new centre-right government advocated a change in the scheme's philosophy that would reduce the assistentialist aspect of the RMG in favour of a stronger social integration component'. During the presentation of the pertinent bill to Parliament, Minister of Social Security António Félix contended that, 'What the government is proposing is not a simple change of name or an alteration of detail. It is a change in philosophy, as represented by the words *social* and *integration* in the name of the scheme itself, instead of mere unaccountable guaranteeism' (Diário da Assembleia da República, 2002: 16). To stress activation measures and link the scheme's purposes more firmly to the

employability of recipients, the government changed the programme's name to 'Social Integration Income' (*Rendimento Social de Inserção, RSI*).

With the PSD and the CDS-PP voting for it, the RSI became law on 21 May (Law 13/2003), introducing stricter eligibility rules, a lower ceiling for complementary benefits, and regulations to control fraud. The monetary component of the RSI topped up household income so it would reach the non-contributory pension level (189.52 euros in 2010) (see also Rodrigues, 2011: 3). Citizens between the age of 18 and 30 had to fulfil specific conditions to obtain it.

Participation in the scheme had a minimum duration of 12 months. Extension could be made after that period, provided that the beneficiaries submitted a new application before the deadline. Moreover, in case a beneficiary refused to participate in a social integration programme, access to the scheme stopped immediately; a new application for participation could be made only after a year.

Same as happened with the RMG, the RSI included support programmes for the scheme's beneficiaries in policy areas such as housing, health and education. Local commissions, in which a wide range of actors/organizations participated, continued to play a key role in the implementation of the scheme. According to Peneda (Interview), 'Human nature always searches for the best. Welfare benefits should be planned and provided with greater precision and care to ensure that public resources are used appropriately for supporting the neediest in an era of severe budget constraints'.

Nonetheless, things had not been going well for the government and its GMI proposal until Law 13/2003 was issued<sup>32</sup>. Between June 2002, when Félix introduced the bill, and the law's proclamation on 21 May 2003, the proposal's PSD/CDS-PP

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<sup>32</sup> Unless otherwise stated, this and the next paragraph draw on *Diário da Assembleia da República*, 2002: 1-31 and Article 4, no. 1, Decree of the Assembly of the Republic no. 18/LX.

supporters had to handle widespread reactions illustrating the different ideological preferences and perceptions of fairness of other secular organizations regarding the scheme, as well as the broad consensus of much of Portugal's population.

The main reason for these reactions was that the government's initial draft legislation made the scheme accessible only to individuals older than 25, in contrast to the RMG, which covered people over 18. Prominent members of the governing coalition such as Guilherme Silva declared that the new amendment aimed to prevent 'social parasitism' (*TSF*, 2002).

The reactions came from social policy professionals, social workers who implemented or supported the scheme, *Cáritas Portuguesa*, centre-left parties, and the trade unions<sup>33</sup>. Manuel Carvalho da Silva, head of the CGTP, accused the government of adopting a particularly cowardly stance, dead set against aiding weak and marginalized members of society, whilst some Portuguese citizens accumulated more wealth in two months than the country spent on the RMG in a year. He warned the government it would have a 'hot summer' (*Público*, 2002b).

As Pedroso asserts (Interview), 'This high-profile resistance caused President of the Republic Jorge Sampaio to make a very risky political move' (see also *Público*, 2002d). Sampaio, the PS leader before Guterres and personally a staunch supporter of the RMG, took the disputed Article 4 to the Constitutional Court. He claimed that the proposed amendment violated the constitutional principle of equality among citizens, countering Félix's assertion that those younger than 25 would not automatically lose access to the RMG, but would be subject to annual evaluation (*Público*, 2002c).

Despite the Court's decision in December 2002 that restricting access to the scheme was unconstitutional (Vieira de Andrade, 2004), the government soon

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<sup>33</sup> This conclusion draws on the interviews with Fonseca, Guimarães, Pedroso and Proença; see also Gomes, 2004; Hespanha, 2007: 219.

returned with a new proposal that was approved by a majority vote of the PSD and CDS-PP on 24 March 2003. Consequently, citizens aged between 18 and 30 could receive the RSI under specific conditions (*Público*, 2003a).

Under pressure from the centre-left, trade unions and religious organizations, Sampaio again expressed his reservations about those conditions<sup>34</sup>. For instance, to become eligible for the RSI citizens aged 18-30 were to be explicitly required to register at an employment centre for at least six months without finding a job. Sampaio vetoed the proposal and requested that the Parliament reconsider it.

To appease the broad range of organizations opposing the RSI, the government eventually made some changes to Article 4 that unions such as the CGTP denounced as cosmetic. For example, the final text of the 2003 law stated that the employment assigned to individuals in the 18-30 age group within the RSI scheme had to be suitable, implicitly acknowledging that in other cases RSI recipients had the right to refuse a job (Law 13/2003). For its part, the UGT, spoke of ‘changes in some idiosyncratic principles governing the scheme (namely a stronger articulation between the scheme’s purposes and the employability of the beneficiaries), prompting it to be renamed as Social Integration Benefit’ (Proença, Interview).

In any case, following such changes, the law was finally promulgated by the President (Gomes, 2004). According to Pedroso (Interview), ‘The story attests to the impact a pro-GMI domestic coalition had on the scheme’s development’.

The reinforcement of the scheme’s social integration component and the stricter eligibility rules attracted positive comments from the trade unions, however<sup>35</sup>. The unions thought active measures meant to improve education, vocational training, professional requalification, and labour market access should be more explicitly

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<sup>34</sup> This paragraph is based on *Público*, 2003b.

<sup>35</sup> This paragraph draws upon the interview with Proença.

linked with the RSI. They moreover welcomed the imposition of stricter eligibility rules, insofar as they ensured that all who needed the scheme could access it, as well as the effort to curb fraudulent abuse of the GMI's monetary component through stronger monitoring, tighter control of payments, and closer scrutiny of individual and family incomes. UGT in particular always felt that the grant of that benefit should be strongly articulated with the strengthening of the recipients' employability and their labour market integration, albeit under decent conditions.

Finally, at the end of the decade, in the shadow of another major destabilizing force, the public debt crisis, the PS government of José Socrates proceeded to make an important series of modifications to the scheme in the post-audit period. These changes concerned the definition of the family unit in assessing eligibility, the equivalence scale, and the abolition of some supplementary benefits connected with the scheme, among them the housing supplement (Decree-Law 70/2010; see also Rodrigues, 2011: 4-6).

In Proença's opinion (Interview),

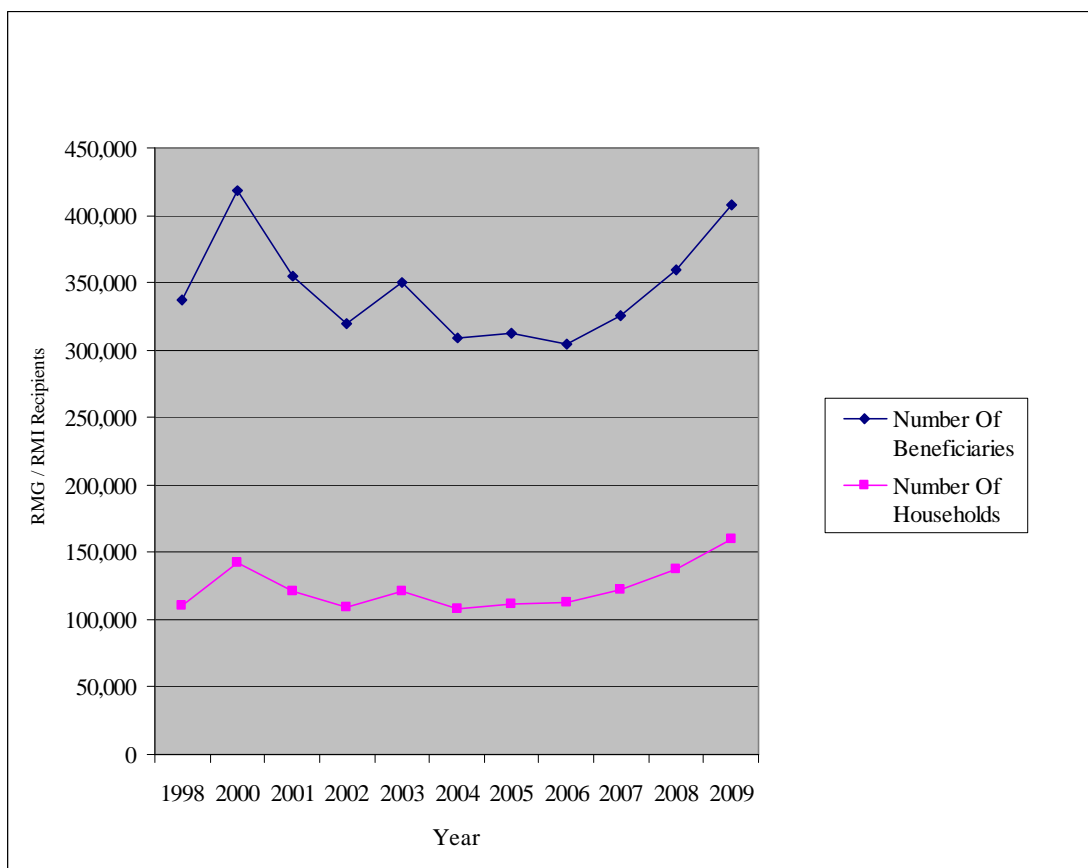
'The unions voiced their objection to changes based on purely financial logic (reducing the scheme's costs). It is crucial that the RSI remains a guarantee to all those who need it and who face vulnerability and poverty. In a context shaped by the economic crisis, unemployment and the emergence of new cases of poverty and exclusion, it is essential that the scheme continues to play the role it was supposed to play, and to achieve its original goals, as an instrument to tackle poverty and promote the social integration of citizens. Thus, we [union representatives] must express our doubts and concern about the recently introduced changes, which may prevent many vulnerable families from being supported'.

The CGTP furthermore accused the government of doing the CDS-PP a favour (CGTP-In, 2010). A few months earlier, one of the CDS-PP proposals for the 2010 State Budget had been to curtail the funding allocated to the RSI by 50.5 million euros, to allow a modest increase in the social pension. Portas called the abuse of the

RSI a shame that guaranteed funding to people who did not want to work but instead live at the taxpayers' expense (*Diário Económico*, 2010).

The bottom line is that the scheme survived all criticism, and despite all changes. The RMG/RSI is moreover accessible to a relatively high number of citizens. As Graph 5.2.<sup>36</sup> shows, the number of RMG/RSI recipients varied from 303,849 (in 2006) to 418,256 (in 2000). The number of households receiving RMG/RSI reached a peak of 159,945 in 2009, reflecting changes in the Portuguese labour market, as unemployment climbed to 10.2 percent by the end of that year, and in the composition of the households involved in the scheme, with an increase in single-parent households (OECD, 2010; Bahle, Hubl and Pfeifer, 2011: 128).

**Graph 5.2. RMG/RSI Recipients in Portugal (1998-2009)**



<sup>36</sup> The data is based on EuMin database 2011, preliminary data. Information provided by Vanessa Hubl and Thomas Bahle, accessed at [www.mzes.uni-mannheim.de](http://www.mzes.uni-mannheim.de).

Due to the aforementioned increase, most GMI recipients are women. The high percentage of female GMI beneficiaries is also an outcome, however, of the growing percentage of female unemployment compared to male unemployment; as well as to the lower, on average, educational qualifications of women compared to those of men, especially in rural areas (Rodrigues, 2006: 214-215).

Indeed, in November 2012 the number of female beneficiaries of the RSI programme amounted to 146,507, as opposed to 136,033 men<sup>37</sup>. For both females and males, the highest number of RSI recipients is found in individuals below the age of 18, a feature indicative of the high incidence of child poverty in the country. According to EUROSTAT data for the year 2011, the share of total population below the age of 18 and at risk of poverty or social exclusion in Portugal equals 28.6 percent, as opposed to the EU-15 average of 24.9 percent. Finally, in December 2011, the average monthly value of the monetary component of the RSI was 90.02 euros per beneficiary and 241.36 per family, i.e. well below the national minimum wage of 565.83 euros.

Overall, nevertheless, the story of the RMG/RSI is one of success, largely explainable by the interplay between destabilizing forces and the cumulative impact of the preferences, interests and subjective perceptions of fairness of major secular organizations within the context of a relatively broad consensus on the scheme. In fact, RMG/RSI beneficiaries are reported themselves to acknowledge the key role the strong mobilization of a wide range of actors/organizations has played in the success of the Portuguese GMI scheme (Rodrigues, 2006: 495).

As a leading representative of one of the secular organizations that played a pivotal role in the Portuguese GMI experience, Proença (Interview) argues that,

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<sup>37</sup> The information in this paragraph draws from the 'Social Security' agency in Portugal.

‘Even though we are aware that there is still much work to do, we must also acknowledge that much has already been achieved, and so we will remain deeply committed to the monitoring and permanent improvement of this crucial means to fight extreme poverty’.

## **Conclusions**

The RMG/RSI was among the biggest achievements in the history of social assistance in Portugal, after many decades distinguished by the hegemonic role of religious organizations and comparatively underdeveloped public social assistance provisions. The landscape surrounding publicly provided social assistance began to change after the 1974 Carnation Revolution. Most of the relevant policy initiatives would be taken by centre-left governments.

By contrast, both centre-left and centre-right governments continued to respect the principle of subsidiarity, and both consolidated the important role played by religious organizations in the social assistance field. Territorial actors also became part of the increasingly pluralistic model of social assistance in the country, although their role has been more managerial than anything else, in contrast to the pivotal role played by territorial actors in Italy and especially Spain.

As in the rest of southern Europe, the enforcement of pluralism in the social assistance field in Portugal in the post-1970s period largely took place under the impact of major destabilizing forces and the effort to save scarce public funds. The principle of subsidiarity, central in social Catholicism, is moreover key to understanding the consolidation of a pluralistic social assistance system in the country.

Against this background, the Portuguese experience with the establishment and maintenance of a national GMI scheme illustrates the salience of the interplay between destabilizing forces, such as Europeanization and widespread poverty, and the cumulative impact of the attitudes of secular organizations, like the PCP and the PS; as well as the importance of achieving broad consensus on the scheme, and of building pro-GMI domestic coalitions.

At a time when *inter alia* poverty was increasing, the refusal of the PSD to institute a GMI scheme left room for the PCP and the PS to present themselves as more interested than the centre-right in the protection of low-income groups. The ideological preferences, perceptions of fairness and interests of these secular organizations largely explains their stance on the institutionalization of a national GMI. Similarly, driven by their preferences, perceptions and interests, secular organizations such as union confederations and religious organizations alike offered their support to the establishment of a national GMI scheme from the very beginning.

The Socialists attempted to broaden the existing consensus further, first as part of their election strategy before they gained power in October 1995, and later chiefly to improve the RMG's performance and consolidate its place in Portuguese society. The high level of societal acceptance of the GMI scheme, also reflected in the interest that many territorial actors had in it, arguably led centre-right parties to soften their attitude somewhat towards it, thus securing its survival.

Lastly, I want to note something that merits further thought: Fishman (2010: 288-289) has argued that one legacy of the Carnation Revolution is a broadly shared commitment by all major political actors to address social concerns through state action. The Carnation Revolution situated these actors, even the CDS-PP, the furthest

right of Portugal's five national parties, further to the left than their counterparts in, for example, Spain.

Jalali (2002: 65) presented a similar contention, while Freire (2005: 32) considered the Portuguese political system to be one of the least polarized among thirteen European countries, including those in southern Europe. In a similar vein, Guimarães (Interview) claims that 'The PSD in Portugal, if regarded as representing the Social Democrats in the Portuguese political scene, is undeniably positioned more to the left than social democratic parties in other European countries; even though the PS is the political party that looks at the GMI as a crucial social right for citizens'.

While the history does not contradict Fishman, it cannot be claimed with complete certainty that the 1974 Revolution serves as a partial explanation for the existence of a comparatively broader consensus on the scheme and for the stronger pro-GMI coalition in Portugal vis-à-vis other southern European countries, especially Italy and Greece. The PS's greater commitment to establishing a GMI contrasts with the more hesitant or negative positions adopted by the centre-left in the rest of southern Europe, while the shifts in the PSD and the CDS-PP stances on the scheme may yet prove him right. Likewise, union confederations in Portugal appear to be more interested in the pursuit of collective interest compared to such confederations in Italy and, as we will see, Greece. Lastly, religious organizations may be argued to have been more exposed to left-wing influences in Portugal, in comparison with the aforementioned two countries.

Some part of the attitudes of the centre-left and the centre-right in particular may of course be attributed to motives shaped by other considerations. These considerations include electoral strategy (in the case of the PS) and fear of the repercussions of abolishing a scheme widely accepted by Portuguese society (as with

the PS/CDS-PP coalition). Furthermore, destabilizing forces may have given secular organizations such as the PCP and the PS greater incentives to put a national GMI on their agenda, as happened in the early 1990s with Europeanization processes and increasing poverty.

Another reading of the Socialists' insistence on building consensus and entrenching the pro-GMI coalition in an environment already largely favourable to the scheme may nonetheless be that the spirit of the revolution, a spirit particularly sensitive to collectivity and collective action, is still alive and well in Portugal.

We now turn to the particularities of the Greek case, the final country to be examined in this study and a clear case of failure in the realm of GMI.



**CHAPTER 6:**  
***THE CURIOUS CASE OF THE GREEK SOCIAL ASSISTANCE REALM***

The complete lack of a GMI at the national or territorial level is the main reason the Greek case is persistently absent from studies devoted to minimum income protection (see, for instance, Serrano Pascual and Magnusson, 2007, Eichhorst, Kaufmann and Konle-Seidl, 2008, or Bahle, Hubl and Pfeifer, 2011, for some recent examples of such studies. For an exception, see Standing, 2003). As will be argued, this Greek ‘failure’ is largely explainable by the scant and divided governmental interest in the GMI and the prioritization of alternative policies. The policy environment is characterized by other features unfavourable to a GMI: a rather hostile attitude towards the scheme among secular organizations, such as trade union confederations; also, the relative absence or weakness of the kinds of actors who were key to the establishment of GMI schemes in other southern European countries, such as territorial actors and religious organizations. This absence is indicative of a social assistance provision model in which pluralism has been weaker than in the rest of southern Europe.

As we saw in Chapter 1 in the data from the highly reliable EUROMOD micro-simulation, Greece stands out as the absolute outlier in terms of publicly provided social assistance. Means-tested benefits as a percentage of the disposable income of all households (0.1 percent) and of the lowest decile of the population (1 percent) indicate that publicly provided social assistance in Greece is seriously underdeveloped.

This outcome should not come as a surprise since, as we shall see, the evolution of publicly provided social assistance in this country generally has been determined by ad hoc government initiatives, often developed as responses to major

destabilizing forces, with correspondingly weak and incremental development of the field. And again, trade unions were largely indifferent or absent from the relevant (minimal) debates, and territorial actors have had at best a managerial presence in the field.

Table 6.1 presents data<sup>1</sup> on the most significant provisions made by the Greek state, at least as far as the number of beneficiaries is concerned. The data regards the value of these provisions, the number of beneficiaries, and their cost:

**Table 6.1. Main Social Assistance Benefits in Greece**

Name of Allowance	Value (Annual, in Euros) (2011)	Beneficiaries (2008)	Cost (in Million Euros) (2008)
Pension for Uninsured Citizens	4,320	69,975	360
EKAS <sup>2</sup> (Pensioners' social solidarity supplement, <i>Επίδομα Κοινωνικής Αλληλεγγύης Συνταξιούχων, ΕΚΑΣ</i> )	2,760	378,197	908
Allowance for Long-Term Unemployed	2,400	733	2
Allowance for Unprotected Children	528	21,074	12
Residential Allowance (by OEK) (i.e. by the Organization of Housing for Workers, <i>Οργανισμός Εργατικής Κατοικίας</i> )	1,980	126,440	229
Housing Contribution to Uninsured Citizens	4,344	2,440	7

According to Table 6.1, the relevant provisions are mainly categorical and reach 598,859 individuals, i.e. about 11 percent of the population. They cost just

<sup>1</sup> The data is based on Matsaganis, 2011: 189-190.

<sup>2</sup> In the case of EKAS, the data on beneficiaries and cost concerns the year 2007.

1,518 million euros, the largest share of which (approximately 60 percent) is in the allocation of EKAS, a benefit mainly targeted at pensioners who have established a connection with the formal labour market. Hence, the lion's share of publicly provided social assistance is not meant to decrease poverty and inequality amongst the most marginalized members of the Greek society.

Most social assistance allowances moreover provide recipients with a sum well below Greece's gross minimum monthly wage of 751.39 euros<sup>3</sup>. Table 6.2 presents data<sup>4</sup> on the monthly amount of these benefits:

**Table 6.2. Monthly Amount of Main Social Assistance Benefits in Greece**

<b>Name of Allowance</b>	<b>Monthly Amount (in Euros)</b>
Pension for Uninsured Citizens	360
EKAS <sup>5</sup>	230
Allowance for Long-Term Unemployed	200
Allowance for Unprotected Children	44
Residential Allowance (by OEK)	165
Housing Contribution to Uninsured Citizens	310

No set of common criteria governs the allocation of the existing social assistance provisions and they often contain irrational regulations. For example, according to Rania Kanakopoulou, a recently retired social worker at the Prefecture of Athens (Interview), 'The prefectures paid the allowance for unprotected children only to children without a father (not those lacking a mother) until 2010'.

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<sup>3</sup> In February 2012 reduced to 586.08 euros.

<sup>4</sup> The data is from the Ministry of Health and the agencies responsible for the allocation of these benefits. It regards the year 2011 for the first four allowances and the year 2009 for the last two allowances of the table.

<sup>5</sup> The amount of EKAS depends on the household and individual income of the beneficiary (see Matsaganis, 2011: 151). For the year 2011, the amount of 230 euros per month was the highest amount a pensioner could get. In order to get it, the beneficiary's annual income from pensions could not be higher than 7,716 euros.

Furthermore, Kanakopoulou continues (Interview),

‘The competences of territorial actors such as those representing the prefectures were extremely limited in the social assistance field. Up to 2010, the actions taken by these actors depended almost exclusively on the meagre willingness of the central government to take policy initiatives that would improve the living conditions of low-income groups. Territorial actors’ role in the social assistance field was mostly limited to the implementation of centrally designed policies. In that sense, for decades, publicly provided social assistance in Greece was a game for one, the central government’.

Hölsch and Kraus (2004: 147) confirm Kanakopoulou’s statements: ‘in Greece there is no general, comprehensive scheme of social assistance but rather a number of categorical social assistance-type provisions, characterized by fragmentation. There is no set of common criteria applying to the provision of benefits. Policy responsibility for most of the schemes is exercised at a central level. Implementation is exercised at a regional level by the prefectures’.

As Lilika Vasilakou, a deputy director who heads the welfare policy department at the Prefecture of Athens, also asserts (Interview),

‘Up until recently, the role of territorial actors in the social assistance policy field was mostly managerial. Gradually, under the impact of an EC-driven idea of subsidiarity, the need for a more autonomous involvement of territorial actors in the field became apparent. Finally, although the collection of data on the social assistance provisions managed by these actors is extremely difficult, if not impossible, the sum devoted to these provisions is undeniably minimal. In 2006, the total amount allocated, on behalf of the central government, by territorial actors to individuals and households on the ground of destitution equalled approximately 450,000 euros’<sup>6</sup>.

Due to the low spending and inadequate targeting of social assistance, the redistributive impact of means-tested benefits in Greece is lower than for the relevant benefits in most European countries (O’Donoghue *et al.*, 2002). The most effective in terms of redistribution is EKAS. Its allocation resulted in the improvement of the relative position of pensioners (Ministry of Labour and Social Security, 2003: 3).

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<sup>6</sup> The data regards exclusively an ‘allowance of social aid’, equal to 6,000 euros per month, allocated by the prefectures to destitute individuals and households.

Pension expenditures are the measure that manages to decrease inequality, benefiting mostly middle and higher income groups (Papatheodorou *et al.*, 2008: 20; see also Paulus *et al.*, 2009).

As mentioned in Chapter 1, levels of poverty and inequality in the country are particularly high. As seen in Table 6.3 (below), the Greek state scores worse than the EU-15 averages in the share of population at risk of poverty and in the ratio of total income received by the top 20 percent of the population in income compared to that received by the 20 percent of the population with the lowest income:

**Table 6.3. Percentage of Population at Risk of Poverty & Income Quintile Share Ratio (S80/S20) in Greece and the EU-15 (2003-2011)**

Year	Percentage of Population at Risk of Poverty <sup>7</sup>		Income Quintile Share Ratio (S80/S20) <sup>8</sup>	
	Greece	EU-15	Greece	EU-15
2003	20.7	15	6.4	4.6
2004	19.9	17	5.9	4.8
2005	19.6	15.7	5.8	4.8
2006	20.5	15.9	6.1	4.7
2007	20.3	16.0	6.0	4.9
2008	20.1	16.2	5.9	4.9
2009	19.7	16.1	5.8	4.9
2010	20.1	16.2	5.6	5.0
2011	21.4	16.7	6.0	5.1

In these circumstances, what do Greek citizens believe about the obligation of the government to reduce poverty and inequality among population groups? According to data compiled by the ESS<sup>9</sup>, when asked ‘if the government should intervene in order to reduce inequality’, 43.8 percent of 2,556 respondents agreed completely with the statement, as opposed to a mere 0.6 percent of citizens who disagreed completely with the statement. Another 44.1 percent of the respondents

<sup>7</sup> The data is based on EUROSTAT. Cut-off point: 60 percent of median equivalized income after social transfers.

<sup>8</sup> The data is based on EUROSTAT. Income must be understood as equivalized disposable income.

<sup>9</sup> The data is from ESS-Round 2-2004.

agreed simply with the idea of state interventionism to reduce inequality. 6.8 percent neither agreed nor disagreed, 2.1 percent simply disagreed, and 2.6 percent of the respondents did not know or declined to answer.

When more recent ESS<sup>10</sup> data is taken into account, the share of those who strongly or simply agree with the statement that the country has ‘insufficient benefits to help people in real need’ amounts to approximately 75.5 percent. By contrast, the share of those who disagree or disagree strongly to is around 5.1 percent. Likewise, the share of those who strongly or simply agree with the statement that ‘many with very low incomes get less benefits than they are legally entitled to’ is roughly 62.3 percent, as opposed to the approximately 12.3 percent of the respondents at the other extreme. Thus, at first glance, Greeks appear to be positively inclined towards publicly provided social assistance.

At the same time, in theory, the Greek Orthodox Church, the dominant religious organization in Greece, is involved in social assistance on four levels: nationally, through the Standing Holy Synod; regionally, through the dioceses; locally, through the large parishes; and through the monasteries. The most significant is the regional level comprising 80 dioceses (Diellas, 2009). These are autonomous public legal entities that have developed their own independent activities, concentrating largely on residential care and the distribution of free meals and clothing, without being accountable to central ecclesiastical authority<sup>11</sup>.

At the national level, the social assistance activities of the Church mostly include emergency aid in situations of crisis and a cash benefit allocated to Christian families with more than two children (and up to the age of 12) in the region of

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<sup>10</sup> The data is from ESS-Round 4-2008.

<sup>11</sup> This information is based on the interview with Olga Stasinopoulou, Associate Professor emerita of Social Policy and member of the Committee on Women’s Issues of the Orthodox Church of Greece, as well as Stathopoulos, 1996: 319; Feronas, 2001: 185, and Church of Greece, 2001: 29-78.

Thrace, neighbouring Turkey. According to Father Timotheos Anthis, who heads the Commission of Social Welfare of the Holy Synod (Interview), ‘The benefit equals to 120 euros per month for each family. Since 1999, the year the programme started, the Church has spent more than 11 million euros for this purpose. In 2011, the Church allocated 4,285 such benefits, amounting to a total of more than 868 thousand euros’.

At the regional and local level, the provision of social assistance by the Greek Orthodox Church largely takes place through soup kitchens and the collection of money and other items for the poor via the so-called ‘Philoptochos’ organizations (*Φιλόπτωχοι Αδελφότητες*) and volunteer networks (Mesthos, 2010: 6 and 14-15). One consequence of this extremely decentralized system is that no single record of total social assistance activity exists (see also Petmesidou and Polyzoidis, forthcoming: 22).

As Father Timotheos Anthis (Interview) also reveals,

‘Only since 2001 has the Holy Synod of the Greek Orthodox Church developed an interest in the collection of data on the social assistance activities of the dioceses. Furthermore, many dioceses never reply to the questions of the Holy Synod about the extent of such activities. I estimate, however, that for the year 2010 all agencies of the Orthodox Church of Greece spent approximately 96 million euros on their charitable and social work. This money comes from private donations and revenues from the ecclesiastical property. Only the foundations we manage for the chronically ill are subsidized by the government. Not all ecclesiastical foundations, nevertheless, are oriented exclusively to the financially weak. Structures targeted solely at the latter are the 2,325 funds for the poor (*Φιλόπτωχα Ταμεία*), which operate at the parish level; six hostels for the homeless; and 195 free meal distribution points. Similar functions, including the distribution of clothing and footwear, take place by the Arc of Love (*Κιβωτός της Αγάπης*) mobile unit, the Tabitha (*Ταβιθά*) Agency and the Mission (*Αποστολή*) organization of the Holy Archdiocese of Athens<sup>12</sup>. By contrast to religious organizations linked to the Catholic Church such as Caritas, the work of which is almost exclusively targeted at the poor, the agencies of the Greek Orthodox Church are involved in many parallel tasks and activities. In fact, the recently established *Mission* is the only religious organization in Greece that develops social assistance activities nationwide. In that sense, the presence of the Orthodox Church of Greece and

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<sup>12</sup> The data regards the year 2011.

its affiliated organizations in the social assistance field cannot be compared with that of the Roman Catholic Church’.

Anthis’s statements should be viewed in conjunction with the belief that the Greek Orthodox Church is a major economic player (although not comparable to the Vatican). The Church owns approximately 550,000 parcels of forest land and 35,000 plots of cleared land<sup>13</sup>. Between 2006 and 2010, the Church spent 116 million euros to buy shares in the stock market and earned 8 million euros per year from these shares. The Greek Orthodox Church is also estimated to own 24 big buildings in Athens and 13 in Thessaloniki. Overall, its assets are believed to surpass 900 million euros, to which approximately 20 million euros of annual revenue from various investments should be added (*Kathimerini*, 2009a and 2009b, quoted in Mesthos, 2010).

Against this backdrop, even Church representatives criticize the Church for doing little for the poor (Fokas: 2010: 187; see also Fokas and Molokotos-Liederman, 2010: 167). By contrast, Father Maximos Papagiannis, the director of the Archbishopric of Athens (Interview), argues that, ‘The idea of a huge ecclesiastical property that is not properly used for the needs of the poor is a myth, a media construction. The property of the Church is significant, but not huge’. He admits though (Interview) that, ‘Throughout modern history, the Greek Orthodox Church never developed a vast network of rich and powerful institutions providing social assistance benefits and services, in the way the Roman Catholic Church did in the rest of southern Europe’ (see also Beckman, 2004).

In a similar vein, Anargyros Anapliotis, Professor of Ecclesiastical Law at the Institute of Orthodox Theology at the University of Munich (Interview), argues that,

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<sup>13</sup> Unless otherwise stated, the information in this paragraph is based on Antoniadou, 2011: 35.

‘The social assistance gap left by state policies in Greece cannot be said to be covered by the Greek Orthodox Church or organizations affiliated with it, at least not to the extent that Catholic religious organizations cover that gap elsewhere in southern Europe. The Greek Orthodox Church has never been responsible for social assistance institutions as widespread and prosperous as many of the IPAB, nor is it associated with organizations as networked and active in the relevant field as Caritas in Italy, Spain, or Portugal, a country comparable in size to Greece’.

Aside from Anthis’s claim that the Greek Orthodox Church is involved in many parallel activities and tasks, as opposed to the Roman Catholic Church, the relatively weak presence of the former in the social assistance field is also thought to be due to a series of ideological, ‘practical’ and historical reasons. First, according to Anapliotis (Interview),

‘Studies of Orthodox doctrine have indicated several limitations that it places on involvement by religious organizations in social assistance. To begin with, whereas Catholic theological thought after the Great Schism gradually turned towards logic, secular concerns, and the principle of subsidiarity, in Orthodox dogma asceticism, mysticism, and the spiritual evolution of the individual were far more central than worldly needs and rights’ (see also Pollis, 1993: Magriplis, 2007).

These needs and rights are nonetheless closely related to the concept of solidarity in Catholicism (Stjerno, 2004: 60-89).

The teaching of Eastern Orthodoxy has been dominated by the Apostle Paul, who argued that salvation of an individual is due mainly to God’s grace, not to good deeds and ethical behaviour. There is no Orthodox ‘social doctrine’ comparable to that of the Catholic Church (Fokas, 2010: 176). One result was to make Orthodox Christianity more tolerant of poverty, and hence less intent on providing social assistance as a means of saving sinners (Borkenau, 1944: 167). For Orthodoxy, the provision of benefits and services to the needy was consequently considered a virtuous act, but not an obligation to the same degree as in the Catholic tradition. The main objective of the Greek Orthodox Church was to teach Orthodox doctrine and to

preserve the Church's traditions. Accordingly, it adopted a rather fragmented relationship with philanthropy (Stathopoulos and Bourikos, 2007: 154).

Second, in Anaplioti's words (Interview),

'The disjointed, ad hoc connection of the Orthodox Church and its affiliated organizations with philanthropy and social assistance denotes a segmentation resulting from this Church's own fragmented administrative structure that contrasts with the hierarchical, centrally directed Catholic Church. In comparison to the Greek Orthodox Church, the latter is a huge, global, politically and financially powerful enterprise, which frequently viewed the state in an antagonistic manner and got extensively involved in politics'.

Likewise, Father Maximos Papagiannis (Interview) claims that, 'In stark contrast to the Catholic Church, the Greek Orthodox Church per se has no political and/or state identity'.

Third, the Greek Orthodox Church is everywhere joined to the state, never being separated from it, never divided from the sovereigns since Byzantine times, and always subordinate to them (Frazee, 1969: 188, Mavrogordatos, 2000: 5). According to Mesthos (2010: 20-21), 'The Greek state founded the present Church in 1833 as a way to sever ties to the Ottoman-controlled patriarchate in Constantinople and transfer the energies of Christian peasants who fought for their religious independence to the newly formed national government'. In these circumstances, the (rather minimal) interest of Greek governments in social assistance is argued to have co-evolved with the (limited) interest of the Greek Orthodox Church in the relevant provisions, starting in the interwar period (see, for example, Anastassiadis, 2007).

Fourth, according to Father Maximos Papagiannis (Interview),

'Greek governments did not allow the Greek Orthodox Church to develop the social assistance provisions that it wanted. The former left the latter with restricted financial ability that hindered the more active presence of the Church in the social assistance field. After the appropriation of the largest part of ecclesiastical property by the state, the wealth of the Greek Orthodox Church shrank to a much smaller amount. The Church moreover cannot dispose freely of its remaining property. Church property is often part of land disputes and its ownership is contested by the government'.

Finally, Father Maximos Papagiannis continues (Interview),

‘It should be noted that, despite the fact that the relationship between the state and the Greek Orthodox Church is institutionally determined by the Greek Constitution, governments viewed the Church with suspiciousness or a sentiment of latent hostility. This was rooted in the inimical attitude of the Bavarian governors of Greece towards the Church in the early nineteenth century. Even during a large part of the twentieth century, a royal commissioner had to be present at the conferences of the Holy Synod. An additional factor that encouraged suspiciousness and thus restricted the role of the Church in the social assistance field was that after the 1914-1917 National Schism, and even more so after the 1946-1949 Civil War, the Greek Orthodox Church was often regarded as closely linked to the conservative governments of the post-war period. Only during the last three years, under the impact of the financial crisis, does it seem the Greek government has become more interested in a close collaboration with the Church, also reversing the previous climate of hostility. This may also be attributed, however, to the new Archbishop Ieronymos, who since his 2008 enthronement has made explicit his commitment to helping the poor. In these new circumstances, the Greek Orthodox Church has signed memoranda of collaboration with the government and territorial actors over the provision of social assistance. The Archbishopric of Athens has moreover established a social assistance organization named *Mission*. Although this three-year period is more the exception than the rule, in all cases, especially in periods of crises, Greek governments have used the Church as a source of social assistance, by appropriating, for example, large fields of land, as happened in 1952, and paying nothing back in return’.

In the context outlined above, conflicts between the Greek Orthodox Church and the Greek state over welfare issues in general have been rare if not non-existent (see also Mavrogordatos, 2000: 8; Petmesidou and Polyzoidis, forthcoming: 3 and 12). As Anapliotis asserts (Interview),

‘The dominant church in Greece did not have the strong political or financial reasons of the Catholic Church in Italy, for instance, at least during certain time periods, to feel that its institutional role in the social assistance field was threatened by the government. Social assistance in Greece was never characterized by the strong pluralistic model that was adopted, for example, in Germany or other southern European countries. This does not mean that Greek governments did not use the Greek Orthodox Church as a complementary to the (minimal) state social assistance provisions source of social aid, especially in periods of crisis’.

Indeed, according to Father Antonios Avramiotis, Bishop of Salona and head of the Central Ecclesiastical Agency of Economics of the Holy Synod (Interview),

‘Although the Greek Orthodox Church did not develop the extended social assistance activities of the Roman Catholic Church, the relative underdevelopment of publicly provided social assistance policy in Greece is largely due to the fact that Greek governments relied on the Church to provide such assistance. Governments were reluctant to assume the financial cost of such provisions. Indicative is that when, in 1984, Georgios Gennimatas became Minister of Health, Welfare and Social Security of the PASOK (Panhellenic Socialist Movement, *Πανελλήνιο Σοσιαλιστικό Κίνημα*, ΠΑΣΟΚ) government, he considered nationalizing the social assistance institutions of the Greek Orthodox Church. He assigned a relevant study to a group of experts, who concluded that the maintenance of these institutions would be accompanied by a high financial cost for the Greek state. As a result, the plan of the nationalization of the ecclesiastical institutions was abandoned. We should also recall that the social work of the Greek Orthodox Church largely rests on a big network of volunteers’.

Following this introduction to social assistance in Greece, the first part of Chapter 6 presents, once again, a very broad historical overview of the evolution of social assistance in the country: from the interwar years to the end of the 1970s and then from the 1980s to the late 2000s. The second part of the chapter details the particularities of the Greek GMI experience.

## **6.1. SOCIAL ASSISTANCE IN GREECE: AN HISTORICAL OVERVIEW**

### ***6.1.1. From the Interwar Years to the End of the 1970s***

#### *a. Social Assistance as a Game for a Few*

Up to Metaxas’s short-lived dictatorship (1936-1941), the evolution of social assistance in Greece was largely shaped by government initiatives developed mainly in response to major destabilizing forces; and by the relative lack of concern of secular organizations such as trade union confederations. Whilst Greek politicians of the first half of the twentieth century, such as Eleftherios Venizelos and Georgios Papandreou, asserted that governments had a moral obligation to intervene and protect those in need (Parliamentary Proceedings, 1911; Papandreou, 1941: 23), such statements were meant more to send a clear message to employers who had protested

against all state intervention to give employees social protection (Tsalikis, 2008: 65-66). Extreme poverty in the still small working class and the large rural population, and the need to forestall the expansion of socialist ideas, would move Venizelos to establish only a few benefits and services intended indirectly for low-income groups during his first period in government (see, for example, Law 4030/1912 and Law 4057/1912).

In circumstances where all notions of government responsibility for welfare provision provoked scepticism, the political system was far from acknowledging the necessity of publicly provided social assistance. The creation of a Ministry of Welfare in 1917 was received with distrust (Papakonstantinou, 1918). The 1920 parliamentary debates on the extension of health care further illustrate this attitude (Kapanidis, 1988: 81-87). Deputies from both Venizelos's Liberal Party and the anti-Venizelos parties claimed that the state provision of welfare services would be disastrous for the nation and hinder the positive results of natural selection, which would help the nation get rid of the weak and the incapable (*Journal of Parliamentary Debates*, 1931: 286-292 and 999-1002).

The apathy of other secular organizations complements this picture. For the incipient trade unions, social assistance was a stratagem of the enemy (the employers) and of the government representing that enemy – the message the Socialist Centre in Athens addressed to striking typesetters in 1914 was typical – as well as a way to kill the workers' revolutionary spirit (Kordatos, 1956: 203). The social policies of Venizelos, who dominated Greek politics until 1932, usually aligned with the views of his party's predominant liberal wing. They were much less a product of labour movement pressure. Nikos Giannios, the founder of the Socialist Centre of Athens, indeed accused them of being far from the spirit of Marxism (Giannios, 1914: 3).

Proletarianization in Greece is acknowledged to have evolved even more slowly than in Italy or Spain, and to have flourished only after the events of 1922 (see Avdela, 1989, 348; Mazower, 1992: 889). In 1918, the existing 367 trade unions had less than 100,000 members and were moreover divided by ideological conflicts that thwarted any possibility of unifying to pursue common goals (Venieris, 1994: 22).

Furthermore, like the Italian unions, the most influential trade union associations at this early point held Marxist views and thus fostered class conflict and social subversion, leaving little if any room for expectations that the unions would apply pressure on the government to assume a larger role in the field of social assistance. This was manifested in the 1918 conference that led to the creation of the General Confederation of Greek Workers (*Γενική Συνομοσπονδία Εργατών Ελλάδος*, ΓΣΕΕ, GSEE; see, Kordatos, 1956: 307).

A series of events further hindered the labour movement's capacity to fulfil such a role. In 1923 a revolutionary decision resulted in the dissolution of unions that had participated in a general strike. In 1925 the dictator Major General Theodoros Pangalos imprisoned almost all the GSEE's leftist members, leaving the extreme right to control the confederation.

Lastly, the foundation of the Greek Communist Party (*Κομμουνιστικό Κόμμα Ελλάδος*, KKE) in 1924 and Venizelos' 1929 anti-Communist 'Idionymon' (*Ιδιώνυμον*) law reinforced fragmentation of Greek trade union associations along political lines, contributing to their failure to represent all groups of Greek citizens (Somertis, 1933: 52). From then on, different political factions would constitute different organizations within the same confederation, making it harder for the Greek labour movement to adopt a uniform stance even on issues of common sectoral concern.

With the trade unions highly segmented, bent on their own aspirations, and sometimes completely out of the game, a series of destabilizing forces triggered the first large-scale government attempts to lay the foundations of publicly provided social assistance. They began with the crisis following the Balkan Wars, which left soldiers in need and families in poverty.

The principal factor, however, was the Asia Minor disaster of 1922 and the socioeconomic consequences of the subsequent influx of refugees, which included a fall in the real daily wage and workers' salaries that the 1929-1933 recession would aggravate further (*Akropolis*, 1929). The refugees numbered approximately 1.5 million (380,000 families) at a time when the population of Greece was 5 million. Striving to cope with urgent need under the threat of social unrest, government social assistance initiatives would be targeted mainly at the bulk of the refugees and those children who were destitute and unprotected because their parents were impoverished or dead (Protonotarios, 1929).

The revolutionary government of Stylianos Gonatas enlarged the remit of the Ministry of Welfare (Legislative Decree of 13 December 1922). The government of Eleftherios Venizelos moreover expanded the responsibilities of PIKPA, the Patriotic Institute for Social Welfare and Understanding (*Πατριωτικό Ίδρυμα Κοινωνικής Πρόνοιας και Αντιλήψεως*, ΠΙΚΠΑ) established by Queen Sophia in the aftermath of the Balkan Wars, to include organizing soup kitchens (Law 4736/1930). The same rationale was operating in 1931 when the Venizelos government issued a decree to determine the criteria for selecting and protecting large families in poverty (Presidential Decree of 3 March 1931). Additional legislation would follow in the 1930s and 1940s (Laws 5781/1933, 2543/1940, 2683/1940, and 1910/1944).

The Orthodox Church of Greece also contributed to the provision of assistance to the refugees, mainly through soup kitchens and the concession of a great deal of land to the government to re-settle the refugees (Protonotarios, 1929; Mastroyannis, 1960: 321). In return, ‘the Church gained a ban on proselytism and assurance that the state would pay the clergy payroll’ (Karagiannis, 2009: 18, cited in Mesthos, 2010: 21).

Liberalism was nevertheless still quite powerful. The introductory report on Law 5733/1932, which launched the general provision of social insurance in Greece, suggested that employees earned the right to claim allowances by paying their contributions. Non-contributory benefits were humiliating (Introductory Report of Law 5733/1932). The law established no such benefits, even contributory schemes targeted specifically at low-income groups.

Like its predecessor, Law 2868/1922, the 1932 law made the salience of Bismarckian principles for the development of the Greek welfare state explicit, thus promoting a model whose priority was not poverty alleviation. The extension of social insurance was instead assumed to eliminate deprivation gradually. Not until Ioannis Metaxas’s relatively mild Fascist regime would publicly provided social assistance reappear on the government agenda.

*b. A Fascist Interlude: The Greek Version of ‘Verba non Acta’<sup>14</sup>*

Echoing the rhetoric of Mussolini’s regime, which he admired and tried to emulate, Metaxas’s expressed interest in the poor was part of the regime’s broader objective of improving the health of the Greek nation (Sarandis, 1993: 150). Quite similarly to Italian fascism, Metaxas stressed the importance of protecting the poor

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<sup>14</sup> See Chapter 3, p. 67.

(Metaxas, 1937: 2), albeit without pursuing substantial initiatives in the social assistance field. Government activity largely took the form of organizing soup kitchens for the unemployed poor, like those in Athens, Piraeus, and another 46 cities between November 1939 and May 1940, mainly through PIKPA<sup>15</sup>. Furthermore, only about one-quarter of the 2.07 million servings of bread provided by these soup kitchens, in part privately funded, was distributed free of charge.

Besides these soup kitchens, the government organized the ad hoc collection of money for citizens in need. At Christmas 1939, the funds collected amounted to 12.5 million drachmas<sup>16</sup>, of which only 3 million came from the state. To put these sums into context, we should realize that the regime spent an average of 200 million drachmas on pensions for disabled citizens and war victims annually. Metaxas also supported private philanthropy, including the one offered by the Church, mostly at the parish level, providing 1.8 million drachmas to fund the operations of charitable institutions and associations between August 1938 and August 1939.

Meanwhile, in another example of copying the practices of fascist Italy, Metaxas had abolished political parties and incorporated existing trade union associations into the state mechanism, significantly limiting their capacity to influence policies, including those pertaining to the welfare of citizens. GSEE was renamed the National Confederation of Greek Workers (*Εθνική Συνομοσπονδία Εργατών Ελλάδος*, ΕΣΕΕ, ΕΣΕΕ). Its President was the Minister of Labour himself (Katsoridas, 2008: 91).

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<sup>15</sup> Unless otherwise stated, the data in this and the next paragraph is from Sub-Ministry of Press and Tourism, 1940: 164-170.

<sup>16</sup> In 1939, when the drachma exchanged at a rate of 122.65 for one US dollar, Greece had a GDP of 18,875 million US dollars and a per capita GDP of 2,638 US dollars, or about 320,000 drachmas average annual income. (The data on the currency exchange rate is from the Economic History Association. The data on per capita GDP and GDP is from the Maddison Project Historical Statistics of the World Economy).

Expectations of change should therefore have been small from the very beginning, whilst the subsequent war and the demand for military equipment prevented Metaxas from fulfilling many of his promises even to target groups such as families, which were among the regime's priorities (Liakos, 2007). World War II and the Civil War, the next major destabilizing forces to disturb the country's social assistance policy equilibria, made Greece a battlefield.

*c. Social Assistance as a Response to Major Destabilizing Forces, Once Again: One War, Plus Another*

After the 1922 Asia Minor disaster, World War II and the subsequent Civil War signalled a new phase in the evolution of social assistance in Greece that would last at least until the early 1960s: governments would introduce a number of social assistance policy measures; a decision would be reached in favour of centralization in the field; and a partnership between the Greek Orthodox Church and the conservative regime would be strengthened.

When the country was forced to enter World War II in October 1940, its social assistance system was rudimentary. The huge number of deaths (250,000 to 450,000) from the famine of 1941-1944 must be viewed primarily as consequence of the German-Italian-Bulgarian occupation policy, but also highlights an institutionalized social assistance system that was as good as non-existent even before the war (see also Chionidou, 2006: 273-274).

During World War II, publicly provided social assistance was limited to in-kind benefits, mainly in the form of food (Mastroyannis, 1960: 439-445). At the same time, the Greek Orthodox Church provided assistance through the state-funded

National Organization of Christian Solidarity (*Εθνικός Οργανισμός Χριστιανικής Αλληλεγγύης*; see Legislative Decree 776/1941).

By the war's end, Greece's physical infrastructure was largely destroyed and an estimated 2.6 million out of a total population barely exceeding 7 million lacked the basic means of subsistence (Ministry of Welfare, 1946; Organization of Reconstruction, 1947). In these circumstances, expansion of publicly provided social assistance formed part of the reconstruction plan designed by the United Nations Relief and Rehabilitation Administration (UNRRA).

Foreign aid, largely emanating from the USA, would continue to be provided to Greece, based on the Truman Doctrine and, subsequently, the Marshall Plan (the latter from 1948-1952). Minimal parts of that aid were allocated toward rebuilding the country's rudimentary social assistance sector (Mutual Security Agency-US, 1952, quoted in Mastroyannis, 1960: 452-453).

In accordance with the UNRRA reconstruction plan, the national government under George Papandreou founded Social Welfare Centres in each prefecture in 1945 (Law 388/1945). Their responsibilities included recording the numbers and needs of the poor and providing them with services. According to Anna Lambropoulou-Mavromatti, Director of Welfare at the Prefecture of Athens, and Vasilakou (Interviews),

'For the first time in modern Greek history, the role of territorial actors (the prefectures) in the provision of social assistance became clearer. The funding and management of the Social Welfare Centres in each prefecture nonetheless remained a central government responsibility. Advocating an essentially centralized system of social assistance, the Greek state gave territorial actors no substantial institutional authority with latitude for autonomous action'.

Insisting on centralization and seeking to meet the plan's targets, the government of Konstantinos Tsaldaris, who led the Popular Party (*Λαϊκό Κόμμα*), the largest group in the United Nationalist Coalition (*Ηνωμένη Παράταξις*

*Εθνικοφρόνων*) victorious in the 1946 elections, issued (on 11 May 1946) a decree that established criteria for determining who was officially destitute. The decree defined the destitute as individuals whose families lacked the means to pay for basic necessities and regulated the provision of assistance through a classification system assigning citizens to different categories of need that relied on the judgement of the newly created welfare centres.

The system was criticized as a failure (Psaras, 1950: 61). The Greek state had little experience of such large-scale activities and citizens tended to apply for certification as destitute without fulfilling the requirements. The system also left ample scope for the ideological control of low-income citizens and the exclusion of individuals deemed hostile to the conservative governments of the post-war period. Certificates of destitution were a way to buy the support of the weakest of the weak, a tool for integrating the lowest socioeconomic strata politically and preventing social unrest<sup>17</sup>. Left-wing citizens were often excluded from receiving the minimal allowance (300 drachmas in 1946) connected with the certificate (Voglis, 2003).

The need to deal with the dramatic consequences of World War II and the Civil War shaped the attitudes to publicly provided social assistance of the conservative parties that held power from the later 1940s on (Organization of Reconstruction, 1947: 64; Ministry of Welfare, 1949: 23). Among the benefits established were an allowance for low-income families to buy a home (Law 2063/1951 and the 30 October 1952 Royal Decree), and an allowance for unprotected and indigent children (Law 4051/1960), equal to 100-150 drachmas monthly, when a worker's average real daily wage was 103.5 drachmas (Babanasis, 1981: 111). The latter was also meant to mitigate the effects of the large-scale post-war population

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<sup>17</sup> This paragraph is based on the interviews with Lambropoulou-Mavrommati and Vasilakou. See also Petmesidou, 1992: 124-125; Venieris, 1996: 268; Petmesidou, 2006a: 37-38 and 50.

movements from the countryside to the cities. In Lambropoulou-Mavrommati's words (Interview), 'The allowance for unprotected and indigent children was the first universal social assistance measure ever established in Greece, at least in terms of geographical extent, since it covered all 6,100 prefectures and municipalities'.

At the same time, in the 1950s and 1960s, charitable institutions operating under the Church's auspices provided accommodation, education, and vocational training to the children orphaned by World War II and the Civil War (Mastroyannis, 1960: 457-460; Petmesidou and Polyzoidis, forthcoming: 6). As already mentioned above, however, the partnership of the Greek Orthodox Church with the conservative governments of the post-war period, also manifest in the social assistance field, arguably created a climate of hostility towards the Church within a large part of the Greek population.

Despite some progress, social assistance remained social insurance's poor cousin until the 1960s. This should certainly come as no surprise, since post-war governments responded to major destabilizing forces by introducing impromptu social assistance policies.

To show that reorganizing and further expanding publicly provided social assistance was out of the question, Georgios Bakatselos, Minister of Labour in Sophocles Venizelos' 1951 government, put it this way: 'under the present economic circumstances, such a leap would be extremely dangerous... we simply correct what is correctable, we take a step further, and we prepare the ground for a future comprehensive harmonization of social security' (Parliamentary Proceedings, 1951).

In a similar vein, after 1960, the policy doctrine of Constantine Karamanlis's governing National Radical Union (*Εθνική Ριζοσπαστική Ένωση*, EPE, ERE) held that the resources essential for economic development should not be diverted to any

other purpose and that a permanent response to social problems must be based on increased national revenues (Prime Minister Karamanlis, statement of 9 April 1960, quoted in Venieris, 1994: 195). Although the ERE adopted Keynesian social justice in theory, it did not practice it (Grigoris Kasimatis and Spyros Theotokis in Parliamentary Proceedings, 1963: 84-89 and 110-116).

Prominent ERE cadre Panagis Papaligouras in fact asserted that the objective was first to increase production and income, then to build a welfare state (Papaligouras, 1966; Filandros, 2009: 394). Nor did the Centre Union (*Ένωση Κέντρου*, EK), the main opposition party of the pre-1967 era, put social assistance explicitly on the agenda, despite theoretically prioritizing social justice (Catephores, 1983; Nikolakopoulos, 2009: 285).

In this ideological environment, policies such as the introduction of agricultural social insurance in 1961 were regarded as functional equivalents of new social assistance measures, and may largely have been (*To Vima*, 1960; Introductory Report of Law 4169/1961: 12). The reform of social insurance was moreover the main battlefield of the major political parties and the unions in the turbulent early 1960s (Venieris, 1994: 191-236).

Economic development, a drop in the still-massive unemployment numbers, and extensive emigration caused salaries to rise and poverty to decline throughout the decade (Babanasis, 1981: 111). The 1967 junta would nonetheless put the needs of the poor back on the agenda shortly.

#### *d. The Legacy of a Brief Dictatorship (1967-1974): Legislative Decree 57/1973*

The statement broadcast to the Greek nation the night of the coup d'état presented the junta's members as working-class and petite bourgeoisie, and affirmed

their intention to stand at the side of their poorer Greek brethren (McDonald, 1972). After that night, Georgios Papadopoulos, the regime's head, repeatedly projected the government's obligation to take care of the poor. Social policy was 'necessary to get the support of the weakest strata', so that 'no Communist revolutionary will be able to entice the poor and hungry worker' (Papadopoulos, 1968: 38; Sotiropoulos, 1999: 115 and 123-124).

Papadopoulos made the design and implementation of social assistance the exclusive policy domain of the junta's Ministerial Council, with the blessings of the hierarchy of the Greek Orthodox Church. At the same time, Greece's brief dictatorship abolished even the token labour movement representation that had previously existed and imposed institutional restrictions on other secular organizations (Tsakloglou, 1999: 97-98).

In these circumstances, according to Stelios Kambouridis, administrative staff member at the Directorate of Welfare of the Greek Ministry of Health and Social Solidarity (Interview),

'The regime's main contribution to the social assistance field was Legislative Decree 57/1973 which explicitly affirmed the government's obligation to provide protection to the destitute (Article 1) and directed the provision of a single lump-sum payment to those in serious financial need (Article 7). The conditions and procedures of assistance, however, were unclear. Although the decree left the relevant provision to the discretion of the central government and territorial actors (the prefectures received funds from the Ministry of Social Services to perform this task, but again under Ministry supervision), it set no explicit threshold for determining individual financial need'.

The regime thus chose not to tackle poverty, preferring a social assistance system that operated only in exceptional cases and made the poor hostages to the preferences of political actors at the government level.

The 1973 decree (Article 4) also theoretically abolished the certificate of destitution, which from then on would be issued by the local authorities and a three-

member committee appointed by the head of each prefecture. In line with the dictatorship's motto, 'Homeland, Religion, Family', a priest was expected to be one of the three members of the committee. In practice, nevertheless, as Vasilakou asserts (Interview), 'The new system was very similar to the old one. The criteria by which each committee decided applicants' eligibility were nebulous, leaving ample room to perpetuate clientelistic practices and reject poor families on incomprehensible grounds, always under the central government's control'.

At the dictatorship's end, approximately one-fourth of the total population was living in poverty and the rich-poor gap had widened (Livada and Tsakloglou, 1993: 425-426; Sotiropoulos, 1999: 118-119 and 125). However, the Turkish invasion of Cyprus in July 1974 and the subsequent fall of the junta opened the way for a new period for social assistance.

*e. Social Assistance in the Early Post-Democracy Agenda: Symbolism and Reality*

The November 1974 elections gave the centre-right 'New Democracy' (*Νέα Δημοκρατία*, ΝΔ, ND) under the leadership of Constantine Karamanlis an impressive parliamentary majority. Despite the 1975 constitutional acknowledgement of the right of the poor to income support and services (Article 21.3), and despite the reinforcement of an alliance with the Greek Orthodox Church, reforming the social assistance field never constituted a major government priority before ND finally gave way to the Socialists in 1981.

Article 21.3 provided only general guidelines for the issuance of future decrees and laws to consolidate the right of those in extreme poverty to social assistance. A legislator's individual initiative would determine how any provision to low-income citizens would be defined, its criteria established, and its eligibility

thresholds set, making it essentially subject to political choices and negotiations. The ‘radical liberal’ ideological profile adopted by ND in the first post-democracy years meant that the Karamanlis governments (and Rallis’s short-lived government later on) recognized that the regulative character of the state and social justice were needed, but not at the expense of a free economy (Giovanis, 1975: 338-341; ND, 1979: 12; ND, 1980).

Between 1974 and 1981, ND instead prioritized policy areas such as the restructuring of the army and the laying of a foundation for the country’s European future, and adopted economic policies that resulted in significant improvements to the population’s standard of living. Meanwhile, according to Paraskeuas Avgerinos (Interview), former Minister of Health and Social Solidarity in the second Andreas Papandreou government, ‘Spyridon Doxiadis, Minister of Social Services of ND came under constant attack by members of his own party for being too progressive and for pursuing allegedly Communist objectives; particularly because of his plans to reform the health sector. In this context, the expansion of publicly provided social assistance was out of question’.

Aside from Article 21 of the 1975 Constitution, the only government initiative in the social assistance field would be the 1977 change to the system of certification of the destitute. The responsibilities of the committees previously in charge of that system were transferred to the regional agencies of the Ministry of Social Services and to the heads of prefectures. However, as Vasilakou asserts (Interview), ‘The procedures governing the provision of allowances were not specified and remained under ministerial control. The role territorial actors were expected to play was managerial, once again’.

By contrast, according to Father Timotheos Anthis (Interview),

‘In an effort to enforce the alliance of the conservative government with the Greek Orthodox Church, but also to control the latter, Law 590/1977 made the Church a public legal entity supervised by the Ministry of Education and Religious Affairs, therefore a virtual part of Greece’s public administration. Law 590/1977 opened moreover the way for a Greek version of pluralism in the provision of social assistance, which was nevertheless meagre in comparison with the one promoted by the Roman Catholic Church’.

Against this backdrop, in the late 1970s, the allowance for poor and unprotected children received the largest share of social assistance funding, though the expenditure was still very small compared to the amounts budgeted for other measures. For instance, in 1978 the Karamanlis government spent only 51.3 million drachmas on 17,373 children, contrasting with the 900 million drachmas disbursed in the same year on allowances for large families regardless of their income and the 3.9 billion drachmas (3.35 per cent of total social expenditures) for vulnerable groups overall<sup>18</sup>. The allowance per child was furthermore so low that it was not even enough to buy milk for a family despite being doubled from 250 drachmas to 500 drachmas between 1968 and 1979<sup>19</sup>.

The situation remained unchanged until the early 1980s, when the Panhellenic Socialist Movement (*Πανελλήνιο Σοσιαλιστικό Κίνημα*, ΠΑΣΟΚ, PASOK) of Andreas Papandreu came to power and the first wave of expansion of publicly provided social assistance took place after the restoration of democracy.

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<sup>18</sup> The data is from the Ministry of Health.

<sup>19</sup> To put this into context, in 1968 a worker’s real daily wage was 159.2 drachmas. In 1979, it was 109.7 drachmas (Babanasis, 1981: 111).

### ***6.1.2. From the 1980s to the Late 2000s***

#### *a. Social Assistance for Socialists vs. Social Assistance for Neo-Conservatives: Expansion and Enforcement of a Meagre Pluralistic Social Assistance Model vs. Policy Retrenchment*

The early 1980s coincided with Greece's accession to the EEC, while its economy was mired in crisis after the international crisis of the 1970s. Both circumstances reinforced arguments for retrenchment. As elsewhere in southern Europe, Europeanization put poverty on the political agenda and stimulated debate on the need to conform to a European social model. In Greece's case, 'the 1981 election triumph of the Socialists was so vital symbolically that it nonetheless undermined arguments for cutting welfare spending. The reason was that PASOK's rise to power signalled the end of the Cold War in the country, almost forty years after the Civil War, as well as of the division rooted in the 1914-1917 National Schism' (Avgerinos, Interview).

The Socialists came to power on a platform of change exemplifying high aspirations for social justice as presented in the party's 1981 election manifesto, 'Contract with the People', and the new government's programmatic statements on 22 November 1981 (PASOK, 1981). In Avgerinos' words (Interview), 'The plan to expand publicly provided social assistance was part of its broader use of the welfare state as a tool to democratize Greek society effectively. It was consistent with PASOK's left-wing social democratic position at the time and the image of a new political configuration representing disadvantaged citizens hitherto excluded from public funding by conservative governments'.

Shortly after PASOK won the October 1981 election, Avgerinos, the Minister of Social Services, presented the government's plan for a massive expansion of social

policies. The plan included a 25.2 percent increase in the budget over the previous year for groups deemed vulnerable, as well as social assistance initiatives such as the introduction of an allowance for the uninsured elderly and a 60 percent increase in the allowance for unprotected children (Avgerinos, 1982).

Faithful to their promise, the Socialists established social assistance measures during their early years in power that included a means-tested public assistance pension for individuals over the age of 65 without any income or social insurance (Law 1296/1982), a means-tested allowance for individuals with physical or other disabilities (Legislative Decree 57/1983), and an allowance for low-income mothers (Ministerial Decisions Γ2β/10195/1983 and Γ2β/οικ. 133/1984). In 1983, a presidential decree (108/1983) also redefined the conditions for the provision of support to unprotected children, increasing the allowance by 60 percent, as Avgerinos had promised. The government furthermore launched a housing allowance (rent supplement) in 1985 (Ministerial Decision Γ3/οικ. 2615/1985).

As mentioned above, such measures were part of a broader programme targeting redistribution that might have been less successful had Papandreou, notwithstanding the Socialists' repeated declarations of the need for dialogue with the trade unions, indeed made a social contract with the labour movement (Tsakalotos, 1998: 130). Social assistance expenditures overall increased by almost 73 per cent in the period 1981-1985, in contrast with PASOK's second period in government (1985-1989), which was marked by stabilization of such expenditures<sup>20</sup>.

During the latter period, arguments about recalibration and retrenchment grew more intense whilst PASOK gradually turned into a different party. In Avgerinos' opinion (Interview), 'The feelings of omnipotence born of being the first socialist

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<sup>20</sup> My estimates, based on data from the Ministry of Health and Social Solidarity and other welfare agencies.

government in Greek history, together with the upsurge of corruption and resistance within the party, drew PASOK ever further away from the ideal of building a solid welfare state accessible to all citizens including the financially weakest’.

PASOK’s last intervention in the social assistance field before its 1989 election defeat was in 1987, when provision of the housing allowance was extended to include elderly individuals without state social insurance (Ministerial Decree Γ3/οικ. 2435/1987). Furthermore, that year, Law 1700/1987 was an effort on behalf of the government to enforce pluralism in the provision of social assistance, with eyes on the Greek Orthodox Church. Law 1700/1987 stated that any land devoted to philanthropic purposes could not be nationalized (see also Anastassiadis, 2004: 28).

Traditionally, land ownership was a source of significant income for the Greek Orthodox Church and was often at the centre of financial scandals and disputes between church and state (see, for example, Anastassiadis, 2011). Law 1700/1987 should be viewed in conjunction with the fact (see the introductory part of this chapter) that ‘the government was not willing to assume completely the financial cost of social assistance policies’ (Father Antonios Avramiotis, Interview).

Next, after a one-year governing coalition of ND with the leftist ‘Coalition of the Left and Progress’ (*Συνασπισμός της Αριστεράς και της Προόδου*), the centre-right ND returned to power under Constantine Mitsotakis (1990-1993) amid increasing socio-economic and fiscal pressures, inaugurating a period of welfare state recalibration. The clash between the government and other secular organizations, especially the trade unions, over the former’s plans to restructure the social security system, dominated the political agenda regarding welfare (*To Vima*, 1990; Venieris, 1994: 251, 262-269).

The ND government consequently established no new social assistance measures. In contrast, the value of means-tested benefits per recipient based on constant 1995 prices decreased by 36.5 percent between 1990 and 1995 (Petmesidou, 2006a: 35). According to Georgios Sourlas, former Minister of Health and Social Solidarity in the Mitsotakis government (Interview), ‘The inertia in this field corresponds with the move of ND under Mitsotakis towards neo-conservatism, with its belief in individual economic liberty and an understanding of social justice as equal access to opportunities for all citizens’ (see also ND, 1985: 3). Sourlas (Interview) also points out that, ‘The dominant interests in his ministry prioritized social expenditure in the area of health policy’.

However, the fall of the Mitsotakis government and PASOK’s subsequent return to power put publicly provided social assistance back on the political agenda. In 1994, driven by an EEC principle of territorial subsidiarity, the government assigned social assistance responsibilities to the prefectures as separate administrative units<sup>21</sup> that nonetheless lacked autonomy in designing policy, once again (Laws 2218/1994 and 2240/1994).

In Kanakopoulou’s view (Interview), ‘PASOK stayed essentially loyal to the principle of centralization, leaving territorial actors unable to take initiatives of their own in social assistance policy’. After 1996, with the party now led by Kostas Simitis, the Socialists would make the expansion of publicly provided social assistance a key issue of their political programme. For the first time, a Greek government would also seriously discuss the establishment of a GMI.

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<sup>21</sup> Before 1994, the directorates responsible for social assistance in the prefectures were decentralized agencies of the Ministry of Health and Social Solidarity.

*b. Social Assistance for Modernizers: In the Service of Europeanization*

As will be discussed, the Socialists under Simitis pursued a relatively systematic social assistance policy, comparable only to PASOK's first period under Andreas Papandreou. Efforts were also made for the institutionalization of a GMI and the further strengthening of a pluralistic model in social assistance. As argued above, the latter was doomed, for ideological and other reasons, to be weaker than in the rest of southern Europe.

Simitis won the September 1996 elections by presenting himself as a modernizer of the state apparatus and as a statesman capable of resolving social antagonisms in accordance with European principles (Simitis, 1989 and 1990). Under the heavy pressure of an overwhelming deficit, the Simitis government's loyalty to these principles translated *inter alia* into acceptance of selective universalism: 'the government interest in measures expressly targeted at low-income groups was reflected, for instance, in an increase of expenditures for such groups exceeding 57 percent' (Tasos Giannitsis, former Minister of Employment in the first Simitis government, Interview; see also O'Donoghue *et al.*, 2002: 6).

Most of this increase – from approximately 438 million drachmas in 1996 to 688 million drachmas in 1997 – was due largely to the establishment of the pensioners' social solidarity supplement (known as EKAS, *Επίδομα Κοινωνικής Αλληλεγγύης Συνταξιούχων*, ΕΚΑΣ) in June 1996 shortly after the elections (EUROSTAT, 1999; Katrougalos and Lazaridis, 2003: 109). EKAS, which targeted the low-income disabled and recipients of survivor's pensions over 65, may be viewed as a concession to secular organizations such as the pensioners' associations supported by the trade unions, as well as a government attempt to evade an earlier promise to restore the linkage between minimum pensions and the minimum wage

(Matsaganis, 2003: 20). This was a ‘success’ of trade union confederations, which, as discussed in the second part of this chapter, were reluctant to support the rights of ‘outsiders’, and were not particularly interested in the pursuit of collective interests; as opposed to their counterparts in Spain and Portugal.

Other measures nevertheless followed. Table 6.4 offers an overview:

**Table 6.4. The Simitis Governments’ Social Assistance Measures**

<b>Year of Introduction</b>	<b>Intervention</b>
1997	Introduction of means-testing for the allowance to families with three or more children <sup>22</sup>
1999	Establishment of criteria for providing free medical, pharmaceutical, and nursing care to citizens entered on a register of uninsured and financially weak citizens kept by the Ministry of Health and Social Solidarity (Ministerial Decision 2928/1999)
2000	Allowance to offset fuel price increases
2001	Increased financial support to citizens facing indigence due to natural disaster or other calamity (Ministerial Decision 2673 Π2/οικ. 2673/2001)
2002	Allowance for the long-term unemployed aged 45 to 65
2002	Refundable tax credit for low-income families living in mountainous and disadvantaged regions (Ministerial Decision 2/37653/0020/2002)
2002	Refundable tax credit for low-income families with children aged 6 to 16

The commitment of the Simitis governments to the expansion of publicly provided social assistance is also illustrated by the creation of an ad hoc committee to assess different options so that the government could establish a network against poverty. That committee considered and rejected the establishment of a national GMI scheme for reasons that will be detailed in the second part of this chapter.

Additionally, as already mentioned above, the pursuit of the ‘Europeanization’ of state policies was a pivotal force behind Simitis’s decision to support subsidiarity

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<sup>22</sup> The highest administrative court would invalidate this measure, making even well-to-do families entitled to the benefit (Sotiropoulos, 2004a: 276).

in social assistance; Laws 2646/1998 and 2873/1998<sup>23</sup> aimed at enforcing *inter alia* the presence of religious organizations in the field. The Greek Orthodox Church was made a *de jure* member of the Greek Council of Social Welfare and the tax-free limit on donations increased from 300 to 3000 euros.

The circumstances of the Greek Orthodox Church's largely unrecorded contribution to the social assistance field led, however, to criticism of the Church for intentionally suppressing information collection to maintain the myth of its huge contribution, after the government asked the Church to provide information on its social work in 1998. The Church's delayed response to that request revealed that its overall contribution to the state's social expenditures amounted to 50.2 billion drachmas, only 0.6 percent of total spending (Lyberaki, 2012).

As Anapliotis asserts (Interview), 'After this single effort to record the social work of the Greek Orthodox Church, the main sources of relevant statistical information are the annual publications of the Church's work, the Diptychs (*Δίπτυχα*), where activities for the poor occupy less space than the presentation of miraculous holy relics'. Likewise, the Holy Synod's 2005 publication on the Church's philanthropic institutions and social activities contains minimal quantitative data on the contributions made by these institutions. Most of what is presented concerns servings of food to the poor (Holy Synod of the Church of Greece, 2005).

According to Anapliotis (Interview),

'Archbishop Christodoulos (1998-2008) was much more interested in increasing his political power through mobilizing the citizens for issues like the inscription of religion on national identity cards rather than in catering for the destitute. His presence in the public life was certainly much louder than that of the Greek Orthodox Church in the social assistance field' (see also Triandafyllidou and Marouf, 2008: 60).

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<sup>23</sup> See also Law 3106/2002.

In fact, in the late 2000s, the founded in 2002 ‘Solidarity’ (*Αλληλεγγύη*), the biggest organization linked to the Greek Orthodox Church, would be accused of serious mismanagement of the state and private resources it received for social assistance activities (Lyberaki, 2012).

At the same time, the Simitis government’s last act in the social assistance field before losing the election of 10 March 2004 was to increase the means-tested benefits allocated to individuals with disabilities, as well as those allocated to uninsured individuals over the age of 65 and uninsured couples (for the years 2004-2007; Ministerial Decision Π3α/Φ.18/Γ.Π. οικ. 7513/2004). The annual estimated cost for the implementation of this decision amounted to 60 million euros for 2004 and 2005 and 50 million euros for 2006 and 2007.

Despite a 102.3 per cent increase in means-tested benefits per citizen between 1995 and 2001 (Petmesidou, 2006a: 35), expenditure on means-tested benefits still amounted to only 1.8 per cent of GDP in 2004, contrasting with the EU-15 average of approximately 2.8 percent<sup>24</sup>. Moreover, the low take-up of some benefits, due partly to their lack of publicity, further limited their effectiveness (Matsaganis *et al.*, 2003: 644; Matsaganis, 2004: 79; Matsaganis, 2011: 164-167).

In no case, however, should the accomplishments of the Simitis governments be underestimated. Their initiatives would be preserved, with only a few additions, by the governments that succeeded them.

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<sup>24</sup>The data is from EUROSTAT.

*c. The Conservatives' (Failed) Improvisation, The Socialists' Promises, and the Recession Hits as a Destabilizing Force for Social Assistance Equilibria*

The mid- and late 2000s, aside from being a period of relative stabilization for publicly provided social assistance, may also be described as a time of improvisation and failed aspirations. The recession of the late 2000s struck as a major destabilizing force that led the government to share more responsibilities in the social assistance field with other actors/organizations. This resulted in an increase in the (still minimal) role of territorial actors in the field, and also tested the limits of involvement of religious organizations.

After ND's defeat in the 1993 elections and its lengthy time in opposition, its five years in government (2004-2009) with Kostas Karamanlis as prime minister featured the attempt to construct an anti-neoliberal ideological profile (Papadokostopoulos, 2007). Part of this involved promoting the party's commitment to low-income groups.

In practice, however, this government's interventions in social assistance were rather slight. It redefined the conditions, criteria, and procedures for uninsured and financially weak citizens to access the system of nursing and medical-pharmaceutical care (Ministerial Decision 139491/2006). It increased the allowance dispensed in poverty situations due to natural disasters or other emergencies (Ministerial Decision Π2α/Γ.Π. οικ. 31777/09/2009).

The most publicized government initiative in the field would furthermore remain a dead letter: Karamanlis himself stressed the need to establish a National Social Cohesion Fund in 2007. The fund's initial objective, which became law in early 2008 (Law 3631/2008), was to support 17,000 homeless individuals, single-parent families, and the uninsured elderly (*To Vima*, 2008b).

The Minister of Economy and Finance, Georgios Alogoskoufis, associated the creation of the fund with the government's target of reducing extreme poverty within five years, as well as the total poverty rate from 20 to 15 percent<sup>25</sup>. The fund would sponsor policy initiatives targeted at those households living in poverty or facing a high risk of future poverty. As the minister made clear, 'the logic of universal social expenditures has failed. Such a logic has proved ineffective in coping with poverty. For this reason, our intention is to promote targeted programmes for those really in need'. Proceeding from EEC recommendations and emulating the practices of schemes like Italy's GMI, the Fund would categorize recipients and allocate benefits according to specific income and social criteria (Ministry of Labour and Social Security, 2008: 9).

In Kambouridis's words (Interview), 'The unfortunate story of how the National Social Cohesion Fund evolved illustrates the chronic lack of serious planning by Greek governments in regard to social assistance. Only on rare occasions did governments pursue a coherent social assistance policy, driven by their ideological preferences and perceptions of fairness'.

The fund never really operated<sup>26</sup>, despite revenues from donations and other sources amounting to approximately 1.5 million euros in the period from 1 January to 30 November 2009. The sum required for the fund's operation was estimated at 100 million euros for 2008 and 350 million euros for 2009, but neither amount was allocated to the newly created fund. Instead, the government used the money to provide an emergency allowance for social cohesion in response to the increase in the price of petrol that year (Article 90, Law 3746/2009) and emergency financial support

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<sup>25</sup> Unless otherwise stated, this paragraph is based on Parliamentary Proceedings, 2007: 8-14.

<sup>26</sup> Unless otherwise specified, this paragraph draws on Goulas, 2010.

to citizens in debt (Matsaganis, 2011: 206). Once again, these actions exemplify the ad hoc way in which most Greek governments have treated publicly provided social assistance.

The decade would close with the return of PASOK to power under George Papandreou, winning the October 2009 elections on a pledge to address the problems of the ailing welfare state and improve redistribution (PASOK, 2009: Part 3). This pledge is what motivated one of the new government's first acts in December 2009, which was to provide a 'social solidarity' allowance to 2.5 million beneficiaries, once again in an impromptu manner (Matsaganis, 2011: 207 and 227).

Finally, in 2010, under the impact of the severe socioeconomic crisis, policymakers moved towards rationalizing the public social assistance system. Among the government's first initiatives to accomplish this was legislation that separated the sources of social assistance from social insurance funding, twenty years after the rest of southern Europe, and that transferred responsibilities for implementing social assistance to the municipalities, allowing them to spend additional resources from their own budgets for that purpose (Laws 3863/2010 and 3852/2010 respectively).

As Kambouridis, Kanakopoulou and Lambropoulou-Mavrommati (Interviews) all assert, the criteria for allocating benefits remained centrally determined, however, once again leaving territorial actors minimal authority to set policies. Hence, despite a delayed devolution driven by the EU principles of territorial solidarity and administrative decentralization, publicly provided social assistance in Greece remains largely the central government's business. In that sense, the role played by territorial actors in Greece in the social assistance policy field is weaker than the one played by these actors in Italy, Spain, or Portugal.

Meantime, in his first sermon as Archbishop of Athens and all Greece, Ieronymos expressed a will to cooperate with the government on fighting poverty (Kathimerini, 2008a). As already mentioned in the introductory part of this chapter, according to both Father Maximos Papagiannis and Father Timotheos Anthis (Interviews), Ieronymos's enthronement in February 2008, along with the serious repercussions of the financial crisis on the Greek population, initiated a new phase for the Greek Orthodox Church in the social assistance field. In this new context, the scandal-mired 'Solidarity' was renamed 'Mission' (*Αποστολή*) in August 2010 and attempted to build a new, more sound profile. In September 2010, the church also signed a memorandum of collaboration with the Greek government on combating extreme poverty and social exclusion.

A few months later, however, the Archdiocese of Athens warned that lack of funding made it impossible for the church to continue its social work in the parishes (*To Vima Online*, 2010). Indeed, as Father Antonios Avramiotis (Interview) asserts,

'Although the presence of the Greek Orthodox Church in the social assistance field never compared to the key role of Catholic religious organizations in that field, the crisis has significantly limited the financial potential of the Greek Orthodox Church to provide social assistance. This is due to the decrease of private donations and ecclesiastical revenues (e.g. the ecclesiastical income from rents has decreased almost by 35 percent). This decrease, viewed in conjunction with the increase in the taxation of ecclesiastical institutions and the non-fulfillment by the Greek governments of their legal financial obligations towards the Church, makes the social work of the latter increasingly difficult to accomplish. For instance, up until 2009 the dioceses received 10 percent from the revenues of all parishes and used part of this money to sponsor the social assistance activities of those dioceses whose yearly revenues were less than 5,000 euros. Since 2009, nonetheless, the Church has been unable to continue their funding'.

In a nutshell, the evolution of social assistance in Greece has been shaped more often than not by poorly planned, ad hoc government initiatives, resulting in weak, segmented, and incremental policy development. This takes place within a context characterized by the hesitant and fragmented attitudes towards social

assistance of secular organizations, but also the high level of centralization and the rather meagre role of the Greek Orthodox Church, making for a relatively weak pluralistic social assistance system compared to the rest of southern Europe (see, for example, Guillén and Petmesidou, 2008; Skamnakis, 2011).

The establishment of a national GMI was not among government initiatives. The reasons will now be discussed.

## **6.2. WHY IS THERE NO SAFETY NET FOR GREEKS WHO FALL INTO POVERTY?**

### ***6.2.1. An Adventurous Journey (1)***

Like the rest of southern Europe, Greece was buffeted in the early 1990s by overpowering deficits and the pressures of Europeanization. These destabilizing forces sparked a discussion about establishing a GMI. Surprisingly considering the other southern European countries' experiences, a centre-right deputy from ND was the first to put a proposal for a GMI on the political agenda, in 1998.

Georgios Sourlas, one-time Minister of Health and Social Affairs in the Mitsotakis government, submitted a motion to the Greek Parliament entitled 'Social Protection for the Weakest'. As Sourlas asserts (Interview), 'This proposal presented the GMI scheme as a policy initiative needed to handle the challenges imposed on the Greek political and social system by two forces: the EEC requirement that the Greek government include a GMI in the country's welfare armoury and the need to reduce the high poverty rate, then affecting approximately 20 percent of the population' (see also Parliamentary Proceedings, 1998b).

The introductory report that accompanied the motion acknowledged the (limited) efforts made by Greek governments across time to help those belonging to

weak socioeconomic strata through targeted policy initiatives and emergency aid<sup>27</sup>. Nevertheless, all these efforts, above all the issue of the Legislative Decree 57/1973, were ad hoc and rudimentary, often legislated only to serve electoral purposes. The report moreover referred to the ratification of Article 13 of the 1984 'European Social Charter'<sup>28</sup> by the Greek government and thus the legal obligation of the Greek state to secure a minimum income for financially weak citizens.

The multiple causes and repercussions of poverty in the country were extensively described. According to the report, the high percentage of extreme poverty in the Greek society was indicative of the lack of a basic, coherent system of publicly provided social assistance. The black veil of ignorance covering the exact number of the poor and destitute in the country was also mentioned as one of the most striking examples of the unwillingness of the Greek political system to redistribute resources from the rich to the poor.

In order to move social conservatives within his own party, Sourlas made a specific reference to economic misery as disastrous for the central cell of the Greek nation, defined as the family. For the sake of the family, the proposed GMI was expected to comprise a monetary allowance that would be complemented by the provision of in-kind benefits such as food, bed linen and shoes.

The amount of the monetary component of the GMI would be jointly determined by the three ministries of national economy, economics, and health and security. Finally, Article 3 of the motion defined the basic needs that the GMI was supposed to cover: nutrition, clothing, shoes, access to lighting, heating and healthy

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<sup>27</sup> This and the next three paragraphs are based on the introductory report for the motion, entitled 'Social Protection for the Weakest', 16 June 1998.

<sup>28</sup> A Council of Europe treaty, which guarantees social and economic human rights. It was adopted in 1961 and revised in 1996.

living conditions, and also specialized needs linked to suffering from serious health issues.

The ideological preferences regarding social issues and perceptions of fairness of this former centre-right minister offer an explanation for why he submitted such a proposal to the Greek Parliament. In his own words (Sourlas, Interview), the ND deputy represented ND's social/populist right wing and considered Panayotis Kanellopoulos, a prominent centre-right politician who believed in the need to combine a liberal model of development with social-democratic principles such as social justice, his mentor.

The timing of Sourlas's motion is also remarkable: exactly one day after the Standing Parliamentary Committee on Social Affairs had discussed and approved the draft law presented by the Minister of Health and Welfare for a national system of social care (Parliamentary Proceedings, 1998a). Was it strategic calculation or coincidence?

Regardless of whether the initiative can be explained largely by this centre-right deputy's ideological preferences, perceptions of fairness or other interests, we should note that many of the ND deputies to whom Sourlas appealed for support expressed fears that the scheme would benefit mainly foreigners. The former minister refers to himself (Interview),

'As a tiny minority within the party of ND, since most cadres were at the time minimally interested in issues like the GMI. Most ND deputies had no social sensitivity and will to support a scheme that targeted the financially weakest, who, generally speaking, are individuals with limited if any access to political representation and social participation. In these circumstances, the main argument used by the majority of ND deputies to avoid supporting the GMI motion was that the institutionalization of such a scheme would benefit an increasing number of immigrants at the expense of the Greek population in real need. We should recall that since the early 1990s Greece had become a host country for a large number of immigrants from neighbouring Albania and the former Soviet Union. In the end, only 14 ND members supported the motion'.

In fact, in an (unsuccessful) effort to convince the socially conservative wing of ND to support the establishment of a permanent, national GMI scheme, the final version of the motion (Article 2 in particular) made explicit that the GMI beneficiaries would only be Greek citizens who were permanent residents and had not been deprived of their Greek citizenship for any reason. Article 2 stated that, ‘Given the financial sacrifices that should be made by all citizens for the institutionalization of a GMI and the support of the poor in general, the need for limitations in the accessibility to the scheme is obvious’.

On behalf of the Socialist government, the State General Accounting Office responded to Sourlas’s motion by stating that his proposal would entail indeterminate budget expenditures (State General Accounting Office, 1998), although no study had yet been conducted to support the claim. A document from Konstantinos Geitonas, the Minister of Health and Welfare addressed to the president (speaker) of the Greek Parliament reiterated points about the scheme’s incalculable cost and alluded to various social policy measures that already indirectly addressed the needs of low-income groups, as well as to the ministry’s intention to examine existing allowances for the financially weak and to modernize all services for vulnerable groups (Minister of Health and Welfare, 1998). The ministry’s vague response reflects the offhand way in which political staff tends to handle queries, especially when they concern individuals incapable of exerting pressure on them.

PASOK used the same arguments against the scheme during the discussion of the motion in the Greek Parliament in July 1999.<sup>29</sup> The representative of PASOK, MP Evangelos Vlassopoulos, moreover argued that the motion submitted by Sourlas and

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<sup>29</sup> This and the next seven paragraphs draw on Parliamentary Proceedings, 1999: 489-510. The excerpts from Vlassopoulos’ speech are from pp. 492-494. The excerpts from Alfieri’s speech are from pp. 496-497. The excerpts from Skopelitis’s speech are from p. 495.

14 MPs of ND was characterized by an exaggeration of the extent of poverty in Greek society, as well as that it silenced the existing policies targeted at low-income groups.

With respect to the former, Vlassopoulos claimed that the motion, gave the (wrong) impression that Greece is a third world country or still suffering from the destruction of World War II and the Civil War as in the 1940s and the 1950s. As far as the latter was concerned, Vlassopoulos stated that the Socialists had managed to build a national system of social protection that supported the financially weak and secured the necessary social cohesion in a period during which neo-liberalism and globalization had caused a retrenchment of the welfare state in other European countries. As the representative of the governmental party argued, the Greek welfare state was mostly an achievement of PASOK.

Furthermore, Vlassopoulos stressed that the Greek state should first and foremost take policy initiatives against the causes of poverty and marginalization, and less so for their consequences. He claimed the institutionalization of a permanent, national GMI could encourage idleness. To defend his position that the GMI might promote welfare dependency, Vlassopoulos referred to the example of the former countries of the Soviet Bloc.

Finally, the socialist MP expressed his party's intent to vote against the establishment of a GMI scheme on the grounds that Article 2 of the motion stated explicitly that only Greek citizens were eligible for the GMI. In Vlassopoulos's words, 'Whereas the motion gives us the impression that Sourlas and the 14 MPs who signed it are characterized by social sensitivity, at the same time Article 2 of the same motion makes us believe that those who signed it are racists... We should keep in mind, however, that the Greeks have never been racists'. Overall, the arguments presented by the representative of the Socialists are not very convincing, arguably

reflecting PASOK's reluctance to institutionalize a GMI; and ceding to the conservatives the opportunity to present themselves as more socially sensitive than the Socialists claimed to be.

Similarly, the attitudes of the other parties in the debate revealed fragmented stances on the scheme at best, and at worst the basic lack of interest in a GMI. Representatives of the two major parties of the left stated their parties' intention to vote against the proposal. On behalf of the 'Coalition of the Left and Progress', Styliani Alfieri underscored two major reasons for her party to reject the motion: that Sourlas's proposal would lead to the 'ghettoization' of a large share of the population that faced serious social problems, and that the motion contributed to the one-dimensional development of 'allowance policies'. With regard to the former, Alfieri explained that the motion wrongly discriminated between the middle class and the neo-poor. Instead, she stated the need for more universalistic policies, aimed at the improvement of the living conditions of larger parts of the Greek population, as opposed to the relatively small number of population groups that would benefit from the GMI scheme proposed by Sourlas and his colleagues.

With respect to the one-dimensional development of 'allowance policies', the representative of the 'Coalition of the Left and Progress' argued that there was an urgent need for the government to consider the combination of cash benefits with policy initiatives targeted at the promotion of employment. For that reason, Alfieri underscored 'the necessity of agreement amongst all political parties over a minimum programme of labour market activation measures'. In short, the 'Coalition of the Left and Progress' voted against the motion, expressing its preference for universalism instead of selective universalism, as well as for active labour market policies that would combat unemployment.

The Greek Communist Party, on the other hand, opposed the motion on the grounds that the problem of poverty should be solved by securing the right to employment, not by introducing policies which failed to address the deeper causes of the phenomena afflicting the working class. Stavros Skopelitis, who represented the KKE in the debate, claimed that the motion was based on a rationale that was similar to the one followed by the Simitis government in the social assistance field.

According to the KKE, the main objective behind proposing a national GMI scheme was not to alleviate the problems of the unemployed, the homeless and the poor in general, but to distract these groups from the real causes of their misery and from the class struggle necessary to combat poverty and marginalization. In Skopelitis's words, 'Undeniably many people characterized by a low level of class consciousness end up believing the promises of politicians... The vast majority of the working class nevertheless know that the solution to poverty is not becoming a permanent client of the public agencies responsible for the provision of social assistance. The solutions to the misery and social marginalization of the financially weak strata of the population lie in the struggle against a parliament that takes policy initiatives in the wrong direction, and the fight for the right to employment'.

The GMI thus failed to gain the support of the KKE, which at that point was the strongest party of the traditional left in Greece. The position of the Greek Communists on the GMI scheme is in stark contrast with that adopted by the PCP, which was among the scheme's fiercest advocates in Portugal's successful GMI experience.

This stance on the motion submitted by Sourlas reflects that the KKE, has remained an orthodox Communist party closely bound to Marxism, unlike other southern European communist parties, which have over time become more

ideologically flexible (see also Bosco, 2001: 330 and 341). The KKE still staunchly supports the idea of a dictatorship of the proletariat and demands Greece's exit from the EU.

In conformity with that ideology, the Greek Communists regard the GMI as a manifestation of the political system's inability to secure the right of citizens to full permanent employment and adequate salaries<sup>30</sup>. They consider it a tool to control social reactions by forcing the destitute to accept their misery and by bribing the proletariat, discouraging the working class from claiming its rights. As far as the KKE is concerned, people incorporated into the GMI mechanism will end up being used as cheap labour by capitalists.

The positions expressed by the KKE and the 'Coalition of the Left and Progress' on the GMI scheme are also a reflection of one of the major consequences of the Civil War: the division of the traditional left in the country into two main branches. One is represented mostly by the KKE and has remained faithful to its pre-war Marxist-Leninist beliefs. The other is represented by a series of political formations from the 'United Democratic Left' (*Ενιαία Δημοκρατική Αριστερά*, ΕΔΑ, EDA) to 'Synaspismos-Coalition of the Left of Movements and Ecology'<sup>31</sup> and more recently new amalgams of Radicals, Socialists, Communists and Democrats, such as the now dominant SYRIZA (Coalition of Radical Left, *Συνασπισμός Ριζοσπαστικής Αριστεράς*) (see, for example, Brillakis, 1980: 136-137; Noutsos, 1994: 55-78; Papathanasiou, 2001; Vernardakis, 2009; Glezos in Vasilakis, 2009: 553). The Greek left, along with the Italian left, arguably stands out as being highly ideologically

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<sup>30</sup> Unless otherwise stated, this paragraph is based on *Rizospastis*, 2004.

<sup>31</sup> In 2003, the 'Coalition of the Left and Progress' was renamed in 'Synaspismos-Coalition of the Left of Movements and Ecology'.

fragmented compared to the left in other southern European countries, above all in Portugal (see, for instance, Kouvelakis, 2011: 29-31).

Sourlas (Interview) stresses ‘the irritation of PASOK and especially of the Coalition of the Left and Progress at a GMI proposal that had been formulated by the centre-right’. On 29 July 1999, Sourlas’s political office issued a media report in which he accused the Socialist government of Simitis of lacking social sensitivity, contrary to PASOK’s rhetoric<sup>32</sup>. Sourlas also criticized the government for spending only 20 million drachmas per year for publicly provided social assistance, at a time when the ‘10 percent of the poorest Greek citizens get just 2.6 percent of the national income, as opposed to the 10 percent of the richest citizens who enjoy 26 percent of the income’.

Despite PASOK’s assertions about the inappropriateness of a GMI scheme as expressed by Vlassopoulos, after the rejection of Sourlas’s proposal it now became the Socialists’ turn to put the GMI on the agenda. As discussed in the next section, the ‘Coalition of the Left and Progress’ also advanced related bills. In this context, Sourlas’s claim about ‘the irritation of PASOK and especially of the Coalition of the Left and Progress’ appears to be correct.

Sourlas’s motion was voted down in July 1999 without need of a roll call of deputies voting for and against. The speaker of the Parliament asked those in favour to stand, then announced that there were too few to pass the proposal (*Parliamentary Proceedings*, 1999: 509). Thus the parliamentary proceedings do not tell us even how many ND deputies eventually supported the proposal; a further sign of how limited interest in the scheme was.

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<sup>32</sup> This paragraph is based on the media report issued by Sourlas’ political office on 29 July 1999.

This was the situation when PASOK decided to re-open the GMI debate in late 1999.

### ***6.2.2. An Adventurous Journey (2)***

According to Giannitsis (Interview), ‘A GMI scheme was one of the interventions in social assistance PASOK regarded as consistent with the Simitis government’s interest in expanding relevant policies’. After PASOK deputy Theodoros Pangalos opened the new debate in December 1999 (with elections to be held in April 2000), ‘a series of intra-party workshops on the issue revealed no clear tendency for or against the scheme’s introduction’, according to Christos Polyzogopoulos, former president of the GSEE (Interview).

PASOK’s 2000 electoral programme included a proposal to create a network to fight poverty and social exclusion with measures in support of the poor, the long-term unemployed, and individuals living in more remote areas (PASOK, 2000). After the party’s election victory, Minister of Employment and Social Insurance Tasos Giannitsis formed a group of experts to examine such measures, including a national GMI<sup>33</sup>.

That group, which also worked on the first ‘National Action Plan for Social Inclusion, 2001-2003’, nonetheless soon abandoned the idea of a GMI, arguing that the causes of poverty often differed for different groups in the population, so that the scheme would be inadequate to combat them (Ministry of Labour and Social Security, 2001: 7-19). They instead proposed that activities and interventions focused on selected groups be increased, a strategy that the government adopted.

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<sup>33</sup> Unless otherwise stated, this paragraph is largely based on the interview with Giannitsis.

Matsaganis (2004: 20) argued that the abandonment of the GMI proposal was due to ‘the widespread fear for the financial repercussions of the scheme in a time when the country’s integration into the European Monetary Union was the main policy objective of the government’. By contrast, according to Giannitsis (Interview),

‘Abandonment of the GMI proposal resulted from the government’s choice of alternative social assistance policies: an expansion of means-tested benefits, along with the decision to increase<sup>34</sup> EKAS and, as well, the Agricultural Insurance Organization (*Οργανισμός Γεωργικών Ασφαλίσεων*, ΟΓΑ, OGA) pension for farmers. The latter, along with policy measures such as the minimum pension, is a functional equivalent to a GMI. The decision to prioritize alternative policies was partly due to the fact that the institutionalization of a permanent, national GMI should rest on the exact knowledge of the income of citizens. Nevertheless, in a system well-known for its lack of credibility, the GMI would be accessible to citizens who, based on their real incomes, should have been ineligible to participate in the scheme. The allocation of EKAS bore similar dangers. The age of EKAS beneficiaries, nevertheless, resulted in limiting the number of recipients and, thus, the possibility of fraud’.

Furthermore, in Giannitsis’s opinion (Interview), ‘Broadly speaking, unfortunately for the poor, social assistance measures do not succeed in substantially reducing poverty and marginalization. To decrease poverty, a comprehensive policy plan is needed, one that would take into account data on the exact number of immigrants in the country, the level of unemployment, as well as data on in-kind benefits such as education and health, which governments do not take into consideration’.

Giannitsis (Interview) points out, however, two additional reasons why the government rejected the idea of a national GMI. One was the negative stance of the Ministry of the Economy and Finance and of the Minister himself, Nikos Christodoulakis. He opposed a GMI scheme on the grounds that no way existed to estimate its exact cost, mainly because of tax evasion, and added that ‘such measures

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<sup>34</sup> In August 2003.

secure a minimum income for everyone, but do not guarantee it for anyone’ (Tsouparopoulos and Triantafyllou, 2006).

According to Giannitsis (Interview),

‘That the Ministry of the Economy and Finance, specifically its tax agency, would have to perform many of the procedures connected with the introduction of a GMI while receiving little credit for a scheme which another ministry would design and announce should be taken into account when assessing Christodoulakis’ attitude. The alleged high cost of the GMI scheme was more of an excuse than a credible argument to reject the institution of a GMI. By contrast, the Ministry of the Economy and Finance was in favour of a Milton Friedman type of GMI, i.e. a negative income tax system, in which individuals earning a certain income level would owe no taxes to the government. We should bear in mind that, as a general rule, if it had to choose, a Ministry of Economy and Finance would most probably prefer not to receive money from citizens than to pay money to them’.

In Giannitsis’ words (Interview), ‘The second reason the government opted for an alternative to the GMI measures was the hostility of the contemporary political climate to the institutionalization of a scheme for extreme outsiders, especially one that was more universal than the usual means-tested benefits. The government’s stated intent to reform the social insurance system and the unions’ fierce adverse reaction generated an environment unreceptive to the establishment of a national GMI’.

Giannitsis’ claim also has been confirmed in the interview with Savvas Rombolis, the research director of the GSEE Institute of Labour. According to Rombolis, ‘Even prominent labour movement cadres who did not oppose the GMI feared that it would lead to the open contestation and subsequent abolition of the national minimum wage and the decrease of the minimum pension’.

If not hostile, the trade union leadership with their close ties to PASOK were divided or in the best case hesitant about the prospect of establishing a national GMI scheme. In the official journal of the GSEE, ‘Update’ (*Ενημέρωση*), the GMI was mentioned as ‘a tool for the fight against poverty’ (*Update*, 2003: 12). In practice this

acknowledgement was far from a genuine Greek labour movement support for institutionalization of the scheme. In Polyzogopoulos's words (Interview), 'Would the GMI mean an end to other social provisions? How would the GMI be defined? Unionists felt that the government did not clarify such matters'. In a similar vein, Georgios Romanias (Interview), a research partner of the GSEE Institute of Labour, claimed that 'The establishment of a GMI would work as a disincentive against labour'.

Complementary reasons may explain the attitude of the Greek unions. Aside from the notorious long-standing fragmentation of the country's labour movement, at the time of this token debate, the strongest unions were dominated by the groups with the greatest rights and privileges. GSEE, for example, was controlled by the powerful public utility unions. An institutionalized GMI might shrink the slice of the pie going to those represented by the strongest unions, thus reducing their incentive to welcome a GMI initiative. In contrast, very strong forces were ready to defend accumulated privileges and existing inequalities.

As a high-profile Greek economist, who preferred to remain anonymous, points out (Anonymous 2, Interview):

'Greek unions are not interested in the promotion of collective rights. They are particularly reluctant to take policy initiatives that will secure the rights of the lowest socioeconomic strata. This is largely because trade unions in Greece, in their vast majority, represent the interests of the most privileged employees, i.e. the staff of the public sector and public utility organizations. Private sector employees, for instance, are only minimally represented by union confederations. Overall, the Greek labour movement is not as broad-based and solidaristic as the respective movement is in countries like Denmark, for example'.

Similarly, Giannitsis (Interview) speaks of the 'lack of a collective conscience in Greek society'.

As the high-profile Greek economist asserts (Anonymous 2, Interview),

‘In these circumstances, the weakest socio-economic strata depend almost exclusively on the good will of governments, and on the intention or lack thereof among government officials to introduce policy measures that will support these strata. In reality, only Andreas Papandreou (during his first years in power, from 1981 to 1985) and Simitis showed an interest in the rights of the poor and the destitute and established policies targeted at these groups. In this context, it should not come as a surprise that publicly provided social assistance in Greece is underdeveloped. Last but not least, a permanent GMI at the national level is rather unlikely to be established’.

The topic would nonetheless cause internal cleavages in the ruling party. On 6 December 2000, PASOK deputy Theodoros Tsoukatos, an associate of Simitis whose relationship with the prime minister had recently been deteriorating (*To Vima*, 2008a), submitted a bill to Parliament for the introduction of a national GMI signed by 52 of PASOK’s 158 deputies (out of the 300-member Parliament). The prime minister saw the tabling of the proposal, at a time when the government had already opted for alternative policies, as a vengeful act of internal opposition.

Simitis’s spokesman Telemachos Chytiris characterized the move as unfortunate for several reasons<sup>35</sup>. Tsoukatos had not informed the government of his move. He had circumvented party procedures. The prime minister was abroad at the time the proposal was introduced. Lastly, Chytiris asserted that it was highly unusual for government deputies to submit draft legislation and that the scheme was not among PASOK election promises.

The proposal would never be discussed. Its introduction gave Simitis an additional reason to terminate his relationship with Tsoukatos and made the likelihood of establishing a GMI more remote. According to Polyzogopoulos (Interview), ‘After a one-month break, however, the discussion within PASOK over the possibility of establishing a national GMI re-started and continued for a few more months. The intentions of the governing party were still unclear, however, making

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<sup>35</sup> Unless otherwise stated, this paragraph draws on *Ethnos on Sunday*, 2000.

obvious, once again, the ambivalent stance of the Socialists towards the issue' (see also Matsaganis, 2004: 22).

PASOK's ambivalence over the establishment of a GMI would not go unobserved by the government's political opponents. In a statement issued by Sourlas's political office on 8 December 2000, two years after the ND MP had first proposed the institutionalization of a GMI, he commented on the motion submitted by Tsoukatos as follows:

'Irregardless of the real reasons behind the submission of the motion, it exposes the government's contradictory stance on the motion I submitted more than two years ago. In fact, among those who supported the motion submitted by Tsoukatos was Vlassopoulos, the MP who presented PASOK's official position on my 1998 proposal. Two years ago, the Socialists rejected my proposal among other reasons on the grounds that the government had already established measures for the financially weak... The attitude of the government is indicative of the lack of seriousness and credibility on behalf of the Socialists, when it comes to the protection of the poor and the destitute'.

Other parties on both the right and the left attempted to explore and exploit the power resources associated with the scheme's introduction. The first was ND in January 2001. Kostas Karamanlis would flirt with the prospect of a GMI for the next several years<sup>36</sup>. This may be attributed to the effort of the conservatives and Karamanlis himself to build a more 'social-friendly' profile, as opposed to the neo-liberal profile of the earlier ND government under Konstantinos Mitsotakis.

On the eve of the 2004 elections, Karamanlis asked his party officials responsible for ND's social policy agenda (Nikitas Kaklamanis and Georgios Konstantopoulos) to elaborate a plan concerning the possible implementation of a GMI. The timing is arguably indicative of an attempt to present Karamanlis and his party as protectors of the poor and the destitute, after the Socialists had opted for alternative social assistance policy measures. In 2003, the authors of the Socialists'

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<sup>36</sup> This and the next four paragraphs draw on the interview with Sourlas. See also Matsaganis, 2004: 22-27 and Tsouparopoulos and Triantafyllou, 2006.

second ‘National Action Plan for Social Inclusion, 2003-05,’ once again had rejected the option of establishing a GMI, claiming that GMI could also be achieved by benefits aimed at those individuals and groups in greatest need (Ministry of Labour and Social Security, 2003: 30-31).

Kaklamanis and Konstantopoulos delivered a lengthy study to the leader of ND, in which they suggested the establishment of a minimum threshold of decent living equal to 440 euros per month for individuals with zero income; or, alternatively, a complementary monetary allowance for anyone whose earnings fell below the aforementioned threshold. The study also proposed the abolition of more than sixty benefits granted by the Greek state in the form of financial aid, and their replacement by a single allowance, i.e. the GMI.

In short order, partly because of internal opposition to the GMI scheme within New Democracy and partly because of the political cost linked to the abolition of a large number of welfare benefits, the conservatives abandoned the idea of establishing a national GMI. ND opted for other policies after the party came to power in 2004, as discussed in the first part of this chapter. The difficulties associated with determining the exact number of beneficiaries were advanced as an excuse for the non-institutionalization of a GMI.

As with PASOK, there was no uniformity in the positions ND cadres expressed on the scheme, and no will to exert pressure for its establishment. By contrast, the majority of ND cadres continued to be indifferent towards the prospect of a GMI. Its institutionalization was expected to bring relatively small political gains to those supporting it in comparison to policy initiatives that would benefit bigger and more powerful political clienteles, such as an increase in pensions.

Finally, the ‘Coalition of the Left and Progress’, at that point the weaker party on the fragmented Greek left, was the only secular organization to draft and submit bills for a GMI to Parliament in 2002 and 2005 (in 2005 under the party’s new name of ‘Synaspismos-Coalition of the Left of Movements and Ecology’)<sup>37</sup>. The first was never even discussed, however, because it had been tabled after the statutory deadline for parliamentary debate. The second bill was blocked from a vote on the grounds that the Greek Constitution (Article 73, Paragraph 3) permits no legislation to be passed that would cause a significant budget increase (Parliamentary Proceedings, 2005a; Parliamentary Proceedings, 2005b: 2149-2175). These circumstances per se reveal, once again, the minimal interest of the Greek political system in the establishment of a GMI.

At this juncture it also should be noted that according to Dragasakis (Interview), the Synaspismos MP who elaborated both motions, ‘The 2005 motion was intentionally less ‘progressive’ than the 2002 motion. The reason was that I expected the conservative government of ND to be less willing than PASOK to establish a national GMI’. Interestingly enough, Dragasakis (Interview) reveals that, ‘Then Director of the Bank of Greece Nikolaos Garganas supported our proposal for a GMI. Nevertheless, he anticipated the forthcoming financial crisis, and was thus afraid that the Greek government would not be able to commit to paying for a national, permanent social assistance scheme like the GMI’ (see also Tsouparopoulos and Triantafyllou, 2006).

In fact, Dragasakis (Interview) attributes his own initiatives to his expectation that,

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<sup>37</sup> Unless otherwise stated, this paragraph is based on the interview with Giannis Dragasakis, MP of Synaspismos.

‘In the very near future, an economic crisis would hit Greece in a particularly harsh way, especially after the intensive period of growth in the late 1990s and the 2004 Olympic Games. Against this background, there was an urgent need for the strengthening of social protection, especially for the lower socio-economic strata of the population. The GMI was meant to support population groups that were expected to suffer more from the potential repercussions of the crisis, as well as, for example, the increasing percentage of single-parent families in the country. Spending for the monetary component of the GMI would equal only 0.5 percent of the GDP’.

Although no voting procedure accompanied the discussion of the 2005 motion submitted by Synaspismos, the relevant debate reveals once again the ambivalence towards the GMI that was in large part dominant among the political parties that participated in that debate<sup>38</sup>. During the parliamentary debate of 1 December 2005 on Synaspismos’s proposal, titled the ‘Institutionalization of a GMI and Accompanying Services of Social Support’, Dragasakis made explicit that the failure to establish of a national GMI in the past by PASOK governments, as well as the rejection of GMI proposals by the ND government, were due to the lack of political will, but also to the ignorance of secular organizations and the Greek society in general about what a GMI is. For this reason, he explained, ‘his speech would not be limited to the presentation of the motion’.

Instead, Dragasakis’s endeavoured to explain the theoretical basis of his proposal. In his view, GMI was not just an allowance. On the contrary, it was a citizenship-based right and a society’s obligation to its members. ‘We have to decide’, he argued, ‘whether we believe that a society is nothing more than a sum of

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<sup>38</sup> Unless otherwise stated, this and the next six paragraphs are based on Parliamentary Proceedings, 2005b, pp. 2149-2175. The excerpts from Dragasakis’ speech are from pp. 2149-2151. The excerpts from Tsiaras’ speech is from p. 2152. The excerpt from Sourlas’ speech is from p. 2155. The excerpts from Antoniou’s speech are from p. 2171.

individuals responsible for their own well-being, or a “collective subject”, whose members have access to public rights’.

In the longest part of his speech, Dragasakis referred to the implementation of GMI schemes in different welfare traditions and made clear that, ‘the motion submitted by Synaspismos aims at the institutionalization of a rather conservative GMI scheme; having in mind more the examples of Portugal and Italy rather than the Scandinavian experience’. As Dragasakis asserts (Interview), ‘This was a choice largely made due to the ambivalent (or even hostile) views of PASOK and ND cadres on the subject, but also due to the lack of a social movement that would support a GMI and exert pressure on the government for its implementation’.

Dragasakis criticized the stance of PASOK but in particular that of the KKE. In his words (Interview), ‘Whilst a large part of PASOK appeared to be in denial of the problem of poverty, I counted on the alliance of the KKE for the establishment of a national GMI. The KKE nevertheless proved to be the biggest enemy of the scheme, for reasons I cannot understand... I am particularly surprised and disappointed by the stance of the Greek Communists on the GMI, especially given the key role played by the PCP in Portugal for the institutionalization of a GMI’. Even though the KKE’s traditionally hostile stance towards most Synaspismos initiatives might make it difficult to believe Dragasakis’s claims about his expectation of an alliance on the GMI issue, the dissension is, once again, indicative of the high level of ideological segmentation within the traditional Greek left.

Konstantinos Tsiaras, on behalf of ND, claimed that his party believed the motion was a step in the right direction. Nonetheless, he argued, ND could not proceed to the establishment of a GMI for two main reasons: the lack of a mechanism for keeping a record of those truly in need and the bad financial condition of the

country. Tsiaras also referred to the need to avoid the further marginalization of possible GMI beneficiaries, as well as to the government's obligation to cope with the causes of poverty and not its effects.

Sourlas commented that he could not understand how the Greek government was financially capable of organizing the 2004 Olympic Games but found it impossible to commit to supporting the poor and the destitute. Similar positions in favour of a GMI on the condition that the scheme would be carefully designed and implemented were expressed by other members of the governing ND party (see, for example, the arguments made by Ioannis Bougas in the relevant debate, p. 2164; or the position of Andreas Andrianopoulos on the institutionalization of a GMI that however would have been closer to the scheme proposed by Milton Friedman, p. 2162).

Tonia Antoniou, in her presentation of PASOK's official stance of on the GMI scheme, devoted most of her speech to the defence of the policies introduced by the Socialists for the protection of low-income groups, as well as to attacking the stance of ND on 'social policy in general'. The PASOK deputy stressed, moreover, that ND attempted to present itself 'as a quasi social-democratic party... In order to get the vote of the Greek people, Karamanlis recalled the values of social justice and solidarity... The choices made by the ND government, however, in a wide range of policies reveal the real face of the conservatives... In these circumstances, discussing the prospect of establishing a GMI is clearly a paradox... PASOK, nonetheless, accepts the need for a GMI'.

Against Antoniou's claims, PASOK's stance on the scheme once again was far from unanimous<sup>39</sup>. Indicative is the position expressed by Nikos Christodoulakis<sup>40</sup>, a high-profile member of the Socialists and former Minister of Economy and Finance in the Simitis governments. According to Christodoulakis, PASOK had already taken policy initiatives targeted at securing a guaranteed level of decent living for Greek citizens, including the establishment of EKAS in 1996, increases in the lowest pensions, and so forth: 'the policy initiatives taken by the Simitis governments in the social assistance field<sup>41</sup> correspond, in practice, to the institutionalization of a GMI'.

The former minister argued that the total economic cost of the social services established by PASOK was much higher than that of a GMI. Additionally, he claimed that the institution of a GMI could result in the substitution of social services and an increase in the prices of many public goods. Hence, in Christodoulakis's opinion, 'The establishment of a GMI may lead to the retrenchment of the purchasing power of the financially weak'.

Finally, Elpida Pantelaki, on behalf of the KKE, argued that rejection of a GMI was a matter of principle<sup>42</sup>: 'We [the Greek Communists] believe that wealth belongs to the working class'. For this reason, Pantelaki asserted, 'We are not willing to negotiate with those in power, in order for the people to get as little as 0.5 percent or one percent of the GDP (i.e. the cost of a permanent national GMI programme)'.

According to the KKE, the pursuit of social cohesion cannot be a 'national' objective. By contrast, in Pantelaki's words, 'In the vocabulary of capital, social

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<sup>39</sup> This conclusion is also based on the interview with Dragasakis, who claimed that 'a large number of PASOK MPs tended not to accept that there was a big problem with poverty in Greece'.

<sup>40</sup> This and the next paragraph are based on Parliamentary Proceedings, 2005b, pp. 2167-2168.

<sup>41</sup> Perceived here in a more general way.

<sup>42</sup> This and the next paragraph draw on Parliamentary Proceedings, 2005b, pp. 2155-2158.

cohesion is a synonym for the people not claiming their rights. Moreover, for the Greek Communists, establishing a GMI practically means abolishing the minimum wage. The only solution to the problems of the weak socio-economic strata is the subversion of the status quo'. Aside from the ideological differences between the KKE and other Communist parties in southern Europe, its stance on GMI could arguably be seen as part of a traditional polemic with Synaspismos over the representation of the Greek left and the working class.

As Dragasakis makes explicit (Interview),

'Even within Synaspismos there was a confusion over the concept of the GMI. This may be attributed to one of the most prominent theorists of neo-liberalism, Milton Friedman in the 1960s, being among the very first to have adopted the idea of a GMI, albeit in the form of a 'negative income tax'. Friedman's proposal aimed at the retrenchment of the welfare state and had nothing to do with the GMI implemented by most European countries or as proposed by Synaspismos: i.e. a complement to a country's welfare model and a tool targeting vertical redistribution from the rich to the poor. It is not coincidental that Friedman developed his idea of a "negative income tax" in a period characterized by the dominance of the Keynesian economic model and the expansion of social expenditures'.

Overall, according to Dragasakis (Interview),

'The fate of the Synaspismos proposals and that of the GMI in general in Greece should be viewed together with the absence both of substantial public dialogue about institutionalizing the scheme and of a social movement backing it, in stark contrast to the GMI experiences of Spain, Portugal, and even neighbouring Italy. Typical of this situation is that when Synaspismos's proposals were presented to broader audiences, participants always ended up asking questions about how their own financial and social problems would be settled rather than about the proposed scheme'.

Dragasakis (Interview) claims that,

'An explanation for this phenomenon may lie in the increasing dominance of a neo-liberal rationale and a neo-rich mentality in the Greek society. These are accompanied by the idolization of individual responsibility, as opposed to the decreasing importance of social solidarity. In this context, the poor and the destitute have no political or other representation, and thus no way to claim their rights. The only chance for the voice of these individuals and their families to be heard is if the civil society in Greece, secular and religious organizations included, pays more attention to the problems of those in need. My own experience, however, speaks of the inveterate weakness of civil society in our

country and the lack of pro-GMI coalitions. In these circumstances, the institutionalization of a permanent, national GMI appears to be a utopia’.

Indeed, the meagreness of civil society (see also Diamandouros, 1994: 14-15 and 28) and the relative absence of pro-GMI coalitions may be also argued to be strikingly exemplified by the comparative absence of religious organizations and territorial actors from the GMI debate. Neither the Orthodox Greek Church nor its affiliated organizations ever took a stand for or against the GMI. When asked about the Church’s position on the GMI, Father Maximos Papagiannis (Interview) expressed serious doubts about the latitude left by Greek governments to the Orthodox Church to have played any role at all in the design of state social assistance policies.

As discussed in the introductory part of this chapter, Papagiannis partly attributes this situation to the overall suspiciousness of the Greek state towards the Church. In his opinion, nevertheless, ‘The relative absence of the Greek Orthodox Church from the GMI debate may be attributed also to the comparatively smaller interest of the Church in policies targeting the lower socioeconomic strata under Archbishop Christodoulos, as opposed to the bigger interest expressed in these policies under Archbishop Ieronymos’.

Father Timotheos Anthis (Interview) likewise confirms that, ‘The Greek Orthodox Church rarely has had a very strong presence in the social assistance field, or expressed its positions on the relevant state policies, in the way it has in the post-2009 period. These are years that coincide with the enthronement of Archbishop Ieronymos, but also with the serious implications of the recent financial crisis’.

Lastly, as Father Timotheos Anthis asserts, in his capacity as head of the Commission of Social Welfare of the Holy Synod (Interview),

‘The Church in Greece never took a public, explicitly overt position on the minimal debate on the establishment of a national GMI in Greece. Even if it did, however, governments would not have taken seriously the Church’s opinion on the development of publicly provided social assistance. Greek governments tend to take into account the Church’s view on such issues only when the representatives of the Church express positions identical to those of governmental officials.’

In a similar vein, as Vasilakou claims (Interview):

‘The presence of territorial actors – for instance regional and municipal governments, which proved so influential in Italy and Spain – was ‘centrally controlled’ in the highly centralized Greek social assistance system. Up until recently (2010), the central government indicated the policy direction that needed to be followed and local governments implemented the relevant measures. In this context, the participation of territorial actors in and influence on the GMI debate were basically non-existent’.

Lambropoulou-Mavrommati (Interview) moreover refers to the ‘quasi-decorative’ role played by the representatives of territorial actors, as well as those of other social partners/organizations in institutions such as the Economic and Social Council of Greece, which are supposed to play a consultative role on social policy issues: ‘these advisory institutions often do little more than presenting the contrasting views of social partners and organizations on a range of subjects, and are not taken into serious consideration by the government. Even worse, they often corroborate the policy decisions already taken by the central government. Policies that in theory aim at decreasing the high poverty rates in Greek society are no exception’.

Indeed, the manipulation of the public dialogue on the policy measures deemed as necessary to fight poverty and marginalization in Greece is argued to be a broad phenomenon. It intends to publicize, for instance, the putative positive correlation between the decrease in unemployment and the reduction in the rate of total poverty. According to Papatheodorou (2008: 554), ‘The collective social responsibility in the fight against poverty is transformed in the public forum into individual responsibility to secure some kind of income through the labour market’.

Against this background, on the eve of the 2007 elections, ND again would play the GMI card. Georgios Alogoskoufis, the Minister of Economy and Finance, assigned the Centre of Planning and Economic Research (*Κέντρο Προγραμματισμού και Οικονομικών Ερευνών*, ΚΕΠΕ, ΚΕΠΕ) to produce a study on the possibility of implementing a GMI<sup>43</sup>. The scheme was estimated to benefit approximately 300,000 households at a cost between 0.25 and 0.35 percent of GDP. Once again, however, the government would abandon the relevant plan. The reason was ‘the continuing internal opposition within ND on the issue, and, above all, the indifference that characterized a large part of the party’s cadres towards the needs of the financially weak’ (Sourlas, Interview).

Last but not least, as late as 2008, ten years after Sourlas had first proposed the institutionalization of a permanent, national GMI, mentioning *inter alia* the need for the Greek state to record the exact number of the poor and the destitute, the situation in this respect remained unchanged. On 27 August 2008, Sourlas submitted a question at the Greek Parliament asking how many individuals or families in Greece lived in absolute poverty, i.e. had no property and income<sup>44</sup>.

The relevant department of the ministry (of the ND government of Karamanlis) ‘replied’ to the MP’s query as follows:

‘The exact number of individuals and families in Greece living in conditions of absolute poverty might be the subject of a future research that may be conducted within the framework of the National Social Cohesion Fund. In accordance with Law 3631/2008, the aforementioned fund is expected to provide financial support to selected beneficiaries, under the guidance of the Ministry of Labour and Social Security, the Ministry of Health and Social Solidarity, and other ministries’.

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<sup>43</sup> Unless otherwise stated, this paragraph is based on Tsouparopoulos and Triantafyllou, 2006.

<sup>44</sup> This and the next paragraph are based on the ‘Parliamentary Question Submitted at the Greek Parliament by Georgios Sourlas’, 27 August 2008, and on the ‘Response of the Ministry of Health and Social Solidarity to the ‘Parliamentary Question Submitted at the Greek Parliament by Georgios Sourlas on 27 August 2008’. The date of the response is 17 September 2008.

As discussed in the first part of this chapter, however, the National Social Cohesion Fund had never really become functional.

In such circumstances, the institutionalization of a national GMI in Greece was (and still is) quite unrealistic.

Overall, the non-establishment of a GMI in Greece resulted from governments' minimal and segmented interests in the subject, in an environment shaped by the traditional left's fragmented outlook, the reservations and/or hostility of unions towards the scheme, and the relative absence of organizations (religious entities and territorial actors) that influenced the discussion in other countries. Furthermore, during the second Simitis government, the period when most debate on the GMI took place, internal factors such as prominent government members taking divergent positions further obstructed the scheme's introduction.

Finally, given the largely ad hoc way that publicly provided social assistance has developed in Greece, the constitution's lack of a right to a minimum income is not surprising (Greek Constitution, 2008). As Rombolis (Interview) asserts, 'Neither a comprehensive plan against poverty nor a GMI were amongst the priorities of the Greek political system, meaning governments but also other secular organizations such as union confederations'.

In a similar vein, Giannitsis argues (Interview) that 'In a system where the poor have no representation and, therefore, no way to claim their rights, publicly provided social assistance in general ended up being the "orphan" of the Greek social security system. Instead, social provisions such as pensions were expanded at the expense of policy initiatives like the GMI in order to benefit mostly the middle and higher income strata, i.e. those who are least in need'.

## Conclusions

The lack of a national or territorial GMI is one of the main reasons publicly provided social assistance in Greece is regarded as relatively underdeveloped. Ideological, practical and historical causes moreover shaped the rather limited involvement of Christian Orthodox religious organizations in the social assistance field, compared to the one of the Roman Catholic Church and its affiliated organizations. This involvement, along with the mostly managerial role of territorial actors in the social assistance field in Greece, led to a comparatively weak welfare mix and relatively meagre pluralism in that field, as opposed to most southern European countries.

Destabilizing forces such as the Asia Minor disaster, World War II, and the Civil War and the ways in which central governments responded to them were the principal determinants of how publicly provided social assistance evolved until the 1970s. Other secular organizations were largely absent from the comparatively minimal debate, thanks to ideologically-conditioned fragmentation, or because they were silenced by wars and dictatorships.

In the post-1970s period, the co-occurrence of destabilizing forces and the interests, perceptions of fairness and ideological preferences of secular organizations such as PASOK were crucial. The Socialists considered the expansion of social assistance part of their plan, especially in their early years in power, for a pragmatic and symbolic break with the Civil War period and its division of Greek citizens into patriots and traitors.

The periods when the Socialists were in power have been characterized by the introduction of new social assistance measures. After the 1974 restoration of democracy, Andreas Papandreou's first government (1981-1985) and the Simitis

governments (1996-2004) were mainly responsible for introducing new social assistance measures. The centre-right Karamanlis government (2004-2009) also took some policy initiatives, but the most significant remained a dead letter.

Finally, the post-1970s period, especially the most recent era, has also been characterized by the strengthening of the relatively weak pluralistic model in the social assistance field. For instance, under the impact of Europeanization processes, there has been an institutional empowerment of territorial actors and growing autonomy for them in the field (2010).

Against this backdrop, the complete absence of a GMI at the national or local level is largely explainable by the slight and segmented interest in the subject on the part of governments and secular organizations, in an environment distinguished by the relative absence of other actors/organizations that might have influenced the GMI debate.

Greece's governments had scant and divided interest in a GMI scheme, with the Socialists above all opting for a more 'selective' social assistance system. More often than not, both the Socialists and the Conservatives played the GMI card on the eve of general elections, arguably counting on the possible electoral gains of such a political initiative.

The traditional left splintered over the scheme and secular organizations such as unions distrusted or opposed the prospect. Finally, the religious organizations and territorial actors that had played a key role in the GMI debate in other countries did not participate in the (minimal) GMI debate in Greece, and were rarely taken seriously by the central government on such issues.

In short, out of the southern European countries, Greece reached little consensus on the GMI and lacked a strong pro-GMI coalition; whilst internal political

factors further obstructed the establishment of one during the main period of debate. This relative lack of a consensus or of a pro-GMI coalition suggests that social solidarity is weaker in Greece than in other southern European countries, especially Portugal. Additionally, it shows that the social and political system may not be positioned as far to the left as in, e.g., Portugal or Spain.

What is the salience of consensus for the introduction of GMI schemes? How important are policy coalitions? What conditions produce the latter? These are amongst the questions discussed in this study's final chapter.



**CHAPTER 7:**  
**INSTEAD OF AN EPILOGUE**

This study focused on the evolution of social assistance in southern Europe by analysing developmental paths followed in the field and by closely examining the variation in the GMI experiences of Italy, Spain, Portugal and Greece. Variation in GMI experiences is the principal differentiating factor in the post-1990s evolution of social assistance in these four countries. We have examined various reasons for periods of stagnation; times characterized by underdevelopment in publicly provided social assistance and by the prominence of religious organizations as the main or sole providers of social assistance. Emphasis has been placed on the parameters that drove policy changes, such as expansion in publicly provided social assistance or efforts at reform, above all the institutionalization of GMI schemes.

A multiple causality historical approach and an actor-centred model were adopted. Underscoring the cumulative effect of several variables and the central role of key policy actors/organizations in shaping social assistance comes closer to the complicated way the real world works.

The approach and the model adopted were particularly relevant to the fact that potential social assistance beneficiaries have little or no capacity in themselves to affect policy outcomes of interest. The chances of emergence and success of these policies improve when the interests, subjective perceptions of fairness and preferences of influential actors/organizations cause them to perceive such policies as useful and important.

Hence, the crucial roles are played by *central governments, secular organizations, religious organizations* and *territorial actors*, as well as by *destabilizing forces* that increase the incentives of these actors/organizations to act, or

that create the conditions for them to act. Parameters such as the low administrative capacity of the state or labour market fragmentation are significant, most of all in the sense that they may be taken into account by the aforementioned actors/organizations when they ponder on their interests, perceptions and preferences in the social assistance field.

In addition, viewing the actions of political parties (centre-left and centre-right alike) or other secular organizations in isolation can only give us an incomplete picture of developments. Largely this is because religious organizations have often played a key role. All major branches of Christianity pay attention to the poor to some degree as part of the Christian duty to dispense charity and perform good works.

The choice of an historical perspective on the topic was driven by the necessity to provide a generalizable analysis of the origins of social assistance in the region and on how this field evolved over time, as well as to identify the limits of both path dependence and convergence. Finally, a process tracing methodology was used to help illuminate this broad and complex research topic.

The research conducted in this study is among the very few efforts, since Ferrera's 2005 *Welfare State Reform in Southern Europe*, at a comparative exploration of social assistance in that region; more importantly, it provides a provisional explanation for the divergent evolutionary paths the field has taken in more recent years. Although the present study focuses on social assistance in southern Europe, its premises and arguments are applicable to a wider range of situations. In the case of England, for instance, overdevelopment of means-testing may be due in some part to the weakness of the established Church (see also Morgan, 2006: 185).

This concluding chapter is devoted to a synopsis of the main research findings.

## **Lessons to be Learned (and a Few More Things to Think About)**

The present comparative study has reached several conclusions concerning the developmental paths of social assistance in southern Europe generally, and the GMI experiences of the four countries specifically. Themes of interest discussed below shall range from the general characteristics of social assistance in the region across time to the conditions that facilitate consensus and coalition building in favour of GMI.

*General Characteristics of Social Assistance in Southern Europe in the Pre- and Post-1970s Period.* Broadly speaking, the pre-1970s period was characterized by the relative underdevelopment of publicly provided social assistance and the hegemonic role of *religious organizations* in the relevant field (especially in the three Roman Catholic countries). The post-1970s period was an expansionary phase for publicly provided social assistance in the region and also saw a further consolidation of a pluralistic model in the provision of social assistance (more so in Italy and Spain, less so in Portugal and even less in Greece).

*Causes and Examples of the Minimal Involvement of Central Governments in Social Assistance Prior to the 1970s.* Overall, for most of the pre-1970s period, *central governments* had very little interest in becoming involved in social assistance, thus contributing to policy stagnation. Their reasons were usually ideological, at least when ideology did not mask financial or other considerations. For instance, due partly to the regime's belief that poverty should be prevented rather than treated, Mussolini promoted minimal, fragmented programmes for low-income groups, developed mostly in the margins of other policies (Chapter 3).

Likewise, after the first Italian Republic was created in 1946, ideological and other reasons made the Christian Democrats less interested in increasing the state's

share in social assistance than in other policies (Chapter 3). Even socialist/social democratic governments in southern Europe were slow to support the development of publicly provided social assistance, partly due to the slow abandonment of more traditional Marxist principles by the respective parties (Chapter 4; see also Stjernø, 2008: 54 and 62).

*The Sui Generis Partnership Between Central Governments and Religious Organizations as a Cause for Stagnation in the Pre-1970s Years.* In the pre-1970s period, a tormented partnership between central governments and religious organizations contributed to counteracting change in the social assistance field and was largely responsible for maintaining the status quo. For example, Mussolini chose not to confront the Catholic Church over the control of social assistance, instead reconfirming its role as the main provider of social assistance benefits and services in Italy, since he counted heavily on the Church to bolster his power (Chapter 3).

The centre-right was similarly prone to forming alliances with religious organizations and upholding the latter's dominance in the social assistance sector. One instance is the partnership between the Christian Democrats and the Catholic Church in Italy until the 1960s (Chapter 3). Tentative government interventions in the Catholic Church's social assistance activities in the 1970s provoked reactions from DC-influenced groups and in ecclesiastical circles, causing the central government to rescind its initiatives (Chapter 3).

Long-standing dictatorships in Italy, Spain, and Portugal delayed the development of publicly provided social assistance provisions, partly because, via their alliances with religious organizations, they tended to reinforce traditional forms of assistance (Chapters 3, 4 and 5, respectively). These examples should be viewed

together with democratization, which in Italy, as in Spain and Portugal, led to the rejection of a laicist state (Chapters 3, 4 and 5 respectively).

*Explanations for the Position(s) Adopted by Religious Organizations on State Interventionism in the Social Assistance Field.* Religious organizations were hostile towards governmental actions meant to change the social assistance field status quo as long as they perceived them as a challenge to their authority and an interference in their monopoly in the field.

The magnitude of the interests of religious organizations also appears relevant to their reactions to reform: in the case, thus, that the endowments tied up in welfare charities were particularly large, as happened with the Opere Pie in Italy, reactions to reform were strong (Chapter 3; see also Gollin, 1971: 491, for a discussion of how church wealth is roughly proportionate to national wealth).

When religious organizations believed that governmental officials had no intention to threaten their institutional interests, however, their attitude changed. Change happened, for example, once the roles of religious organizations and the central government vis-à-vis social assistance had been clearly defined, or when a government asked religious organizations to collaborate in that policy field.

For instance, in the 1970s, religious organizations in Italy fought against government attempts to reform the social assistance sector, contributing to stagnation at the expense of change (Chapter 3). A change of attitude took place after the 1980s, when the institutional role of religious organizations in social assistance was secured through the consolidation of a pluralistic model for the sector (Chapters 3, 4 and 5).

*The Stance of Secular Organizations on Social Assistance as a Reason Contributing to Inertia in the Pre-1970s Years.* For most of the pre-1970s period, *secular organizations* such as political parties and trade unions were usually largely

indifferent to social assistance (if not hostile or, at best, divided about it). Consequently, they rarely exerted pressure on governments to make changes in the social assistance regime, thus contributing to policy inertia.

For example, the PSI and (especially) the PCI were sceptical about publicly provided social assistance. Socialists became better disposed to such policies after they moved towards social reformism and participated in centre-left coalition governments during the 1960s. For decades, the Communists in Italy expressed their support for such policies, but at the time regarded the relevant activities as incompatible with the aspirations of their 'revolutionary' party. Instead, they prioritized the expansion of pension coverage and unemployment benefits. The Socialists' adoption of a more positive stance on state-provided benefits and services indicated their turn from Marxism towards more social democratic ideas (Chapter 3).

For their part, Italian unions were more ideologically comfortable with employment-related rights than with measures targeting extreme outsiders, as social assistance provisions in principle do. In practice, the Italian labour movement was hesitant about policy changes that could have led to the restructuring of the welfare expenditure system and the erosion of entrenched benefits (Chapter 3). Trade union confederations in Spain, Portugal and Greece were often silenced by authoritarian regimes, or hindered by ideological segmentation, even in the pursuit of common, 'sectoral' interests. They were therefore relatively absent from the minimal debate over social assistance (Chapters 4,5 and 6).

Overall, secular organizations did not pressure governments to introduce social assistance policies and to change the policy status quo when they believed that the provision of such benefits and services would decrease the ability of governments to provide other measures of greater interest to their members and constituencies, or

when social assistance policies contravened their ideological principles and beliefs (see, for example, the case of the KKE in Chapter 6).

*Destabilizing Forces as a Stimulus for Policy Change.* Destabilizing forces were a crucial impetus for change in the social assistance field. Most often they strengthened the incentives of influential actors/organizations to take policy initiatives in that field.

In Italy, such forces are exemplified by the fiscal restraints of the 1980s. Under the impact of the latter, central governments and other actors/organizations favoured a turn towards a more pluralistic model of social assistance (Chapter 3). The combination of endogenous and exogenous forces that made the 1990s a critical juncture for social assistance in Italy moreover drove significant policy initiatives by the Socialists, first under Prodi, then under Amato (Chapter 3).

Even the ‘curious’ Greek case offers some vivid examples of the salience of destabilizing forces for change in the social assistance field. At least until the 1960s, publicly provided social assistance policies in Greece developed largely in response to forces such as the Asia Minor Disaster in 1922 and the consequent massive influx of refugees from that region, along with World War II and the ensuing Civil War, when the country became a battlefield (Chapter 6).

The study underscores differences in the effect of destabilizing forces in each of the four countries examined. For example, democratization played a major role in Portugal in reorienting the political agenda as regards publicly provided social assistance, but had less influence in Italy (chapters 5 and 3, respectively). These dissimilarities are largely attributable to the different interests, subjective perceptions of fairness and preferences of the actors/organizations used in the analytical model of this study.

*The Co-Occurrence of Destabilizing Forces and Centre-Left Partisanship as a Key Combination for Policy Expansion and Reform in the Post-1970s Years.* In the post-1970s period, the introduction of publicly provided social assistance and the change in the status quo in that field resulted chiefly from the co-occurrence of destabilizing forces and centre-left partisanship. For example, it is doubtful that Prodi would have gone on to establish a series of social assistance measures in the mid-1990s without the motivation towards change supplied by the combined impact of a series of endogenous and exogenous destabilizing forces (Chapter 3).

Overall, social democratic/centre-left governments were more supportive than centre-right (or fascist) governments of publicly provided social assistance and of potential change in that field (see also Ochando and Carrasco, 2000: 262; Alcock, Erskine and May, 2002: 48-49, 129-130, 228-229 and 245-246). Instances of this are the Prodi period in Italy (Chapter 3), the period of PSOE government in Spain (Chapter 4), and PASOK-ruled Greece during Papandreou's first government (1981-1985) and the Simitis governments of 1996 to 2004 (Chapter 6).

The contrary is illustrated by the rise to power of Berlusconi's centre-right coalition despite poverty continuing to be a crucial problem for Italian society. It signalled an abrupt break with all the centre-left's reforms and promoted greater fragmentation and selectivity in the provision of social benefits and services, while stressing the need to expand the private sector's share in social assistance (Chapter 3).

Partisanship mattered less when a destabilizing force was so strong that it threatened to overthrow the political and social system, as happened in 1920s and 1940s Greece (Chapter 6).

*Causes and Implications of the Further Consolidation of a Pluralistic Model in the Social Assistance Field in the Post-1970s Years.* The turn towards

pluralism in the social assistance field in southern Europe in general (weaker in Greece) can be explained by considering the increasing needs of the population in an era of economic crisis. Destabilizing forces such as fiscal restraints stimulated joint policymaking by central governments and *territorial actors* to reform social assistance; and also facilitated reconciliation with other social partners such as religious organizations.

This enforcement of pluralism, synonymous to a re-elaboration of the principle of solidarity, consolidated religious organizations' hegemony in the social assistance field. From then on, these bodies felt more secure in their institutional role, cooperating with governments without the tensions of earlier periods (chapters 3, 4 and 5). Another part of the explanation lies in an understanding of the high cost of continuing the often conflictual relationship between governments and religious organizations regarding social assistance.

Even parties not known for their close ties with the Catholic Church, for example the PSI in Italy and the PSOE in Spain, took decisions that enforced the presence of religious organizations in the social assistance field and accommodated the interests of the Catholic Church (chapters 3 and 4; see also Ferrera, 2000 for a discussion of the relationship between the problems linked to post-industrial societies, including the challenges inherent in national welfare states, and the enforcement of a 'mix' in the provision of social assistance).

***Causes and Implications of the Institutional Empowerment of Territorial Actors in the Social Assistance Field.*** As mentioned above, when discussing the consolidation of pluralism in the social assistance field, territorial actors also played an increasingly explicit and pivotal role in southern Europe. As happened with religious organizations, this evolution was largely due to the emergence of new risks

linked to the transition to a post-industrial society, as well as to the governmental need to share the cost of social assistance with more actors and to reduce tensions in the periphery (chapters 3 and 4). Territorial actors, for their part, pursued the development of separate social assistance policies mostly because they presumed that such policies would better serve the territorial units they represented (Chapter 4).

Italy and Spain adopted a decentralized model of social assistance (chapters 3 and 4) by comparison to Portugal and even more so Greece. Especially in Greece, until recently territorial actors played an almost exclusively managerial role in the provision of social assistance (Chapter 6).

*Co-occurrence of Destabilizing Forces and of Pro-GMI Domestic Coalitions as Key to Understanding Differences in GMI Country Experiences.* In terms of the GMI, centre-left governments are, once again, more often than not, positively inclined towards the scheme compared to centre-right governments. Successful GMI experiences rest, nevertheless, on the combination of destabilizing forces and powerful domestic coalitions favouring the GMI. Consider the particular features of the GMI: as a social assistance policy measure, it cuts across categorical social assistance; further, its institutionalization is often linked with the restructuring of the welfare system. This can trigger reactions by potent welfare state clienteles. To succeed, such schemes require the co-occurrence of destabilizing forces and of strong pro-GMI coalitions of actors/organizations capable of shaping such policies.

The juxtaposition of the Portuguese experience (Chapter 5) with the Greek experience (Chapter 6) is telling. In both countries the GMI debate was largely triggered by destabilizing forces. The pro-GMI coalition, however, was particularly strong in Portugal and very weak in Greece. This also points to a high degree of collective solidarity shared by Portuguese policy actors/organizations, while the

majority of Greek policy actors/organizations appear to be positioned at the other extreme.

In the Portuguese case, the scheme enjoyed the support of both the Socialists and the Communists. Driven by a combination of ideological preferences, perceptions of fairness and interests, the PS and the PCP were the two political parties that essentially initiated the GMI debate in Portugal. Nevertheless, even the largest share of the centre-right eventually accepted the scheme's utility.

Other secular organizations such as trade union confederations, and religious organizations likewise were favourable to the establishment of a national GMI in Portugal. The former mainly because they expected the GMI to be less a neo-charity social assistance scheme and more a programme stressing social inclusion and encouraging re-integration of citizens into the labour market. For the latter, support for the scheme conformed with the traditionally pivotal role of these religious organizations in the social assistance field in the country, however without the suffocating weight of the close links with the Vatican experienced by Italian religious organizations. The Portuguese case highlights moreover the importance of pacts/contracts with social actors/organizations in social assistance policymaking (see, for example, Guillén and Petmesidou, 2008: 57).

Greece's governments, on the other hand, showed limited interest in the matter, in an environment distinguished by the reluctance or hostility to a prospective GMI of secular organizations such as the trade unions; by the fragmentation of the traditional left regarding the scheme; and by the comparative absence from discussions of the issue of actors/organizations crucial to other countries' GMI debates (religious organizations and territorial actors, i.e. regional/municipal governments).

The Greek centre-left and especially the centre-right expressed divided and ambivalent positions on the scheme, and eventually opted for alternative policies. Trade union confederations in Greece were relatively indifferent towards the rights of outsiders. The traditional left was splintered over the scheme, a reflection of the post-Civil War ideological fragmentation of the Greek left into an orthodox Communist party and a party-amalgam of various trends. Ideological and other reasons explain the absence of religious organizations from the (minimal) GMI debate. And the highly centralized Greek social assistance system allowed territorial actors only a limited, quasi-decorative role in the design of state social assistance policies.

Finally, in both Italy and Spain, destabilizing forces played a key role in shaping the GMI debate (chapters 3 and 4, respectively). These countries did not manage to establish a permanent national GMI debate, reflecting their intermediate positions given the existing moderate levels of pro-GMI consensus nationwide.

Italy and Spain have solely local GMI schemes. The institutional empowerment of territorial actors in the two countries was a precondition to the emergence of these schemes. Nevertheless, the co-occurrence of destabilizing forces and strong pro-GMI coalitions, this time at the local level, greatly increased the odds for establishing and maintaining local GMI schemes, same as this co-occurrence did for national GMI schemes (see in particular the case of Turin in Chapter 3 and that of the Basque Country in Chapter 4).

Table 7.1 offers a representation of the argument for why the GMI experiences of the four countries vary (including why there are local GMI schemes, as reflected especially in the cases of Turin and the Basque Country). The table characterizes the stances to the GMI of the actors/organizations used in our analytical model, rating each simply as ‘Yes’ for GMI support, ‘No’ or ‘Mixed’.

**Table 7.1. Summary of the Argument  
for the Variation of GMI Outcomes  
in Southern Europe**

Country	Destabilizing Forces	Central Govt.	Secular Org.	Religious Org.	Territorial Actors	Policy Outcome
Portugal	Yes	Yes	Yes	Yes	Yes	<i>Permanent National GMI</i>
Greece	Yes	Mixed	Mixed	No	No	<i>No National GMI</i>
Italy (National Level)	Yes	Mixed	Mixed	Mixed	Mixed	<i>Experimental Short-Term National GMI (abolished)</i>
Italy (Regional Level- Turin)	Yes	<sup>1</sup>	Yes	Yes	Yes	<i>Permanent Local GMI</i>
Spain (National Level)	Yes	No	Mixed	Yes	No	<i>No National GMI</i>
Spain (Regional Level- Basque Country)	Yes	-	Yes	Yes	Yes	<i>Permanent Local GMI</i>

To continue the discussion of this study’s contributions from Chapter 1, it also reveals how *the interests, perceptions of fairness and preferences regarding social assistance of actors/organizations of supposedly similar political orientation in the (assumed to be) largely homogeneous southern Europe differ significantly from country to country*. Such findings could supplement the research strand on southern European secular organizations as it is being developed by social scientists like Juan Linz, Nancy Bermeo, David Hine, Dimitri Sotiropoulos, and Anna Bosco. It could also add to the growing research strand on redistributive preferences and welfare regimes that, more often than not, excludes most southern European countries (see, for example, Meier Jæger, 2006 and 2009; Alesina and Giuliano, 2009).

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<sup>1</sup> In both the Italian and Spanish cases, central governments arguably opened the way to the establishment of local GMI schemes either by institutionalizing the right of territorial actors to pursue such policies or by leaving a void in the relevant legislation. For this reason, I have not introduced a clear-cut ‘Yes’ or ‘No’ in Table 7.1 to describe the stance of central governments on the institutionalization of local GMI schemes in Italy and Spain.

Political parties and trade unions are not mere ideological mouthpieces (Manow and Van Kersbergen, 2009: 33). They are motivated by their interests, perceptions of fairness and preferences. For example, the upsurge of political regionalism in 1990s Italy largely explains why the centre-right in that country opposed the GMI more strongly than the centre-right did in other countries (Chapter 3).

Parties such as the PCP in Portugal and the KKE in Greece, presumed faithful to orthodox Communism (Freire, 2005: 32), differed substantially in their views on the GMI. The KKE proved to be far more orthodox than the PCP, and closer ideologically to the Italian PRC (Chapters 6, 5 and 3). In Greece, the Socialists opted for an even more 'selective' social assistance model that did not include the establishment of a GMI, in contrast to the position adopted in the Portuguese GMI story by the PS, whose interests, perceptions and preferences made them follow another path (chapters 6 and 5, respectively). Although in all countries the GMI's social integration component was usually the labour movement's main concern (consistent with traditional interest in employment), the Spanish and the Portuguese trade unions stand out as more sensitive to the problems of outsiders than Greek unions.

Finally, throughout the present study and in all the countries examined, we have seen that centre-left political parties were normally more active than parties of centre-right or fascist orientation in developing publicly provided social assistance, including the establishment of GMI schemes. However, centre-right parties sometimes took more policy initiatives in the social assistance field than conservative or liberal theories might suggest (as viewed, for instance, in the Greek case, at least until the 1970s; Chapter 6). One of the key points this study wishes to stress is that

partisanship alone does not provide an unlimited explanation for social assistance policy outcomes, or GMI outcomes in particular, in contrast to what the highly influential but rather one-dimensional traditional statements of the power resources approach would predict (see, for example, Esping-Andersen, 1985; Myles, 1989).

Viewed through this same lens, the introduction of means-tested measures, and specifically that of the GMI, should not be regarded as conflicting with the principles of a centre-left or social-democratic government. Welfare state theories often discuss means-testing, a core principle of social assistance, as contrary to leftist and social democratic beliefs and to perceptions of the welfare state generally (Alcock, Erskine and May, 2002: 228-229).

The misconception, that means-testing is typical only of the liberal welfare state, derives in part from the erroneous view that means-testing is an essential condition for selectivity as opposed to universalism, which by definition excludes means-testing. Most of the responsibility for this view should be borne by those who idolize the 'successful' Scandinavian welfare state, developed in countries that represent the social democratic prototype, as contrasted with the 'less successful', intensively means-tested Anglo-Saxon liberal welfare states (see, for instance, Smolensky, Reilly and Evenhouse, 1995; Monacelli, 1998, 101-103; Alcock, Erskine and May, 2002: 222 and 263-264; Mkandawire, 2005).

In reality, selectivity and universalism need never be contradictory. These two concepts can co-exist in a country's welfare model: a reliable means-test would help overcome the defects of a segmented welfare regime, fostering greater social inclusivity (Baldini, Bosi and Toso, 2002: 54). Ferragina and Seeleib-Kaiser (2011) likewise discuss the possibility that a welfare system could be both rigorously means-tested and generous. Especially in southern Europe, typified by gaps in protection for

groups such as casual workers and elderly individuals with inadequate or non-existent contributive entitlements, and by the relative meagreness of measures for low-income groups, the establishment of means-tested measures and specifically of a GMI is indeed among the most reasonable options for a policymaker (on the left or right) who wants to target these groups without abolishing the institutional core and characteristics of the southern European/Bismarckian welfare model (see also Ferrera, 2001: 159).

The expansion of means-testing under centre-left governments in Spain and Greece in the 1980s and in Italy in the 1990s, as well as the institutionalization of local GMI schemes in Spain and that of a national GMI in Portugal, were hence in no way synonymous with the reinforcement of residualization or social insider-outsider dualization. These initiatives in fact contributed significantly to redistribution.

Aside from highlighting significant limitations in the rather one-dimensional power resources approach to social assistance and GMI outcomes, the present study showed that *differences exist in the interests, perceptions of fairness and preferences of religious organizations, and, thus, in their incentives and, finally, their stances on social assistance and state interventionism in the field. This statement holds true even when considering only Catholic religious organizations.* Ideological factors and factors associated with the particular domestic dynamics in each country explain these differences.

Religious organizations played a decisive role in the evolution of social assistance in the three Roman Catholic countries, but less so in the case of Greece. Ideological causes, such as the absence in Greek Orthodoxy of a social doctrine similar to that of Catholicism, but also other reasons like the latent suspiciousness of the Greek state towards the Greek Orthodox Church, underlie the Greek experience.

As for Catholic religious organizations, they more overtly favoured the GMI scheme in the Iberian countries, and less so in Italy, where the hierarchy chose not to adopt a public stance. This attitude may be explained by the Vatican's position at the time of 'non-alignment', all the more so given a policy field in which religious organizations had already secured their institutional role. Yet the very close ties between the Vatican and religious organizations in Italy also worked against an extended, explicit support for the GMI, in stark contrast to the stance of religious organizations in Spain and Portugal, where they had been exposed to strong leftist influences.

Importantly, the present research project suggests that the particularities of GMI schemes, especially in regard to their recipients, make it necessary for social policy analysts to focus on the dynamics of consensus and coalition building to support them. When are policy actors/organizations more likely to support the establishment of a GMI? What conditions encourage the emergence of coalitions favourable to GMI schemes, and what hinders them? Does the existence of a high degree of 'heterogeneity', as reflected for instance in the fracture and high inequality differences between the Italian north and south and the upsurge of northern regionalism, work against consensus building for schemes like the GMI? Or is the degree of 'heterogeneity' irrelevant to the outcome under examination?

This study's findings point to *circumstances like the co-occurrence of destabilizing forces and a clear framework of institutional empowerment for actors/organizations, (i.e., in regard to their roles in the field), as among the conditions that facilitate consensus and coalition building regarding GMI schemes, even in environments regarded as highly fragmented and 'heterogeneous' (see, for instance, the Spanish case). Consensus and pro-GMI coalitions may also develop*

*or be reinforced by the policy choices of territorial actors or central governments striving to make a measure more acceptable to pivotal political actors/organizations and society generally, as shown by the case of Turin (Chapter 3) and Portugal's GMI experience (Chapter 5).* Future research should shed more light on the pieces of this puzzle.

Finally, at a time of severe financial crisis, issues closely associated with this study's approach, model, and findings are particularly relevant: e.g., the salience of the interests, perceptions of fairness and preferences of influential actors/organizations for social assistance outcomes generally; and that of the co-occurrence of destabilizing forces and strong pro-GMI coalitions for 'successful' GMI experiences specifically. The number of potential social assistance recipients is increasing in southern Europe, above all in Greece. That increase challenges austerity directives that seek to reduce social spending.

In this context, investigating ways to maintain and expand existing social assistance programmes is absolutely vital; also because of the region's relatively underdeveloped social assistance policies, including the aborted effort to adopt or the belated adoption of GMI schemes, as well as the concurrent lack of functional policy equivalents. Social assistance and its recipients may otherwise be among the recession's victims. In a similar vein, institutionalization of a permanent, national GMI in Italy, Spain and Greece might end up being an increasingly distant dream.

Greece resorted to the IMF and the EU for help in 2010. Its drama is not yet over. As I write, all eyes are turned on Italy, Spain and Portugal as well. Southern Europe will undoubtedly keep providing abundant inspiration and material for social policy analysts to continue its exciting story. May this reading of social assistance outcomes in the region prove interesting and useful for the latter.

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<sup>1</sup> Interviews were conducted in person, via Skype or by e-mail, at the discretion of the interviewees and in accordance with their preferences. Only 11 out of the 46 interviews were conducted in English, and so most of the interviewee quotes provided here were translated from Italian, Spanish, Portuguese or Greek on the basis of my notes taken during the interviews, or in some cases e-mails. As many of the interview questions were specifically meant to clarify the validity of the analytical model used in the present study, interviewees often were familiarized with the model and may thus refer to the same variables as employed in the model (Interviews conducted in English: Aguilar, Ferrera, Gobetti, Guimarães, Kazepov, Onofri, Pedroso, Peneda, Proença, Sáez, Saraceno). All interviewees were informed that the interviews were part of the research for my doctoral thesis. This study has also benefited from discussions and communications with: Gøsta Esping-Andersen (Professor of Sociology, University Pompeu Fabra); Enzo Mingione (Dean of the Faculty of Sociology, University of Milan-Bicocca); Pedro Lains (Research Professor, Institute of Social Sciences, University of Lisbon); Manuel Villaverde Cabral (former Scientific Director, Institute of Social Sciences, University of Lisbon); Valeria Fargion (Associate Professor, University of Florence); Manos Matsaganis (Associate Professor, Athens University of Economics and Business); Platon Tinios (Assistant Professor, University of Piraeus); Antigoni Lyberaki (Professor, Panteion University of Social and Political Sciences); Panos Tsakloglou (Professor, Athens University of Economics and Business); Stefano Sacchi (Assistant Professor, University of Milan); Ilaria Madama (Researcher, University of Milan); António Costa Pinto (Research Professor, Institute of Social Sciences, University of Lisbon); Luis Salgado de Matos (Senior Research Fellow, Institute of Social Sciences, University of Lisbon); Christos Papatheodorou (Associate Professor, Democritus University of Thrace); Maria Korasidou (Assistant Professor, Panteion University of Social and Political Sciences); Pedro Adão (Researcher, University Institute of Lisbon); Sebastião Sarasa (Professor, University Pompeu Fabra); José Luís Cardoso (Research Professor, Institute of Social Science, University of Lisbon); Francisco Branco (Associate Professor, Catholic University of Portugal); Alberto Cova (Professor Emeritus, Catholic University of Sacred Heart).

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